

Stock code: 2401

# 2022 Annual Report

Sunplus Technology Co., Ltd.

Annual Report website: <http://mops.twse.com.tw>

Date of publication: April 24th, 2023

## **PLEASE READ FOLLOWING NOTICE BEFORE USING THIS REPORT**

Readers are advised that the original version of the report is in Chinese. If there is any conflict between these financial statements and the Chinese version 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 report 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.

**Spokesperson**

Name: Joseph Chuang  
Title: Director  
Tel: +886-3-5786005  
E-mail: IR@sunplus.com

**Deputy Spokesperson**

Name: Ming-Yi Kuo  
Title: Assistant Project Manager  
Tel: +886-3-5786005  
E-mail: IR@sunplus.com

**SUNPLUS HEADQUARTERS**

19, Innovation 1st Road, Hsinchu Science Park, Hsinchu 300, Taiwan  
Tel: +886-3-5786005

**COMMON SHARES TRANSFER AGENT**

China Trust Commercial Bank Corporate Trust Operation and Service Department  
5F, 83, Sec. 1, Chung-Ching S. Rd. Taipei 100, Taiwan  
Tel: +886-2-66365566  
Website: <http://www.chinatrust.com.tw>

**AUDITORS**

Name: Tung-Hui Yeh, Ya-Yun Chang  
Company: Deloitte & Touche Tohmatsu Limited  
6F, 2, Prosperity Road 1, Hsinchu Science Park, Hsinchu 300, Taiwan  
Tel: +886-3-5780899  
Website: <http://www.deloitte.com.tw>

**GDR DEPOSITARY BANK (Note)**

Bank: The Bank of New York Mellon  
101 Barclay Street New York, N.Y. 10286, USA  
Tel: +1-212-815-2476  
Website: <http://www.adrbnymellon.com>  
Please refer to London Stock Exchange official website for Sunplus' GDR market price.  
Website: <http://www.londonstockexchange.com>

Website: <http://www.sunplus.com>

Note : Sunplus GDR has been delisted in October 2022

**Sunplus Technology Co., Ltd.**  
**2022 Annual Report**  
**TABLE OF CONTENT**

<b>I.</b>	<b>LETTER TO SHAREHOLDERS</b> .....	<b>1</b>
<b>II.</b>	<b>COMPANY PROFILE</b> .....	<b>3</b>
	2.1 Foundation of Sunplus .....	3
	2.2 Milestones .....	3
<b>III.</b>	<b>CORPORATE GOVERNANCE</b> .....	<b>6</b>
	3.1 Organization.....	6
	3.2 Director, general manager, deputy general manager, associate, department and branch office in charge of information .....	8
	3.3 Corporate Governance Implementation.....	21
	3.4 Audit Fees .....	47
	3.5 Replacement of Auditors .....	48
	3.6 Chairman, Presidents, and Managers in Charge of Finance and Accounting Who Held a Position in Sunplus' Independent Audit Firm or Its Affiliates during the Recent Year.....	49
	3.7 Net Change in Shareholding and Net Changes in Shares Pledged by Director, Manager, and Shareholders with 10% Shareholding or More .....	50
	3.8 Top 10 Shareholders & Related Parties .....	50
	3.9 Total ShareholdingRatio.....	52
<b>IV.</b>	<b>CAPITAL &amp; SHARES</b> .....	<b>53</b>
	4.1 Capitalization .....	53
	4.2 Issuance of Corporate Bonds .....	59
	4.3 Preferred Shares .....	59
	4.4 Issuance of GDR .....	60
	4.5 Employee Stock Options Plan .....	60
	4.6 Restricted Employees Stock.....	60
	4.7 Mergers and Acquisitions .....	60
<b>V.</b>	<b>FINANCIAL PLAN &amp; IMPLEMENTATION</b> .....	<b>60</b>
<b>VI.</b>	<b>BUSINESS HIGHLIGHT</b> .....	<b>61</b>
	6.1 Business Activities.....	61
	6.2 Market Status .....	71
	6.3 Personnel Structure .....	79
	6.4 Environmental Protection & Expenditures .....	80
	6.5 Employees.....	81
	6.6 Information security management .....	82
	6.7 Important Contracts .....	85
<b>VII.</b>	<b>FINANCIAL STATEMENTS</b> .....	<b>86</b>
	7.1 Condensed Financial Statement and Auditors' Opinions by adopting IFRSs .....	86
	7.2 Financial Analysis for recent 5 years.....	91
	7.3 Report by Audit Committee .....	94
	7.4 Consolidated Financial Statements.....	95
	7.5 Individual Financial Statements .....	191
	7.6 Financial Difficulties .....	280
<b>VIII.</b>	<b>FINANCIAL ANALYSIS</b> .....	<b>281</b>
	8.1 Financial Status .....	281
	8.2 Operational Results .....	282
	8.3 Cash Flow .....	283
	8.4 Major Capital Expenditure.....	284
	8.5 Long-Term Investment.....	284
	8.6 Risk Management .....	284
	8.7 Other Remarks .....	291
<b>IX.</b>	<b>SPECIAL NOTES</b> .....	<b>292</b>
	9.1 Affiliates .....	292
	9.2 Private Placement Securities .....	300
	9.3 Status of Sunplus Common Shares/GDRs Acquired, Disposed of, or Held by Subsidiaries .....	300
	9.4 Special Notes .....	301
	9.5 Any Events Impact to Shareholders' Equity and Share Price .....	301

## I. LETTER TO SHAREHOLDERS

### BUSINESS REPORT

#### 2022 Business Results

Sunplus consolidated net operating revenue totaled NT\$6,706 million and the gross profit were NT\$3,301 million in 2022. While R&D expense totaled NT\$2,153 million and the G&A expenses were NT\$616 million, marketing expense were NT\$239 million, Operating profit was NT\$288 million in 2022. Including total non-operating net income NT\$594 million, the profit before tax were NT\$882 million. Excluding the income tax expense NT\$212 million, the net profit of the year totaled NT\$670 million, attributable to owner of the Company were NT\$216 million which the earning per share after tax for 2022 was NT\$0.37.

The consolidated net sales in 2022 decreased 15.77% compared to the same period last year. Gross profit margin is approximately 49%, decreased from 52% in the previous year. 2022 operating net profit decreased by 68.83% compared to 2021.

Non-operating revenue decreased from 1,135 million in 2021 to 594 million in 2022, mainly because the net profit of financial assets measured at fair value through profit and loss in 2022 decreased by 110 million compared to 2021, and disposal of Company benefits recognized by equity method increased 449 million.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2022, 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 2022 is NT\$113 million. The total consolidated profit and loss in 2022 was NT\$784 million, the consolidated profit and loss was attributed to NT\$326 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, Sunplus Innovation Technology, Jumplux Technology, and mainland subsidiaries.

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 developed a more cost-effective product, 32-bit Cortex-M0 Voice/Music Synthesis Control SOC. Multimedia products: developed a new generation of high-end 40nm 32-bit multimedia platform SOC with built-in Cortex-A7 CPU, 3D GPU, deep learning engine, image, voice processing units, high-speed audio and video interfaces etc., to assist the clients to develop various applications such as human-machine interface platform, driving recorder, action camera, aerial camera, hunting machine, etc. MCU products: Completed the development of a 32-bit package miniaturized sine wave drive control IC, and completed the development of a 32-bit medical measurement IC for ear thermometers, carbon dioxide measurement and other applications.

78% of Sunplus Innovation Technology sales in 2022 come from PC-related cameras, and the other 22% of sales come from USB external cameras, driving pulls, high-speed cameras, and IoT-related.

Subsidiaries in China include Shanghai Sunplus, Sunplus Prof-tek Technology (Shenzhen), Sunmedia, CQPlus1 (Chongqing), 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

In 2022, due to the impact of the Russia-Ukraine war, global inflation rate hikes, and China's zero-covid lockdown, the overall inventory has risen, and market visibility is still unclear. Facing the changing situation, in addition to providing customers with more cost-effective products to reduce inventory, the company will continue to invest more R&D resources, accelerate the development of new products, and respond to market changes. The Group Company will continue to invest in technology and product development, which focuses on AIoT Edge Computing.

Looking forward to 2023, Covid-19 restrictions are fully lifted, and the world's major economies are revitalizing. The main challenges include: when will the Russia-Ukraine war last? Has the international inflation been eased? The bottleneck of industrial growth is no longer Foundry, but the demand created by economic growth? The Company will pay close attention to changes in the international economic environment, adjust the pace of product research and development in a timely manner, and 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.

All the best,  
Chairman & CEO,



## II. COMPANY PROFILE

### 2.1 Foundation of Sunplus

Sunplus was founded in August 3<sup>rd</sup> 1990 in Hsinchu, Taiwan.

### 2.2 Milestones

For the formation of the Company's share capital, please refer to pages 79-82 of this annual report.

Please refer to pages 303 to 314 of this annual report on the relationship between the Company and the investment enterprises.

August 1990	Sunplus Technology was founded
May 1993	Obtained approval from the SIPA to move into Hsinchu Science Park
October 1993	Moved into Hsinchu Science Park
September 1994	Company started in-house wafer circuit probe testing
December 1995	Groundbreaking for the construction of Sunplus' office building, located in 19, Innovation First Road, Hsinchu Science Park
April 1996	Evaluated as "The most productive IC design company" by Hsinchu SIPA
January 1997	Grand opening of Sunplus' office building
September 1997	Sunplus Technology was IPO on the Over-The-Counter stock market
January 2000	Sunplus was listed on the main board of the Taiwan Stock Exchange (TSE)
Jun 2000	Received certificate of ISO 9001 Quality Assessment by RWTUV
September 2000	Reorganized into three new business unit, Consumer center, Multimedia center, and production center; and the BOD appointed Mr. Yarn-Chen Chen as the president
December 2000	Received the "Distinguished Achieved Award" from Hsinchu SIPA
March 2001	Launched Global Depository Receipts on the London Stock Exchange
December 2001	Completed the Grandtech merger and announced the company's reorganization
January 2002	Established a subsidiary in Shanghai, China to provide better service to customers in Mainland.
February 2002	Implemented ERP system successfully to enhance company's operating efficiency and competence
Jun 2002	Purchased a new office building (B-building) at Science Park
July 2002	Sponsored the new Innovation Park and Parking Lot at Science Park, Hsinchu
February 2003	Licensed 32-bit core IP from MIPS Technology for next-generation consumer electronic products
April 2003	Completed acquisition of Oak Optical Storage Business and spin-off a new venture, Sunext Technology to focus on next generation Blue Ray ODD controller
May 2003	Licensed MPEG-4 video compression technology from DivX Networks to create DivX certified IC solution for consumer electronic products
Jun 2003	Announced reorganization by altering the Product Business Unit Systems to Functional Business Unit Systems
August 2003	Established a new milestone for monthly sales over NT\$1 billion
December 2003	Won "Innovation Product Award 2003" and "R&D Performance Award 2003" from Hsinchu SIPA
March 2004	Established a new subsidiary, Generalplus Technology to focus on consumer IC design
September 2004	Received certificate of ISO 14000 Quality Assessment
December 2004	MFP SoC with 4800dpi image quality won "Innovation Product Award 2004" from Hsinchu SIPA
December 2004	Won "R&D Performance Award 2004" from Hsinchu SIPA
Jun 2005	Announced the first 32-bit processor core S+core <sup>®</sup> with Sunplus-owned instruction set architecture
Jun 2005	Launched USB2.0-to-Serial ATA bridge solution
August 2005	Applied MPEG-4 image controlling technology to the first IP cam with resolution up to 1M pixel in the worldwide
August 2005	Completed the merger with the 3G team of information & communication research lab ITRI and started the development of 3G cellular communication ICs
September 2005	Established a new milestone of monthly sales up to NT\$1.899 billion as record high
October 2005	Mass-produced the PHS mobile baseband processor
November 2005	Announced the worldwide first DVD ICs certificated by DivX Ultra
December 2005	Announced reorganization by altering the Functional Business Unit System to Product Business Unit System and the resolved to spin off the LCD IC business. Mr. Chou-Chye Huang was appointed to CEO of Sunplus

