



**SUNPLUS TECHNOLOGY CO., LTD.**  
**2022 ANNUAL GENERAL SHAREHOLDERS' MEETING**

**MEETING AGENDA**

*(Translation in English–Original in Chinese)*

Date: June 08, 2022

Place: Darwin Hall, 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.**  
**2022 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.**  
**2022 Annual General Shareholders' Meeting**  
**Meeting Agenda**

1. Convening method: Entity shareholders meeting
2. Time: 9:00a.m., June 08, 2022 (Wednesday)
3. Place: Darwin Hall, Science Park Life Hub  
No.1, Industrial East Road 2, Hsinchu Science Park, Taiwan 300  
(Hsinchu Science Industrial Park Science and Technology Living Hall)
4. Chairman: Chou-Chye Huang, Chairman of the Board of Directors
5. Chairman's Address
6. Report Items
  - i. 2021 Business Report
  - ii. Report by Audit Committee
  - iii. The company's report on employee remuneration and directors' remuneration distribution in 2021
  - iv. Rename and revise the company's "Corporate Social Responsibility Code of Practice" report
7. Recognition Items
  - i. 2021 Annual Business Report and Financial Statements
  - ii. The Company's 2021 Earnings Distribution Proposal
8. Discussion Items
  - i. Handling capital reserve allocation case
  - ii. Amendments to the Articles of Association of the Company
  - iii. Amendments to the Company's "Rules of Procedure for Shareholders' Meetings"
  - iv. Amendments to the Company's "Procedures for the Acquisition or Disposal of Assets"
  - v. Amendment to the Company's "Measures for Funds Loans to Others"
  - vi. Removal of the restriction on competition for directors of the company
9. Extemporaneous Motions
10. Meeting Adjourned

## **REPORT ITEMS**

### **(1) 2021 Business Report**

**Explanatory Notes:**

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

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

**Explanatory Notes:**

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

### **(3) The company's 2021 report on employee compensation and director compensation distribution, please review**

**Explanatory Notes:**

- (1) Handle in accordance with the company's "Salary and Compensation Committee Organization Rules" and "Company Articles of Association".
- (2) The company intends to allocate NT\$12,135,583 for employees' remuneration and NT\$18,203,374 for directors' remuneration in the Republic of China in 2021, all in cash.

### **(4) Renamed and revised the company's "Corporate Social Responsibility Code of Practice" report, please check**

**Explanatory Notes:**

In order to comply with the revision of the law, the company plans to change its name and revise the "Code of Practice for Corporate Social Responsibility" of the company. Please refer to the appendix 3 of this manual for the comparison table of the revised provisions and the changed and revised "Code of Practice for Sustainable Development" (See pages 12 to 17 for details).

## RECOGNITION ITEMS

### (1) To Accept 2021 Business Report and Financial Statements

(Proposed by the Board of Directors)

#### Explanatory Notes:

1. Sunplus' 2021 Financial Statements were audited by independent auditors of Deloitte & Touche and the Company's audit committee and approved by Board Meeting on 2021/03/29.
2. The 2021 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as ANNEX 1 (see pages 09 to 10) and ANNEX 4 to 13 (see pages 18 to 37).

#### Resolution:

### (2) Discussion on the 2021 loss allocation

(Proposed by the Board of Directors)

#### Explanatory Notes:

1. Due to the disposal of equity instrument investments measured at fair value through other comprehensive gains and losses, the accumulated gains and losses were directly transferred to retained earnings with an increase of NT\$65,577,250, and the remeasurement of the defined benefit plan was recognized as an increase of NT\$1,188,404 in retained earnings.
2. After the company's 2021 net profit after tax, after appropriating the statutory surplus reserve of NT\$124,955,231 and the special surplus reserve of NT\$21,874,872 in accordance with the law, it plans to distribute cash for ordinary shares with the surplus available for distribution for the year 2020. The dividend per share is NT\$1.936, which amounts to NT\$1,146,102,164. Cash dividends are paid up to NT\$ (rounded up below NT\$), and the total amount of the abnormal amount is included in the company's other income. The remaining undistributed surplus of NT\$391,958 will be retained for distribution in future years.
3. After this case is approved by the shareholders' meeting of this year (2022), it is proposed to authorize the chairman of the board to set a separate payment base date for processing.
4. If the company changes its share capital afterwards, which affects the number of shares outstanding, and consequently changes the shareholder's dividend rate, it is proposed to authorize the chairman of the board to adjust it.
5. Please refer to Annex 14 of this manual for the surplus distribution table for the year 2021 (see page 38 for details)

#### Resolution:

## DISCUSSION AND ELECTION ITEMS

### (1) Handle the case of allocating cash from capital reserve and submit it for approval

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

A. The company intends to use the capital reserve of NT\$18,496,431 for the surplus from the issuance of ordinary shares in excess of the par value and the capital reserve for the capital reserve of NT\$19,391,244 from the share capital premium arising from the issuance of shares by the company to acquire the equity or net asset value of other companies due to business mergers. Allocate cash to shareholders, with a total of NT\$37,887,675 in cash, according to the shares held in the shareholder register on the base date of the capital reserve distribution of cash, NT\$0.064 in cash per share, and the distribution will be up to NTD (rounded down below NTD) ), and the total amount of abnormal items is included in other income of the company.

B. Once this case has been passed through the resolution of the (2022) annual general meeting of shareholders, it is proposed to authorize the chairman of the board to set a separate allotment base date for handling.

C. If the company subsequently changes the number of outstanding shares due to changes in share capital, and thus changes the shareholder's allotment rate, it is proposed to authorize the chairman to adjust it and submit it to the shareholders' meeting for approval.

#### **Resolution:**

### (2) The amendments to the articles of association of the company are submitted for approval

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

In order to meet the operational needs of the company and the revision of laws and regulations, the relevant provisions of the articles of association of the company have been revised. Please refer to Appendix 15 of this manual for the comparison table of revisions (see pages 39 to 40 for details), and submit it to the shareholders' meeting for approval.

#### **Resolution:**

### (3) Amendments to the "Rules of Procedure for Shareholders' Meetings" of the Company are submitted for approval

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

In order to meet the company's operational needs and the revision of laws and regulations, the relevant provisions of the company's "Rules of Procedure for Shareholders' Meetings" have been revised. Please refer to Appendix 16 of this manual (see pages 41 to 44 for details) for the comparison table of the revised provisions, and submit it to the shareholders' meeting for approval. **Resolution:**

### (4) The company's "Acquisition or Disposal of Assets Handling Procedures" amendments are submitted for approval

(Proposed by the Board of Directors)

#### **Explanatory Notes:**

In order to cooperate with the amendments to the law, the Company intends to revise the "Procedures for the Acquisition or Disposal of Assets". Please refer to the Annex 17 of this manual for the comparison table of the revised provisions (see pages 45 to 50 for details), and submit it to the shareholders' meeting for approval.

**Resolution:**

**(5) The revision of the Company's "Funds Lending to Others" is submitted for approval**

(Proposed by the Board of Directors)

**Explanatory Notes:**

In order to meet the needs of the company's management to cooperate with the revision of laws and regulations, it is proposed to revise the company's "Fund loan and others' operation method", please refer to the annex 18 of this manual (see page 51 for details) for the comparison table of the revised provisions, and submit it to the shareholders' meeting for approval.

**Resolution:**

**(6) The proposal to lift the restriction on non-competition of directors of the company is submitted for approval**

(Proposed by the Board of Directors)

**Explanatory Notes:**

(1) Pursuant to Article 209 of the Company Act, a director shall act within the scope of business of the company for himself or others, and shall explain the important contents of his act to the shareholders' meeting, and obtain a resolution approved by the shareholders' meeting.

(2) The director of the company intends to lift the restriction of 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 and acts as a director or manager. Please refer to Appendix 19 of this manual for the list of newly added persons who have concurrently held positions in other companies (see page 52 for details). Submit to the shareholders meeting for approval.

**Resolution:**

**TEMPORARY MOTION**

**MEETING ADJOURNED**

## BUSINESS REPORT

### 2021 Business Results

Sunplus consolidated net operating revenue totaled NT\$7.961 million and the gross profit were NT\$4,162 million in 2021. While R&D expense totaled NT\$2,089 million and the G&A expenses were NT\$628 million, marketing expense were NT\$521 million, Operating profit was NT\$924 million in 2021. Including total non-operating net income NT\$1135 million, the profit before tax were NT\$2058 million. Excluding the income tax expense NT\$302 million, the net profit of the year totaled NT\$1756 million, attributable to owner of the Company were NT\$1183 million which the earning per share after tax for 2021 was NT\$2.01.

The net sales from continuing operations in 2021 increased 24.11% compared to the same period last year. Gross profit margin increased by approximately 52% from 46% in the previous year. 2021 operating net profit increased by 78.92% compared to 2020.

Off-line income increased from 269 million in 2020 to 1135 million in 2021, Mainly because the net profit of financial assets measured at fair value through profit and loss in 2021 increased by 715 million compared with 2020.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2020, Including the difference between the conversion of financial statements of foreign operating institutions, Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income, determine the number of reassessments of the welfare plan, the shareholding of related enterprises recognized by equity method, the total net after-tax other comprehensive profit and loss in 2021 is NT\$85 million. The total consolidated profit and loss in 2021 was NT\$1842 million, the consolidated profit and loss was attributed to NT\$1270 million by the owner of the company.

### PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

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

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

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

The main product lines of Generalplus include: consumer IC, multimedia IC and MCU and other product lines. The main application products include interactive toys, education and learning, driving recorders, sports DV, wireless charging, motor control, etc. In terms of consumer ICs, the company launched a new generation of voice IC GPC74 C series to further improve the cost-effectiveness of products. In addition, in response to fab capacity constraints, we developed OTP versions of various series of voice products, and 32-bit voice MCUs to meet customer requirements for various applications.

Multimedia products: developed a new generation of high-end multimedia platform SOC with built-in Cortex-A7 CPU, built-in 3D image processing unit, H.264 image compression processing unit, deep learning engine, high-speed audio and video interfaces such as MIPI, HDMI and voice CODEC, etc. The digital analog unit, combined with the deep learning algorithms such as face and human shape recognition developed by the company, is suitable for the development and use of various multimedia platforms, such as: multi-lens driving recorders, action cameras, hunting machines, children's cameras and AI visual recognition, etc.

MCU products: On the motor control chip, continue to expand the electric bicycle market. On the remote control IC, a new generation of LCD control remote control is completed, providing customers with a more cost-effective remote control solution for home appliances. In response to the measurement applications of various sensors, measurement ICs with built-in low-noise op amps and high-resolution SigmaDelta ADCs are developed, which can be used in ear thermometers, carbon dioxide detectors and other applications. Introduced 32-bit CAN bus motor control IC to expand industrial control and automotive fields.

67% of Sunplus Innovation Technology sales in 2021 will come from PC-related cameras, mouse and keyboards (a 41% increase compared to 2020), and 33% will come from USB external cameras, driving pulls, high-speed cameras, and IoT-related (compared to 2020) amount increased by 2%). 2022 is still a challenging year. The market is affected by post-epidemic demand changes and the supply chain-related capacity squeeze. The challenges in both supply and demand are severe and changeable. Will continue to invest in machine vision intelligent imaging applications and other related fields, although the environment semiconductor production capacity is still tight, it is expected that the performance will continue to grow in 2022.

Subsidiaries in China include Shanghai Sunplus, Sunplus prof-tek, Sunmedia, CQPlus1, Sunplus-EHUE and Sunplus APP. Mainly to support the company's mainland customers in the company's engineering services and business promotion.

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

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

Due to the global chip shortage and the US-China trade war, Generplus Technology has caused the economy to shift from globalization to regionalization, and the semiconductor supply chain has undergone significant changes. Will continue to invest more R&D resources, accelerate the development of new products, and respond to market changes.

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

Looking forward to 2022, the world's major economies have gradually lifted the COVID-19 lockdown and made every effort to fight the economy. Only a few economies such as Taiwan and China still adopt a strict zero-clearing policy, and the short-term haze is still there! Coupled with the economic sanctions imposed by the United States and Europe after Russia invaded Ukraine, oil prices have risen sharply and inflation has deteriorated! The international situation is full of uncertainties. 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 comply with market demand.

#### **Future company development strategy**

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

Chairman of the Board:

Manager:

Accountant:

**REPORT BY AUDIT COMMITTEE**

Sunplus' Board has prepared and submitted the 2021 business report, Financial statements and surplus distribution proposals, etc. The CPAs of Deloitte & Touche were retained to audit those financial statements and have submitted the audit report. The above-mentioned business report, financial statement and surplus distribution proposal have been reviewed by this audit committee. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, the Committee hereby submits this report.

