



**SUNPLUS TECHNOLOGY CO., LTD.  
2020 ANNUAL GENERAL SHAREHOLDERS' MEETING**

**MEETING AGENDA**

*(Translation in English–Original in Chinese)*

Date: June 12, 2020

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.**  
**2020 Annual General Shareholders' Meeting**  
**Meeting Procedure**

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

**Sunplus Technology Co., Ltd.**  
**2020 Annual General Shareholders' Meeting**  
**Meeting Agenda**

- I. Time: 9:00a.m., June 12, 2020 (Friday)
- 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) 2019 Business Report
  - (2) Report by Audit Committee
  - (3) Revise the company's "Integrity Management Operation Procedures and Conduct Guidelines" report
  - (4) Revise the company's "Corporate Social Responsibility Practice Code" report
- VI. Recognition Items
  - (1) 2019 Annual Business Report and Financial Statements
  - (2) 2019 The company's loss appropriation plan
- VII. Discussion Items
  - (1) Amendment to the company's articles of association
  - (2) For the allocation of capital reserve cash
  - (3) Restriction on the termination of competition of directors of the Company
- VIII. Extemporaneous Motions
- IX. Meeting Adjourned

## **REPORT ITEMS**

### **(1) 2019 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) Revise the company's "Integrity Management Operation Procedures and Conduct Guidelines" report**

#### **Explanatory Notes:**

In order to cooperate with the revision of laws and regulations, it is proposed to revise the company's "Integrity Management Operation Procedures and Conduct Guidelines" is attached hereto as ANNEX 3 (see pages 11 to 13 for details).

### **(4) Revise the company's "Corporate Social Responsibility Code of Practice" report**

#### **Explanatory Notes:**

In order to cooperate with the revision of the laws and regulations, it is proposed to revise the company's "Corporate Social Responsibility Code of Practice" is attached hereto as ANNEX 3 (see pages 14 to 17 for details)

## RECOGNITION ITEMS

### (1) To Accept 2019 Business Report and Financial Statements

(Proposed by the Board of Directors)

#### Explanatory Notes:

1. Sunplus' 2019 Financial Statements were audited by independent auditors of Deloitte & Touche and the Company's audit committee and approved by Board Meeting on 2020/03/30.
2. The 2019 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as ANNEX 1 (see pages 08 to 09) and ANNEX 5 to 14 (see pages 18 to 37).

#### Resolution:

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

(Proposed by the Board of Directors)

#### Explanatory Notes:

1. The company reduced the retained surplus NT \$ 3,394,643 due to the investment using the equity method, determined the remeasurement amount of the welfare plan and recognized it as NT \$ 5,338,413 increased in retained earnings, and punished the investment in equity instruments measured at fair value through other comprehensive profit and loss Transfer directly to the retained surplus to reduce NT \$ 279,514,615, and the adjusted loss to be compensated is NT \$ 277,570,845.
2. The company's net profit after tax in 2008 made up for the loss, so no dividends were available for distribution this year.
3. After the company plans to reverse the special surplus reserve of NT \$ 32,262,862, it will make up for the loss with the legal surplus reserve of NT \$ 229,998,487. Original surplus reserve of NT \$ 1,942,387,642, and NT \$ 1,712,389,155 after making up the loss.
4. Please refer to Appendix 15 of this handbook for the 2018 loss allowance table (see page 38 for details).

#### Resolution:

## DISCUSSION ITEMS

### **(1) Amendments to the company's articles of association**

(Proposed by the Board of Directors)

Note: In order to cooperate with the revision of laws and regulations and the company's practical operations, it is proposed to amend the company's articles of association. For a comparison table of the revised provisions, please refer to Annex 16 of this manual (see pages 39 to 41 for details) and submit it to the shareholders' general meeting for approval.

#### **Resolution:**

### **(2) 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\$177,598,476 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\$0.3 per share.
2. The ex-dividend date will be determined by Chairman after the shareholders meeting 2020 approve the distribution of 2019 earnings.
3. If the capital and outstanding shares change afterward, the Chairman is authorized by the shareholders' meeting to adjust the payout.

#### **Resolution:**

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

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

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

(2) The directors of the Company intend to lift the restrictions on their competition due to the business needs or the investment or operation of other companies with the same or similar business scope as the company's business scope. The directors of the Company have their own annual shareholder standings. Please refer to Appendix 17 (see page 42) for the list of new post-approval positions for other companies, and submit them to the shareholders meeting for review.

#### **Resolution:**

## TEMPORARY MOTION

## MEETING ADJOURNED

## BUSINESS REPORT

### 2019 Business Results

Sunplus consolidated net operating revenue totaled NT\$5,512 million and the gross profit were NT\$2,375 million in 2019. While R&D expense totaled NT\$1,481 million and the G&A expenses were NT\$498 million, marketing expense were NT\$263 million, Operating profit was NT\$132 million in 2019. Including total non-operating net income NT\$112million, the profit before tax were NT\$244 million. Excluding the income tax expense NT\$69 million, the net profit of the year totaled NT\$175 million, attributable to owner of the Company were NT\$15 million which the earning per share after tax for 2019 was NT\$0.03.

The net sales from continuing operations in 2019 decline 9.30% compared to the same period last year. The gross profit margin is about 43% compared with the previous year's 40%, a slight increase. 2019 operating net profit increased by 246.72% compared to 2018.

Off-line income decreased from 294 million yuan in 2018 to 112 million yuan in 2019, mainly due to the recognition of profits of 171 million yuan by the company in 2018.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2019, including the difference between the conversion of financial statements of foreign operating institutions, Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income, determine the number of reassessments of the welfare plan, the shareholding of related enterprises recognized by equity method, the total net profit and loss for other consolidated losses in 2019 is NT\$102 million. Total after 2019 net profit, the total consolidated profit and loss in 2018 was NT\$73 million, the consolidated profit and loss was attributed to the loss of NT\$77 million by the owner of the company.

### PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

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

Sunplus is currently focuses on the development, in addition to Automotive Infotainment System (Display Audio), advanced driver assistance system (ADAS) automotive chip products and systems platform, has been launched with advanced driving support system function (ADAS) of the wafer platform products, and car information entertainment system (Display Audio), BoomBox, SoundBar, portable entertainment systems and other products. It also introduces the intelligent computing chip Plus1 for AIoT applications, and also provides IP authorization such as high-speed interface, data converter and analog. With the popularity of smart phones, the convenience of getting on the car and the car infotainment system, the system has quickly become the standard equipment for the new car. It is expected that the COVID-19 epidemic will drag down global consumption, and the growth momentum of the system may be slightly affected. It is still the main source of growth and revenue for Lingyang Technology.

The revolutionary breakthrough of the intelligent computing chip Plus1 greatly reduces the research and development threshold of Edge Computing. It will be the best solution for a small number of diverse AIoT new applications, and related applications will become increasingly popular in the future.

Generalplus Technology focuses on consumer electronics chips, product line includes voice, multimedia, and MCU chips, Product development market leadership. The main application products include interactive toys, education and learning, driving Recorder, Sports DV, Gaming Keyboard and Wireless Charging. In 2019, a 16-bit DSP high-sound quality sound synthesis platform integrating a touch unit and a high-resolution PWM broadcasting device will be launched. In terms of multimedia products, we developed a 32-bit SoC handheld open application platform, including image processing, visual processing, and voice processing, combined with deep learning algorithms, which can be used for educational learning, driving records, sports photography, aerial photography and other applications. For MCU, develop 32-bit Cortex-M0 sine wave drive motor control chip. In terms of wireless charging, launched a 15W solution, integrated high and low voltage components and passed WPC EPP certification.

Sunplus Innovation Technology focuses on computer peripheral application chip development, including human-machine interface device chips, network camera chips, optical sensors, RF wireless transmission chips, remote control ICs, and more. About 70% of the sales in 2019 will come from PC-related cameras, mouse keyboards, and storage chips, and about 30% will come from high-speed cameras, rear-drive lenses, new retail and remote control chips. 2020 will continue the application of machine vision intelligent imaging applications and expand applications in non-PC applications.

In response to the growing demand for automotive electronics and high-speed storage, Jumplux Technology has developed ASICs with system customers. In 2019, the RISC-V is adopted as the core car regulation USB Media Hub IC SPD126, and UFS Bridge IC SPD215, the former supports USB Type-C PD2.0 and WPC wireless charging, and the latter can be used for large-capacity USB flash drives or solid state drives.

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

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

Sunplus Technology focuses on the development of niche-type automotive wafers and intelligent computing chips, continuing its leading position in the audio-visual market, and is beneficial to the competitiveness of automotive audio-visual systems, vehicle-adaptive driving assistance systems, and AIoT Edge Computing.