March 2006	Completed the spin-off of the LCD IC business into Orise Technology Co., Ltd.
December 2006	Completed the spin-off of Controller & Peripheral Business Unit into Sunplus Innovation Technology Inc.
December 2006	Completed the spin-off of the Personal Entertainment Business Unit and Advanced Business Unit into Sunplus mMobile Inc.
December 2006	Established a new record high with 2006 profit after tax, NT\$2.97 billion
February 2007	Licensed digital TV SoC IP to Silicon Image, Inc. with US\$40 million for license fee.
March 2007	Completed the return of capital with outstanding shares afterward 512,953,665 shares
April 2007	The spin-off LCD driver IC design company Orise Technology was IPO
April 2007	Sunplus mMobile spun-off Sunplus mMedia Inc.
December 2007	Highly integrated SoC SPG290 with interactive game and education function won the "Innovation Product Award 2007" from Hsinchu SIPA
December 2007	Received certificate of IECQ 080000 for hazardous substance process management.
December 2007	Established a new subsidiary, Sunplus Prof-tek Technology, in Shenzhen
January 2008	Established a new subsidiary, Sunmedia Technology, in Chengdu
March 2008	Sunext licensed optical storage technology to Broadcom Corporation with license income up to US\$38 million
March 2008	Launched first DTMB demodulator for China digital broadcasting TV system among Taiwanese IC design companies
April 2008	Established new subsidiary Sunplus APP Technology in Beijing, to follow up Sunplus University Program in China
March 2009	Joint-promoted with DTS next generation DVD SoC delivering the ultimate audio entertainment experience.
October 2009	Spun off Sunplus mMedia's product lines: PC-Cam to Sunplus Innovation Technology Inc.; PMP/MP3/DPF to Generalplus Technology Inc.; DSC to new start-up
December 2009	Started up iCatch Technology Inc. to take over the DSC business from Sunplus mMedia Inc.
August 2010	Celebrated Sunplus' 20th Anniversary and Kept Going for "Technology for Easy Living"
May 2011	Announced reorganization by altering the IC design Unit and System design Unit to "DVD Product Center", "STB Product Center", "TV Product Center" and "IP Product Center". Appointed Dr. Archie Yeh as President of Home Entertainment Business Unit
November 2011	The subsidiary, Generalplus Technology Co., Ltd., focused on consumer IC design listing on Taiwan Stock Exchange under the code "4952"
May 2012	Updated the company vision from "Technology for Easy Living" to "Customers Win we win"
June 2012	Elected the 9th Board of Directors and Supervisors in AGM2012, the BOD re-elected Unanimously Mr. Chou-Chye Huang as Chairman
December 2012	Joint-invest Sunplus Core Technology (renamed: S2-tek Inc.) for TV IC design
January 2013	Reorganization to "DVD Product Center", "STB Product Center" and "IP Product Center".
November 2013	"DVD Product Center" renamed to "Automotive Product Center".
January 2014	Established new subsidiary Beijing Sunplus-Ehue Tech Co., Ltd.
October 2014	Sunplus mMedia spun-off Jumplux for USB Multi-Screen Display SoC and IP Design
December 2014	The consolidated net sales reached NT\$8.71 billion
January 2015	Orise Technology merged with Focal Tech
January 2015	Disposed STB product Center
February 2015	Reorganization due to disposal of STB center, Chariman & CEO Mr. Chou-Chye Huang is acting as President of HE BU
June 2015	Elected the 10th Board of Directors and Supervisors in AGM2015, the BOD re-elected Unanimously Mr. Chou-Chye Huang as Chairman
December 2016	Completed TSMC 28nm HPC + IP development and verification
June 2017	The first release of the Corporate Social Responsibility Report (CSR Report) actively implements corporate social responsibility to meet the international trends of balanced environmental, social and corporate governance development, contribute to economic development, and improve employees, their families, and the local community as a whole. Social quality of life
March 2018	Home Entertainment BU has set up a "Smart Computing Project"
August 2018	Update Slogan to "Make difference". Simple and powerful, easy to understand, the larger version of Make declares that you want to "do something" and create valuable differentiation
February 2019	Passed ISO45001 and TOHSMS environmental safety and health management system certification



July 2020 Announced highly integrated automotive instrumentation solutions and successfully entered the supply chain of automotive instrument manufacturers

September 2020 Subsidiary "Sunplus Innovation Technology Co., Ltd." registered in emerging stock market

February 2021 Join the Hon Hai MIH Electric Vehicle Platform Alliance

March 2021 The "Smart Device Product Center" was established under the home platform business group

JULY 2022 Subsidiary " Sunplus Innovation Technology Co., Ltd." terminated OTC-to-OTC trading

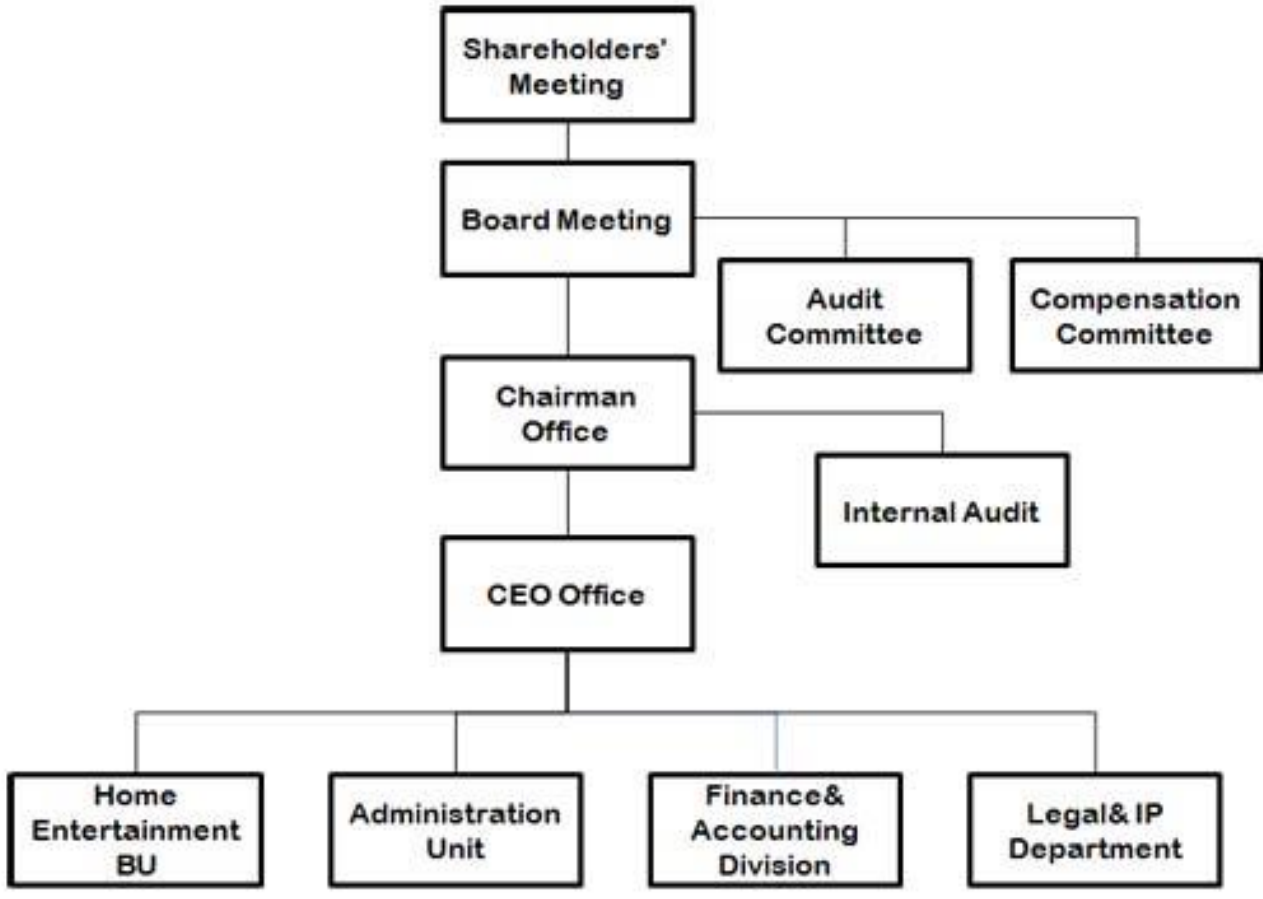
October 2022 Sunplus Global Depositary Receipts (GDR) delisted from the London Stock Exchange