Please check

Sincerely

**To Sunplus Technology**

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

March 29, 2022

## SUNPLUS TECHNOLOGY CO. LTD

## Correspondence Table of Amendments to the Provisions of the Code of Practice on Corporate Social Responsibility

Before revision	After revision	Reason description
name: Corporate Social Responsibility Code of Practice	name: Sustainable Development Code of Practice	On 12.07,2021 Taiwan Stock Exchange Corporation amended the title of "Code of Practice for Corporate Social Responsibility of Listed Companies" with "Taizheng Zhizhi Zi No. 11000241731" as "Code of Practice for Sustainable Development of Listed Companies". The Company's "Code of Practice for Corporate Social Responsibility" was simultaneously revised to "Code of Practice for Sustainable Development"
Article 1 In order to practice corporate social responsibility, promote economic, environmental and social progress and achieve the goal of sustainable development, the company refers to the "Listing and OTC" jointly formulated by Taiwan Stock Exchange Corporation and the Republic of China Securities OTC Trading Center. The Company's Corporate Social Responsibility Code of Practice", which establishes the Company's "Corporate Social Responsibility Code of Practice" to manage the company's economic, environmental and social risks and impacts.	Article 1 In order to practice corporate social responsibility, promote economic, environmental and social progress and achieve the goal of sustainable development, the company refers to the "Listing and OTC" jointly formulated by Taiwan Stock Exchange Corporation and the Republic of China Securities OTC Trading Center. Corporate Sustainability Code of Practice", which establishes the Company's "Sustainable Development Code of Practice" to manage the company's economic, environmental and social risks and impacts.	In line with the revision of the name of this Code, the text description of "corporate social responsibility" is revised to "sustainable development"
Article 2 The object and scope of this Code include the overall operating activities of the Company and group companies. While engaging in business operations, the company actively practices corporate social responsibility to comply with international development trends, and through corporate citizenship, enhance national economic	Article 2 The object and scope of this Code include the overall operating activities of the Company and group companies. While engaging in business operations, the company actively practices sustainable development in line with international development trends, and through corporate citizenship, enhances national economic	In line with the revision of the name of this Code, the text description of "corporate social responsibility" has been revised to "sustainable development".

Before revision	After revision	Reason description
<p>contribution, improve the quality of life of employees, communities and society, and promote corporate responsibility-based competition. Advantage.</p>	<p>contributions, improves the quality of life of employees, communities and society, and promotes sustainable development as the foundation. Competitive Advantage.</p>	
<p>Article 3 In fulfilling its corporate social responsibility, the company should pay attention to the rights and interests of stakeholders. While pursuing sustainable operation and profitability, it should pay attention to the factors of environment, society and corporate governance, and incorporate them into the company's management policy and operating activities. The company may, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies.</p>	<p>Article 3 To promote sustainable development, the company should pay attention to the rights and interests of stakeholders. While pursuing sustainable operation and profitability, it should also pay attention to the factors of environment, society and corporate governance, and incorporate them into the company's management policy and operating activities. The company may, in accordance with the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies.</p>	<p>In line with the revision of the name of this code, the first item is revised, and the text description of "fulfilling corporate social responsibility" is revised to "promoting sustainable development".</p>
<p>Article 4 The company's practice of corporate social responsibility is based on the following principles: 1. Implement corporate governance. 2. Develop a sustainable environment. 3. Maintain social welfare. 4. Strengthen the disclosure of corporate social responsibility information</p>	<p>Article 4 The company's practice of sustainable development is based on the following principles: 1. Implement corporate governance. 2. Develop a sustainable environment. 3. Maintain social welfare. 4. Strengthen the disclosure of information on the sustainable development of enterprises.</p>	<p>In line with the revision of the name of this Code, the text description of "corporate social responsibility" is revised to "sustainable development"</p>
	<p>9. Procedures for processing political donations The company's political contributions should be handled in accordance with the following regulations, and only after the approval of the job authorization method, the company's dedicated unit should be notified: 1. It should be confirmed that it complies with the relevant laws and regulations of the country where</p>	<p>According to the actual operation of the company, and with reference to the "OO Co., Ltd. Co., Ltd. Integrity Operation Procedures and Behavior Guide" reference sample Article 9 to update the processing procedures for political contributions.</p>

Before revision	After revision	Reason description
	<p>the recipient of the political donation is located, including the upper limit and form of the provision of political donations.</p> <p>2. Decisions should be recorded in writing.</p> <p>3. Political contributions should be recorded in the accounts in accordance with laws and related accounting procedures.</p> <p>4. When providing political contributions, you should avoid engaging in business dealings with relevant government units, applying for permits, or handling other matters involving the company's interests.</p>	
<p>Article 5</p> <p>The company should consider the development trend of corporate social responsibility at home and abroad and the relationship between the core business of the company, the impact of the company itself and the overall operating activities of the group company on stakeholders, etc., and formulate corporate social responsibility policies, systems or related management guidelines and specific Promote the plan and implement it after it is approved by the board of directors. When shareholders put forward relevant reasonable proposals related to corporate social responsibility, the board of directors should consider and list them as proposals for the shareholders' meeting to the extent permitted by law.</p>	<p>Article 5</p> <p>The company should consider the development trend of domestic and foreign sustainable issues and the relevance of the core business of the enterprise, the impact of the company itself and the overall operation activities of the group enterprise on stakeholders, etc., and formulate sustainable development policies, systems or related management guidelines and specific Promote the plan and implement it after it is approved by the board of directors. When shareholders put forward relevant reasonable proposals involving sustainable development, the board of directors should consider and list them as proposals for the shareholders' meeting to the extent permitted by law.</p>	<p>In line with the revision of the name of this Code, the text description of "corporate social responsibility" is revised to "sustainable development"</p>
<p>Article 7</p> <p>The directors of the company should fulfill the duty of care as a good manager, urge the company to practice social responsibility, and review its implementation effectiveness and continuous improvement at any time to ensure the implementation of the corporate social responsibility</p>	<p>Article 7</p> <p>The directors of the company should fulfill the duty of care of a good manager, urge the company to practice sustainable development, and review its implementation effectiveness and continuous improvement at any time to ensure the implementation of the sustainable development policy. The</p>	<p>In line with the revision of the name of this Code, the description of "corporate social responsibility" is revised to "sustainable development"; the description of "fulfillment of corporate social responsibility" is revised to "promoting sustainable development"</p>

Before revision	After revision	Reason description
<p>policy. When the company fulfills its corporate social responsibility, the board of directors of the company includes the following matters: 1. Propose a corporate social responsibility mission or vision, and formulate corporate social responsibility policies, systems or related management guidelines. 2. Incorporate corporate social responsibility into the company's operating activities and development direction, and approve specific promotion plans for corporate social responsibility. 3. Ensure the timeliness and correctness of the disclosure of CSR-related information. For the economic, environmental and social issues arising from operating activities of the company, the board of directors shall authorize the senior management to handle them, and report the handling situation to the board of directors.</p>	<p>board of directors of the company includes the following matters when the company promotes sustainable development goals: 1. Propose a sustainable development mission or vision, and formulate sustainable development policies, systems or related management guidelines. 2. Incorporate sustainable development into the company's operating activities and development direction, and approve specific promotion plans for sustainable development. 3. Ensure the timeliness and correctness of disclosure of information related to sustainable development. For the economic, environmental and social issues arising from operating activities of the company, the board of directors shall authorize the senior management to handle them, and report the handling situation to the board of directors.</p>	
<p>Article 8 The company may regularly organize education and training on fulfilling corporate social responsibilities, including publicizing the matters in Paragraph 2 of the preceding article.</p>	<p>Article 8 The company may regularly organize education and training to promote sustainable development, including publicizing the items in the second paragraph of the preceding article.</p>	<p>In line with the revision of the name of this Code, the description of "Fulfilling Corporate Social Responsibility" is revised to "Promoting Sustainable Development".</p>
<p>Article 9 In order to improve the management of corporate social responsibility, the company has set up a dedicated (part-time) unit to promote corporate social responsibility, responsible for the formulation and implementation of corporate social responsibility policies, systems or related management guidelines and specific promotion plans, and regularly report to the board of directors. The company formulates a reasonable salary and remuneration policy to ensure that the salary plan can meet the organizational strategic objectives and the interests of stakeholders. The employee</p>	<p>Article 9 In order to improve the management of sustainable development, the company has set up a full-time (part-time) unit to promote sustainable development, responsible for the proposal and implementation of sustainable development policies, systems or related management guidelines and specific promotion plans, and report to the board of directors on a regular basis. The company formulates a reasonable salary and remuneration policy to ensure that the salary plan can meet the organizational strategic objectives and the interests of stakeholders. The employee performance</p>	<p>In line with the revision of the name of this Code, the description of "corporate social responsibility" is revised to "sustainable development"</p>

Before revision	After revision	Reason description
performance appraisal system may be combined with the corporate social responsibility policy, and a clear and effective reward and punishment system should be established.	appraisal system can be combined with the sustainable development policy, and a clear and effective reward and punishment system shall be established.	
Article 10 The company should respect the rights and interests of stakeholders, identify the stakeholders of the company, and set up a special area for stakeholders on the company website; through appropriate communication methods, understand the reasonable expectations and needs of stakeholders, and appropriately respond to their concerns important corporate social responsibility issues.	Article 10 The company should respect the rights and interests of stakeholders, identify the stakeholders of the company, and set up a special area for stakeholders on the company website; through appropriate communication methods, understand the reasonable expectations and needs of stakeholders, and appropriately respond to their concerns important sustainable development issues.	In line with the revision of the name of this Code, the description of "corporate social responsibility" is revised to "sustainable development"
Article 12 The company is committed to improving the utilization efficiency of various resources, and uses recycled materials with low impact on the environment, so that the earth's resources can be used sustainably.	Article 12 The company is committed to improving energy efficiency and using recycled materials with low impact on the environment, so that the earth's resources can be used sustainably.	To focus on the management of energy use by enterprises in order to reduce greenhouse gas emissions, the text has been revised.
Article 17 The company adopts the standards or guidelines commonly used at home and abroad to carry out corporate greenhouse gas inventory and disclose, and its scope should include: 1. Direct greenhouse gas emissions: The source of greenhouse gas emissions is owned or controlled by the company. 2. Indirect greenhouse gas emissions: those generated from the utilization of energy such as purchased electricity, heat or steam. The company should evaluate the potential risks and opportunities of climate change to the enterprise at present and in the future, and take measures to respond to climate-related issues, pay attention to the impact of climate change on	Article 17 The company adopts the standards or guidelines commonly used at home and abroad to carry out corporate greenhouse gas inventory and disclose, and its scope should include: 1. Direct greenhouse gas emissions: The source of greenhouse gas emissions is owned or controlled by the company. 2. Indirect greenhouse gas emissions: those generated from the utilization of energy such as imported electricity, heat or steam. 3. Other indirect emissions: The emissions from the company's activities are not indirect emissions from energy sources, but come from sources owned or controlled by other companies. The company should evaluate the potential risks and	1. For the electricity related to item B of indirect greenhouse gas emissions, including but not limited to purchased electricity, the provisions of paragraph 2 of item 1 of this article shall be amended. 2. In order to achieve the goal of reducing greenhouse gas emissions, the Stock Exchange encourages companies to disclose other indirect greenhouse gas emissions in Scope 3, and the third paragraph of Paragraph 1 of this article is added. 3. Assess the risks and opportunities related to climate change, and the measures to be taken in response to climate change, including but not limited

Before revision	After revision	Reason description
<p>operating activities, and may formulate the company's energy saving according to the operating conditions and greenhouse gas inventory results. Carbon reduction and greenhouse gas reduction strategies to reduce the impact of corporate operations on climate change.</p>	<p>opportunities of climate change to the enterprise now and in the future, and take measures to deal with related issues, pay attention to the impact of climate change on operating activities, and may formulate the company's energy saving and reduction according to the operating conditions and the results of greenhouse gas inventory Carbon and greenhouse gas reduction strategies to reduce the impact of corporate operations on climate change.</p>	<p>to climate-related issues, to amend Paragraph 2 of this article.</p>
<p>Article 26 The company shall evaluate the environmental and social impact of purchasing behavior on the supply source community, and cooperate with suppliers to jointly implement corporate social responsibility. It is advisable for the company to formulate a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights. Before conducting business transactions, they should assess whether suppliers have a record of affecting the environment and society, and avoid contact with enterprises. Social responsibility policy violators trade. When the company signs a contract with a major supplier, the content must include compliance with the corporate social responsibility policies of both parties, and if the supplier is involved in violation of the policy and has a significant impact on the environment and society of the source community, the contract may be terminated or rescinded at any time. terms of</p>	<p>Article 26 The company should evaluate the environmental and social impact of procurement behavior on the source community, and cooperate with suppliers to jointly implement sustainable development. It is advisable for the company to formulate a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health or labor rights. Development policy triggers trade. When the company signs a contract with a major supplier, the content must include compliance with the sustainable development policies of both parties, and if the supplier is involved in violation of the policy and has a significant impact on the environment and society of the source community, the contract may be terminated or rescinded at any time. terms.</p>	<p>In line with the revision of the name of this Code, the description of "corporate social responsibility" is revised to "sustainable development"</p>
<p>Chapter V Strengthening Corporate Social Responsibility Information Disclosure</p>	<p>Chapter 5 Strengthening Information Disclosure of Corporate Sustainability</p>	<p>In conjunction with the amendment of Article 4, Paragraph 1, Paragraph 4, the title of Chapter 5 is amended</p>