Generplus Technology 2019 due to the closure of the US Toys R Us, the change in sales channels, affecting the number of new products; and the Sino-US trade war, weakening the mainland market demand; resulting in a decline in revenue and profits. Looking ahead to 2020, we will continue to bet on more R & D resources, develop new products, and respond to market changes .

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

Jumplux Technology continues to invest in the development of automotive USB Media Hub and UFS bridge IC, and will build a RISC-V 64-bit development platform and IP.

Looking ahead to 2020, the haze of the US-China trade war is still going on, and a COVID-19 epidemic will be added in the first quarter, which will drag down international economic growth. The company will pay close attention to changes in the international economic environment, adjust the pace of product research and development in a timely

manner, and meet market demands.

**Future company development strategy**

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

Chairman of the Board:

Manager:

Accountant:

**REPORT BY AUDIT COMMITTEE**

Sunplus' Board has prepared and submitted the 2018 business report, financial statements and the proposals. The CPAs of Deloitte & Touche were retained to audit those financial statements and have submitted the audit report. The Audit Committee has, have reviewed the business report, financial statements and Loss appropriation motion. 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 30, 2020

## SUNPLUS TECHNOLOGY CO. LTD

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

Before revision	After revision	Reason description
<p>1. Purpose and scope of application</p> <p>The company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the integrity management policy and actively prevent dishonesty, it is based on the "Code of Integrity Management of Listed OTC Companies" and the location where the company and the group companies and organizations operate The decree stipulates this operating procedure and behavior guideline, and specifically regulates the matters that the company's personnel should pay attention to when performing business.</p>	<p>1. Purpose and scope of application</p> <p>The company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the integrity management policy and actively prevent dishonesty, it is based on the "Code of Integrity Management of Listed OTC Companies" and the location where the company and the group companies and organizations operate The decree stipulates this operating procedure and behavior guideline, which is approved by the board of directors, and specifically regulates the matters that the company's personnel should pay attention to when performing business.</p>	<p>Taiwan Stock Exchange Co., Ltd. Taiwan Securities Governance Letter No. 1080008378 of the Republic of China on May 23, 108 amends Article 5 of the "Code of Integrity Management of Listed OTC Companies". The integrity management policy needs to be approved by the Board.</p>
<p>5. Dedicated unit</p> <p>The company designates the chairman's office as the designated unit (hereinafter referred to as the company's designated unit) to handle the operations, revisions, implementation, interpretation, consulting services and registration of the contents of the operation procedures and behavior guidelines, and to supervise the execution of the operation procedures, and should be irregular Report to the board of directors every year:</p> <p>1. Assist in integrating integrity and moral values into the company's business strategy, and cooperate with the legal system to formulate relevant</p>	<p>5. Dedicated unit</p> <p>The company designates the chairman's office as the designated unit (hereinafter referred to as the company's designated unit) to handle the operations, revisions, implementation, interpretation, consulting services and registration of the contents of the operation procedures and behavior guidelines, and to supervise the execution of the operation procedures, and should be irregular Report to the board of directors every year:</p> <p>1. Assist in integrating integrity and moral values into the company's business strategy, and cooperate with</p>	<p>Article 7 of the "Code of Integrity Management of Listed OTC Companies" stipulates that organizations should regularly conduct bribery risk assessments and assess the suitability and effectiveness of existing control methods.</p>

Before revision	After revision	Reason description
<p>anti-fraud measures to ensure integrity management.</p> <p>2. To formulate plans to prevent dishonesty, and to establish standard operating procedures and behavior guidelines for work operations within each plan.</p> <p>3. Plan the internal organization, organization and functions, and set up mutual supervision and checks and balances for business activities with a high risk of dishonesty in the business scope.</p> <p>4. Promotion and coordination of integrity policy promotion.</p> <p>5. Plan the reporting system to ensure the effectiveness of the implementation.</p> <p>6. Assist the board of directors and management to check and evaluate whether the preventive measures established by the integrity management are operating effectively, and regularly evaluate and comply with relevant business processes and make reports.</p>	<p>the legal system to formulate relevant anti-fraud measures to ensure integrity management.</p> <p>2. Regularly analyze and evaluate the risks of dishonesty in the business scope, and formulate plans to prevent dishonesty, and set the standard operating procedures and behavior guidelines related to work business in each plan.</p> <p>3. Plan the internal organization, organization, and functions, and set up mutual supervision and checks and balances for business activities with a high risk of dishonesty in the business scope.</p> <p>4. Promotion and coordination of integrity policy promotion.</p> <p>5. Plan the reporting system to ensure the effectiveness of the implementation.</p> <p>6. Assist the board of directors and management to check and evaluate whether the preventive measures established by the integrity management are operating effectively, and regularly evaluate and comply with relevant business processes and make reports.</p>	
	<p>20. Commitment and Implementation</p> <p>The company has analyzed and evaluated the risk of dishonesty in the business scope, and has asked the operators with higher risk of dishonesty in the business scope to sign the "corruption commitment letter", and also aimed at suppliers with higher risk of dishonesty in the business scope. And the client requested to sign the "Integrity Act Declaration",</p>	<p>Article 8 of the "Code of Integrity Management of Listed OTC Companies" stipulates that organizations should require senior management members to issue a statement to comply with the anti-bribery policy. In addition, the company also requires suppliers and customers who have a higher risk of dishonesty in their business scope to sign Statement of Integrity ”.</p>

Before revision	After revision	Reason description
	the above commitment and declaration, the documented information has been prepared and kept properly.	
	<p>21. Accounting and Internal Control</p> <p>The company establishes an effective accounting system and internal control system for business activities with a high risk of dishonesty, and must not have external accounts or keep secret accounts, and review it at any time to ensure that the design and implementation of the system continue to be effective.</p> <p>The company's audit office prepares relevant audit plans based on the risk assessment results each year, including the audit object, scope, project, frequency, etc., and checks the prevention plan based on the relevant internal control cycle (such as sales / purchase / salary, etc.) In accordance with the situation, the results of the abnormal inspection shall be notified to the senior management and the unit responsible for integrity management, and an audit report shall be prepared and submitted to the board of directors.</p>	Article 20 of the "Code of Integrity Management of Listed OTC Companies" provides that the internal audit of the anti-bribery management system and an audit report shall be submitted to the board of directors.
<p>20. The operating procedures and behavior guidelines have been approved by the board of directors, and shall be sent to the audit committee and the shareholders 'report; the same shall apply to amendments.</p> <p>When submitting the operating procedures and behavior guidelines to the board of directors for discussion, the opinions of each independent director should be fully considered, and the opinions of their objections or reservations</p>	<p>22. This operating procedure and behavior guideline have been approved by the board of directors, and shall be sent to the audit committee and the shareholders' report; the same shall apply to amendments.</p> <p>When submitting the operating procedures and behavior guidelines to the board of directors for discussion, the opinions of each independent director should be fully considered,</p>	Adjust the article number.

Before revision	After revision	Reason description
<p>should be stated in the minutes of the board meeting. In addition to having justified reasons, a written opinion should be issued in advance and set out in the minutes of the board meeting.</p>	<p>and the opinions of their objections or reservations should be stated in the minutes of the board meeting. In addition to having justified reasons, a written opinion should be issued in advance and set out in the minutes of the board meeting.</p>	
<p>21. This operating procedure and behavior guideline was formulated on April 10, 2002, and was first revised on March 25, 2004. Second revision.</p>	<p>23. This operating procedure and behavior guideline was set on April 10, 2002, and was first revised on March 25, 2004. The second revision, the third revision on November 13, 2008.</p>	<p>Increase the revision date.</p>