October 2022 The "R&D Center" was established under the Home Entertainment BU

### III. Corporate Governance

#### 3.1 Organization

##### 3.1.1 Organization Chart



### 3.1.2 Major Corporate Functions

April 24th, 2023

Department	Job Description
Chairman Office	<ul style="list-style-type: none"> <li>(1) Engaging the strategic alliances</li> <li>(2) Planning and executing investment plans</li> <li>(3) Arranging Board of Directors Meetings</li> <li>(4) The planning, promotion and implementation of the Company's integrity management</li> <li>(5) Handling of shareholders' meeting related matters and stock affairs operations</li> </ul>
CEO Office	<ul style="list-style-type: none"> <li>(1) Establishing company's operational strategies, and goals</li> <li>(2) Auditing and improving the operating performances</li> <li>(3) Executing and managing the strategic alliances</li> <li>(4) Managing strategic investments</li> </ul>
Internal Auditor	<ul style="list-style-type: none"> <li>(1) Executing internal auditing plan as routine</li> <li>(2) Auditing subsidiaries regularly</li> <li>(3) Auditing special cases</li> <li>(4) Re-certification auditing of self-examination</li> <li>(5) Establishing the internal control system</li> </ul>
Home Entertainment Business Unit	<ul style="list-style-type: none"> <li>(1) Developing world-class audio and video solutions</li> <li>(2) Managing sales channels and distributors and providing customer services</li> <li>(3) Marketing and expanding business worldwide</li> <li>(4) Conducting production, material control, International trading affairs</li> <li>(5) Developing and handling quality assurance system</li> <li>(6) Planning new products and engaging cutting-edge technologies</li> <li>(7) Maintaining testing software and facility</li> </ul>
Administration Unit	<ul style="list-style-type: none"> <li>(1) Total Management, Plant Management, Procurement, Occupational safety, Environmental Protection and Administrative Services</li> <li>(2) Managing human resources and personnel</li> <li>(3) Establishing corporate information service to upgrade the productivity</li> <li>(4) Automating of business process to be more competitive</li> <li>(5) Providing a supportive environment for management decision-making to support company growth and transformation</li> <li>(6) External communication and public relations management</li> </ul>
Finance & Accounting Division	<ul style="list-style-type: none"> <li>(1) Managing and maintaining finance &amp; accounting affairs</li> <li>(2) Financial fund allocation and management</li> </ul>
Legal & IP Department	<ul style="list-style-type: none"> <li>(1) Coordinating the legal and IP affairs</li> <li>(2) Planning processes and control of various types of documents</li> <li>(3) Management, maintenance, and retrieval of various types of documents</li> <li>(4) Library management, maintenance, and procurement</li> <li>(5) Contract and intellectual property (IP) management</li> </ul>

## 3.2 Directors, and Management

### 3.2.1 Directors & Supervisors

April 15th, 2023/Unit: shares

Title	Name	Date Elected	Initial Date Elected	Term of Office	Share holding When Elected		Current Shareholding		Spouse & Minor Shareholding		Educational Background	Positions Currently held in Other Companies (Note 2)
					Amount	%	Amount	%	Amount	%		
Chairman & CEO	<b>Chou-Chye Huang</b>	2021.07.20	1990.07.09	3 years	92,737,817	15.67	92,737,817	15.67	1,370,993	0.23	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	Note 1
Director	<b>Wen-Shiung Jan</b>	2021.07.20	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	MBA, International Business, National Taiwan University, Taiwan	Supervisor: Hi-Yes Group., Director: iCatch , Ability Enterprise, OPALS, OLEADER, Yanwen Asset Management Consultants (Shares) Company Independent Director: Biostar, Nien Hsing Textile Chairman: ECSC Inc.
Director	Global View Co., Ltd.,	2021.07.20	1990.07.09	3 years	10,038,049	1.70	10,038,049	1.70	0	0.00	-	Chairman: RADIANT INNOVATION INC. Chairman: British Cayman Islands GLOBAL VIEW CO.,LTD Director: NVTEK
Director	<b>Wen-Ren Su</b> (Global View Co., Ltd., Representative of Legal Entity)	2021.07.20	1990.07.09	3 years	0	0.00	0	0.00	0	0.00	B.S., Accounting, Chinese Culture University	General manager: Global View, Director: Beijing Global View, Radiant Innovation Inc. Supervisor: NVTEK
Independent Director	<b>Che-Ho Wei</b>	2021.07.20	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	Ph.D., Electronic Engineering, University of Washington, Seattle, USA	Independent Director & Compensation Committee: Genesis Photonics Inc., Director: Unizyx Holding Corporation, Arcadyan Technology, MXIC Adjunct Professor, Department of Electronic Engineering, National Yang Ming Chiao Tung University
Independent Director	<b>Tse-Jen Huang</b>	2021.07.20	2015.06.12	3 years	0	0.00	0	0.00	0	0.00	EMBA, National Taiwan University of Science and Technology	CPA and Head of Shengxin CO., CPAs Independent Director & Audit Committee and Remuneration Committee: GenMont Independent Director & Compensation Committee: Sunfon Director: Framy Inc.
Independent Director	<b>Rui-qi Chen</b>	2021.07.20	2021.07.20	3 years	0	0.00	0	0.00	0	0.00	Master of Science (Technology and Digital Learning Program), Jiaotong University	Lawyer: WTW-Taipei Commercial Law Firm Independent Director: iCatch Inc. Chairman: Huachuang Financial Consultants (Shares) Company
Independent Director	<b>Cong-ling Guo</b>	2021.07.20	2021.07.20	3 years	0	0.00	0	0.00	0	0.00	MS in Computer Engineering from Penn State University	None

Note1:

**Chairman:** Generalplus, Russell Holdings Co., Ltd., Venturplus Group Inc., Venturplus Mauritius Inc., Venturplus Cayman Inc., Shanghai Sunplus, Sunplus Technology (HK), Sunplus Venture Capital, Lin Shih Investment, Weiyang Investment, Sunplus Management Consulting, Generalplus International (SAMOA) Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Sunplus Prof-tek, Sunmedia, Magic Sky Limited, Award Glory Ltd., Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Zhu Ming Teaching Foundation, Zhu Ming Academic Foundation, Jumplus, Chongqing Shuangxin Technology, GenkiTek Technology Co., Ltd., GlintMed, Capella Microsystems

**Chairman & President:** Sunext, Sunplus mMedia, Beijing Sunplus-Ehue Tech Co., Ltd.

**President:** Worldplus Holdings L.L.C

**Director:** Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, iCatch, Global View Co., Ltd., Zhu Ming Foundation, Alumni Association of Industrial Technology Research Institute, AkiraNET

**Executive Supervisor:** National Yang Ming Chiao Tung University

Note 2: The chairman of the company and the general manager or equivalent (the top manager) are the same person, are relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should (More than half of the directors have not served as employees or managers, etc.):

The chairman of the company also serves as the chief executive officer. To improve business efficiency and decision-making execution, the company has the following specific measures.

1. Of the seven members of the board of directors, except for the chairman, the remaining six directors are not part-time employees or managers.

2. Independent directors can fully discuss and make recommendations for the board of directors in each functional committee to implement corporate governance.
3. In 2021, the re-election of directors added an independent director.

### 3.2.2 Information of directors

Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

April 15th, 2023

Condition Name	Professional qualifications and experience	Independence situation	Number of independent directors of other public companies
<b>Chou-Chye Huang</b>	He is currently the Chairman and Chief Executive Officer of the Company. With more than five years of work experience required by the company's business, with professional leadership, operation management and strategic planning capabilities, to lead the company's sustainable operation and become a leader in the industry. None of the conditions in Article 30 of the Company Law.	(1) A director, supervisor or employee of another company who is not a director, supervisor or employee of another company controlled by the same person with more than half of the company's directors or shares with voting rights. (2) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (3) Article 27 of the Company Law does not stipulate that the government, legal person or its representative shall be elected.	none
<b>Wen-Shiung Jan</b>	He is currently the chairman of ECSC Inc. Technology (stock) Company. With more than five years of work experience required for corporate business, possess the ability of market strategy and business promotion and rich experience in operation and management. None of the conditions in Article 30 of the Company Law.	(1) A director, supervisor or employee of another company who is not a director, supervisor or employee of another company controlled by the same person with more than half of the company's directors or shares with voting rights. (2) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (3) Article 27 of the Company Law does not stipulate that the government, legal person or its representative shall be elected.	3
<b>Wen-Ren Su</b> (Global View Co., Ltd., Representative of Legal Entity)	He is currently the general manager of Global View (Stocks) Co., Ltd. With more than five years of work experience required for company business, with industry knowledge and the ability to view the international market. None of the conditions in Article 30 of the Company Law.	(1) A director, supervisor or employee of another company who is not a director, supervisor or employee of another company controlled by the same person with more than half of the company's directors or shares with voting rights. (2) There is no relationship between spouses or relatives within the second degree of kinship with other directors.	none

Condition Name	Professional qualifications and experience	Independence situation	Number of independent directors of other public companies
Che-Ho Wei	He is currently an adjunct professor at the Department of Electronic Engineering, National Yang Ming Chiao Tung University. With more than five years of work experience required by the company's business, with professional and technical capabilities in the IC design industry.	<p>The following independence conditions are met:</p> <p>(1) Non-employees of the company or its affiliates.</p> <p>(2) Non-directors and supervisors of the company or its affiliates.</p> <p>(3) Non-person shareholders who are not themselves and their spouses, minor children, or other natural person shareholders who hold more than 1% of the company's total issued shares or hold the top ten shares in the name of others.</p> <p>(4) Spouses, relatives within the second degree of kinship, or lineal relatives within the third degree of kinship, who are not the managers listed in (1) or the persons listed in (2) and (3).</p> <p>(5) Directors of corporate shareholders who do not directly hold 5% or more of the total issued shares of the company, who hold the top five shares, or who designate a representative to serve as a director or supervisor of the company in accordance with Paragraph 1 or Paragraph 2 of Article 27 of the Company Act, Supervisor or employee.</p> <p>(6) Directors, supervisors or employees of other companies whose shares are not held by the same person as directors or whose majority of shares with voting rights are controlled by the same person.</p> <p>(7) Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent of the company.</p> <p>(8) Non-directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business dealings with the company.</p>	none
Tse-Jen Huang	He is currently a certified public accountant and director of Shengxin United Certified Public Accountants, with more than five years of work experience required for corporate business, specializing in corporate financial accounting, which can improve the quality of corporate governance management of the board of directors and the supervision function of the audit committee.	<p>(9) Non-professionals, sole proprietors, partnerships, companies or institutions that provide auditing services for companies or affiliated companies or who have received remunerations in the last two years with an accumulated amount of less than NT\$500,000 in business, legal, financial, accounting and other related services Business owners, partners, directors (council), supervisors (supervisors), managers and their spouses. However,</p>	2

Condition Name	Professional qualifications and experience	Independence situation	Number of independent directors of other public companies
<b>Rui-qi Chen</b>	He is currently a lawyer at Zhongtian International Law Firm. With more than five years of work experience required for corporate business, can provide risk management, legal strategy, compliance and management decision-making advice.	this does not apply to the members of the Compensation Committee, Public Takeover Review Committee, or Special Committee on Mergers and Acquisitions who perform their functions in accordance with the Securities and Exchange Act or the Mergers and Acquisitions Act. (10) There is no relationship between spouses or relatives within the second degree of kinship with other directors. (11) There is no one of the conditions in Article 30 of the Company Law. (12) Article 27 of the Company Law does not stipulate that the government, legal person or its representative shall be elected.	1



Condition Name	Professional qualifications and experience	Independence situation	Number of independent directors of other public companies
<b>Cong-ling Guo</b>	Served as the vice president of nVidia, with more than five years of work experience required by the company's business, has professional experience in the field and management practice expertise, and can provide professional advice on company strategic planning and product development.		none

2. Diversity and independence of the board of directors:

A. Diversity of the Board of Directors: Among the seven current board members of the Company:

(1) General board members: composed of members with a master's degree from the Institute of Electrical Engineering of Tsinghua University, a master's degree from the Institute of International Business Management of National Taiwan University, and a bachelor's degree from the Accounting Department of Cultural University.