Before revision	After revision	Reason description
<p>Article 28 The company shall conduct information disclosure in accordance with relevant laws and regulations and the "Code of Practice for Corporate Governance of Listed OTC Companies", and shall fully disclose relevant and reliable CSR-related information to enhance information transparency. The company discloses the relevant information of corporate social responsibility as follows: 1. The corporate social responsibility policies, systems or related management guidelines and specific promotion plans approved by the board of directors. 2. Risks and impacts on the company's operations and financial conditions arising from the implementation of corporate governance, the development of a sustainable environment, and the maintenance of social welfare. 3. The company's performance goals, measures and implementation performance for corporate social responsibility. 4. Main stakeholders and their concerns. 5. Disclosure of management and performance information on major environmental and social issues by major suppliers. 6. Other corporate social responsibility related information.</p>	<p>Article 28 The company shall conduct information disclosure in accordance with relevant laws and regulations and the "Code of Practice for Corporate Governance of Listed OTC Companies", and shall fully disclose relevant and reliable information related to sustainable development to enhance information transparency. The relevant information on sustainable development disclosed by the company is as follows: 1. The policies, systems or related management guidelines and specific promotion plans for sustainable development approved by the board of directors. 2. Risks and impacts on the company's operations and financial conditions arising from the implementation of corporate governance, the development of a sustainable environment, and the maintenance of social welfare. 3. The company's performance goals, measures and implementation performance for sustainable development. 4. Main stakeholders and their concerns. 5. Disclosure of management and performance information on major environmental and social issues by major suppliers. 6. Other information related to sustainable development.</p>	<p>In line with the revision of the name of this Code, the description of "corporate social responsibility" is revised to "sustainable development"</p>
<p>Article 29 The company should adopt internationally recognized standards or guidelines for the preparation of the corporate social responsibility report to disclose the promotion of corporate social responsibility, and obtain assurance or assurance from a third party to improve the reliability of the information. It should include: 1. Implement corporate social responsibility policies, systems or related management guidelines and specific promotion plans. 2. Main</p>	<p>Article 29 The company should adopt internationally recognized standards or guidelines for the preparation of the sustainability report to disclose the promotion of sustainable development, and obtain assurance or assurance from a third party to improve the reliability of the information. It should include: 1. Implement sustainable development policies, systems or related management guidelines and specific promotion plans. 2. Main stakeholders and their concerns. 3.</p>	<p>In line with the specific promotion measures of "Corporate Governance 3.0 - Blueprint for Sustainable Development", the name of "Corporate Social Responsibility Report" was changed to "Sustainability Report", and in line with the revision of the name of this Code, the concept that enterprises should pay attention to corporate social responsibility has been expanded to include Enterprises should attach importance to sustainable</p>

Before revision	After revision	Reason description
<p>stakeholders and their concerns. 3. The company's performance and review in implementing corporate governance, developing a sustainable environment, maintaining social welfare and promoting economic development. 4. The direction and goal of improvement in the future.</p>	<p>The company's performance and review in implementing corporate governance, developing a sustainable environment, maintaining social welfare and promoting economic development. 4. The direction and goal of improvement in the future.</p>	<p>development, and the description of "corporate social responsibility" is revised to "sustainable development"</p>
<p>Article 30 The company should always pay attention to the development of domestic and foreign corporate social responsibility-related standards and changes in the corporate environment, so as to review and improve the corporate social responsibility system established by the company to enhance the performance of corporate social responsibility.</p>	<p>Article 30 The company should always pay attention to the development of relevant standards for sustainable development at home and abroad and changes in the corporate environment, so as to review and improve the sustainable development system established by the company to enhance the effectiveness of promoting sustainable development.</p>	<p>In line with the revision of the name of this code, the concept that enterprises should attach importance to corporate social responsibility is expanded to include that enterprises should attach importance to sustainable development, and this provision is amended.</p>
<p>Article 31 This Code will be implemented after being approved by the Board of Directors and submitted to the shareholders' meeting, and the same applies to amendments. The date of the first edition: passed by the board of directors on January 18, 2017. The first revision date: March 30, 2020, approved by the board of directors.</p>	<p>Article 31 This Code will be implemented after being approved by the Board of Directors and submitted to the shareholders' meeting, and the same applies to amendments. The date of the first edition: passed by the board of directors on January 18, 2017. The first revision date: March 30, 2020, approved by the board of directors. Second revision date: January 19, 2022, approved by the board of directors.</p>	<p>1. According to Article 5 of the "Code of Practice for Corporate Social Responsibility of OTC Listed Companies", corporate social responsibility policies, systems or related management guidelines and specific promotion plans must be approved by the board of directors and reported to the shareholders' meeting. 2. Add a second date of formulation.</p>

## ACCOUNTANT AUDIT REPORT

### INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

#### Opinion

We have audited the accompanying financial statements of Sunplus Technology Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2021 is as follows:

##### Occurrence of Revenue from Specific Customers

Integrated circuit chip sales accounted for 95% of the Company's total revenue. In particular, some of the customers whose revenue has grown significantly carry a higher risk related to the occurrence of sales revenue. Therefore, we considered the occurrence of revenue as a key audit matter. For detailed disclosure of revenue, refer to Notes 4 and 21 to the accompanying consolidated financial statements.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the related internal control and operating procedures in the Company's sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the related internal control and operating procedures.
2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormalities and confirmed that sales revenue did occur.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the audit committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chih Lin and Mei-Chen Tsai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 29, 2022

Notice to Readers

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

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

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 570,964	5	\$ 774,025	8
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	153,633	1	203,922	2
Accounts receivable, net (Notes 4, 5, 8, 21 and 29)	268,597	2	172,035	2
Other receivables (Notes 4, 23 and 29)	32,111	-	13,537	-
Inventories (Notes 4 and 9)	534,231	5	300,730	3
Non-current assets held for sale (Notes 4 and 10)	108,504	1	-	-
Other financial assets - current (Notes 15 and 25)	25,940	-	44,201	1
Other current assets (Note 15)	<u>87,962</u>	<u>1</u>	<u>46,827</u>	<u>1</u>
Total current assets	<u>1,781,942</u>	<u>15</u>	<u>1,555,277</u>	<u>17</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at FVTPL - non-current (Notes 4 and 7)	515,261	5	325,870	3
Investments accounted for using the equity method (Notes 4, 10 and 11)	8,222,020	70	6,305,683	68
Property, plant and equipment (Notes 4, 12, 29 and 30)	726,737	6	700,554	7
Right-of-use assets (Notes 4 and 13)	165,563	2	173,774	2
Intangible assets (Notes 4 and 14)	244,238	2	243,470	3
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	4,553	-	4,440	-
Other financial assets- non-current (Notes 15 and 30)	8,350	-	6,100	-
Other non-current assets (Note 15)	<u>7,973</u>	<u>-</u>	<u>7,946</u>	<u>-</u>
Total non-current assets	<u>9,897,180</u>	<u>85</u>	<u>7,770,322</u>	<u>83</u>
<b>TOTAL</b>	<u>\$ 11,679,122</u>	<u>100</u>	<u>\$ 9,325,599</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 16)	\$ -	-	\$ 28,480	-
Contract liabilities - current (Note 21)	11,094	-	5,589	-
Accounts payable (Note 17)	294,804	3	104,991	1
Lease liabilities - current (Notes 3, 4 and 13)	4,074	-	4,105	-
Current portion of long-term borrowings (Note 16)	46,000	-	25,000	-
Deferred revenue - current (Note 18)	-	-	44,201	1
Other current liabilities (Notes 11, 18 and 29)	<u>590,373</u>	<u>5</u>	<u>259,397</u>	<u>3</u>
Total current liabilities	<u>946,345</u>	<u>8</u>	<u>471,763</u>	<u>5</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	384,000	3	205,000	2
Lease liabilities - non-current (Notes 3, 4 and 13)	166,801	1	173,319	2
Guarantee deposits	53,649	1	55,282	1
Other liabilities (Note 18)	<u>9,990</u>	<u>-</u>	<u>6,472</u>	<u>-</u>
Total non-current liabilities	<u>614,440</u>	<u>5</u>	<u>440,073</u>	<u>5</u>
Total liabilities	<u>1,560,785</u>	<u>13</u>	<u>911,836</u>	<u>10</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital (Notes 4 and 20)				
Ordinary shares	<u>5,919,949</u>	<u>51</u>	<u>5,919,949</u>	<u>64</u>
Capital surplus	<u>1,223,544</u>	<u>11</u>	<u>500,820</u>	<u>5</u>
Retained earnings				
Legal reserve	1,745,279	15	1,712,390	18
Special reserve	261,078	2	276,189	3
Unappropriated earnings	<u>1,249,574</u>	<u>11</u>	<u>328,894</u>	<u>4</u>
Total retained earnings	<u>3,255,931</u>	<u>28</u>	<u>2,317,473</u>	<u>25</u>
Equity directly associated with non-current assets held for sale	<u>21,517</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other equity	<u>(239,203)</u>	<u>(2)</u>	<u>(261,078)</u>	<u>(3)</u>
Treasury shares	<u>(63,401)</u>	<u>(1)</u>	<u>(63,401)</u>	<u>(1)</u>
Total equity	<u>10,118,337</u>	<u>87</u>	<u>8,413,763</u>	<u>90</u>
<b>TOTAL</b>	<u>\$ 11,679,122</u>	<u>100</u>	<u>\$ 9,325,599</u>	<u>100</u>

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,520,142	100	\$ 1,168,660	100
OPERATING COSTS (Notes 9, 22 and 29)	<u>867,208</u>	<u>57</u>	<u>686,069</u>	<u>59</u>
GROSS PROFIT	<u>652,934</u>	<u>43</u>	<u>482,591</u>	<u>41</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing	234,095	15	53,428	4
General and administrative	202,318	13	173,458	15
Research and development	<u>829,631</u>	<u>55</u>	<u>608,122</u>	<u>52</u>
Total operating expenses	<u>1,266,044</u>	<u>83</u>	<u>835,008</u>	<u>71</u>
LOSS FROM OPERATIONS	<u>(613,110)</u>	<u>(40)</u>	<u>(352,417)</u>	<u>(30)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Interest income	955	-	691	-
Other income	183,753	12	60,147	5
Other gains and losses	252,070	17	3,356	-
Finance costs	(9,338)	(1)	(6,352)	-
Share of profit of associates	<u>1,368,888</u>	<u>90</u>	<u>618,480</u>	<u>53</u>
Total non-operating income and expenses	<u>1,796,328</u>	<u>118</u>	<u>676,322</u>	<u>58</u>
PROFIT BEFORE INCOME TAX	1,183,218	78	323,905	28
INCOME TAX EXPENSE (Notes 4 and 23)	<u>433</u>	<u>-</u>	<u>502</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,182,785</u>	<u>78</u>	<u>323,403</u>	<u>28</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit obligation	430	-	3,582	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI	-	-	42	-
Share of other comprehensive income of subsidiaries and associates accounted for using equity method	118,678	8	9,129	1

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				
Exchange differences arising on translation of foreign operations	(18,998)	(1)	(29,597)	(3)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>(12,491)</u>	<u>(1)</u>	<u>20,354</u>	<u>2</u>
Other comprehensive income for the year, net of income tax	<u>87,619</u>	<u>6</u>	<u>3,510</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,270,404</u>	<u>84</u>	<u>\$ 326,913</u>	<u>28</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 2.01</u>		<u>\$ 0.55</u>	
Diluted earnings per share	<u>\$ 2.01</u>		<u>\$ 0.55</u>	

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

(Concluded)



Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	91,451	-	-	-	-	-	1,022	-	92,473
Changes in percentage of ownership interest in subsidiaries	-	-	497,906	-	-	-	-	-	-	-	497,906
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,182,785	-	-	-	-	1,182,785
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	1,188	-	(31,489)	117,920	-	87,619
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,183,973	-	(31,489)	117,920	-	1,270,404
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,871	-	-	-	-	-	-	-	1,871
Equity directly associated with non-current assets held for sale	-	-	(21,517)	-	-	-	21,517	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	65,578	-	-	(65,578)	-	-
BALANCE AT DECEMBER 31, 2021	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 1,223,544</u>	<u>\$ 1,745,279</u>	<u>\$ 261,078</u>	<u>\$ 1,249,574</u>	<u>\$ 21,517</u>	<u>\$ (259,512)</u>	<u>\$ 20,309</u>	<u>\$ (63,401)</u>	<u>\$ 10,118,337</u>