## SUNPLUS TECHNOLOGY CO. LTD

## Comparison Table for the Revision of the Corporate Social Responsibility Code of Practice

Before revision	After revision	Reason description
<p>3. When the company fulfills its corporate social responsibilities, it should pay attention to the rights and interests of stakeholders. While pursuing sustainable management and profitability, it attaches importance to environmental, social and corporate governance factors and incorporates them into the company's management policies and operating activities</p>	<p>3. In fulfilling its corporate social responsibility, the company should pay attention to the rights and interests of interested parties. While pursuing sustainable operation and profitability, it attaches importance to environmental, social and corporate governance factors and incorporates them into the company's management policies and operating activities.</p> <p>The company may conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies.</p>	<p>1. Cooperate with the third amendment of the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies";</p> <p>2. Cooperate with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and refer to important international development trends and the competent authority's "Guidelines for Recording Items in the Annual Report of the Public Issuance of Public Companies" Attached Table 2bis An amendment to the assessment item for "Situation of Social Responsibility and Differences with the Corporate Social Responsibility Code of Practice for Listed Companies".</p> <p>3. Update the second item.</p>
<p>17. The company adopts the standards or guidelines commonly used at home and abroad to carry out and disclose corporate greenhouse gas inventories, and its scope should include:</p> <p>1. Direct greenhouse gas emissions: The sources of greenhouse gas emissions are owned or controlled by the company.</p> <p>2. Indirect greenhouse gas emissions: those generated from the use of purchased energy such as electricity, heat or steam.</p> <p>The company pays attention to the impact of climate change</p>	<p>17. The company adopts the standards or guidelines commonly used at home and abroad to carry out and disclose corporate greenhouse gas inventories, and its scope should include:</p> <p>1. Direct greenhouse gas emissions: The sources of greenhouse gas emissions are owned or controlled by the company.</p> <p>2. Indirect greenhouse gas emissions: those generated from the use of purchased energy such as electricity, heat or steam.</p> <p>The company should evaluate the potential risks and</p>	<p>1. Cooperate with the amendment of Article 17 of the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies";</p> <p>2. Cooperate with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and refer to important international development trends and the competent authority's "Guidelines for Recording Items in the Annual Report of the Public Issuance of Public</p>

Before revision	After revision	Reason description
<p>on operating activities, and may formulate the company's energy saving and carbon reduction and greenhouse gas reduction strategies based on operating conditions and greenhouse gas inventory results to reduce the impact of the company's operating activities on climate change.</p>	<p>opportunities of climate change to the company now and in the future, and take measures to deal with climate-related issues, and pay attention to the impact of climate change on operating activities. Carbon reduction and greenhouse gas reduction strategies to reduce the impact of company operations on climate change.</p>	<p>Companies" Attached Table 2bis 2 Amendments to the evaluation items three (three) and (four) of the "Situation of Social Responsibility and Differences with the Corporate Social Responsibility Code of Practice for Listed Companies" 3. Amend the second item.</p>
<p>21.The company should create a good environment for the career development of employees and establish an effective career development training program. The company should appropriately reflect the company's business performance or results in the employee compensation policy to ensure the recruitment, retention and encouragement of human resources to achieve the goal of sustainable operation.</p>	<p>21.The company should create a good environment for the career development of employees and establish an effective career development training program. The company should formulate and implement reasonable employee welfare measures (including compensation, vacation and other benefits), and appropriately reflect the company's operating performance or results in employee compensation to ensure the recruitment, retention and encouragement of human resources to achieve sustainability Business objectives.</p>	<p>1. Cooperate with the amendment of Article 21 of the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies"; 2. Cooperate with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and refer to important international development trends and the competent authority's "Guidelines for Recording Items in the Annual Report of the Public Issuance of Public Companies" Attached Table 2bis Amendment to the evaluation item 4 (2) of the "Situation of Social Responsibility and Differences with the Corporate Social Responsibility Code of Practice of Listed Companies". 3. Amend the second item.</p>
<p>Article 24 The company shall ensure the quality of products and services in accordance with government regulations and relevant industry standards. The company's marketing and labeling of products and services shall comply with relevant regulations and</p>	<p>Article 24 The company shall ensure the quality of products and services in accordance with government regulations and relevant industry standards. The company shall follow the relevant regulations and international standards for customer health and safety,</p>	<p>1. Cooperate with the amendment of Article 24 of the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies"; 2. Cooperate with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen</p>

Before revision	After revision	Reason description
<p>international standards, and shall not be deceptive, misleading, deceptive, or any other act that undermines customer trust and damages the protection of customer rights.</p>	<p>customer privacy, marketing and labeling of products and services. There shall be no deception, misleading, fraud or any other behavior that undermines customer trust and damages the protection of customer rights.</p>	<p>the disclosure of non-financial information in the annual report, and refer to important international development trends and the competent authority's "Guidelines for Recording Items in the Annual Report of the Public Issuance of Public Companies" Attached Table 2bis Amendment to the evaluation item 4 (5) of "Situation of Social Responsibility and Differences with the Corporate Social Responsibility Code of Practice of Listed Companies". 3. Amend the second item.</p>
<p>26.The company should assess the impact of procurement actions on the environment and society of the supply source community, and work with suppliers to work together to implement corporate social responsibility. Before conducting business, the company must assess whether the supplier has a record of affecting the environment and society, and avoid dealing with those who violate the corporate social responsibility policy. When the company signs a contract with a major supplier, its content may include compliance with the corporate social responsibility policies of both parties, and if the supplier is involved in a policy violation and has a significant impact on the environment and society of the supply source community, the contract may be terminated or released at any time Clause.</p>	<p>26.The company should assess the impact of procurement actions on the environment and society of the supply source community, and work with suppliers to work together to implement corporate social responsibility. The company should formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights. Before business, they must assess whether the supplier has a record that affects the environment and society Those with social responsibility policies engage in transactions. When the company signs a contract with a major supplier, its content may include compliance with the corporate social responsibility policies of both parties, and if the supplier is involved in a</p>	<p>1. Cooperate with the amendment of Article 26 of the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies"; 2. Cooperate with the new version of the Corporate Governance Blueprint (2018 ~ 2020) plan to strengthen the disclosure of non-financial information in the annual report, and refer to important international development trends and the competent authority's "Guidelines for Recording Items in the Annual Report of the Public Issuance of Public Companies" Attached Table 2bis 2 Amendment to the evaluation item four (six) of "the situation of fulfilling social responsibilities and the difference with the listed company's corporate social responsibility practice code" 3. Amend the second item.</p>

Before revision	After revision	Reason description
	policy violation and has a significant impact on the environment and society of the supply source community, the contract may be terminated or released at any time Clause.	
30.This code was implemented after the board of directors passed it, and it was the same when it was amended.	30.This code is implemented by the board of directors and submitted to the shareholders' meeting, and the amendment is the same. Drafting date of the first edition: January 18, 2017 approved by the board of directors. The first revision date: March 30, 2020 by the board of directors.	1. According to Article 5 of the "Code of Practice for Corporate Social Responsibility of Listed OTC Companies", corporate social responsibility policies, systems or related management policies and specific promotion plans must be reported to the shareholders' meeting after approval by the board of directors. 2. In the first item, add "and report to the shareholders' meeting" to describe and remark the date of formulation and modification.

## ACCOUNTANT AUDIT REPORT

Sunplus Technology Co., LTd public view:

### Check opinion

Sunplus Technology Co., Ltd. in the Republic of 2019 and December 31, 2018 individual balance sheet, And the Republic of 2019 and individual income statement for the period from 1 January to 31 December of 2018 、 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. 2019 and December 31, 2018 of the individual financial status, and individual financial performance and individual cash flows from of 2019 and January 1 to December 31, 2018.

### 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 2019 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 2019 for Sunplus Technology Co., Ltd. are as follows:

#### Authenticity of specific customer income

Sunplus technology company limited sales of integrated circuit chips is significant, Accounting for 93% of total revenue.

In view of the decline in operating income of the Republic of China in the year of 2007, the sales revenue of some of the customers has increased significantly. Therefore, the accountants listed the above-mentioned income as a key check, Relevant accounting policies and information for revenue recognition, please note Note 4 and Note 21 .

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

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

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

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

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

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

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

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

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

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

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

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

The accountant decided to check the critical audit items from Sunplus Technology Co., Ltd. 2019 Annual Individual Financial Statements by the communication matters with the management unit. The accountant shall state such matters in the audit report unless the particular matter is prohibited disclosure, or in rare cases, the accountant decides not to communicate the particular matter in the audit report due to the reasonable expectation of the negative impact is greater than the increased public interests.