(2) Independent director members: composed of members with professional backgrounds and professional skills such as a doctorate in electrical engineering from the University of Washington in Seattle, a master's degree in EMBA management from the Institute of Finance and Finance of Taiwan University of Science and Technology, a law department of Taiwan University, and a master's degree in computer engineering from Penn State University.

(3) The company pays attention to the industrial experience and professional ability of the directors:

1. The target ratio of directors with industry experience is 50%: The company has 5 directors with industry experience: Huang Zhoujie, Zhan Wenxiong, Shu Weiren, Wei Zhehe, and Guo Congling, accounting for 71.43%
2. At least 1 professional director of finance, accounting and taxation: the company has director of finance, accounting and taxation, including director Huang Zeren, with 100% seats.
3. At least 1 seat longer than legal affairs director: The company has legal affairs director Chen Ruiqi, with 100% seats.
- (4) The term of office of one independent director of the company is more than nine years, the term of office of one independent director is about eight years, and the term of term of two independent directors is less than three years.
- (5) One director of the company is over 71 years old, two directors are between 61 and 70 years old, and four directors are under 60 years old.
- (6) The diversity orientation, complementarity and implementation of the directors of the Company have included the standards set out in Article 20 of the Company's "Code of Corporate Governance"; Including but not limited to basic conditions and values, professional knowledge and skills, etc., to ensure that members of the board of directors should generally have the knowledge, skills and qualities necessary to perform their duties.

**B. Independence of the Board of Directors:**

- (1) 14.29% of the Company's directors are employees, and 57.14% are independent directors.
- (2) None of the directors of the company has any of the conditions specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, and there is no relationship between the directors of spouses or relatives within the second degree of kinship.

### 3.2.3 Major Shareholders of Sunplus' Shareholders as Legal Entities

#### a) Global View's Top 10 Shareholders

April 15th, 2023

Shareholder	Holding
Sunplus Technology	13.06%
Jhih-Yuan Chou	11.31%
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	7.05%
THE CAPITAL GROUP is entrusted with the special investment account of Changxiong Securities Co., Ltd.	3.77%
Citi bank as trustee for First Securities (HK)	3.31%
Meng-Huei Lin	2.47%
Shuhui Chen	2.47%
Yunlong Huang	2.09%
Yi Jiang Nan Co., Ltd.	0.91%
Huiqi Jiang	0.90%

#### b) Remark if the above Major Shareholders as Legal Entities:

Shareholder	Major Shareholders	Holding
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	Not Applicable	-
THE CAPITAL GROUP is entrusted with the special investment account of Changxiong Securities Co., Ltd.	Not Applicable	-
Citi (Taiwan) Commercial Bank is entrusted with the custody of Firstrate Securities (Hong Kong) Signed Nominee Investment Account	Not Applicable	-

### 3.2.4 Management Team

April 15th, 2023/Unit: shares

Title	Country of Citizenship	Name	Gender	Effective Date	Current Shareholding		Spouse's & Minor's Shareholding		Use the Name of Others to Hold Shares		Educational Background	Positions Currently held in Other Companies (Note 5)	With Spouse or Two Parents Relationship Manager			Remarks
					Amount	Ownership	Amount	%	Amount	%			Job Title	Name	Relationship	
Chairman & CEO	Republic of China	Chou-Chye Huang	male	1990.07.09	92,737,817	15.67%	1,370,993	0.23%	0	0.00	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	<b>Note:1</b>	-	-	-	<b>Note:6</b>
Vice President	Republic of China	Wayne Shen (Note:7)	male	2005.12.01	969,558	0.16%	0	0.00	0	0.00	Master of Management, Executive Management, Chiao-Tung University	<b>None</b>	-	-	-	
Assistant VP	Republic of China	Alex Chang	male	2013.07.01	0	0.00%	0	0.00	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	<b>Note:2</b>	-	-	-	
Assistant VP	Republic of China	Jason Lin	male	2013.11.01	146,111	0.02%	8,637	0.00%	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	<b>Note:3</b>	-	-	-	
Assistant VP	Republic of China	Michael Su	male	2018.03.15	161,248	0.03%	0	0.00	0	0.00	Master of Electrical Engineering, University of Southern California, USA	<b>None</b>	-	-	-	
Assistant VP	Republic of China	Adam Wang	male	2021.04.01	10,000	0%	0	0.00	0	0.00	Master of Control Engineering Institute, National Chiao-Tung University, Taiwan	<b>None</b>	-	-	-	
Director of Finance & Accounting Division	Republic of China	Shu-Chen Cheng	female	2013.03.01	36,067	0.01%	0	0.00	0	0.00	Bachelor, Accounting, Tunghai University, Taiwan	<b>Note:4</b>	-	-	-	
Head of Corporate Governance	Republic of China	Phoebe Chen	female	2021.04.01	19177	0%	0	0.00	0	0.00	Master of Accounting, National Chengchi University	<b>Note:5</b>	-	-	-	

Note 1:

**Chairman:** Generalplus, Russell Holdings Co., Ltd., Venturplus Group Inc., Venturplus Mauritius Inc., Venturplus Cayman Inc., Shanghai Sunplus, Sunplus Technology (HK), Sunplus Venture Capital, Lin Shih Investment, Weiying Investment, Sunplus Management Consulting, Generalplus International (SAMOA) Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Sunplus Prof-tek, Sunmedia, Magic Sky Limited, Award Glory Ltd., Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Zhu Ming Teaching Foundation, Zhu Ming Academic Foundation, Jumplux, Chongqing Shuangxin Technology, GenkiTek Technology Co., Ltd., GlintMed, Capella Microsystems

**Chairman & President:** Sunext, Sunplus mMedia, Beijing Sunplus-Ehue Tech Co., Ltd.

**President:** Worldplus Holdings L.L.C

**Director:** Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, iCatch, Global View Co., Ltd., Zhu Ming Foundation, Alumni Association of Industrial Technology Research Institute, AkiraNET

**Executive Supervisor:** National Yang Ming Chiao Tung University

Note 2 :

**AVP:** Sunext, Jumplux, Shanghai Sunplus, Chongqing Shuangxin Technology.

Note 3 :

**Director:** Advanced Vehicle Systems Co., Ltd. AutoSys Co., Ltd.

Note 4 :

**Director:** Shanghai Sunplus

**Supervisor:** Sunext technology, Jumplux, Sunplus mMedia, AkiraNET Company, GlintMed Innovation

Note 5 :

**Head of Corporate Governance:** Generalplus, Sunplus Innovation Technology

**Director:** Sunplus mMedia, Jumplux

Note 6 :

When the general manager or equivalent (the top manager) and the chairman are the same person, are relatives such as spouse or one parent, they should disclose the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors More than half of the directors have not served as employees or managers, etc.) related information:

The chairman of the company also serves as the chief executive officer. To improve operational efficiency and decision-making execution, the company currently has the following specific measures:

1. Among the seven members of the board of directors, except for the chairman, the remaining six directors are not part-time employees or managers.
2. Independent directors can fully discuss and make recommendations for the board of directors in each functional committee to implement corporate governance.
3. In 2021, the re-election of directors added an independent director.

Note 7 :

Retirement on April 18, 2023.

### 3.2.5 Remuneration to Directors, Presidents, and Vice Presidents

#### Remuneration to Directors (Disclosure of names in accordance with aggregated salary bands)

Title	Name (Note 1)	Remuneration to Directors						Remuneration to Directors who hold a Concurrent Post in the Company								(A)+(B)+(C)+(D) +(E)+(F)+(G) % of Net Income (Note 10)		Receive remuneratio n from non-subsidia ry reinvestment business or parent company (Note 11)				
		Salary (A) (Note 2)		Pension (B)		Bonus from Profit Distribution (C) (Note 3)		Allowance (D) (Note 4)		(A)+(B)+(C)+ (D) %of Net Income (Note 10)		Salary, Bonus, etc. (E) (Note 5)		Pension (F)		Employee Bonus from Profit Distribution (G) (Note 6)						
		Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Cash Bonus	Stock Bonus		Cash Bonus	Stock Bonus	Sunplus	Consolidated Subsidiaries (Note 7)
Chairman	Chou-Chye Huang																					
Director	Wen-Shiung Jan																					
Director	Global View																					
Director	Wen-Ren Su Representative of Legal Entity					1,864,504	1,864,504	460,000	460,000	2,324,504/ 1.08	2,324,504/ 1.08	5,735,400	5,735,400	91,848	91,848	-	-	-	-	8,151,752/ 3.78	8,151,752/ 3.78	3,692,208
Independent Director	Che-Ho Wei																					
Independent Director	Tse-Jen Huang					1,460,000	1,460,000	1,745,000	1,745,000	3,205,000/ 1.48	3,205,000/ 1.48	-	-	-	-	-	-	-	-	3,205,000/ 1.48	3,205,000/ 1.48	-
Independent Director	Rui-qi Chen																					
Independent Director	Cong-ling Guo																					

1. Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.

According to one of Article 18 of the company's articles of association, "when the directors of the company perform the duties of the company, the company may pay remuneration regardless of the company's business profits and losses. The remuneration is authorized by the board of directors to negotiate with the industry's usual level. Remuneration is distributed in accordance with the provisions of Article 29 of this Constitution."

To measure the company's current operating scale and to consider the company's current operating conditions, the company's policies and regulations for the payment of independent directors' remuneration have a positive relationship with operating performance and future risks assumed. The payment of the sole director's remuneration shall be reported to the board of directors for resolution after the approval of the remuneration committee.

2. In addition to the disclosures in the above table, the directors of the company in the most recent year have received remuneration for providing services to all companies in the financial report (such as serving as consultants for non-employees): none.