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,183,218	\$ 323,905
Adjustments for:		
Depreciation expense	85,476	88,621
Amortization expense	90,302	51,838
Net (gain) loss on the fair value change of financial assets at FVTPL	(221,022)	17,474
Financial costs	9,338	6,352
Interest income	(955)	(691)
Dividend income	(67,142)	(6,243)
Share of profit of associates	(1,368,888)	(618,480)
Unrealized (realized) gain on the transactions with subsidiaries	1,096	2,410
Net loss (gain) on foreign currency exchange	1,492	(1,392)
Changes in operating assets and liabilities:		
Increase in trade receivables	(97,519)	(31,540)
Increase in other receivables	(18,754)	(6,199)
Increase in inventories	(233,501)	(26,966)
Increase in other current assets	(51,531)	(5,473)
Increase in net defined benefit assets	(113)	(3,277)
Increase in contract liabilities	5,505	2,216
Increase in trade payables	190,674	42,668
Increase in other current liabilities	257,288	56,699
Increase in net defined benefit liability	430	3,582
Cash used in operations	(234,606)	(104,496)
Interest received	1,092	583
Dividends received	517,746	209,690
Interest paid	(9,214)	(6,279)
Income tax paid	(433)	(502)
Net cash generated from operating activities	<u>274,585</u>	<u>98,996</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from financial assets at FVTOCI	-	2,628
Purchase of financial assets at FVTPL	(40,000)	(30,000)
Proceeds from the sale of financial assets at FVTPL	118,577	412,446

Acquisition of associates	(372,116)	(18,292)
Capital reduction of investee using the equity method	-	170,000
Acquisition of property, plant and equipment	(54,273)	(90,407)
Payments for intangible assets	(63,398)	(214,835)
Decrease in other financial assets	(28,190)	-
Increase in refundable deposits	<u>(27)</u>	<u>(10)</u>
Net cash generated from (used in) investing activities	<u>(439,427)</u>	<u>231,530</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(28,480)	(25,584)
	(Continued)	

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

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	2021	2020
Proceeds from long-term borrowings	400,000	230,000
Repayments of long-term borrowings	(200,000)	-
Proceeds from guarantee deposits received	590	1,685
Refund of guarantee deposits received	(783)	(2,349)
Repayment of the principal portion of lease liabilities	(4,020)	(4,007)
Dividends paid to owners of the Company	(311,093)	(177,598)
Partial disposal of interests in subsidiaries without a loss of control	<u>108,953</u>	<u>101,014</u>
Net cash generated from (used in) financing activities	<u>(34,833)</u>	<u>123,161</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,386)</u>	<u>(746)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(203,061)	452,941
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>774,025</u>	<u>321,084</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 570,964</u>	<u>\$ 774,025</u>

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

## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sunplus Technology Company Limited

By

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CHOU-CHYE HUANG  
Chairman

March 29, 2022

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

### **Opinion**

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2021 is as follows:

#### **Occurrence of Revenue from Specific Customers**

Integrated circuit chip sales accounted for 96% of the Group's total revenue. In particular, some of the customers whose revenue has grown significantly carry a higher risk related to the occurrence of sales revenue. Therefore, we considered the occurrence of revenue as a key audit matter. For detailed disclosure of revenue, refer to Notes 4 and 24 to the accompanying consolidated financial statements.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We obtained an understanding of the related internal control and operating procedures in the Company's sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the related internal control and operating procedures.
2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormalities and confirmed that sales revenue did occur .

### **Other Matter**

We have also audited the parent company only financial statements of Sunplus Technology Company Limited as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chih Lin and Mei-Chen Tsai.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 29, 2022

#### Notice to Readers

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,835,568	30	\$ 3,400,482	27
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,671,234	10	901,857	7
Notes receivable and accounts receivable, net (Notes 4, 5, 9, 24 and 34)	1,285,944	8	1,204,798	10
Other receivables (Notes 4 and 34)	67,770	-	57,982	-
Inventories (Notes 4 and 10)	1,467,713	9	861,050	7
Non-current assets held for sale (Notes 4 and 11)	108,504	1	-	-
Other financial assets - current (Notes 18 and 35)	76,765	-	240,334	2
Other current assets (Notes 18 and 34)	136,271	1	111,438	1
Total current assets	<u>9,649,769</u>	<u>59</u>	<u>6,777,941</u>	<u>54</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,729,632	11	1,064,261	8
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	216,256	1	192,528	1
Investments accounted for using the equity method (Notes 4 and 13)	949,897	6	719,696	6
Property, plant and equipment (Notes 4, 14 and 35)	1,936,640	12	1,971,252	16
Right-of-use assets (Notes 4 and 15)	213,324	1	229,277	2
Investment properties (Notes 4 and 16)	948,038	6	1,015,544	8
Intangible assets (Notes 4 and 17)	326,919	2	328,591	3
Deferred tax assets (Notes 4 and 26)	38,066	-	33,037	-
Net defined benefit assets - non-current (Notes 4 and 22)	4,553	-	4,440	-
Other financial assets - non-current (Notes 18 and 35)	234,555	1	272,167	2
Other non-current assets (Note 18)	129,750	1	11,855	-
Total non-current assets	<u>6,727,630</u>	<u>41</u>	<u>5,842,648</u>	<u>46</u>
<b>TOTAL</b>	<u>\$ 16,377,399</u>	<u>100</u>	<u>\$ 12,620,589</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 19 and 35)	\$ 143,773	1	\$ 314,209	3
Contract liabilities - current (Note 24)	30,109	-	26,181	-
Accounts payable (Note 20)	924,523	6	450,216	4
Current tax liabilities (Notes 4 and 26)	254,071	1	155,138	1
Lease liabilities - current (Notes 4 and 15)	12,166	-	12,506	-
Deferred revenue - current (Notes 4, 21 and 29)	1,883	-	46,098	1
Current portion of long-term bank borrowings (Note 19)	46,000	-	25,000	-
Other current liabilities (Note 21)	1,433,513	9	795,324	6
Total current liabilities	<u>2,846,038</u>	<u>17</u>	<u>1,824,672</u>	<u>15</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 19)	384,000	3	205,000	2
Lease liabilities - non-current (Notes 4 and 15)	207,912	1	219,510	2
Deferred revenue - non-current (Notes 4, 21 and 29)	55,978	-	58,300	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	19,712	-	60,319	-
Guarantee deposits (Note 34)	263,745	2	219,942	2
Other liabilities (Note 21)	20,918	-	13,845	-
Total non-current liabilities	<u>952,265</u>	<u>6</u>	<u>776,916</u>	<u>6</u>
Total liabilities	<u>3,798,303</u>	<u>23</u>	<u>2,601,588</u>	<u>21</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 30)</b>				
Share capital				
Ordinary shares	<u>5,919,949</u>	<u>36</u>	<u>5,919,949</u>	<u>47</u>
Capital surplus	<u>1,223,544</u>	<u>7</u>	<u>500,820</u>	<u>4</u>
Retained earnings				
Legal reserve	1,745,279	11	1,712,390	13
Special reserve	261,078	1	276,189	2
Unappropriated earnings	<u>1,249,574</u>	<u>8</u>	<u>328,894</u>	<u>3</u>
Total retained earnings	<u>3,255,931</u>	<u>20</u>	<u>2,317,473</u>	<u>18</u>
Equity directly associated with non-current assets held for sale	<u>21,517</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other equity	<u>(239,203)</u>	<u>(1)</u>	<u>(261,078)</u>	<u>(2)</u>
Treasury shares	<u>(63,401)</u>	<u>-</u>	<u>(63,401)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	10,118,337	62	8,413,763	66

NON-CONTROLLING INTERESTS (Notes 4, 12, 23 and 30)	<u>2,460,759</u>	<u>15</u>	<u>1,605,238</u>	<u>13</u>
Total equity	<u>12,579,096</u>	<u>77</u>	<u>10,019,001</u>	<u>79</u>
TOTAL	<u>\$ 16,377,399</u>	<u>100</u>	<u>\$ 12,620,589</u>	<u>100</u>

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 24 and 34)	\$ 7,960,831	100	\$ 6,414,140	100
OPERATING COSTS (Notes 10 and 25)	<u>3,799,225</u>	<u>48</u>	<u>3,489,044</u>	<u>54</u>
GROSS PROFIT	<u>4,161,606</u>	<u>52</u>	<u>2,925,096</u>	<u>46</u>
OPERATING EXPENSES (Notes 25 and 34)				
Selling and marketing expenses	521,124	6	297,145	5
General and administrative expenses	628,046	8	488,247	8
Research and development expenses	2,088,699	26	1,623,728	25
Expected credit loss (gain) (Note 9)	<u>34</u>	<u>-</u>	<u>(154)</u>	<u>-</u>
Total operating expenses	<u>3,237,903</u>	<u>40</u>	<u>2,408,966</u>	<u>38</u>
OTHER OPERATING INCOME AND EXPENSES	<u>(167)</u>	<u>-</u>	<u>37</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>923,536</u>	<u>12</u>	<u>516,167</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25, 29 and 34)				
Interest income	25,466	-	24,052	-
Other income	242,732	3	117,804	2
Other gains and losses	846,131	11	126,748	2
Finance costs	(14,161)	-	(15,746)	-
Share of profit of associates	<u>34,623</u>	<u>-</u>	<u>15,713</u>	<u>-</u>
Total non-operating income and expenses	<u>1,134,791</u>	<u>14</u>	<u>268,571</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	2,058,327	26	784,738	12
INCOME TAX EXPENSE (Notes 4 and 26)	<u>302,085</u>	<u>4</u>	<u>165,911</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>1,756,242</u>	<u>22</u>	<u>618,827</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 23):				
Remeasurement of defined benefit plans	1,501	-	6,780	-

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020	
	Amount	%	Amount	%
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	89,921	1	(3,215)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	27,450	-	7,231	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 23):				
Exchange differences on translating the financial statements of foreign operations	(33,290)	-	(7,150)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>(269)</u>	<u>-</u>	<u>2,072</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>85,313</u>	<u>1</u>	<u>5,718</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,841,555</u>	<u>23</u>	<u>\$ 624,545</u>	<u>10</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,182,785	15	\$ 323,403	5
Non-controlling interests	<u>573,457</u>	<u>7</u>	<u>295,424</u>	<u>5</u>
	<u>\$ 1,756,242</u>	<u>22</u>	<u>\$ 618,827</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,270,404	16	\$ 326,913	5
Non-controlling interests	<u>571,151</u>	<u>7</u>	<u>297,632</u>	<u>5</u>
	<u>\$ 1,841,555</u>	<u>23</u>	<u>\$ 624,545</u>	<u>10</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 2.01</u>		<u>\$ 0.55</u>	
Diluted	<u>\$ 2.01</u>		<u>\$ 0.55</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, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													
	Share Capital Issued and Outstanding						Other Equity							
	Share (Thousands)	Amount	Capital Surplus	Retained Earnings			Equity Directly Associated with Non-current Assets Held for Sale	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		Treasury Shares	Total	Non-controlling Interests	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)			Income	Other				
BALANCE AT JANUARY 1, 2020	591,995	\$ 5,919,949	\$ 594,432	\$ 1,942,388	\$ 308,452	\$ (262,261)	\$ -	\$ (218,780)	\$ (42,246)	\$ (63,401)	\$ 8,178,533	\$ 1,394,158	\$ 9,572,691	
Appropriation of 2019 earnings														
Legal reserve used to cover accumulated deficits	-	-	-	(229,998)	-	229,998	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	15,786	-	-	-	-	-	-	-	15,786	-	15,786	
Issuance of cash dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	-	(177,598)	-	(177,598)	
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	67,132	-	-	-	-	-	2,112	-	69,244	-	69,244	
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	-	(183)	-	(183)	
Net profit for the year ended December 31, 2020	-	-	-	-	-	323,403	-	-	-	-	323,403	295,424	618,827	
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	6,846	-	(9,243)	5,907	-	3,510	2,208	5,718	
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	330,249	-	(9,243)	5,907	-	326,913	297,632	624,545	
Adjustment of capital surplus for the Company														
Cash dividends received by subsidiaries	-	-	1,068	-	-	-	-	-	-	-	1,068	-	1,068	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(86,552)	(86,552)	
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(1,172)	-	-	1,172	-	-	-	-	
BALANCE AT DECEMBER 31, 2020	591,995	5,919,949	500,820	1,712,390	276,189	328,894	-	(228,023)	(33,055)	(63,401)	8,413,763	1,605,238	10,019,001	
Appropriation of 2020 earnings														
Legal reserve	-	-	-	32,889	-	(32,889)	-	-	-	-	-	-	-	
Special reserve	-	-	-	-	(15,111)	15,111	-	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(311,093)	-	-	-	-	(311,093)	-	(311,093)	