Deloitte & Touche

Accountant Zheng Zhi Lin

Financial Supervision and Management  
Commission approval number

Gold and six cards of the word No.  
0930160267

Accountant Yu Feng Huang

Securities and Futures Commission approval  
number

Taiwan financial card six words No.  
0920123784 number

March 30, 2020

## BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

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

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 321,084	4	\$ 780,555	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	515,989	6	661,494	7
Accounts receivable, net (Notes 4, 5, 9, 21 and 29)	141,845	2	171,387	2
Other receivables (Notes 4, 23 and 29)	7,209	-	14,226	-
Inventories (Notes 4 and 10)	273,764	3	256,907	3
Other current assets (Note 15)	32,425	-	24,851	-
Total current assets	<u>1,292,316</u>	<u>15</u>	<u>1,909,420</u>	<u>21</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	413,723	5	266,154	3
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,586	-	4,337	-
Investments accounted for using the equity method (Notes 4, 11 and 29)	6,049,939	69	5,981,209	67
Property, plant and equipment (Notes 4, 5, 12 and 30)	688,706	8	687,187	8
Right-of-use assets (Notes 3, 4, 5 and 13)	179,559	2	-	-
Intangible assets (Notes 4, 5 and 14)	86,258	1	86,495	1
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	1,163	-	-	-
Other financial assets (Notes 15 and 30)	6,100	-	6,100	-
Other non-current assets (Note 15)	7,936	-	8,000	-
Total non-current assets	<u>7,438,455</u>	<u>85</u>	<u>7,041,967</u>	<u>79</u>
<b>TOTAL</b>	<u>\$ 8,730,771</u>	<u>100</u>	<u>\$ 8,951,387</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term bank borrowings (Note 16)	\$ 53,964	-	\$ -	-
Contract liabilities - current (Note 21)	3,373	-	2,547	-
Account payable (Note 17)	62,566	1	108,075	1
Lease liabilities - current (Notes 3, 4, 5 and 13)	4,007	-	-	-
Current portion of long-term bank borrowings (Notes 16 and 30)	-	-	115,000	1
Other current liabilities (Note 18)	189,019	2	188,041	2
Total current liabilities	<u>312,929</u>	<u>3</u>	<u>413,663</u>	<u>4</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities - non-current (Notes 3, 4, 5 and 13)	177,424	2	-	-
Net defined benefit liabilities (Notes 4 and 19)	-	-	5,275	-
Guarantee deposits	58,687	1	64,131	1
Other non-current liabilities (Note 18)	3,198	-	2,376	-
Total non-current liabilities	<u>239,309</u>	<u>3</u>	<u>71,782</u>	<u>1</u>
Total liabilities	<u>552,238</u>	<u>6</u>	<u>485,445</u>	<u>5</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital (Notes 4 and 20)				
Ordinary shares	5,919,949	68	5,919,949	66
Capital surplus	594,432	7	801,398	9
Retained earnings				
Legal reserve	1,942,388	22	1,941,826	21
Special reserve	308,452	4	67,279	1
(Deficits not yet compensated) Unappropriated earnings	(262,261)	(3)	241,734	3
Total retained earnings	<u>1,988,579</u>	<u>23</u>	<u>2,250,839</u>	<u>25</u>
Other equity	(261,026)	(3)	(442,843)	(5)
Treasury shares	(63,401)	(1)	(63,401)	-
Total equity	<u>8,178,533</u>	<u>94</u>	<u>8,465,942</u>	<u>95</u>
<b>TOTAL</b>	<u>\$ 8,730,771</u>	<u>100</u>	<u>\$ 8,951,387</u>	<u>100</u>

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED**
**ANNEX 7**
**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,235,269	100	\$ 1,238,780	100
OPERATING COSTS (Notes 10 and 22)	<u>735,366</u>	<u>60</u>	<u>809,472</u>	<u>66</u>
GROSS PROFIT	<u>499,903</u>	<u>40</u>	<u>429,308</u>	<u>34</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	46,290	4	31,670	3
General and administrative expenses	179,275	14	176,445	14
Research and development expenses	<u>543,782</u>	<u>44</u>	<u>460,807</u>	<u>37</u>
Total operating expenses	<u>769,347</u>	<u>62</u>	<u>668,922</u>	<u>54</u>
LOSS FROM OPERATIONS	<u>(269,444)</u>	<u>(22)</u>	<u>(239,614)</u>	<u>(20)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Other income	61,933	5	52,856	4
Other gains and losses	48,381	4	152,227	12
Finance costs	(6,781)	-	(4,864)	-
Share of profit of associates and joint ventures	<u>186,007</u>	<u>15</u>	<u>47,155</u>	<u>4</u>
Total non-operating income and expenses	<u>289,540</u>	<u>24</u>	<u>247,374</u>	<u>20</u>
PROFIT BEFORE INCOME TAX	20,096	2	7,760	-
INCOME TAX EXPENSE (Notes 4 and 23)	<u>4,787</u>	<u>1</u>	<u>2,144</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>15,309</u>	<u>1</u>	<u>5,616</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit plans	4,309	-	3,443	-
Unrealized losses on investments in equity instruments at fair value through other comprehensive income	(1,203)	-	(94,350)	(8)
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	(15,559)	(1)	(18,667)	(1)

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				
Exchange differences on translating the financial statements of foreign operations	(13,842)	(1)	19,736	2
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	<u>(66,063)</u>	<u>(5)</u>	<u>(36,511)</u>	<u>(3)</u>
Other comprehensive loss for the year, net of income tax	<u>(92,358)</u>	<u>(7)</u>	<u>(126,349)</u>	<u>(10)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (77,049)</u>	<u>(6)</u>	<u>\$ (120,733)</u>	<u>(10)</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.03</u>		<u>\$ 0.01</u>	
Diluted	<u>\$ 0.03</u>		<u>\$ 0.01</u>	

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

## ANNEX 8

STATEMENTS OF CHANGES IN EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
 (In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Other Equity			Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares	
	Share (Thousands)	Amount								
BALANCE AT JANUARY 1, 2018	591,995	\$ 5,919,949	\$ 835,241	\$ 1,900,505	\$ 22,995	\$ 707,497	\$ (122,100)	\$ (230,011)	\$ (63,401)	\$ 8,970,675
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(327,551)	-	-	-	(327,551)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	50,782
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	(86,846)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	(271)
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	(22,606)
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	5,616
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	(111,027)	-	(126,349)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	(111,027)	-	(120,733)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	2,492	-	-	-	-	-	-	2,492
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	37,070	-	-
BALANCE AT DECEMBER 31, 2018	591,995	5,919,949	801,398	1,941,826	67,279	241,734	(138,875)	(303,968)	(63,401)	8,465,942
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	562	-	(562)	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709

Issuance of share dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	162	-	-	-	-	-	-	162
Changes of equity of subsidiaries	-	-	-	-	-	(3,394)	-	-	-	(3,394)
Net profit for the year ended December 31, 2019	-	-	-	-	-	15,309	-	-	-	15,309
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	5,339	(79,905)	(17,792)	-	(92,358)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,648	(79,905)	(17,792)	-	(77,049)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,281	-	-	-	-	-	-	1,281
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(279,514)	-	279,514	-	-
BALANCE AT DECEMBER 31, 2019	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 594,432</u>	<u>\$ 1,942,388</u>	<u>\$ 308,452</u>	<u>\$ (262,261)</u>	<u>\$ (218,780)</u>	<u>\$ (42,246)</u>	<u>\$ (63,401)</u>	<u>\$ 8,178,533</u>

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

ANNEX 9

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 20,096	\$ 7,760
Adjustments for:		
Depreciation expenses	86,185	45,232
Amortization expenses	42,652	42,802
Net gain on the fair value change of financial assets at fair value through profit or loss	(17,428)	13,218
Financial costs	6,781	4,864
Interest income	(2,490)	(3,467)
Dividend income	(3,702)	(7,986)
Share of profit of subsidiaries, associates and joint ventures	(186,007)	(47,155)
Gain on disposal of subsidiaries	-	(119,154)
Realized gain on the transactions with subsidiaries	(131)	(2,287)
Net loss on foreign currency exchange	1,062	203
Changes in operating assets and liabilities:		
Decrease in other receivables	6,870	22,170
Decrease in trade receivables	27,310	29,387
Decrease (increase) in inventories	(16,857)	20,001
Decrease (increase) in other current assets	(7,347)	4,883
Increase in net defined benefit assets - non-current	(1,163)	-
Increase (decrease) in contract liabilities	826	(996)
decrease in trade payables	(44,951)	(28,717)
Increase (decrease) in other current liabilities	6,979	(34,475)
Decrease in defined benefit liabilities	(966)	(2,146)
Cash used in operations	(82,281)	(55,863)
Interest received	2,633	3,980
Dividends received	206,037	281,986
Interest paid	(6,862)	(5,018)
Income tax paid	(4,787)	(1,680)
Net cash generated from operating activities	<u>114,740</u>	<u>223,405</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from financial assets at FVTOCI	548	-
Purchase of financial assets at FVTPL	(293,720)	(454,704)
Proceeds from the sale of financial assets at FVTPL	309,084	313,976
Purchase of investments accounted for using the equity method	(177,633)	(346,554)
Payments for property, plant and equipment	(83,624)	(41,358)
Payments for intangible assets	(45,662)	(65,360)
Decrease in other assets - non-current	-	59,520
Decrease in refundable deposits	64	-
Net cash used in investing activities	<u>(290,943)</u>	<u>(534,480)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

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	2019	2018
Proceeds from short-term borrowings	54,658	-
Repayments of short-term borrowings	-	(59,520)
Repayments of long-term borrowings	(115,000)	(160,000)
Proceeds from guarantee deposits received	1,406	1,860
Refunds of guarantee deposits received	(5,483)	(752)
Repayment of the principal portion of lease liabilities	(3,913)	-
Dividends paid to owners of the Company	<u>(213,118)</u>	<u>(414,397)</u>
Net cash used in financing activities	<u>(281,450)</u>	<u>(632,809)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(1,818)</u>	<u>1,870</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(459,471)	(942,014)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>780,555</u>	<u>1,722,569</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 321,084</u>	<u>\$ 780,555</u>

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

(Concluded)

**ACCOUNTANT AUDIT REPORT**

Sunplus Technology Co., LTd public view:

**Check opinion**

Sunplus Technology Co., Ltd. and its subsidiaries in 2019 and December 31, 2018 consolidated balance sheet, consolidated income statement for 2019 and the period from January 1 to December 31, 2018, 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 2019 and December 31, 2018, and the combined financial performance and merger cash flow of 2019 and January 1 to December 31, 2018.