Units: NT\$, shares

#### Remuneration Band

Remuneration to Directors	Names of Directors			
	The total amount of the first four remuneration (A)+(B)+(C)+(D)		The total amount of the first seven remuneration (A)+(B)+(C)+(D)+(E)+(F)+(G)	
	Sunplus (Note 8)	Consolidated Subsidiaries (Note 9) H	Sunplus (Note 8)	All companies in the financial report (I) (Note 9)
Under NT\$1,000,000	Wen-Shiung Jan, Rui-qi Chen, Che-Ho Wei, Tse-Jen Huang, Cong-ling Guo, Global View, Wen-Ren Su	Wen-Shiung Jan, Rui-qi Chen, Che-Ho Wei, Tse-Jen Huang, Cong-ling Guo, Global View, Wen-Ren Su	Wen-Shiung Jan, Rui-qi Chen, Che-Ho Wei, Tse-Jen Huang, Cong-ling Guo, Global View, Wen-Ren Su	Wen-Shiung Jan, Rui-qi Chen, Che-Ho Wei, Tse-Jen Huang, Cong-ling Guo, Global View, Wen-Ren Su
NT\$1,000,000~NT\$2,000,000 (Not included)	Chou-Chye Huang	Chou-Chye Huang		
NT\$2,000,000~NT\$3,500,000 (Not included)				
NT\$3,500,000~NT\$5,000,000 (Not included)				

NT\$5,000,000~NT\$10,000,000 (Not included)			Chou-Chye Huang	Chou-Chye Huang
NT\$10,000,000~NT\$15,000,000 (Not included)				
NT\$15,000,000~NT\$30,000,000 (Not included)				
NT\$30,000,000~NT\$50,000,000 (Not included)				
NT\$50,000,000~NT\$100,000,000 (Not included)				
More than 100,000,000				
Total	8	8	8	8

Note 1: The names of directors should be listed separately (legal shareholders should separately list the names and representatives of legal shareholders), and the general directors and independent directors should be listed separately, and the amount of each payment should be disclosed in a summary manner.

If the director also serves as the general manager or deputy general manager, this table and the following table (3-1), or the following tables (3-2-1) and (3-2-2).

Note 2: It indicates the remuneration to directors (including salary, allowance, pension, bonus, rewards, and etc.) in the most recent fiscal year.

Note 3: It indicates the remuneration to directors from profit distribution in the most recent fiscal year according to the proposal submitted by BOD to shareholders' meeting for approval.

Note 4: It indicates the expenses generated from directors' business (including transportation fees, social activity fees, allowances, dormitories, company cars, and etc.) in the most recent fiscal year. If the Company provides a house, car/other transportation, or other allowances to directors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

Note 5: It indicates the salaries, allowances, pensions, severance pay, bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or other employees). If the Company provides a house, car/other transportation, or other allowances to directors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

And the salary fee recognized by IFRS 2 "Share Fundamental Contribution", including obtaining employee stock vouchers, restrictions on employee rights of new shares and participation in cash replenishment of shares and so on, should also be included in the remuneration.

The company's Chairman Huang and the chief executive officer are equipped with official car, and are provided with drivers to pay the relevant remuneration of NT\$630,000.

Note 6: It indicates the employee bonuses (including cash and stock) paid to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or other employees). The amount of employee bonus according to the proposal of profit distribution submitted by BOD to shareholders' meeting for approval in the most recent fiscal year shall be disclosed. If there is no such proposal yet, the stock bonus may be calculated according to the stock bonus last year, and annex1-3 shall be filled in.

Note 7: The total amount remuneration paid to the Company's directors by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 8: The company pays each director the total amount of remuneration, and the name of the director is disclosed in the attributable grade

Note 9: The total amount of remuneration paid to each director of the company by all companies (including the company) in the consolidated report should be disclosed, and the name of the director should be disclosed in the attribution level

Note 10: Net profit after tax refers to net profit after tax in the most recent individual or respective financial report.

Note 11: a. This column should clearly list the amount of remuneration received by the company's directors from reinvested businesses other than subsidiaries or the parent company (if not, please fill in "none").

b. If the directors of the company receive remuneration from a subsidiary's reinvestment business or parent company, the remuneration received by the company's directors from a subsidiary's reinvestment business or parent company shall be included in column I of the remuneration scale and The field name is changed to "Parent company and all reinvestment businesses".

c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution fees received by the directors of the company as directors, supervisors or managers of non-subsidiary investment companies or parent companies.

※The remuneration disclosed here shall not be applied for taxation purpose because those are calculated on a different basis.

#### Remuneration to Management Team

#### Remuneration to Presidents and Vice Presidents(Disclosure of names in accordance with individual and aggregated salary bands)

Unit: NT\$, shares

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Reward, Allowance, etc. (C) (Note 3)		Bonus from Profit Distribution (D) (Note 4)				(A)+(B)+(C) +(D) % on Net Income (Note 8)		Receive remuneration from non-subsidiary reinvestment business or parent company (Note 9)
		Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus		Consolidated Subsidiaries (Note 5)		Sunplus	Consolidated Subsidiaries (Note 5)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO	Chou-Chye Huang	8,236,800	8,236,800	268,608	268,608	1,616,800	1,616,800	0	0	0	0	10,122,208/ 4.69	10,122,208/ 4.69	0
VP	Wayne Shen (Note 10)													

\* Regardless of title, where the job is equivalent to the general manager, deputy general manager (such as: president, chief executive, director ... etc.), should be exposed.

#### Remuneration Band

Remuneration to Management	Names of Presidents and Vice Presidents	
	Sunplus (Note 6)	All companies in the financial report (E) (Note 7)
Under NT\$1,000,000		
NT\$1,000,000~NT\$2,000,000		
NT\$2,000,000~NT\$3,500,000		
NT\$3,500,000~NT\$5,000,000	Wayne Shen (Note 10)	Wayne Shen (Note 10)
NT\$5,000,000~NT\$10,000,000	Chou-Chye Huang	Chou-Chye Huang
NT\$10,000,000~NT\$15,000,000		
NT\$15,000,000~NT\$30,000,000		
NT\$30,000,000~NT\$50,000,000		

NT\$50,000,000~NT\$100,000,000		
More than NT\$100,000,000		
Total	2	2

Note 1: Names of presidents and vice presidents shall be disclosed separately, and the remuneration shall be disclosed in total amount. If the director concurrently serves as the general manager or deputy general manager, this table and the above table (1-1), or (1-2-1) and (1-2-2).

Note 2: It indicates the remuneration to presidents and vice presidents, including salary, allowance, pension, and severance pay) in the most recent fiscal year.

Note 3: It indicates the bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to presidents and vice presidents. If the Company provides a house, car/other transportation, or other allowances to presidents and vice presidents, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors. And the salary fee recognized by IFRS 2 "Share Fundamental Contribution", including obtaining employee stock vouchers, restrictions on employee rights of new shares and participation in cash replenishment of shares and so on, should also be included in the remuneration.

Chairman Huang and concurrently the CEO of the company is equipped with an official car and a driver to pay the relevant remuneration of NT\$630,000.

Note 4: It is to fill in the amount of employee compensation (including stocks and cash) approved by the board of directors for the distribution of the general manager and deputy general manager in the most recent year. And should also fill in table 1-3.

Note 5: The total amount remuneration paid to the Company's presidents and vice presidents by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 6: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by Sunplus. If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Names of Presidents and Vice Presidents".

Note 7: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Names of Presidents and Vice Presidents".

Note 8: Net profit after tax refers to net profit after tax in the most recent individual or respective financial report.

Note 9: a. This column should clearly list the amount of remuneration received by the general manager and deputy general manager of the company from the investment company outside the subsidiary or the parent company (if not, please fill in "none").

b. If the general manager and deputy general manager of the company receive relevant remuneration from a subsidiary's out-of-investment business or parent company, the remuneration received by the general manager and deputy general manager of the company's out-of-subsidary investment business or parent company shall be incorporated into Remuneration level from column E of the table and change the name of the column to "Parent company and all reinvested businesses".

c. Remuneration refers to the remuneration, remuneration (including employees, directors and supervisors) and business execution received by the general manager and deputy general manager of the company as directors, supervisors or managers of non-subsidary companies or parent companies Fees and related remuneration.

Note 10: Retirement on April 18<sup>th</sup>, 2023.

※The remuneration disclosed here shall not be applied for taxation purpose because those are calculated on a different basis.

**Employee Bonus Granted to Management Team**

April 15th, 2023

Title	Name	Shares Bonus	Cash Bonus	Sum up	% on Net Income
Chairman & CEO	Chou-Chye Huang	-	-	-	-
Vice President	Wayne Shen (Note)				
Assistant VP	Jason Lin				
Assistant VP	Alex Chang				
Assistant VP	Michael Su				
Assistant VP	Adam Wang				
Director of Finance & Accounting Division	Shu-Chen Cheng				
Head of Corporate Governance	Phoebe Chen				

Note: Retirement on April 18th, 2023.

**3.2.6 Analysis for remuneration paid by all the companies in the consolidated financial statements (including Sunplus) to directors, presidents and vice presidents as % net income in the most recent two years. Also, the relevant policy, standards and procedures, and the relation between remuneration and performance shall be stated.**

1. Analysis of the ratio of the remuneration paid by Sunplus and all companies in the financial statements to the company's directors, president and vice president in the net profit (loss) after tax in the last two years:

Remuneration	2021		2022	
	Amount	% of Net income(Loss)	Amount	% of Net income (Loss)
Director	30,388,000	2.57%	15,652,000	7.25%
Supervisor				
President and Vice president				

2. Remuneration policies, standards and combinations, procedures for determining remuneration, and their relevance to business performance and future risks:

The company pays directors' remuneration in accordance with the company's articles of association and taking into account the usual standards of the industry. The remuneration policy of the management team is based on the salary level of the job equivalent to the same industry market, plus the achievement rate of the company's operation and individual performance in each field of responsibility, and give reasonable remuneration.

According to the articles of association of the company, if the company makes a profit in the current year, it shall allocate no less than 1% for employee compensation and no more than 1.5% for director compensation. However, when the company still has accumulated losses (including adjustments to the amount of undistributed surplus), it shall reserve the amount of compensation in advance.

All directors of the company receive a fixed remuneration, and each time they attend the meeting, they also receive the carriage fee. In addition, the proportion of directors' remuneration distribution is weighted based on the results of evaluation projects such as the mastery of the company's goals and tasks, the degree of participation in the company's operations, internal relationship management and communication, and the director's professional and continuous education, and the weighted results are assigned. The salary and remuneration of the company's managers not only refer to the usual level of payment in the industry, but also consider the evaluation items of professional seniority, work performance, goal achievement, and major contributions. Important evaluation items of work performance include: the practice of the company's core values, financial and operational indicators Management (such as product revenue, gross profit, delivery and R&D schedule), implementation of corporate social responsibility, and other special contributions, or major events, etc., after comprehensive considerations, and reasonable remuneration.