Changes in capital surplus from investments in associates accounted for using the equity method	-	-	153,013	-	-	-	-	-	-	-	153,013	-	153,013
Issuance of cash dividends from capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	91,451	-	-	-	-	-	1,022	-	92,473	-	92,473
Changes in percentage of ownership interest in subsidiaries	-	-	497,906	-	-	-	-	-	-	-	497,906	(497,906)	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,182,785	-	-	-	-	1,182,785	573,457	1,756,242
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	1,188	-	(31,489)	117,920	-	87,619	(2,306)	85,313
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,183,973	-	(31,489)	117,920	-	1,270,404	571,151	1,841,555
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	1,871	-	-	-	-	-	-	-	1,871	-	1,871
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	782,276	782,276
Equity directly associated with non-current assets held for sale	-	-	(21,517)	-	-	-	21,517	-	-	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	65,578	-	-	(65,578)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 1,223,544</u>	<u>\$ 1,745,279</u>	<u>\$ 261,078</u>	<u>\$ 1,249,574</u>	<u>\$ 21,517</u>	<u>\$ (259,512)</u>	<u>\$ 20,309</u>	<u>\$ (63,401)</u>	<u>\$ 10,118,337</u>	<u>\$ 2,460,759</u>	<u>\$ 12,579,096</u>

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,058,327	\$ 784,738
Adjustments for:		
Depreciation expense	278,515	301,074
Amortization expense	133,228	89,948
Expected credit loss recognized (reversed) on trade receivables	34	(154)
Net gain on fair value change of financial assets at FVTPL	(837,439)	(122,742)
Finance costs	14,161	15,746
Interest income	(25,466)	(24,052)
Dividend income	(91,022)	(29,412)
Compensation costs of share-based payments	92,154	9,408
Share of profits of associates	(34,623)	(15,713)
Loss (gain) on disposal of property, plant and equipment	171	(28)
Gain on disposal of subsidiaries	-	(7,795)
Net gain on foreign currency exchange	(3,969)	(16,092)
Unrealized loss on transactions with associates and joint ventures	1,228	2,541
Gain on lease modification	(4)	(9)
Changes in operating assets and liabilities:		
Increase in trade receivables	(84,354)	(377,153)
(Increase) decrease in other receivables	(34,623)	5,655
Increase in inventories	(606,663)	(101,839)
Increase in other current assets	(14,040)	(13,530)
Increase in net defined benefits assets - non-current	(113)	(3,277)
Increase in accounts payables	476,960	97,960
Increase in contract liabilities	3,928	1,269
Decrease in deferred revenue	(1,881)	(1,559)
Increase in other current liabilities	652,317	216,960
(Decrease) increase in defined benefits liabilities - non-current	<u>(39,106)</u>	<u>2,841</u>
Cash generated from operations	1,937,720	814,785
Interest received	26,970	19,314
Dividends received	141,273	41,756
Interest paid	(14,161)	(16,509)
Income tax paid	<u>(216,352)</u>	<u>(67,225)</u>
Net cash generated from operating activities	<u>1,875,450</u>	<u>792,121</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTOCI	(58,583)	(10,004)
Proceeds from the sale of financial assets at FVTOCI	123,882	2,628
Purchase of financial assets at FVTPL	(2,399,006)	(1,447,591)
Proceeds from the sale of financial assets at FVTPL	1,824,231	1,687,133
Acquisition of associates	(174,000)	(2,500)
Proceeds from disposal of subsidiaries	-	(866)
Payments for property, plant and equipment	(122,866)	(194,880)
Proceeds from the disposal of property, plant and equipment	182	590

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
Increase in refundable deposits	(96,719)	(842)
Decrease in refundable deposits	1,421	3,004
Payments for intangible assets	(159,316)	(249,613)
Payments for investment properties	-	(5,073)
Decrease (increase) on other financial assets	<u>86,445</u>	<u>(196,789)</u>
Net cash used in investing activities	<u>(974,329)</u>	<u>(414,803)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(170,488)	(26,656)
Proceeds from long-term borrowings	400,000	230,000
Repayments of long-term borrowings	(200,000)	-
Proceeds of guarantee deposits received	59,667	19,918
Refunds of guarantee deposits received	(5,490)	(4,987)
Repayment of principal portion of lease liabilities	(13,197)	(13,308)
Increase in other liabilities	3,555	2,014
Cash dividends paid	(309,222)	(176,530)
Dividends paid to non-controlling interests	(283,972)	(139,531)
Partial disposal of interests in subsidiaries without a loss of control	108,953	101,014
Increase in non-controlling interests	<u>957,614</u>	<u>12,000</u>
Net cash generated from financing activities	<u>547,420</u>	<u>3,934</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>(13,455)</u>	<u>(1,398)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,435,086	379,854
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>3,400,482</u>	<u>3,020,628</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,835,568</u>	<u>\$ 3,400,482</u>

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

(Concluded)

**SUNPLUS TECHNOLOGY CO. LTD**  
Earnings distribution table  
**2021**

ITEMS	AMOUNT (NT\$)
Undistributed surplus at the beginning of the period	22,178
Net profit after tax in 2021	1182,786,649
Disposal of equity at fair value through other comprehensive profit or loss	65,577,250
Instrument investment, accumulated profits and losses are directly transferred to retained earnings	1,188,40
	4
Defined benefit plan remeasurement recognized in retained earnings	(124,955,231)
Appropriation of statutory surplus reserve	21,874,872
Reversal of special surplus reserve	
<b>Distributable surplus for the current period</b>	<b>1,146,494,122</b>
Assign items:	
Shareholder dividends-cash dividends on ordinary shares (NT\$ 1.936 per share)	(1,146,102,164)
<b>Undistributed surplus at the end of the period</b>	<b>391,958</b>

**Description:**

1. Due to the disposal of equity instrument investments measured at fair value through other comprehensive gains and losses, the accumulated gains and losses were directly transferred to retained earnings, an increase of NT\$65,577,250, and the remeasurement of the defined benefit plan was recognized as an increase of NT\$1,188,404 in retained earnings.
2. Shareholder Dividends - Cash dividends for ordinary shares are NT\$1.936 per share, totaling NT\$1,146,102,164. The cash dividends are distributed up to NT\$ (rounded down below NT\$), and the total amount of any odds and ends is included in other income of the company.
3. Once this case is proposed and passed through the resolution of the (111) Annual General Meeting of Shareholders, it is proposed to authorize the chairman to make a separate decision It will be processed on the base date of dividend distribution.
4. The company will affect the number of outstanding shares due to changes in its share capital, which will result in the occurrence of the dividend rate for shareholders. If there is any change, please authorize the chairman to adjust it.

Chairman of the board:

Manager:

Accountant:

**Sunplus Technology Co., Ltd.**  
**Comparison Table of Amendments to the Articles of Association**

Article	Content		Reason for revision
	Before revision	After revision	
Article 3	The company's head office is located in Hsinchu Science Industrial Park. If necessary, it can set up branches at home and abroad after the resolution of the board of directors and the approval of the competent authority.	The company sets up its head office in Hsinchu Science Park. If necessary, it can set up branches at home and abroad after the resolution of the board of directors and the approval of the competent authority.	In line with the revision of the "Regulations on the Administration of the Establishment of Science Parks", the word "industry" is deleted
Article 6	The shares of the company shall be signed or stamped by three or more directors, and issued after being approved by the visa agency. The company may also be exempted from printing stock certificates in accordance with Article 162-2 of the Company Act, but should contact the centralized securities depository institution for registration.	The shares of the company shall be issued after the signature or seal of the director representing the company, and a bank visa which is legally authorized to act as the issuer of the shares. The company may also be exempted from printing stock certificates in accordance with Article 162-2 of the Company Act, but should contact the centralized securities depository institution for registration,	In accordance with the amendment of Article 162 of the Company Law, the explanation is revised.
Article 12	The general meeting of shareholders is divided into two types: regular meeting and extraordinary meeting. The regular meeting is held once a year, and within six months after the end of each fiscal year, the board of directors shall convene it, and the extraordinary meeting shall be convened according to law when necessary. The conduct of the shareholders' meeting shall be conducted in accordance with the Company's "Rules of Procedure for the Shareholders' Meeting". The convening of the shareholders' meeting shall be notified to all shareholders 30 days before the regular meeting and 15 days before the extraordinary meeting.	The general meeting of shareholders is divided into two types: regular meeting and temporary meeting. The regular meeting is convened once a year, within six months after the end of each fiscal year, by the board of directors, and the extraordinary meeting is convened according to law when necessary. The conduct of the shareholders' meeting shall be conducted in accordance with the Company's "Rules of Procedure for the Shareholders' Meeting". The convening of the shareholders' meeting shall be notified to all shareholders 30 days before the regular meeting and 15 days before the extraordinary meeting. When the company's shareholders' meeting is held, it can be held by video	1. In accordance with Article 170 of the Company Law, the description has been revised. 2. In accordance with the amendment of Article 172-2 of the Company Law, public offering companies may apply the regulations on video conferences of shareholders' meetings, and the third amendment is added.

Article	Content		Reason for revision
	Before revision	After revision	
		conference or other methods announced by the Ministry of Economic Affairs.	
Article 29	<p>If the company has a surplus after the annual final accounts, in addition to paying the profit-making enterprise income tax according to law and making up for the losses of previous years, it shall first set aside 10% of the statutory surplus reserve, except when the statutory surplus reserve has reached the total capital. The special surplus reserve is set aside or reversed according to the laws or regulations of the competent authority. The remaining surplus, together with the accumulated undistributed surplus in the previous period, is the shareholder's dividend. However, the ratio of surplus to distribution and the ratio of shareholders' cash dividends may be adjusted by the resolution of the shareholders' meeting depending on the actual profit and capital situation of the current year. The aforementioned cash dividends shall not be less than 10% of the total dividends to be distributed to shareholders, but if the cash dividends per share are less than 0. The five yuan shall not be issued. If there is a deduction of shareholders' equity accumulated in the previous year or occurred in the current year but the after-tax surplus of the current year is insufficient to be allocated, the same amount of the accumulated undistributed surplus in the previous year shall be set aside as a special surplus reserve, and the same amount shall be allocated to the special surplus reserve before the distribution is proposed to be allocated. Advance deduction.</p>	<p>If the company has a surplus after the annual final accounts, in addition to paying the profit-making enterprise income tax according to law and making up for the losses of previous years, it shall first set aside 10% of the statutory surplus reserve, except when the statutory surplus reserve has reached the total capital. The special surplus reserve is set aside or reversed according to the laws or regulations of the competent authority, and the remaining surplus, together with the accumulated undistributed surplus in the previous period, is the shareholder's dividend. However, the ratio of surplus to distribution and the ratio of shareholders' cash dividends may be adjusted by the resolution of the shareholders' meeting depending on the actual profit and capital situation of the current year. The total number of shareholders' dividends distributed by the annual surplus shall be distributed at a rate of not less than 10% of the newly added distributable surplus for the year, but shall not be distributed if it is less than 1% of the paid-in capital. The aforementioned cash dividends shall not be less than 10% of the total dividends to be distributed to shareholders.</p>	<p>1. Add a specific and clear dividend policy. 2. The provision of special surplus reserve shall be handled in accordance with laws and regulations, and the description of the provision of special surplus reserve shall be deleted.</p>

Article	Content		Reason for revision
	Before revision	After revision	
Article 33	<p>This Articles of Association was made on July 30, 1990.</p> <p>-----</p> <p>The twenty-seventh revision was made on June 12, 2020.</p>	<p>This Articles of Association was made on July 30, 1990.</p> <p>-----</p> <p>The twenty-seventh revision was made on June 12, 2020. The twenty-eighth revision was made on June 8, 2022.</p>	<p>In accordance with this revision, the revision date is added.</p>

**Sunplus Technology Co., Ltd.**  
**Comparison table before and after the amendments to the rules  
of procedure of the shareholders meeting**

Article	Content		Reason for revision
	Before revision	After revision	
Article 3	Attending shareholders should bring their attendance card and hand in the sign-in card to sign in on their behalf. If the sign-in card is handed over to the company, it is deemed that the shareholder or agent listed in the sign-in card is present in person, and the company is not responsible for the identification.	Attending shareholders should bring their attendance card and hand in the sign-in card to sign in on their behalf. If the sign-in card is handed over to the company, it is deemed that the shareholder or proxy listed on the sign-in card is present in person, and the company is not responsible for the identification; the video conference of the shareholders' meeting shall be held on the video conference platform of the shareholders' meeting 30 minutes before the start of the meeting. The shareholders who have accepted the registration and completed the registration shall be deemed to have attended the shareholders meeting in person.	The time and procedures for the registration of shareholders attending the video conference are specified.
Article 4	Attendance and voting at the shareholders' meeting shall be calculated on the basis of shares. When a legal person is entrusted to attend the shareholders' meeting, the legal person may only appoint one representative to attend the meeting. When a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal. The exercise of its voting rights is still calculated based on the shares it holds.	Attendance and voting at the shareholders' meeting shall be calculated on the basis of shares. When a legal person is entrusted to attend the shareholders' meeting, the legal person may only appoint one representative to attend the meeting. When a corporate shareholder appoints two or more representatives to attend the shareholders' meeting, only one person may speak on the same proposal. The exercise of its voting rights is still calculated based on the shares it holds. If the shareholders' meeting is held by video conference, shareholders who wish to attend by video conference should register with the company two days before the shareholders' meeting.	If it is expressly stipulated that shareholders attend the shareholders' meeting by video, they should register with the company two days before the shareholders' meeting.
Article 5	The company's shareholders' meeting shall be held at the location of the company or	The company's shareholders' meeting shall be held at the location of the company or	When it is decided to hold a video shareholder