**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 2019 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 2019 for Sunplus Technology Co., Ltd. and its subsidiaries are as follows:

## Income Recognition

The amount of integrated circuit chip sales by Sunplus Technology Co., Ltd. and its subsidiaries is significant, accounting for 93% of total revenue. In view of the decline in operating income of the Republic of China in the year of 2019, the sales revenue of some of the customers has increased significantly. Therefore, the accountants listed the above recognition as a key check, and the relevant income recognized the relevant accounting policies and information. Please note 4 and 23.

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

## 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, 2019 and 2018, 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 2019 from the communication items with the governance unit. The Certified Public Accountant will describe such items in the Audit Report unless specific items are not allowed to be disclosed publicly by laws or the Certified Public Accountant decides not to communicate specific items which negative impact is much more than public interest expected reasonably in the Audit Report in a rare situation.

Deloitte & Touche

Accountant Zheng Zhi Lin

Accountant Yu Feng Huang

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

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

March 30, 2020

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,020,628	26	\$ 3,235,721	27
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,090,679	10	1,313,747	11
Notes and accounts receivable, net (Notes 4, 5, 9, 23 and 33)	832,633	7	954,030	8
Other receivables (Notes 4 and 33)	28,159	-	70,960	1
Inventories (Notes 4 and 10)	759,211	7	818,948	7
Other financial assets - current (Notes 17 and 34)	119,920	1	153,575	1
Other current assets (Note 17)	<u>88,917</u>	<u>1</u>	<u>91,321</u>	<u>1</u>
Total current assets	<u>5,940,147</u>	<u>52</u>	<u>6,638,302</u>	<u>56</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,027,445	9	737,867	6
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	189,387	2	246,208	2
Investments accounted for using the equity method (Notes 4 and 12)	695,028	6	729,219	6
Property, plant and equipment (Notes 4, 5 and 13)	1,968,803	17	2,052,359	17
Right-of-use assets (Notes 3, 4, 5 and 14)	241,914	2	-	-
Investment properties (Notes 4 and 15)	1,066,797	9	1,039,314	9
Intangible assets (Notes 4, 5 and 16)	176,233	2	178,521	2
Deferred tax assets (Notes 4 and 25)	28,754	-	30,254	-
Net defined benefit assets - non-current (Notes 4 and 21)	1,163	-	-	-
Other financial assets - non-current (Notes 17 and 34)	140,049	1	127,215	1
Other non-current assets (Notes 17 and 33)	<u>14,047</u>	<u>-</u>	<u>147,725</u>	<u>1</u>
Total non-current assets	<u>5,549,620</u>	<u>48</u>	<u>5,288,682</u>	<u>44</u>
<b>TOTAL</b>	<u>\$ 11,489,767</u>	<u>100</u>	<u>\$ 11,926,984</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 34)	\$ 323,626	3	\$ 311,215	3
Contract liabilities - current (Note 23)	24,912	-	7,511	-
Accounts payable (Note 19)	352,155	3	484,810	4
Current tax liabilities (Notes 4 and 25)	52,169	1	56,972	-
Lease liabilities - current (Notes 3, 4, 5 and 14)	11,885	-	-	-
Deferred revenue - current (Notes 4, 20 and 27)	1,568	-	1,629	-
Current portion of long-term bank borrowings (Notes 18 and 34)	-	-	250,046	2
Other current liabilities (Note 20)	<u>576,101</u>	<u>5</u>	<u>572,546</u>	<u>5</u>
Total current liabilities	<u>1,342,416</u>	<u>12</u>	<u>1,684,729</u>	<u>14</u>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities - non-current (Notes 3, 4, 5 and 14)	230,251	2	-	-
Deferred revenue - non-current (Notes 4, 20 and 27)	58,015	-	61,894	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	64,258	1	79,313	1
Guarantee deposits (Note 33)	213,579	2	230,177	2
Other liabilities (Note 20)	<u>8,557</u>	<u>-</u>	<u>3,265</u>	<u>-</u>
Total non-current liabilities	<u>574,660</u>	<u>5</u>	<u>374,649</u>	<u>3</u>
Total liabilities	<u>1,917,076</u>	<u>17</u>	<u>2,059,378</u>	<u>17</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 30)</b>				
Share capital				
Ordinary shares	<u>5,919,949</u>	<u>52</u>	<u>5,919,949</u>	<u>50</u>
Capital surplus	<u>594,432</u>	<u>5</u>	<u>801,398</u>	<u>7</u>
Retained earnings				
Legal reserve	1,942,388	17	1,941,826	16
Special reserve	308,452	2	67,279	1
(Deficits not yet compensated) unappropriated earnings	<u>(262,261)</u>	<u>(2)</u>	<u>241,734</u>	<u>2</u>
Total retained earnings	<u>1,988,579</u>	<u>17</u>	<u>2,250,839</u>	<u>19</u>
Other equity	<u>(261,026)</u>	<u>(2)</u>	<u>(442,843)</u>	<u>(4)</u>
Treasury shares	<u>(63,401)</u>	<u>(1)</u>	<u>(63,401)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	8,178,533	71	8,465,942	71
<b>NON-CONTROLLING INTERESTS (Notes 4, 11, 22 and 30)</b>	<u>1,394,158</u>	<u>12</u>	<u>1,401,664</u>	<u>12</u>
Total equity	<u>9,572,691</u>	<u>83</u>	<u>9,867,606</u>	<u>83</u>
<b>TOTAL</b>	<u>\$ 11,489,767</u>	<u>100</u>	<u>\$ 11,926,984</u>	<u>100</u>

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**ANNEX 12**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 23, and 33)	\$ 5,512,330	100	\$ 6,077,733	100
OPERATING COSTS (Notes 10 and 24)	<u>3,137,755</u>	<u>57</u>	<u>3,648,349</u>	<u>60</u>
GROSS PROFIT	<u>2,374,575</u>	<u>43</u>	<u>2,429,384</u>	<u>40</u>
OPERATING EXPENSES (Notes 24 and 33)				
Selling and marketing expenses	263,373	5	286,562	5
General and administrative expenses	498,466	9	532,943	9
Research and development expenses	1,481,269	27	1,699,345	28
Expected credit gain (Note 9)	<u>(73)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>2,243,035</u>	<u>41</u>	<u>2,518,850</u>	<u>42</u>
OTHER OPERATING INCOME AND EXPENSES	<u>201</u>	<u>-</u>	<u>(324)</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>131,741</u>	<u>2</u>	<u>(89,790)</u>	<u>(2)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 24, 27 and 33)				
Other income	156,116	3	116,463	2
Other gains and losses	1,127	-	246,002	4
Finance costs	(24,849)	(1)	(23,823)	-
Share of loss of associates	<u>(19,915)</u>	<u>-</u>	<u>(44,862)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>112,479</u>	<u>2</u>	<u>293,780</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	244,220	4	203,990	3
INCOME TAX EXPENSE (Notes 4 and 25)	<u>69,468</u>	<u>1</u>	<u>61,667</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>174,752</u>	<u>3</u>	<u>142,323</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 22):				
Remeasurement of defined benefit plans	4,864	-	1,845	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	<u>(21,444)</u>	<u>-</u>	<u>(103,685)</u>	<u>(2)</u>

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method	3,789	-	(8,556)	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 22):				
Exchange differences on translating the financial statements of foreign operations	(84,888)	(2)	(18,061)	-
Share of other comprehensive loss of associates accounted for using the equity method	<u>(4,394)</u>	<u>-</u>	<u>(2,904)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(102,073)</u>	<u>(2)</u>	<u>(131,361)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 72,679</u>	<u>1</u>	<u>\$ 10,962</u>	<u>-</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 15,309	-	\$ 5,616	-
Non-controlling interests	<u>159,443</u>	<u>3</u>	<u>136,707</u>	<u>2</u>
	<u>\$ 174,752</u>	<u>3</u>	<u>\$ 142,323</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (77,049)	(2)	\$ (120,733)	(2)
Non-controlling interests	<u>149,728</u>	<u>3</u>	<u>131,695</u>	<u>2</u>
	<u>\$ 72,679</u>	<u>1</u>	<u>\$ 10,962</u>	<u>-</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.03</u>		<u>\$ 0.01</u>	
Diluted	<u>\$ 0.03</u>		<u>\$ 0.01</u>	