### 3.3 Corporate Governance Implementation

#### 3.3.1 BOD Meeting Status

In 2022, the 12th Board of Directors held 7 meetings(A). The attendance of directors is as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%) (Note 2)	Remarks
Chairman	Chou-Chye Huang	7	0	100	
Director	Wen-Shiung Jan	6	1	86	
Director	Representative of Legal Entity , Global View Wen-Ren Su	7	0	100	
Independent Director	Che-Ho Wei	7	0	100	
Independent Director	Tse-Jen Huang	7	0	100	
Independent Director	Rui-qi Chen	7	0	100	
Independent Director	Cong-ling Guo	7	0	100	

<p>1. If the operation of the board of directors falls under any of the following circumstances, the date of the board of directors, the period, the content of the proposals, the opinions of all independent directors and the company's handling of the opinions of the independent directors shall be stated:</p> <p>(1) Matters listed in Article 14-3 of the Securities and Exchange Act—The company has established an audit committee, and Article 14-3 does not apply. For the explanation of the matters listed in Article 14-5 of the Securities Exchange Act, please refer to the Operations of the Audit Committee (pages 29 to 31 of this annual report).</p> <p>(2) Except for the previously mentioned matters, other matters resolved by the board of directors with objections or reservations from independent directors and with records or written statements - none.</p> <p>2. The implementation of the director's recusal of the proposal of interest shall state the name of the director, the content of the proposal, the reason for the recusal of interest, and the circumstances of participation in voting—</p> <p>(1) On January 19, 2022, the board of directors discussed the "Subsidiary Liquidation Discussion Proposal.": In this case, Chairman Huang Chou Chye is also the liquidator of the subsidiary Dentsu Technology Co., Ltd. and has his own interests, so he avoids participating in the discussion and voting according to law. According to the instructions of the chairman, Huang Tse Jen, an independent director, was appointed as the acting chairman. After the acting chairman consulted with the other directors present and had no objection, it was approved as proposed.</p> <p>(2) On January 19, 2022, the board of directors discussed the "Proposal on the Company's long-term investment acquisition and disposal.": This case concerns the company's capital increase to its subsidiary Russell Holdings Limited. Since Chairman Huang Chou Chye is also the chairman of the subsidiary Russell Holdings Limited and has his own interests, he refrains from participating in discussions and voting in accordance with the law. According to the instructions of the chairman, Huang Tse Jen, an independent director, was appointed as the acting chairman. After the acting chairman consulted with the other directors present and had no objection, it was approved as proposed.</p> <p>(3) On January 19, 2022, the board of directors discussed the "Proposal on Distributing Year-end Bonuses to Managers in 2010.": Chairman and CEO of the company, Huang Chou Chye, did not participate in the distribution of 2021-year bonuses, so there is no need to evade interests when voting on this case. After the chairman consulted all the directors present and had no objection, it was passed as proposed.</p> <p>(4) On March 29, 2022, the board of directors discussed the "Proposal on Discussion of the Company's 2021 Employee Compensation and Directors' Compensation Distribution.": In this case, the employee remuneration and director's remuneration are part of the determination of the total remuneration, not the amount of individual remuneration, so there is no need to evade interests. The case was passed after the chairman consulted with all the attending directors without objection.</p> <p>(5) On July 8, 2022, the board of directors discussed the "discussion on the company's plan to acquire 100% of the shares of SUNEXT Technology Co., Ltd. by means of stock conversion with cash as the consideration.": In this case, Chairman Huang Chou Chye is also the chairman of the subsidiary SUNEXT Technology (Shares) Co., Ltd., and has his own interests, so he refrains from participating in the discussion and voting according to law. According to the instructions of the chairman, Huang Tse Jen, an independent director, was</p>					
---	--	--	--	--	--

appointed as the acting chairman. After the acting chairman consulted with the other directors present and had no objection, it was approved as proposed.

- (6) On August 12, 2022, the board of directors discussed the "2022 Company-wide Salary Adjustment and Manager Salary Adjustment Performance Discussion Proposal.":
1. In this case, regarding the salary adjustment of managers in 2022, due to their own interests with Director Huang Chou Chye and the non-voting supervisor, he avoided participating in the discussion according to the law.
  2. According to the instructions of the chairman, Wei Zhe and an independent director acted as the chairman. Except for the directors who did not participate in the discussion and voting in accordance with the law, the acting chairman consulted all the attending directors without objection and passed the proposal.
- (7) On August 12, 2022, the board of directors discussed the "Proposal on Distribution of Directors' Remuneration in 2011.":
1. Instructed by the chairman, Wei Zhe and the independent director acted as the chairman. Except for the general directors who did not participate in the discussion and voting according to the law, the acting chairman consulted all the independent directors present, and passed the remuneration of the general directors without objection.
  2. Except for the independent directors who did not participate in the discussion and voting according to the law, the chairman consulted all the general directors present, and approved the remuneration of the independent directors without objection.
- (8) On November 10, 2022, the board of directors discussed the "Proposal on Discussion on Dividends and Bonuses for Managers of the Company.":  
The chairman and CEO of the company, Huang, Chou Chye did not participate in the distribution of bonuses for managers, so there is no need to evade interests when voting on this case. After the chairman consulted all the directors present and had no objection, it was passed as proposed.
- (9) On December 30, 2022, the board of directors discussed the "subsidiary liquidation discussion proposal.":  
In this case, Chairman Huang Chou Chye is also the chairman of Russell Holdings Limited and has his own interests, so he refrained from participating in the discussion and voting according to the law. According to the instructions of the chairman, Huang Tse Jen, an independent director, was appointed as the acting chairman. After the acting chairman consulted with the other directors present and had no objection, it was approved as proposed.
- (10) On December 30, 2022, the board of directors discussed the "Discussion Proposal on Distributing Year-end Bonuses to Managers in 2022.": The chairman and CEO of the company, Huang, did not participate in the distribution of year-end bonuses for managers, and there is no need to evade interests when voting on this case. After the chairman consulted all the directors present and had no objection, it was passed as proposed.

3. An OTC listed company shall disclose information such as the evaluation cycle and period, evaluation scope, method and evaluation content of the board of directors' self (or peers) evaluation—

The company has passed the resolution of the board of directors on March 30, 2020 to formulate the "Measures for the Performance Evaluation of the Board of Directors". The relevant contents of the measures are as follows:

<b>Evaluation cycle</b>	<b>During evaluation</b>	<b>Assessment scope</b>	<b>Evaluation method</b>	<b>Evaluation content</b>
The board of directors of the company shall perform the internal board performance evaluation in accordance with the evaluation procedures and evaluation indicators of these measures every year.	Completed before the end of the first quarter of the following year.	Performance evaluation of the overall board of directors, individual board members and functional committees.	Including internal self-evaluation of the board of directors, self-evaluation of board members, peer evaluation, appointment of external professional institutions, experts or other appropriate methods for performance evaluation.	The company should consider the company's situation and needs to determine the measurement items for board performance evaluation, and should include at least the following five aspects: 1. The level of participation in the company's operations. 2. Improve the quality of board decision-making. 3. The composition and structure of the board of directors. 4. Selection and continuous training of directors. 5. Internal control. Directors (self or peers) performance evaluation measures should include at least the following six aspects: 1. Master the company's goals and tasks. 2. Cognition of directors' responsibilities. 3. The level of participation in the company's operations.

				<p>4. Internal relationship management and communication.</p> <p>5. Professional and continuous education of directors.</p> <p>6. Internal control.</p> <p>The measurement items of the performance evaluation of the functional committee should include at least the following five aspects:</p> <ol style="list-style-type: none"> <li>1. The level of participation in the company's operations.</li> <li>2. Cognition of functional committee responsibilities.</li> <li>3. Improve the quality of functional committee decision-making.</li> <li>4. Composition of functional committees and selection of members.</li> <li>5. Internal control.</li> </ol> <p>The indicators for the performance evaluation of the board of directors and functional committees should be based on the company's operations and needs to determine the content that is suitable for the company's performance evaluation, and the remuneration committee should periodically review and make recommendations.</p> <p>The scoring standard is revised and adjusted according to the company's needs, and it can also be scored according to the weighting method of each measurement.</p>
--	--	--	--	---

The performance evaluation results of the board of directors and functional committees for the year 2022 were reported by the board of directors on March 15, 2023. The evaluation results scored 98 to 100 points. The operation of the board of directors and functional committees of the company should be good.

4. The objectives of strengthening the functions of the board of directors in the current year and the most recent year (for example, the establishment of an audit committee, the enhancement of information transparency, etc.) and the assessment of implementation status

The company has set up functional committees such as auditing and remuneration to review relevant proposals in accordance with its powers and submit them to the board of directors for resolution to improve its supervisory functions and strengthen management functions. Board members continue to participate in refresher courses related to corporate governance topics, enrich new knowledge and enhance communication to continuously enhance board functions.

Note 1: The name of a legal entity shareholder and its representative shall be disclosed.

Note 2: (a) If a director or supervisor being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

(b) If there is a re-election before year-end, the new directors and supervisors along with the original ones shall be disclosed, and the date of directors and supervisors being elected shall be stated. The actual rate of attendance shall be calculated according to the meetings held when they are at posts.

### 3.3.2 Audit Committee

In 2022, the 3rd Audit Committee held 7 times (A). The attendance of the Audit Committee is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%) (Note)	Remarks
Independent director	<b>Tse-Jen Huang</b>	7	0	100.00	
Independent director	<b>Che-Ho Wei</b>	7	0	100.00	
Independent director	<b>Rui-qi Chen</b>	7	0	100.00	
Independent director	<b>Cong-ling Guo</b>	7	0	100.00	

Other matters to be recorded:

1. If the operation of the audit committee falls under any of the following circumstances, the meeting date of the audit committee, the period, the content of the proposals, the independent directors' objections, reservations or major

recommendations, the results of the audit committee's resolutions, and the company's response to the audit committee shall be stated. Handling of comments.

(1) The matters listed in Article 14-5 of the Securities and Exchange Act.

(2) Except for the previously mentioned matters, other matters that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors.