Article	Content		Reason for revision
	Before revision	After revision	
	factory or at a place that is convenient for shareholders to attend and suitable for the shareholders' meeting. The meeting shall not start earlier than 9:00 am or later than 3:00 pm.	factory or at a place that is convenient for shareholders to attend and suitable for the shareholders' meeting. The meeting shall not start earlier than 9:00 am or later than 3:00 pm. When the company convenes a video-conference shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.	meeting, there is no restriction on the location of the meeting.
Article 7	When the meeting time has expired, the chairman shall announce the meeting immediately. However, when shareholders representing more than half of the total number of issued shares are not present, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to two times, and the total postponement time shall not exceed one. Hour. If the amount is still insufficient after two delays, the chairman may announce the adjournment of the meeting. However, if shareholders representing more than one third of the total number of issued shares are present, the meeting may also be held in accordance with Paragraph 1 of Article 175 of the Company Law. Fake resolutions, but for special resolutions stipulated in the Company Law, the resolutions shall be made in accordance with the provisions of the Company Law. Before the end of the current meeting, if the number of shares represented by shareholders present reaches more than half of the total number of issued shares, the chairman may re-submit the false resolution to the general meeting for voting in accordance with the provisions of Article 174 of the Company Law.	When the meeting time has expired, the chairman shall announce the meeting immediately. However, when shareholders representing more than half of the total number of issued shares are not present, the chairman may announce the postponement of the meeting. The number of postponements shall be limited to two times, and the total postponement time shall not exceed one. Hour. If the amount is still insufficient after two delays, the chairman may announce the adjournment of the meeting; if the shareholders' meeting is held by video conference, the company shall also announce the adjourned meeting on the video conference platform of the shareholders' meeting. However, if shareholders representing more than one third of the total number of issued shares are present, the resolution may be false in accordance with Paragraph 1 of Article 175 of the Company Law. The completion of the meeting shall be in accordance with the provisions of the Company Law; if the shareholders meeting is held by video conference, shareholders who wish to attend by video conference shall re-register with the company in accordance with Article 4. Before the end of the	When it is stipulated that the shareholders' meeting will be held by video conference, if the chairman announces the adjournment of the meeting, the company shall announce the adjourned meeting on the video conference platform of the shareholders' meeting to notify the shareholders immediately. It is expressly stipulated that a separate shareholders meeting will be convened in accordance with a false resolution. Shareholders who wish to attend by video should register with the company.

Article	Content		Reason for revision
	Before revision	After revision	
		current meeting, if the number of shares represented by shareholders present reaches more than half of the total number of issued shares, the chairman may re-submit the false resolution to the general meeting for voting in accordance with the provisions of Article 174 of the Company Law.	
Article 11	Shareholders' inquiries about the report matters set out in the agenda shall not be allowed until all the report matters have been read out or reported by the chairman or a person designated by them. Each speaker shall not speak more than two times, each time shall not exceed five minutes, but with the permission of the chairman, it may be extended by five minutes, and the extension shall be limited to one time. The time and frequency of speeches made by shareholders shall apply to the provisions of the preceding paragraph mutatis mutandis for each resolution of the recognized matters and matters to be discussed on the agenda, as well as the resolutions put forward in the procedure of interim motions. The time and frequency of shareholders' speeches for each question and answer that is part of the motion in the provisional agenda shall be subject to the provisions of Paragraph 1. If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the agenda, the chairman may stop him from speaking. When a shareholder is present to speak, other shareholders shall not interfere with their speech unless they have obtained the consent of the chairman and the speaking shareholder, and the chairman	Shareholders' inquiries about the report matters set out in the agenda shall not be allowed until all the report matters have been read out or reported by the chairman or a person designated by them. Each speaker shall not speak more than two times, each time shall not exceed five minutes, but with the permission of the chairman, it may be extended by five minutes, and the extension shall be limited to one time. The time and frequency of speeches made by shareholders shall apply to the provisions of the preceding paragraph mutatis mutandis for each resolution on the recognized matters and matters under discussion listed on the agenda, as well as for various resolutions put forward in the procedure of interim motions. The time and frequency of shareholders' speeches for each question and answer that is part of the motion in the provisional agenda shall be subject to the provisions of Paragraph 1. If a shareholder's speech violates the provisions of the preceding paragraph or exceeds the scope of the agenda, the chairman may stop him from speaking. When a shareholder is present to speak, other shareholders shall not interfere with their speech unless they have obtained the consent of the chairman and the speaking shareholder, and the chairman	Shareholders who participate in the shareholders' meeting by means of video, the method, procedures and restrictions of their questioning are specified.

Article	Content		Reason for revision
	Before revision	After revision	
	shall stop the violation.	shall stop the violation. If the shareholders' meeting is held by video conference, shareholders who participate by video conference may ask questions in text on the video conference platform of the shareholders' meeting after the chairman announces the meeting and before the announcement of the adjournment of the meeting. The length is limited to 200 words, and the provisions of Article 10 and Items 1 to 5 of this Article shall not apply.	
Article 16	The scrutineer and vote-counter for voting on the resolution shall be designated by the chairman, but the scrutineer shall have the identity of a shareholder. The results of the voting shall be reported and recorded.	The scrutineer and vote-counter for voting on the resolution shall be designated by the chairman, but the scrutineer shall have the identity of a shareholder. The results of the voting shall be reported and recorded. If the shareholders' meeting is held by video conference, the company shall immediately disclose the voting results and election results of various resolutions on the video conference platform of the shareholders' meeting in accordance with regulations, and shall continue to disclose for at least 15 years after the chairman announces the adjournment of the meeting. minute.	In order for shareholders participating in the video conference of the shareholders' meeting to be informed of the voting status and election results of various resolutions immediately, sufficient information disclosure time has been specified.
Article 17	The company may designate appointed lawyers, accountants or relevant personnel to attend the shareholders' meeting as nonvoting delegates. The meeting personnel handling the shareholders' meeting shall wear identification cards or armbands.	The company may designate appointed lawyers, accountants or relevant personnel to attend the shareholders' meeting as nonvoting delegates. The meeting personnel handling the shareholders' meeting shall wear identification cards or armbands.	text correction
Article 18	The company shall record or videotape the entire process of the shareholders' meeting and keep it for at least one year.	The company shall record or videotape the entire process of the shareholders' meeting and keep it for at least one year. If	When the shareholders' meeting is to be held by video conference,

Article	Content		Reason for revision
	Before revision	After revision	
		the shareholders' meeting is held by video conference, the company shall record and save the shareholders' registration, registration, registration, questioning, voting and company vote counting results, and record and video the entire video conference without interruption. The above-mentioned materials and audio and video recordings shall be properly preserved by the company during the period of existence, and the audio and video recordings shall be provided to those who are entrusted to handle video conference affairs for preservation.	the record and preservation method of the meeting process shall be specified.
Article 21		If the shareholders meeting is convened by video conference, before the chairman announces the adjournment of the meeting, due to natural disasters, incidents or other force majeure events, the video conference platform is blocked or the participation by video conference occurs, and if it lasts for more than 30 minutes, it shall be postponed or renewed within five days. For a meeting, the provisions of Article 182 of the Company Law shall not apply.	The method for handling the disconnection of the video conference of the shareholders' meeting is clearly stipulated, and the provisions of Article 182 of the Company Law are not applicable.
Article 22	(omit)	Matters not stipulated in these rules shall be handled in accordance with the provisions of the Company Law and other relevant laws and regulations.	The original Article 21, with the amendments and changes.
Article 23	(omit)	These Rules shall come into force after being approved by the shareholders' meeting, and the same shall apply to amendments.	The original Article 22, with the amendments and changes.

## Sunplus Technology Co., Ltd.

**Comparison table before and after amendments to the provisions  
of the procedures for the acquisition or disposal of assets**

Before revision	After revision	Reason statement
<p>Article 6 The company acquires or disposes of real estate, equipment or its right-of-use assets, except for transactions with domestic government agencies, self-contracted construction, leased land for construction, or acquisition or disposal of equipment for business use or its right-to-use assets, the transaction amount is up to If the company's paid-in capital is 20% or more than NT\$300 million, a valuation report issued by a professional appraiser shall be obtained before the date of the fact, and shall meet the following requirements: 1. When a limited price, or a specific price or a special price must be used as the reference for the transaction price due to special reasons, the transaction should be approved by the board of directors first; the same applies when the transaction conditions are changed later. 2. If the transaction amount is more than NT\$1 billion, two or more professional appraisers shall be requested for appraisal. 3. If the appraisal result of the professional appraiser falls under any of the following circumstances, except that the appraisal result of the acquired assets is higher than the transaction amount, or the appraisal result of disposing of the assets is all lower than the transaction amount, the accountant should be consulted according to the accounting system of the Republic of China. The Accounting Research and Development Foundation (hereinafter referred to as the Accounting Research and Development Foundation) issued the Auditing Standards Bulletin No. 20, and expressed specific opinions on the reason for the difference and the fairness of the transaction price: (1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount. (2) The difference between the appraisal results of two or more professional</p>	<p>Article 6 The company acquires or disposes of real estate, equipment or its right-of-use assets, except for transactions with domestic government agencies, self-contracted construction, leased land for construction, or acquisition or disposal of equipment for business use or its right-to-use assets, the transaction amount is up to If the company's paid-in capital is 20% or more than NT\$300 million, a valuation report issued by a professional appraiser shall be obtained before the date of the fact, and shall meet the following requirements: 1. When a limited price, or a specific price or a special price must be used as the reference for the transaction price due to special reasons, the transaction should be approved by the board of directors first; the same applies when the transaction conditions are changed later. 2. If the transaction amount is more than NT\$1 billion, two or more professional appraisers shall be requested for appraisal. 3. If the appraisal result of the professional appraiser falls under any of the following circumstances, except that the appraisal result of the acquired assets is higher than the transaction amount, or the appraisal result of the disposed assets is all lower than the transaction amount, the accountant should be consulted for the reasons for the discrepancy and the transaction price. The legitimacy of expressing specific opinions: (1) The difference between the valuation result and the transaction amount is more than 20% of the transaction amount. (2) The difference between the appraisal results of two or more professional appraisers is more than 10% of the transaction amount. 4. The date of the report issued by the professional appraiser and the date of establishment of the contract shall not exceed three months. However, if the current value of the same period of the</p>	<p>In line with the revision of Article 5 of the "Guidelines for the Handling of Assets Acquired or Disposed by Public Companies", external experts are required to issue opinions in accordance with the self-discipline of their own trade associations. This has covered the procedures for accountants to issue opinions, and the deletion of accountants should be based on the legal person of a consortium. The text of the Auditing Standards Bulletin No. 20 issued by the Accounting Research and Development Foundation of the Republic of China.</p>

Before revision	After revision	Reason statement
<p>appraisers is more than 10% of the transaction amount. 4. The date of the report issued by the professional appraiser and the date of establishment of the contract shall not exceed three months. However, if the current value of the same period of the announcement is applicable and less than six months have passed, the original professional appraiser may issue a written opinion.</p>	<p>announcement is applicable and less than six months have passed, the original professional appraiser may issue a written opinion.</p>	
<p>Article 7 When the company acquires or disposes of securities, it shall obtain the most recent financial statements of the subject company that have been audited, certified or reviewed by an accountant before the date of the fact as a reference for evaluating the transaction price. In addition, if the transaction amount is more than 20% of the company's paid-in capital or NT\$300 million or more, an accountant should be contacted to express their opinion on the reasonableness of the transaction price before the actual occurrence. If the accountant needs to use an expert report, they should It shall be handled in accordance with the Bulletin No. 20 of the Auditing Standards issued by the Accounting Research and Development Foundation. However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission.</p>	<p>Article 7 When the company acquires or disposes of securities, it shall obtain the most recent financial statements of the subject company that have been audited, certified or reviewed by an accountant before the date of the fact as a reference for evaluating the transaction price. In addition, if the transaction amount exceeds 20% of the company's paid-in capital or NT\$300 million or more, an accountant should be contacted for an opinion on the reasonableness of the transaction price before the actual occurrence. However, this does not apply if the securities are publicly quoted in an active market or otherwise stipulated by the Financial Supervisory Commission.</p>	<p>The reason for the revision is the same as Article 6.</p>
<p>Article 8 If the company acquires or disposes of intangible assets or their right-to-use assets, or the transaction amount of the membership card exceeds 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, it shall be A few days ago, the accountant was asked to express their opinion on the reasonableness of the transaction price, and the accountant should also follow the provisions of the Bulletin of Auditing Standards No. 20 issued by the Accounting Research and Development Foundation.</p>	<p>Article 8 If the company acquires or disposes of intangible assets or their right-to-use assets, or the transaction amount of the membership card exceeds 20% of the company's paid-in capital or NT\$300 million or more, except for transactions with domestic government agencies, it shall be A few days ago, the accountant was invited to express their opinion on the reasonableness of the transaction price.</p>	<p>The reason for the revision is the same as Article 6.</p>
<p>Article 16 When acquiring or disposing of assets, if</p>	<p>Article 16 When acquiring or disposing of assets, if</p>	<p>1. Considering that the current public</p>