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											Non-controlling Interests	Total Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Other Equity			Treasury Shares	Total		
				Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
	Share (Thousands)	Amount											
BALANCE AT JANUARY 1, 2018	591,995	\$ 5,919,949	\$ 835,241	\$ 1,900,505	\$ 22,995	\$ 707,497	\$ (122,100)	\$ (230,011)	\$ (63,401)	\$ 8,970,675	\$ 1,678,527	\$ 10,649,202	
Appropriation of 2017 earnings													
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-	-	-	
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	-	-	(327,551)	-	-	-	(327,551)	-	(327,551)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	50,782	-	50,782	
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	(86,846)	-	(86,846)	
Difference between share price and carrying amount from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	(271)	-	(271)	
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	(22,606)	-	(22,606)	
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	5,616	136,707	142,323	
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	(111,027)	-	(126,349)	(5,012)	(131,361)	
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	(111,027)	-	(120,733)	131,695	10,962	
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	2,492	-	-	-	-	-	-	2,492	-	2,492	
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	37,070	-	-	-	-	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(408,558)	(408,558)	
BALANCE AT DECEMBER 31, 2018	591,995	5,919,949	801,398	1,941,826	67,279	241,734	(138,875)	(303,968)	(63,401)	8,465,942	1,401,664	9,867,606	
Appropriation of 2018 earnings													
Legal reserve	-	-	-	562	-	(562)	-	-	-	-	-	-	
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709	-	4,709	

Issuance of share dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	(213,118)	-	(213,118)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	162	-	-	-	-	-	162	-	162
Changes of equity of subsidiaries	-	-	-	-	-	(3,394)	-	-	(3,394)	-	(3,394)
Net profit for the year ended December 31, 2019	-	-	-	-	-	15,309	-	-	15,309	159,443	174,752
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	5,339	(79,905)	(17,792)	(92,358)	(9,715)	(102,073)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,648	(79,905)	(17,792)	(77,049)	149,728	72,679
Adjustment of capital surplus for the Company											
Cash dividends received by subsidiaries	-	-	1,281	-	-	-	-	-	1,281	-	1,281
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(157,234)	(157,234)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(279,514)	-	279,514	-	-	-
<b>BALANCE AT DECEMBER 31, 2019</b>	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 594,432</u>	<u>\$ 1,942,388</u>	<u>\$ 308,452</u>	<u>\$ (262,261)</u>	<u>\$ (218,780)</u>	<u>\$ (42,246)</u>	<u>\$ 8,178,533</u>	<u>\$ 1,394,158</u>	<u>\$ 9,572,691</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 244,220	\$ 203,990
Adjustments for:		
Depreciation expenses	282,554	275,786
Amortization expenses	77,812	82,237
Expected credit loss reversed on trade receivables	(73)	-
Net gain on fair value change of financial assets designated as of fair value through profit or loss	(17,879)	(67,736)
Finance costs	24,849	23,823
Interest income	(24,578)	(22,896)
Dividend income	(28,815)	(26,982)
Compensation costs of employee share options	-	37
Share of profits of associates	19,915	44,862
(Gain) loss on disposal of property, plant and equipment	(161)	324
Gain on disposal of intangible assets	(39)	-
(Gain) loss on disposal of subsidiaries	43	(170,897)
Gain on disposal of investments	-	(11,724)
Net loss on foreign currency exchange	8,984	34,248
Gain on lease modification	(1)	-
Amortization of prepaid lease payments	-	2,810
Changes in operating assets and liabilities:		
Decrease in trade receivables	114,248	114,488
Decrease in other receivables	41,197	11,333
Decrease (increase) in inventories	59,737	(17,157)
Increase in other current assets	(132)	(6,368)
Increase in net defined benefits assets - non-current	(1,163)	-
Decrease in trade payables	(130,606)	(89,495)
Increase in contract liabilities	17,401	27,331
Decrease in deferred revenue	(1,629)	(3,659)
Increase (decrease) in other current liabilities	4,465	(153,224)
Decrease in defined benefits liabilities - non-current	(10,191)	(4,309)
Cash generated from operations	680,158	246,822
Interest received	26,584	21,707
Dividends received	45,274	101,047
Interest paid	(27,923)	(20,370)
Income tax paid	(72,440)	(65,287)
Net cash generated from operating activities	<u>651,653</u>	<u>283,919</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTOCI	-	(105,213)
Purchase of financial assets at FVTPL	(1,588,698)	(1,764,316)
Proceeds from the sale of financial assets at FVTPL	1,572,327	2,060,690
Proceeds from the sale of financial assets at FVTOCI	25,990	4,930
Acquisition of associates	-	(110,368)
Net cash outflow on acquisition of subsidiaries (Note 28)	(48,215)	-
Proceeds from disposal of subsidiaries	(744)	(159,571)
Payments for property, plant and equipment	(138,970)	(173,729)
Proceeds of the disposal of property, plant and equipment	4,239	568
Increase in refundable deposits	(459)	(2,039)

(Continued)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

	2019	2018
Decrease in refundable deposits	1,871	62
Payments for intangible assets	(78,623)	(84,655)
Proceeds of disposal of intangible assets	484	-
Payments for investment properties	(1,488)	(3,891)
Decrease in investment properties	-	10,016
Decrease on other financial assets - non-current	10,909	10,635
Decrease in other assets - non-current	<u>-</u>	<u>3,570</u>
Net cash (used in) generated from investing activities	<u>(241,377)</u>	<u>(313,311)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	15,000	(132,566)
Repayments of long-term borrowings	(248,544)	(179,088)
Proceeds of guarantee deposits received	22,168	47,914
Refunds of guarantee deposits received	(33,729)	(18,331)
Repayment of principal portion of lease liabilities	(11,303)	-
Increase in other liabilities	4,758	-
Cash dividends paid	(211,837)	(411,905)
Dividends paid to non-controlling interests	(157,520)	(169,798)
Decrease in non-controlling interests	<u>(2,184)</u>	<u>(31,266)</u>
Net cash used in financing activities	<u>(623,191)</u>	<u>(895,040)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(2,178)</u>	<u>3,876</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(215,093)	(920,556)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>3,235,721</u>	<u>4,156,277</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 3,020,628</u>	<u>\$ 3,235,721</u>

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

(Concluded)

**SUNPLUS TECHNOLOGY CO. LTD**  
**LOSS ALLOWANCE TABLE**  
**2020**

ITEMS	AMOUNT (NT\$)
Undistributed surplus at the beginning of the period	0
Surplus retained due to investment adjustment using equity method	(3,394,643)
Determine the remeasurement amount of the welfare plan and recognize it in the retained surplus	5,338,413
Disposal of equity instrument investments measured at fair value through other comprehensive profit and loss, and accumulated gains and losses are directly transferred to retained earnings	(279,514,615)
Adjusted to make up for the loss	(277,570,845)
Net profit after tax in 2019	15,309,496
Turnover Special Surplus Reserve	32,262,862
Loss to be made up this year	(229,998,487)
Make up for the loss this year Add: legal surplus reserve	229,998,487
At the end of the period to make up for the loss	0

**Description:**

1. The company reduced the retained surplus NT \$ 3,394,643 due to the investment using the equity method, determined the remeasurement amount of the welfare plan and recognized it as NT \$ 5,338,413 increased in retained earnings, and punished the investment in equity instruments measured at fair value through other comprehensive profit and loss Transfer directly to the retained surplus to reduce NT \$ 279,514,615, and the adjusted loss to be compensated is NT \$ 277,570,845.
2. The company's net profit after tax in 2019 fully compensated for the loss, so no dividends were available for distribution this year.
3. After the company plans to reverse the special surplus reserve of NT \$ 32,262,862, it will make up for the loss with the legal surplus reserve of NT \$ 229,998,487. Original surplus reserve of NT \$ 1,942,387,642, and NT \$ 1,712,389,155 after making up the loss.