The Audit Committee	The contents of the motion and follow-up	The matters listed in Article 14.5 of the Securities Exchange Act (Note 1・2)	unapproved by the Audit Committee, and more than two-thirds of all directors agreed to the matter
The Fifth Audit Committee of the Third Session 111.01.19	1. Subsidiary Liquidation Discussion Proposal.	v	None
	2. The company's long-term investment acquisition and disposal discussion proposal.	v	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to pass.		
	The company's handling of the opinions of the audit committee: all directors present agreed to approve it.		
The Sixth Audit Committee of the Third Session 111.03.29	1.2021 Annual internal control self-assessment report and internal control system statement discussion proposal.	v	None
	2. 2021 Fourth Quarter Budget Execution Status Report and 2021 Annual Financial Statement Discussion Proposal.	v	None
	3.2021 Annual Consolidated Financial Statement Discussion Proposal.	v	None
	4. Discussion proposal on amendments to Sunplus' "Rules of Procedure for Shareholders' Meetings".	v	None
	5. Discussion proposal on revision of Sunplus' "Procedures for Acquisition or Disposal of Assets".	v	None
	6. Sunplus' "capital loan and other people's operation procedures" revision discussion proposal.	v	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to pass.		
The company's handling of the opinions of the audit committee: all directors present agreed to approve it.			
The seventh session of the third audit committee 111.05.13	1.2022 First Quarter Budget Execution Status Report and Consolidated Financial Statement Discussion Proposal.	v	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to pass.		
	The company's handling of the opinions of the audit committee: all directors present agreed to approve it.		
The Eighth Session of the Third Audit Committee 111.07.08	1. The company intends to obtain 100% of the shares of SUNEXT Technology Co., Ltd. by means of stock conversion with cash as the consideration.	v	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to pass.		
	The company's handling of the opinions of the audit committee: all directors present agreed to approve it.		

The Ninth Audit Committee of the Third Session 11.08.12	1. 2022 Second Quarter Budget Execution Status Report and Consolidated Financial Statement Discussion Proposal.	v	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to pass.		
	The company's handling of the opinions of the audit committee: all directors present agreed to approve it.		
The tenth Audit Committee of the Third Session 11.11.10	1. Discussion on the internal adjustment and replacement of Chartered accountants of Deloitte Accounting Firm.	v	None
	2. 2022 Third Quarter Budget Execution Status Report and Consolidated Financial Statement Discussion Proposal.	v	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to pass.		
	The company's handling of the opinions of the audit committee: all directors present agreed to approve it.		
The Eleventh Audit Committee of the Third Session 11.12.30	1. Subsidiary Liquidation Discussion Proposal.	v	None
	2. 2023 Annual Accountant Appointment and Independence Assessment Discussion Proposal.	v	None
	Results of the resolution of the Audit Committee: All members of the Audit Committee agreed to pass.		
	The company's handling of the opinions of the audit committee: all directors present agreed to approve it.		

2. The implementation of the independent director's recusal of the interest-related proposal shall state the name of the independent director, the content of the proposal, the reason for the recusal of interest, and the circumstances of participating in voting: none.

3. Communication between independent directors, internal audit supervisors and accountants (should include matters, methods and results of communication on the company's financial and business status, etc.):

1. The company's internal audit supervisor on March 29, 2022, May 13, 2022, August 12, 2022 On November 10, 2022 and November 10, 2022, the independent directors reported the implementation of the internal audit plan and the implementation of the follow-up report, and fully communicated the implementation and effectiveness of the audit business.

2. On March 29, 2022, May 13, 2022, August 12, 2022 and November 10, 2022, the communication meeting will be held on the review or review results of the consolidated financial report for the fourth quarter of 2021 and the first to third quarters of 2022. The independent directors of the company may request the certified accountants to report and communicate with the independent directors at any time regarding the audit results of the financial statements (including the consolidated financial statements) and other relevant legal requirements.

3. Separate communication meetings between independent directors, internal audit supervisors and accountants were held on March 29, May 13, 2022, 2022, August 12, 2022 and November 10, 2022 respectively.

Note:

Note 1 : If an independent director resigns before the end of the year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of audit committee meetings and the actual number of attendances during his tenure.

Note 2 : Before the end of the year, if an independent director is reelected, the new and old independent directors should be filled in, and the remarks column indicates that the independent director is old, new or re-elected and the date of re-election. The actual attendance rate (%) is calculated based on the number of audit committee meetings during his tenure and his actual number of attendance.

#### **Work focus of the audit committee:**

The main functions of the audit committee of the company are to assist the board of directors in supervising the company's implementation of relevant accounting, auditing, financial reporting procedures and financial control.

The matters reviewed by the Audit Committee of the Company in 2022 mainly include:

1. Appropriate expression of the company's financial statements.
2. Appointment and independence assessment of certified accountants.
3. Effective implementation of the company's internal control.
4. The company complies with relevant laws and regulations

#### **Review financial reports**

The board of directors prepared the company's 2022 business report, financial statements and surplus distribution proposals, among which the financial statements were checked by Deloitte Certified Public Accountants, and a check report was issued. The above-mentioned business report, financial statement and surplus distribution proposal have been checked by the Audit Committee and found that there is no discrepancy.

#### **Assess the effectiveness of the internal control system**

The audit committee evaluated the effectiveness of the company's internal control policies and procedures, and believed that the company's risk management and control system was effective, and the company had adopted the necessary control mechanisms to supervise it.

#### **Appoint a chartered accountant**

In order to ensure the independence of the certified public accountant firm, the audit committee of the company formulated an independence evaluation form in accordance with Article 47 of the Accountant Law and No. 10 of the Public Accountant's Professional Ethics Bulletin to assess whether the certified public accountant is a mutual related person and has mutual ownership with the company. Items such as business or financial interests. On December 30, 2022, the 11th Audit Committee of the 3rd Session and the 14th Session of the 12th Board of Directors passed the resolutions to pass the independent assessment of Accountants Ye Donghui and Accountants Zhang Yayun of Deloitte.

### 3.3.3 Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Item	Implementation Status (Note 1)			Difference to "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"
	Y	N	Summary	
1. Formulation of its own corporate governance principles	V		Sunplus and its subsidiaries Generalplus & Sunplus Innovation for the establishment of a good corporate governance system, participate in the "Code of Practice for Corporate Governance of Listed OTC", Code of Corporate Governance Practices, and disclosed on the public information observatory and company website. The rest of the subsidiaries has not formulated the related principles, however all of our rules and procedures are based on laws and regulations stipulated by authorities in charge.	No major Difference
2. Shareholding Structure and Shareholders' Rights	V		<p>(1) The company and its subsidiaries, Generalplus Technology, Sunplus Innovation Technology and Sunext in addition to appointing professional stock agencies to handle related businesses, have set up a complete spokesperson system to properly handle shareholder suggestions and dispute-related matters. Subsidiaries that have not been issued publicly have stock-related specialists to properly handle shareholder suggestions, doubts and disputes.</p> <p>(2) The Company and its subsidiaries Generalplus, and Sunplus Innovation through the shares of the agency, master and understand the structure of major shareholders, and regularly declare the directors and managers of equity changes, to master the ultimate controlling shareholder of the major shareholders and major shareholders. Other subsidiaries shares regularly view the register of members at the end of each month, to master the ultimate controlling shareholder of the major shareholders and major shareholders.</p> <p>(3) 1. The company and Generalplus Technology have established "Investment Monitoring and Management Measures" to implement supervision of subsidiaries. 2. The company and Sunplus Innovation have established "Measures for Dealing with Related Persons" and "Measures for Dealing with Certain Companies and Group Enterprises", and Generalplus Technology has set up "Measures for Dealing with Group Enterprises and Related Persons". 3. The remaining subsidiaries also have various management measures, which have clear regulations on transactions with related companies to achieve risk control and firewall mechanisms. 1. The company, Generalplu Technology, and Sunplus Innovation Technology have formulated the "Management Procedures for Disclosure of Internal Material Information and Prevention of Insider Transactions" and "Operation Procedures for Integrity Management and Behavior Guidelines". The company and its subsidiaries have informed the company. Insiders strictly follow, prohibiting company insiders from using undisclosed information on the market to buy and sell securities. The company and Generalplus Technology educate current directors and managers at least once a year on "Regulations on Prevention of Insider Trading". 2. In December 2022, the board of directors of our company, Generalplus Technology, and Sunplus Innovation Technology approved the revision of the "Management Procedures for Disclosure of Internal Material Information and Prevention of Insider Transactions", which clearly stipulates that directors shall not report to the company 30 days before the announcement of the annual financial report. Trading of company stocks during the closed period of 15 days before the quarterly financial report announcement 3. The implementation of the Company's 2022 Prevention of Insider Trading Act is as follows: The theme of the publicity meeting: Publicity of the Law on Prevention of Insider Trading Promotional meeting time: December 30, 2022 Session time: 30 minutes Participants: 13 directors and managers in total.</p>	No major Difference
1) The way handling shareholders' suggestions or disputes	V			No major Difference
2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders	V			No major Difference
3) Risk management mechanism and fire wall between the Company and its affiliates	V			No major Difference
4) Disclosure agreement to prohibit that those insiders may not take advantage of undisclosed information of which they have learned to engage in insider trading.	V		No major Difference	
3. Composition and Responsibilities of the BOD	V		<p>(1) A. Article 20 of the Company's Code of Practice on Corporate Governance (the ability of the board of directors as a whole) has clearly defined the composition of the board of directors. In addition to being a director of a company manager, it is not appropriate to exceed one-third of the board of directors. Operational, operational and development needs to develop an appropriate diversification approach. The nomination and selection of the board of directors of the Company follows the requirements of the Articles of Association and adopts the nomination system for candidates. In addition to assessing the eligibility of each candidate's academic experience, it also complies with the "Director's Election Method" and the "Code of Corporate Governance" to ensure the directors. Diversity and independence of members. B. The directors of the company have industrial experience, business, accounting, legal and other professional backgrounds. For specific management objectives and implementation, please refer to pages 12 to 14 of this annual report. C. Generalplus Technology and Sunplus Innovation Company have established the "Code of Practice for Corporate Governance". The composition of the board of directors pays attention to diversity and generally possesses the professional knowledge, skills and qualities necessary to perform their duties. The directors of each subsidiary also have different expertise in various fields, and the policy of diversification of board members has been implemented.</p> <p>(2) The company, Generalplus Technology and Sunplus Innovation Technology have established salary and remuneration committees and audit committees in accordance with the law, which are composed of all independent directors. The company, Generalplus Technology and Sunplus Innovation Technology also have a dedicated unit to promote corporate integrity management, and regularly report implementation status and results to the directors. In the future, other functional committees will be set up according to the legal environment, company operation and management needs assessment. Other subsidiaries currently have no salary and compensation committee, audit committee and other functional committees. In the future, they will be established according to the actual needs of the company.</p>	No major Difference
1) Whether the board of directors has formulated a diversity policy, specific management objectives and implementation of the composition of members.	V			No major Difference
2) In addition to setting up the remuneration committee and audit committee according to law, whether the company has voluntarily set up various other functional committees.	V			No major Difference
3) Whether the company has formulated the board performance evaluation method and its evaluation method, and conducts performance evaluation annually and regularly, and reports the results of the performance evaluation to the board of directors, and applies it to individual directors' salary and nomination renewal.	V			No major Difference
4) Regular evaluation of external auditors' independency				