Before revision	After revision	Reason statement
<p>there are any of the following circumstances, the relevant information shall be announced and declared on the website designated by the FSC within two days from the date of the fact in accordance with the nature and format prescribed by the competent authority: ...</p> <p>5. Asset transactions other than the preceding four subparagraphs, financial institutions disposing of creditor's rights, or investment in the mainland area, and the transaction amount exceeds 20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances are not limited to this: (1) Buying and selling domestic public bonds. (2) Those who specialize in investment, trading securities on stock exchanges or the business offices of securities firms, or subscribe for common corporate bonds and common financial bonds that do not involve equity (excluding subordinated bonds) in the primary market. , or to subscribe for or buy back securities investment trust funds or futures trust funds, or securities firms to serve as counselors for emerging companies and recommend securities firms to subscribe for securities in accordance with the regulations of the Republic of China Securities OTC Trading Center for underwriting business needs. (3) Trading bonds with buyback and sellback conditions, and subscription or buyback of money market funds issued by domestic securities investment trust enterprises.</p>	<p>there are any of the following circumstances, the relevant information shall be announced and declared on the website designated by the FSC within two days from the date of the fact in accordance with the nature and format prescribed by the competent authority: ...</p> <p>5. Asset transactions other than the preceding four subparagraphs, financial institutions disposing of creditor's rights, or investment in the mainland area, and the transaction amount exceeds 20% of the company's paid-in capital or NT\$300 million or more. However, the following circumstances are not limited to this: (1) Buying and selling domestic public bonds or foreign public bonds with a credit rating not lower than my country's sovereign rating. (2) For those who specialize in investment, the trading of securities on stock exchanges or the business offices of securities firms, or the subscription of foreign public bonds in the primary market or the common corporate bonds raised and issued, and common financial bonds (excluding subordinated shares) that do not involve equity Sequence bonds), or subscribe for or buy back securities investment trust funds or futures trust funds, or subscribe for or sell back index investment securities, or securities dealers act as counselors for emerging companies for underwriting business needs and recommend securities dealers according to the securities counter of the Republic of China Negotiable securities that are required to be subscribed by the trading center. (3) Trading bonds with buyback and sellback conditions, and subscription or buyback of money market funds issued by domestic securities investment trust enterprises.</p>	<p>issuance companies have been exempted from public announcements and declarations for their trading of domestic public bonds, the first item of Paragraph 5 of Paragraph 1 is amended to relax the issuance rating of their trading of bonds not lower than my country's sovereign rating of foreign public bonds, and they are also exempted. Make announcements. 2. Considering that foreign public bonds are simple commodities, and their creditworthiness is usually better than that of foreign ordinary corporate bonds; and that index investment securities are similar to index stock funds in commodity nature, the second item of Paragraph 5, Paragraph 1 is amended to relax the Investments made by professionals to subscribe for foreign government bonds, purchase or sell back index investment securities in the primary market are also exempt from public announcement and declaration.</p>
<p>Article 20 The company obtains or disposes of real estate or its right-of-use assets from a related party, or acquires or disposes of</p>	<p>Article 20 The company obtains or disposes of real estate or its right-of-use assets from a related party, or acquires or disposes of</p>	<p>In line with the revision of the "Guidelines for the Handling of Assets</p>

Before revision	After revision	Reason statement
<p>real estate or other assets other than its right-of-use assets with a related party and the transaction amount reaches 20% of the company's paid-in capital and 100% of its total assets. 10% or more than NT\$300 million, in addition to buying and selling domestic government bonds, bonds with repurchase and sell-back conditions, and subscribing for or buying back money market funds issued by domestic securities investment trust enterprises, the following materials should be submitted After the approval of the audit committee and the board of directors, the transaction contract can be signed and the payment can be made: 1. The purpose, necessity and expected benefits of acquiring or disposing of assets. 2. The reason for selecting the related person as the transaction object. 3. Obtaining real estate or right-of-use assets from a related party, and evaluating the reasonableness of the predetermined transaction conditions in accordance with the provisions of Articles 21 and 22. 4. The original acquisition date and price of the related party, the transaction object and its relationship with the company and related parties, etc. 5. A forecast table of cash receipts and expenditures for each month in the coming year from the month of the contract, and evaluate the necessity of the transaction and the rationality of the use of funds. 6. The appraisal report issued by the professional appraiser obtained in accordance with the provisions of the preceding article, or the accountant's opinion. 7. Restrictions on the transaction and other important agreements. The calculation of the transaction amount in the preceding paragraph shall be carried out in accordance with the provisions of Paragraph 2 of Article 16, and the term within one year shall be based on the date of the actual occurrence of the transaction, retroactively calculated for one year, and submitted for audit in accordance with the provisions of this procedure. Parts approved by the committee and the board of directors are exempted from re-counting. The Company</p>	<p>real estate or other assets other than its right-of-use assets with a related party and the transaction amount reaches 20% of the company's paid-in capital and 100% of its total assets. 10% or more than NT\$300 million, in addition to buying and selling domestic government bonds, bonds with repurchase and sell-back conditions, and subscribing for or buying back money market funds issued by domestic securities investment trust enterprises, the following materials should be submitted After the approval of the audit committee and the board of directors, the transaction contract can be signed and the payment can be made: 1. The purpose, necessity and expected benefits of acquiring or disposing of assets. 2. The reason for selecting the related person as the transaction object. 3. Relevant materials for obtaining real estate or right-of-use assets from related parties, and evaluating the reasonableness of the predetermined transaction conditions in accordance with Articles 21 and 22. 4. The original acquisition date and price of the related party, the transaction object and its relationship with the company and related parties, etc. 5. A forecast table of cash receipts and expenditures for each month in the coming year from the month of the contract, and evaluate the necessity of the transaction and the rationality of the use of funds. 6. The appraisal report issued by the professional appraiser obtained in accordance with the provisions of the preceding article, or the accountant's opinion. 7. Restrictions on the transaction and other important agreements. The Company and its parent company, subsidiaries, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital are engaged in the following transactions with each other. The board of directors ratified: 1. Acquiring or disposing of equipment for business use or its right-to-use assets. 2. Acquiring or disposing of real estate use rights assets for business use. When submitting to the board of directors for discussion in accordance with Paragraph</p>	<p>Acquired or Disposal by Public Companies" to strengthen the management of related party transactions: 1. If the new company or its subsidiary that is not a domestic public offering company acquires or disposes of assets from a related party, and the transaction amount is more than 10% of the company's total assets, the company shall submit the relevant information to the shareholders' meeting for approval before it can be in order to protect the rights and interests of shareholders. 2. Considering the overall business planning needs of the company and its parent company, subsidiaries, or its subsidiaries, and taking into account the exemption specifications of major international capital markets, the proviso to relax the resolution of the shareholders' meeting for transactions between these companies. 3. Amend the calculation of the transaction amount and include it in the transaction submitted to the shareholders meeting for approval.</p>

Before revision	After revision	Reason statement
<p>and its parent company, subsidiaries, or its subsidiaries that directly or indirectly hold 100% of the issued shares or total capital are engaged in the following transactions with each other. The board of directors ratified: 1. Acquiring or disposing of equipment for business use or its right-to-use assets. 2. Acquiring or disposing of real estate use rights assets for business use. When submitting to the board of directors for discussion in accordance with Paragraph 1, the opinions of all independent directors shall be fully considered. If independent directors have any objections or reservations, they shall be recorded in the minutes of the board of directors, and the provisions of Article 28 of these procedures shall apply mutatis mutandis Make announcements.</p>	<p>1, the opinions of all independent directors shall be fully considered. If independent directors have any objections or reservations, they shall be recorded in the minutes of the board of directors, and the provisions of Article 28 of these procedures shall apply mutatis mutandis Make announcements. If the company or its subsidiary that is not a domestic public offering company has the first transaction, and the transaction amount is more than 10% of the company's total assets, the company shall submit the information listed in the first paragraph to the shareholders' meeting for approval, Before signing the transaction contract and making payment. However, the transaction between the company and its parent company, subsidiaries, or its subsidiaries is not limited to this. The calculation of the transaction amount in Paragraph 1 and the preceding Paragraph shall be carried out in accordance with the provisions of Paragraph 2 of Article 16, and the term within one year shall be based on the date of the actual occurrence of this transaction, and shall be retrospectively calculated for one year in accordance with this The procedures stipulated that the parts submitted to the shareholders' meeting, the audit committee and the board of directors for approval will be exempted from re-counting.</p>	

## Sunplus Technology Co., Ltd.

**Comparison table before and after the revision of the provisions of the capital loan  
and other people's operation measures**

Before revision	After revision	Reason statement
<p>Article 5 Loan, Term and Interest Calculation Method ... The capital loan and interest rate shall not be lower than the highest interest rate of the current short-term loan from the company to the financial institution. If there is no short-term loan in the current period, the one-year general time deposit rate on the first day of the month shall be subject to an additional 0.3%.</p> <p align="center">⋮</p>	<p>Article 5 Loan, Term and Interest Calculation Method ... The capital loan and interest rate shall not be lower than the highest interest rate of the current short-term loan from the company to the financial institution. If there is no short-term loan in the current period, it shall not be lower than the one-year general time deposit rate of the Taiwan Bank on the first day of the month plus 0.3%.</p> <p align="center">⋮</p>	<p>The interest calculation method should be modified to increase flexibility.</p>

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

<b>SUNPLUS Director</b>	<b>Adjunct Company</b>	<b>Adjunct position</b>
Wenxiong Zhan	OLEADER TECHNOLOGIES CO., LTD.	Director
	New Application Materials Trading (Guangzhou) Co., Ltd.	Director
	Yanwen Asset Management Consultants (Shares) Company	Director
Ruiqi Chen	WTW international law firm	Lawyer
	iCatch Inc.	Independent director
	Huachuang Financial Consulting Co., Ltd.	Chairman

## **Sustainable Development Best Practice Principles**

### **Chapter I General Principles**

**Article 1** In order to fulfill their sustainable development 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 sustainable development 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 sustainable development 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 sustainable development.

**Article 3** In fulfilling sustainable development 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 sustainable development 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 sustainable development information.

**Article 5** Company shall take into consideration the correlation between the development of domestic and international sustainable development 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 sustainable development programs, which shall be approved by the board of directors and then reported to the shareholders meeting. When a shareholder proposes a motion involving sustainable development, 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 sustainable development 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 sustainable development 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 sustainable development initiatives:

1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;
2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and
3. Enhancing the timeliness and accuracy of the disclosure of sustainable development 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 sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.

**Article 9** For the purpose of managing sustainable development initiatives, Company is advised to establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development 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 sustainable development 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 sustainable development 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 energy 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.
3. Other indirect emissions: the emissions from the company's activities are not indirect emissions from energy sources, but come from sources owned or controlled by other companies.

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 sustainable development 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 sustainable development policy. When Company enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with sustainable development 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 Sustainable development 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 sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development 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 sustainable development 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 sustainable development initiatives.

**Article 29** Company shall adopt internationally widely recognized standards or guidelines when producing sustainable development reports, to disclose the status of their implementation of the sustainable development 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 sustainable development 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 sustainable development standards and the change of business environment so as to examine and improve their established sustainable development framework and to obtain better results from the implementation of the sustainable development 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 and January 19, 2022.

## Sunplus Technology Co., Ltd. Constitution

### Chapter 1 General

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

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

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

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

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

### Chapter 2 Shares

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

Article 5-1: Delete.

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

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

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

Article 8: Delete.

Article 9: Delete.

Article 10: Delete.