Chairman of the board:

Manager:

Accountant:

**SUNPLUS TECHNOLOGY CO. LTD**  
**Comparison Table of Articles of Association**

Before revision	After revision	Reason description
<p>18  The company has six to nine directors. The election of directors should be based on the nomination system for candidates in accordance with the provisions of Article 192 of the Company Law. The implementation of relevant matters should be handled in accordance with the relevant laws and regulations of the Company Law and the Securities Exchange Law. The number of people is determined by the board of directors, and the shareholders' meeting selects the company's list of director candidates. The terms of office are all three years, and they are eligible for re-election. If a legal person shareholder representative is elected as a director, the legal person may be reassigned at any time, provided that the original term of office is limited. The company may purchase liability insurance for directors upon the resolution of the board of directors with the permission of relevant laws and regulations, in order to reduce the risk of directors being sued by shareholders or other related parties for performing their duties according to law.</p> <p>Among the aforementioned directors, there are two to three independent directors. The election of independent directors adopts the candidate nomination system, which is selected by the shareholders meeting on the list of independent director candidates. Regarding the professional qualifications of independent directors, shareholding, part-time restrictions, nomination and selection methods and other matters to be followed,</p>	<p>18  The company has six to nine directors. The election of directors should be based on the nomination system for candidates in accordance with the provisions of Article 192 of the Company Law. The implementation of relevant matters should be handled in accordance with the relevant laws and regulations of the Company Law and the Securities Exchange Law. The number of people is determined by the board of directors, and the shareholders' meeting selects the company's list of director candidates. The terms of office are all three years, and they are eligible for re-election. If a legal person shareholder representative is elected as a director, the legal person may be reassigned at any time, provided that the original term of office is limited.</p> <p>With the permission of relevant laws and regulations, the company may insure liability insurance during the term of directors as to the lawful liability for the execution of the business scope of the directors. Scope and insurance rates and other important contents are mentioned in the</p>	<p>1. In accordance with the amendment to Article 193-1 of the Company Law, a company may insure liability insurance for its directors for the scope of its business.</p> <p>2. Cooperate with Taiwan Stock Exchange Co., Ltd. "Listing company board establishment and exercise of power should follow the main points of the amendment" Article 4, the number of independent directors specified in the plan.</p>

Before revision	After revision	Reason description
<p>the relevant regulations of the securities regulatory authority shall be followed.</p> <p>The company has established an audit committee in accordance with the provisions of Article 14quater of the Securities Exchange Law, which is composed of all independent directors. The exercise of its powers and related matters shall be handled in accordance with relevant laws and regulations and shall be separately formulated by the board of directors.</p>	<p>latest board report.</p> <p>Among the aforementioned directors, there are three to five independent directors. The election of independent directors adopts the candidate nomination system, which is selected by the shareholders' meeting on the list of independent director candidates. Regarding the professional qualifications of independent directors, shareholding, part-time restrictions, nomination and selection methods and other matters to be followed, the relevant regulations of the securities regulatory authority shall be followed.</p> <p>The company has established an audit committee in accordance with the provisions of Article 14quater of the Securities Exchange Law, which is composed of all independent directors. The exercise of its powers and related matters shall be handled in accordance with relevant laws and regulations and shall be separately formulated by the board of directors.</p>	
<p>33</p> <p>This constitution was established on July 30, 1990.</p> <p>The first revision was on August 7, 1979.</p> <p>The second revision was on</p>	<p>33</p> <p>This constitution was established on July 30, 1990.</p> <p>The first revision was on August 7, 1990.</p> <p>The second revision was on</p>	<p>Add the revision category and date</p>

Before revision	After revision	Reason description
<p>February 7, 1992</p> <p>The third revision was on June 12, 1993.</p> <p>The fourth revision was on July 30, 1994.</p> <p>The fifth revision was on September 28, 1994.</p> <p>The sixth revision was on June 14, 1995.</p> <p>The seventh revision was made on May 25th, 1997.</p> <p>The eighth revision was made on May 31, 1997.</p> <p>The ninth revision was on November 20, 1997.</p> <p>The tenth revision was made on April 30, 1998.</p> <p>The eleventh revision was on June 7, 1999.</p> <p>The twelfth revision was on July 28, 1999.</p> <p>The thirteenth revision was made on May 19, 2000.</p> <p>The fourteenth revision was on June 12, 2001.</p> <p>The fifteenth revision was on May 17, 2002</p> <p>The sixteenth revision was on May 6, 2003.</p> <p>The seventeenth revision was on June 1, 2004.</p> <p>The eighteenth revision was on June 13, 2005.</p> <p>The nineteenth revision was on June 9, 2006.</p> <p>The twentieth revision was on June 15, 2007.</p> <p>The 21st revision was made on June</p>	<p>February 7, 1992.</p> <p>The third revision was on June 12, 1993.</p> <p>The fourth revision was on July 30, 1994.</p> <p>The fifth revision was on September 28, 1994.</p> <p>The sixth revision was on June 14, 1995.</p> <p>The seventh revision was made on May 25th, 1996.</p> <p>The eighth revision was made on May 31, 1997.</p> <p>The ninth revision was on November 20, 1997.</p> <p>The tenth revision was made on April 30, 1998.</p> <p>The eleventh revision was on June 7, 1999.</p> <p>The twelfth revision was on July 28, 1999.</p> <p>The thirteenth revision was made on May 19, 2000.</p> <p>The fourteenth revision was on June 12, 2001.</p> <p>The fifteenth revision was on May 17, 2002</p> <p>The sixteenth revision was on May 6, 2003.</p> <p>The seventeenth revision was on June 1, 2004.</p> <p>The eighteenth revision was on June 13, 2005.</p> <p>The nineteenth revision was on June 9, 2006.</p> <p>The twentieth revision was on June 15, 2007.</p> <p>The twenty-one revision was made</p>	

Before revision	After revision	Reason description
<p>13, 2008.</p> <p>The twenty-second revision was on June 10th, one hundred years.</p> <p>The twenty-third revision was made on June 18, 2012.</p> <p>The twenty-fourth revision was made on June 11, 2014.</p> <p>The twenty-fifth revision was on June 12, 2015.</p> <p>The twenty-sixth revision was made on June 13, 2016.</p>	<p>on June 13, 2008.</p> <p>The twenty-second revision was on June 10, 2011.</p> <p>The twenty-third revision was made on June 18, 2012.</p> <p>The twenty-fourth revision was made on June 11, 2014.</p> <p>The twenty-fifth revision was on June 12, 2015.</p> <p>The twenty-sixth revision was made on June 13, 2016.</p> <p>The twenty-seventh revision was on June 12, 2020.</p>	

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

<b>SUNPLUS Director</b>	<b>Adjunct Company</b>	<b>Adjunct position</b>
Zhoujie Huang	Chongqing Shuangxin Technology Co., Ltd.	Chairman
	Worldplus Holdings L.L.C	General manager
	Yuanqi Intelligent Co., Ltd.	Chairman
	Yizhiliang Accelerator Co., Ltd.	Chairman
	Zhu Ming Foundation	director
Weiren Shu	Knight Video Technology Co., Ltd.	Supervisor
Wenxiong Zhan	Yuanqi Intelligent Co., Ltd.	director
	OPALS CHEMICAL TECHNOLOGY LTD.	director

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

### **Article 1 Purpose and scope**

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

### **Article 2 Applicable subjects**

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

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

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

### **Article 3 Unethical conduct**

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

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

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

#### **Article 4 Types of benefits**

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

#### **Article 5 Responsible unit**

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

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

#### **Article 6 Prohibition against providing or accepting improper benefits**

Any personnel of the Company are prohibited to request, directly or indirectly, any money, gratuity or preferential treatment, including luxury entertainment and dining or other treatment in whatever form which is not in accordance with local courtesy and custom from any supplier, agent or customer who has business relationship with the Company. Any personnel of the Company are prohibited to accept any money or gratuity from any supplier, agent or customer.

The preceding conduct is undertaken unless either it is in accordance with local courtesy, convention, or custom which the market value are less than NT\$3,000 or it is the gift-away or souvenirs with printed logo provided by another party. The market value of the property provided coming from the same source within a single fiscal year shall be limited to NT\$30,000. The personnel of the Company shall return or refuse politely any other gifts, money or benefits in whatever form or name in accordance with Article 7 of the procedures and guidelines.

Any personnel of the Company are prohibited to accept gifts or other payments unless it is for the Company's ceremony (with the exception of year-end party gift to the Company benefit commission) and reported in written form to BU's head in advance.

Any personnel of the Company are prohibited to accept the dining treatment and entertainment from any supplier, agent and customer unless it's on business trip or approved by the Company.

Any personnel of the Company are prohibited to make loans or leasing contracts either gratuitous or non-gratuitous with any supplier, agent and customer who have commercial relationship with the Company.

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

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

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

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

1. When the two parties have commercial dealings, a relationship of direction

and supervision, or subsidies (or rewards) for expenses.

2. When a contracting, trading, or other contractual relationship is being sought, is in progress, or has been established.