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

### **Chapter 3 Shareholders' Meeting**

- Article 12: There are two types of regular meetings and temporary meetings of shareholders' meetings. The regular meetings are held once a year. They are convened by the board of directors within six months after the end of each fiscal year, and temporary meetings are convened according to law when necessary. The conduct of the shareholders' meeting shall be handled in accordance with the Rules of Procedure of the Shareholders' Meeting of the Company.
- Article 13: When shareholders are unable to attend the shareholders meeting for any reason. They shall draw up a power of attorney issued by the company, and entrust the agency according to Article 177 of the Corporations Act and the "Regulations on the Power of Attrition of the Public Issuance Companies to Attend Shareholders Meeting" promulgated by the competent authority. People attend.
- Article 14: When the shareholders' meeting is held, the chairman of the board of directors shall be the chairperson. When the chairman of the board of directors is absent, the chairman of the board of directors shall appoint one person to act as the agent.
- Article 15: The shareholders of the company shall have one voting right for each share held except for the case in which the shares as prescribed in Article 179 of the Company Law have no voting rights.
- Article 16: Resolutions of the shareholders' meeting shall, except as otherwise provided by the company law. Be attended by shareholders representing more than half of the total number of shares outstanding, and shall be agreed upon by a majority of the voting rights of shareholders present. When the company convenes a shareholder meeting, Shareholders who elect to exercise their voting rights electronically and exercise voting rights electronically shall be deemed to be present in person, and relevant matters shall be handled in accordance with the provisions of the law.
- Article 17: The resolutions of the shareholders' meeting shall be made into minutes, signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The distribution of the above-mentioned minutes shall be handled in accordance with the provisions of the company law. The record of the minutes of the minutes of the proceedings, the minutes of the minutes, the attendance book of the attending shareholders, and the power of attorney to attend shall be processed in accordance with Article 183 of the Company Law.

### **Chapter 4 Directors**

Article 18: The company has 6 to 9 directors, and the election of the directors shall be based on the provisions of Article 192 of the Company Law to adopt the nomination system for candidates. The implementation of related matters is subject to the Company Law and the Securities Exchange Act. The statutory regulations apply. The number of members shall be determined by the board of directors and the shareholder's meeting shall select the names of the candidates for directorship of the company for a term of three years. They shall be eligible for re-election. If a representative of a legal person's shareholder is elected as a director, the legal person may relocate it at any time, but it shall be limited to making up for the original term of office.

The company may, if permitted by relevant laws and regulations, insure liability insurance for the liability for compensation in accordance with the law for the scope of the business performed by the directors during the term of office. After the company has insured or renewed the liability insurance for the directors, the amount and underwriting of the liability insurance Important contents such as scope and insurance rate, etc., submitted to the latest report of the board of directors.

In the aforementioned number of directors, there are three to five independent directors, and the nomination system for independent directors is adopted. The shareholders' committee selects candidates from the list of independent director candidates. The professional qualifications of the independent directors,

shareholding, part-time restrictions, nomination and selection methods, and other matters that should be followed, in accordance with the relevant regulations of the securities regulatory authority

The company sets up an audit committee in accordance with the provisions of Article 14-4 of the Securities Exchange Act. It is composed of all independent directors. The exercise of its powers and related matters is handled in accordance with relevant laws and regulations, and is set by the board of directors.

Article 18-1: When the directors of the company perform the duties of the company, regardless of the company's operating profit or loss, the company may be remunerated, and its remuneration is authorized by the board of directors to negotiate with the normal level of the industry. If the company has a surplus, it shall distribute the remuneration according to Article 29 of the Articles of Association.

Article 19: When the director's shortfall is up to one-third, the board of directors shall convene the shareholders' meeting for a by-election within 60 days to cover the original term of office.

Article 20: When the term of office of a director expires but does not result in a re-election, except as otherwise provided in the company law, he/she shall extend his/her duties until the re-election of the directors to take office.

Article 21: Board of Directors The Board of Directors shall have more than two-thirds of the directors present and the consent of more than half of the directors present, elect one chairman of the board of directors and perform all matters relating to the company in accordance with resolutions, articles of association, resolutions of shareholders and the board of directors.

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

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

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

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

Article 24: This section is deleted

## **Chapter 5 Managers and Staff**

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

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

in performing their duties according to law.

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

Article 27: Delete.

## **Chapter 6 Final accounts**

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

The former statement of accounts is legally announced.

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

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

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

Article 29: If the company has a surplus after the final accounting, it shall first allocate 10% of the statutory surplus reserve in addition to the legal income from the profit-making business and the loss in previous years, but the statutory surplus reserve has reached the total amount of capital. This is not the limit. In accordance with the law or the competent authority to provide or revoke special surplus reserves, the remaining surplus, together with the accumulated undistributed surplus in the previous period, is the dividend of the shareholders. The board of directors shall allocate a resolution to the shareholders' meeting for resolution after distribution. The ratio of the surplus provided by the Surplus to the cash dividends of the shareholders may be adjusted according to the resolutions of the shareholders meeting, depending on the actual profit and funding conditions of the year. The aforementioned cash dividends shall not be less than 10% of the total dividends of the shareholders who should be distributed, but if the cash dividend is less than 0 per share. Five yuan will not be granted.

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

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

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

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

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

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

The first revision was made on August 7, 1990.

The second revision was made on February 7, 1992.

The third amendment was made on June 12, 1993.  
The fourth revision was made on July 30, 1994.  
The fifth amendment was made on September 28, 1994.  
The sixth amendment was made on June 14, 1995.  
The seventh revision was made on May 25, 1996.  
The eighth amendment was made on May 31, 1997.  
The ninth revision was made on November 20, 1997.  
The tenth revision was made on April 30, 1998.  
The eleventh revision was made on June 7, 1999.  
The twelfth revision was made on July 28, 1999.  
The thirteenth revision was made on May 19, 2000.  
The 14th revision was made on June 12, 2001.  
The fifteenth revision was made on May 17, 2002.  
The 16th revision was made on May 6, 2003.  
The seventeenth revision was made on June 1, 2004.  
The 18th revision was made on June 13, 2005.  
The nineteenth revision was made on June 9, 2006.  
The 20th revision was made on June 15, 2007.  
The twenty-first revision was made on June 13, 2008.  
The twenty-second revision was made on June 10, 2011.  
The 23rd revision was made on June 18, 2012.  
The 24th revision was made on June 11, 2014.  
The 25th revision was made on June 12, 2015.  
The 26th revision was made on June 13, 2016.  
The 27th revision was made on June 12, 2020.

## 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.

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

### **Chapter I General Principles**

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

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

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

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

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

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

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

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

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

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

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

**Article7** The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

**Article8** Where the Company acquires or disposes of intangible assets or usage-right property or membership and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300million or more, except in transactions with a domestic government agency, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

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

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

**Article 11** The Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the company shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

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

**Article 12** Where the Company acquires or disposes of preceding equipment, usage-right property, memberships, intangible assets and so forth, the terms of trading, the degree of authority delegated and implement shall be in accordance with the “Rules Governing the Management of Procurement, Payment and Warehouse”, “Rules Governing the Management of Assets” and “Rules Governing the Implementation of Authorization”.

**Article 13** Where the Company acquires or disposes of securities and real properties due to expanding operations or other reason, the terms of trading, the degree of authority delegated and implement shall be in accordance with the “Rules Governing the Management of Investment Operations” and “Rules Governing the Implementation of Authorization”.

**Article 14** Where the Company could serve as board of director by acquiring the shareholding of other companies, the implement shall follow the “Rules Governing the Management of Investment Control”.

**Article 15** Procedure when participating in a merger, demerger, acquisition or transfer of shares:

1. The companies participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. The company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

(1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

(2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

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

board of directors meetings. When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation. Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

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

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

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

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

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

(4) An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

(5) An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

(6) Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

4. The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

(1) Handling of breach of contract.

(2) Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

(3) The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

(4) The manner of handling changes in the number of participating entities or companies.

(5) Preliminary progress schedule for plan execution, and anticipated completion date.

(6) Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

5. After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

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

**Article16** Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on information reporting website designated by Financial Supervisory Commission, R.O.C. (FSC), in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property or usage-right property from or to a related party, or acquisition or disposal of assets other than real property or usage-right property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of domestic government bonds, bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

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

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

(1) Trading of government bonds.

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

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

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

Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million. The amount of transactions above shall be calculated as follows:

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

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

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the Company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

**Article17** Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be

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

1. Change, termination, or rescission of a contract signed in regard to the original transaction.

2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information

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

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

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

**Article 19** When the Company engages in any acquisition, or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions in accordance with Article 6~8 and this chapter are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's

opinion in compliance with the provisions of the preceding Article 6~8.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 9 herein.

For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

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

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property or usage-right property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 21 and Article 22.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
7. Restrictive covenants and other important stipulations associated with the transaction.

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

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

With respect to the acquisition or disposal of business-use equipment between the company and its parent or subsidiaries, the company's board of directors may delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting. When a matter is submitted for discussion by the board of directors pursuant to the first paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting, and shall be announced subject to mutates mutandis application of Article 28 in these Procedures.

**Article21** The Company that acquires real property or usage-right property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

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

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

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

**Article22** When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 23.

However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
  - (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

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

1. A special reserve shall be set aside in accordance with Article of Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.
2. Those independent directors of audit committee shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property or usage-right property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

## **Chapter VI Other Important Matters**

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

1. The total amounts of real property or usage-right property for business use may not be higher than 50 percent or more of paid-in capital.
2. The total amount of securities for investment of a long-term nature may not be higher than 200 percent of the net asset on the latest financial statement.
3. The amount for each investment of a long-term nature shall be limited to 60 percent of the net asset on the latest financial statement.
4. Except the bond fund and money fund for investment of a short-term nature, the amount of each individual securities for investment of a short-term nature acquired by the Company shall be limited to 2 percent of the net asset on the latest financial statement, and the total amount of

securities acquired by the Company may not be higher than 10 percent of the net asset on the latest financial statement. The "net asset " in these Procedures means the balance sheet asset attributable to the owners of the each company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

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

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

**Article27** The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of the procedures and major transaction of acquisition and disposal of assets or usage-right property from or to a related party, or when it intends to acquire or dispose of assets other than real property or usage-right property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

**Article28** When any amendment of Procedures and major transactions or other matters shall be approved by the board of directors for a resolution, the company shall submit the director's dissenting opinion to the audit committee if any director expresses dissent and it is contained in the minutes or a written statement, When any amendment of the procedures and transaction of either acquisition or disposal is submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. It shall be recorded in the minutes of the board of directors meeting if an independent director agrees or objects about any matter. A public report of preceding opinion shall be made on the information reporting website designated by the competent authority within 2 days commencing immediately from the date of board meeting.

**Article29** After approved by the audit committee and Board Meeting, the procedures shall be enacted after proposed to and resolved by shareholders’ meeting. The same applies in case of amendment.

**“Operational Procedures for Loaning Funds to Others”  
of Sunplus Technology Company Limited (The "Company")**

(Amended by Shareholders' Meeting on June 10th, 2019)

**I. Subject**

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

**II. Content**

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

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

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

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

- (1) Extending loans to entities having business relationship with the Company shall be limited to the circumstances provided in 1st Paragraph,
- (2) Extending loans to entities needing short-term financing funds shall be limited to the subsidiaries in which the Company directly or indirectly holds more than 20% of the voting shares.

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

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

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

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

and the maximum amount for single loan shall not exceed 5% of the net worth of the Company.

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

When the person in charge of the company violates the provisions of the preceding paragraph, it shall be responsible for the return of the loan with the borrower; if the company suffers damage, it shall also be liable for damages.

#### **Article 4** Operational procedures for extending loans to others

##### (1) Due Diligence

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

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

##### (2) Safeguards Provision

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

### (3) Scope of Empowering

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

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

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

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

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

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

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

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

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

(5) Disclosure of Financial Statements

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

(6) Remarks

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

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

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

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

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

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

the Chairman.

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

**Article7** Announcement and reporting procedures.

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

(2) The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from its occurrence:

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

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

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

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

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

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

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

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

The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of Procedures and major transactions shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures or transactions may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting. The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions. When any amendment of the procedures is submitted for discussion by the board of directors pursuant to the first preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director has objections or reservations, it should be stated in the proceedings of the board of directors. After approved by the audit committee and Board Meeting, the Procedures shall be enacted after proposed to and resolved by shareholders' meeting. If a director expresses objection and has a record or written statement, his objection shall be reported to the shareholders meeting for discussion. The same applies in case of amendment

## SHAREHOLDING OF DIRECTORS AND SUPERVISORS

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

Title	Name	Shareholding
Director	Chou-Chye Huang	92,737,817
Director	Wen-Shiung Jan	0
Director	Global View Co., Ltd.	10,038,049
Independent Director	Che-Ho Wei	0
Independent Director	Tse-Jen Huang	0
Independent Director	Tsong-Ling Guo	0
Independent Director	Rui-Qi Chen	0
Total <sup>(note1)</sup>		102,775,866

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

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

The company has not compiled and announced the 2022 annual financial forecast, do not need to expose this information.

(End of this translation)