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

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

#### **Article 8 Recusal**

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

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

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

#### **Article 9 Unit in charge of confidentiality regime and its responsibilities**

The Company shall designate the Legal & Intellectual Property Department ("The Department") charged with formulating and implementing procedures for

managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.

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

**Article 10 Prohibition against unfair trade**

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

**Article 11 Prohibition against insider trading**

The Company's personnel shall adhere to the provisions of the Securities and Exchange Act, and may not take advantage of undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging the undisclosed information to any other party in order to prevent another party from using such information to engage in insider trading.

**Article 12 Non-disclosure agreement**

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

**Article 13 Announcement of policy of ethical management to outside parties**

The Company shall disclose its policy of ethical management in its internal rules,

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

**Article 14 Ethical management evaluation prior to development of commercial relationships**

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

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

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

**Article 15 Statement of ethical management policy to counterparties in commercial dealings**

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

**Article 16 Avoidance of commercial dealings with unethical operators**

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

**Article 17 Handling of unethical conduct by personnel of this Corporation**

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

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

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

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

**Article 18 Actions upon event of unethical conduct by others towards Company**

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

**Article 19 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures**

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

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

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

#### **Article 20 Commitment and execution**

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

#### **Article 21 Accounting and internal control**

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

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

#### **Article 22 Enforcement**

These Procedures and Guidelines, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to audit committee and reported to the shareholders meeting.

When the Procedures are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the

board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

**Article 23 Amendment**

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

## **CORPORATE SOCIAL RESPONSIBILITY BEST PRACTICE PRINCIPLES**

### **Chapter I General Principles**

**Article 1** In order to fulfill their corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, Company (“Sunplus”) adopts the following Principles to be followed.

Company is advised to promulgate its own corporate social responsibility principles in accordance with the Principles to manage their economic, environmental and social risks and impact.

**Article 2** The Principles applies to Company, including the entire operations of each such company and its business group.

The Principles encourages Company to actively fulfill their corporate social responsibility in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

**Article 3** In fulfilling corporate social responsibility initiatives, Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

The company may conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies.

**Article 4** To implement corporate social responsibility initiatives, Company is advised to follow the principles below:

1. Exercise corporate governance.
2. Foster a sustainable environment.
3. Preserve public welfare.
4. Enhance disclosure of corporate social responsibility information.

**Article 5** Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on

stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors and then reported to the shareholders meeting.

When a shareholder proposes a motion involving corporate social responsibility, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

## **Chapter 2 Exercising Corporate Governance**

**Article 6** Company is advised to follow the Corporate Governance Best Practice Principles, the Procedures for Ethical Management and Guidelines for Conduct, and the Code of Ethical Conduct to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

**Article 7** The directors of Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its corporate social responsibility initiatives:

1. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines;
2. Making corporate social responsibility the guiding principle of the company's operations and development, and ratifying concrete promotional plans for corporate social responsibility initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of corporate social responsibility information.

The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.

**Article 8** Company is advised to, on a regular basis, organize education and training on the implementation of corporate social responsibility initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

**Article 9** For the purpose of managing corporate social responsibility initiatives, Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.

Company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

It is advised that the employee performance evaluation system be combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.

**Article 10** Company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

### **Chapter 3 Fostering a Sustainable Environment**

**Article 11** Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

**Article 12** Company is advised to endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

**Article 13** Company is advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

**Article 14** Company is advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.

**Article 15** Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services.
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
3. Improve recyclability and reusability of raw materials or products.
4. Maximize the sustainability of renewable resources.
5. Enhance the durability of products.
6. Improve efficiency of products and services.

**Article 16** To improve water use efficiency, Company shall properly and sustainably use water resources and establish relevant management measures.

Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

**Article 17** Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
2. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.

Company is advised to evaluate the potential risks and opportunities of climate change to the company now and in the future, and take measures to deal with climate related issues, and monitor the impact of climate change on their operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction based upon their operations and the result of a greenhouse gas inventory. Such strategies should include obtaining carbon credits to promote and minimize the impact of their business operations on climate change.

#### **Chapter 4 Preserving Public Welfare**

**Article 18** Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.

Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

1. Presenting a corporate policy or statement on human rights.
2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.
3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.
4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.

Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.

**Article 19** Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

**Article 20** Company is advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

Company is advised to organize training on safety and health for their employees on a regular basis.

**Article 21** Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills. Company shall implement employee welfare measures (including salary, vacation and other benefits) and appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

**Article 22** Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions. Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives. Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

**Article 23** Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

**Article 24** Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. Company shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

**Article 25** Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. Company is advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection

Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

**Article 26** Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Prior to engaging in commercial dealings, Company is advised to Formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights, and assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy.

When Company enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

**Article 27** Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance. Company is advised to, through commercial activities, endowments, volunteering service or other charitable professional services etc. , dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

#### **Chapter 5 Enhancing Disclosure of Corporate Social Responsibility Information**

**Article 28** Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for Company and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Relevant information relating to corporate social responsibility which Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.

2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the companies, and performance in implementation.
4. Major stakeholders and their concerns.
5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
6. Other information relating to corporate social responsibility initiatives.

**Article 29** Company shall adopt internationally widely recognized standards or guidelines when producing corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives.
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter 6 Supplementary Provisions

**Article 30** Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve their established corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

**Article 31** These Practice Principles are adopted by the Board of Directors and shareholder meeting, on Jan. 18, 2017, and revised on Mar. 30, 2020.

## Sunplus Technology Co., Ltd. Constitution

### Chapter 1 General

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

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

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

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

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

### Chapter 2 Shares

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

Article 5-1: Delete.

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

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

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

Article 8: Delete.

Article 9: Delete.

Article 10: Delete.

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

### Chapter 3 Shareholders' Meeting

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

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

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

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

#### Chapter 4 Directors

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

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

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

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

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

Article 24: This section is deleted

#### Chapter 5 Managers and Staff

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

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

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

Article 27: Delete.

#### Chapter 6 Final accounts

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

The former statement of accounts is legally announced.

Article 28-1: If the company is profitable for the year, it shall pay no less than 1 percent of the employee's compensation and not more than 1 percent. V is the director's entertainment. However, when the company still has accumulated losses (including the adjustment of undistributed earnings), it should reserve the amount of compensation in advance. The employee compensation in the preceding paragraph can be obtained from stocks or cash, and the object of the employee's payment can include the employees of the subordinate company that meet the conditions set by the board of directors. The preceding directors' remuneration can only be paid in cash.

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

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

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

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

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

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

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

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

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

The first revision was made on August 7, 1990.

The second revision was made on February 7, 1992.

The third amendment was made on June 12, 1993.

The fourth revision was made on July 30, 1994.

The fifth amendment was made on September 28, 1994.

The sixth amendment was made on June 14, 1995.

The seventh revision was made on May 25, 1996.

The eighth amendment was made on May 31, 1997.

The ninth revision was made on November 20, 1997.

The tenth revision was made on April 30, 1998.

The eleventh revision was made on June 7, 1999.

The twelfth revision was made on July 28, 1999.

The thirteenth revision was made on May 19, 2000.

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

The fifteenth revision was made on May 17, 2002.

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

The seventeenth revision was made on June 1, 2004.

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

The nineteenth revision was made on June 9, 2006.

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

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

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

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

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

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

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

## **SUNPLUS TECHNOLOGY RULES OF SHAREHOLDERS' MEETING**

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

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

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

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

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

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

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

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

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

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

**Article 8** The shareholders will be convened by the board of directors, the agenda is set by the Board of Directors, the meeting should be based on the scheduled agenda, without the resolution of the shareholders may not be changed. The shareholders will be convened by the convenor of the convenor other than the

board of directors, apply the provisions of the preceding paragraph. The first two items are scheduled for the agenda (with temporary motion) before the end, not by resolution, the President shall not adjourn the meeting, but if the order is chaotic, or something else, it is difficult for the meeting to proceed normally, the President may adjourn the meeting by resolution.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Article 18** The Company shall record or video the whole process of the meeting of the shareholders' meeting, and save for at least one year.

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

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

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

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

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

### SHAREHOLDING OF DIRECTORS AND SUPERVISORS

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

<b>Title</b>	<b>Name</b>	<b>Shareholding</b>
Director	Chou-Chye Huang	92,737,817
Director	Wen-Shiung Jan	0
Director	Global View Co., Ltd.	10,038,049
Director	Wei-Min Lin	0
Independent Director	Che-Ho Wei	0
Independent Director	Tse-Jen Huang	0
Independent Director	Yao-Ching Hsu	0
<b>Total</b> <sup>(note1)</sup>		<b>102,775,866</b>

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

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

The company has not compiled and announced the 2020 annual financial forecast, do not need to expose this information.

(End of this translation)