		<p>(3) 1. The company, Generalplus Technology and Sunplus Innovation Technology have successively formulated the "Board Performance Evaluation Method" in 2020 and 2021. The board of directors, individual directors and functional committees are regularly self-evaluated every year, and the results of performance evaluations are used as a reference for selecting or nominating directors; and the results of individual directors' performance evaluations are used as a reference for determining their individual remuneration.</p> <p>2. The measurement items for the performance evaluation of the company's board of directors include the following five aspects :</p> <p>(1) The degree of participation in the company's operations.  (2) Improve the quality of decision-making of the board of directors.  (3) Composition and structure of the board of directors.  (4) Selection and continuing education of directors.  (5) Internal control.</p> <p>The measurement items for performance evaluation of directors include the following items:</p> <p>(1) Mastery of the company's goals and tasks.  (2) Responsibility awareness of directors.  (3) The degree of participation in the company's operations.  (4) Internal relationship management and communication.  (5) Professional and continuing education of directors.  (6) Internal control.</p> <p>The measurement items of functional committee performance evaluation include the following items:</p> <p>(1) The degree of participation in the company's operations.  (2) Cognition of the responsibilities of functional committees.  (3) Improve the decision-making quality of functional committees.  (4) The composition and selection of members of the functional committee.  (5) Internal control</p> <p>The evaluation is carried out by the chairman's office, using internal questionnaires. According to the three parts of the board of directors' operation, director participation, and functional committee operation, it adopts the director's evaluation of the board's operation, the director's own participation evaluation, and the functional committee's operation of the committee. Evaluate. The above-mentioned performance evaluation results will be used as a reference when selecting or nominating directors, and the performance evaluation results of directors and functional committee members will be used as a reference for determining their individual remuneration.</p> <p>After all the questionnaires are collected in February every year, the chairman's office of the company analyzes according to the previous method, reports the results to the board of directors, and proposes measures for improvement based on the directors' suggestions.</p> <p>The company completed the performance evaluation of the board of directors, director members, remuneration committee and audit committee in March 2023. The company's annual board of directors and functional committee evaluation results were submitted to the board of directors on March 15, 2023. The evaluation score was 98 to 100 points. The operation of the company's board of directors and functional committees should be good.</p> <p>Suggestions and improvement actions for the board of directors and functional committees are as follows:</p> <p>i. Board of Directors: [98 points] The directors have no suggestions, and the company will continue to maintain a good operating method.  ii. Functional committee: [100 points] The committee has no suggestions, and the company will continue to maintain a good operating method..</p> <p>3. The remaining subsidiaries have not formulated the "Board Performance Evaluation Method", but they review the functions of the board from time to time. In the future, the feasibility of formulating the board performance evaluation method will be evaluated based on the legal environment, company operating conditions and management needs.</p> <p>(4) The company, Generalplus Technology and Sunplus Innovative Technology evaluate the independence and suitability of the certified accountants of their companies every year. In addition to requiring the certified accountants to provide "Detached Independence Statement" and "Audit Quality Indicators (AQIs)", they also follow Note 2 Standards and 13 AQI indicators are evaluated. Refer to the AQI index information to confirm that the audit experience and training hours of accountants and firms are better than the average level of the industry. The company's assessment results for the most recent year have been discussed and approved by the Audit Committee on December 30, 2022, and submitted to the board of directors on December 30, 2022 for approval of the independence and suitability assessment of accountants. In December 2022 and February 2023, the board of directors of Generalplus Technology and Sunplus Innovation Technology approved the assessment of the independence and competence of accountants. At the end of the year, when the capital of each subsidiary reaches a certain amount or more, the independence of certified accountants will be evaluated, and the appointment of certified accountants will be decided by the board of directors.</p>	
4. Whether the listed OTC company is equipped with qualified and appropriate number of corporate governance personnel, and designated corporate governance directors, responsible for corporate governance related matters (including but not limited to providing directors and supervisors with the necessary	V	<p>1. The company's board of directors passed a resolution on March 29, 2021 to appoint the manager of the chairman's office as the director of corporate governance. The director of corporate governance of Generalplus Technology and Sunplus Innovation Technology, and passed the resolution of the board of directors of Generalplus Technology and Sunplus Innovation Technology in February 2023. The head of corporate governance of the company has not concurrently served as the head of corporate governance and director of the subsidiary, but has not concurrently held positions in the company or other companies.</p> <p>2. The main responsibilities of the company's corporate governance officer include handling matters related to the board of directors and</p>	No major Difference



<p>information to perform business, assisting directors and supervisors to comply with laws and (According to the law, handle matters related to the meetings of the board of directors and shareholders' meetings, produce the minutes of the board of directors and shareholders' meetings, etc.)?</p>			<p>shareholders meeting in accordance with the law, and assisting the company in complying with the relevant laws and regulations of the board of directors and shareholders meeting, providing directors with the information needed to perform their business, and the latest legal development related to operating the company To assist directors in complying with the law.</p> <p>3. Key points of the company's business execution in 2022:</p> <p>(1) Consolidate the meeting agenda for the board of directors and committees, specify the convening matters and send a convening notice to the directors or members seven days before the meeting, and provide sufficient meeting materials so that the participants can accurately understand the relevant information about the proposals; When the director or committee member himself or the legal person represented by him has an interest, he also reminds him to avoid interest.</p> <p>(2) Responsible for the minutes of the board of directors and shareholders' meetings on the day of the board of directors and shareholders' meetings, and publish important information or announcements of important resolutions after the meeting to ensure the legality and accuracy of the disclosed information to ensure the equivalence of investor transaction information.</p> <p>(3) Handle the change registration of the company's various operations.</p> <p>(4) Evaluate the purchase of "Directors' and Managers' Liability Insurance" with a suitable amount of insurance, complete the insurance matters, and report the contents of the insurance to the board of directors.</p> <p>(5) Provide directors with relevant training information from time to time, reminding them to study and complete relevant declarations in accordance with the stipulated hours of the "Main Points for Implementation of Training for Directors and Supervisors of Listed OTC Companies".</p> <p>(6) From time to time, provide board members with information on new issued or revised laws and regulations related to directors' business execution, corporate governance or business operations.</p> <p>(7) Review the compliance status of the corporate governance evaluation indicators one by one every year, and propose improvement plans and corresponding measures for indicators that have not scored.</p> <p>(8) Provide operating information such as company business or finance according to directors' needs, and maintain smooth communication and exchanges between directors and business executives.</p> <p>4. Please note 3 for details of the training situation of the company's corporate governance supervisor.</p>	
<p>5. Communication channel with Stakeholders (Including but not limited to shareholders, employees, customers and suppliers), and set up a special area for stakeholders on the company website, and properly respond to important corporate social responsibility issues that stakeholders are concerned about.</p>	V		<p>1. The company and its subsidiaries maintain good relationships with banks, suppliers, and other interested parties of the company, uphold the principle of good faith, provide adequate business information, and properly safeguard their legitimate rights and interests.</p> <p>2. The company's stakeholders are concerned about topics, communication methods, and implementation status. Note 4 in detail.</p> <p>3. The company, Generalplus Technology and Sunplus Innovation Technology have set up a special area for stakeholders on the company website, set up different corresponding windows for different stakeholders, and set up a complete system and response mechanism to ensure that stakeholders are concerned Appropriate response to the issue. The company has reported to the board of directors on the situation of communication with various stakeholders in 2022 on December 30, 2022.</p> <p>4. The remaining subsidiaries also provide detailed contact information on the company's website. If necessary, interested parties can contact them by telephone, letter, fax, and e-mail at any time.</p>	No major Difference
<p>6. Engaging professional shareholder services agent to handle shareholders meeting matters</p>	V		<p>Sunplus, Generalplus, Sunplus Innovation Technology : China Trust Commercial Bank Corporate Trust Operation and service Department Sunext: SinoPac Securities Corporate Trust Operation and service Department</p>	No major Difference
<p>7. Information Disclosure</p> <p>1) Establishment of corporate website to disclose information regarding the Company's financials, business, and corporate governance status</p> <p>2) Other information disclosure channels (ex. English website, appointing responsible people to handle information collection and disclosure, appointing spokesman, webcasting investors conference)</p> <p>3) Whether the company announces and declares the annual financial report within two months after the end of the fiscal year, and announces and declares the first, second, and third quarter financial reports and the monthly operating situation within the prescribed period.</p>	V	V	<p>(1) The company, Generalplus Technology and Sunplus Innovation Technology have set up Chinese and English websites to set up special areas to disclose financial business and corporate governance information.</p> <p>(2) Sunplus and its subsidiaries have established English website. Sunplus, Generalplus, and Sunplus Innovation Technology have assigned spokesperson, acting spokesperson and designated specialists to disclose and collect the company's information. Other subsidiaries are responsible for the collection and disclosure of company information, there is currently no speaker yet.</p> <p>(3) Generalplus Technology announced and filed its annual financial report within two months after the end of the fiscal year. Although the company did not announce and file the annual financial report within two months after the end of the fiscal year, it still announced and filed the annual financial report before the deadline prescribed by laws and regulations. Financial reports and financial reports for the first, second and third quarters and operating conditions in each month.</p>	No major Difference No major Difference
<p>8. Other important information to facilitate better understanding of the Company's corporate governance (such as human rights, employee rights, employee wellness, community participation, social contribution, community service, investor relations, supplier relations, shareholders' rights, customer relations, the implementation of risk management policies and risk evaluation measures, the implementation of</p>	V		<p>(1) Employee rights: Sunplus and its subsidiaries have made and followed the internal management procedures regarding employee rights under the regulations of the Labor Standards Act and Gender Equality in Employment Act.</p> <p>(2) Employee wellness: Sunplus and its subsidiaries have made and followed the internal management procedures regarding employee wellness.</p> <p>(3) Investor relations: Sunplus and its subsidiaries have set a investor relations professionals to communicate with investors and disclose the operations and financials.</p> <p>(4) Supplier relations: Sunplus and its subsidiaries have good relationship with suppliers and manage the supply chains efficiently.</p> <p>(5) Stakeholders: Sunplus and its subsidiaries respect all stakeholders and have established the channels to communicate with stakeholders.</p> <p>(6) Directors and supervisors' training: The company and its subsidiaries encourage directors and supervisors to participate in continuing education</p>	No major Difference

<p>consumers/customers protection policies, and purchasing insurance for directors and supervisors. ):</p>		<p>courses. The company announces the status of directors' training at the public information observatory.</p> <p>7) Implementation of risk management policies and risk evaluation measures: Internal rules and procedures are based on laws and regulations stipulated by authorities in charge</p> <p>8) Customer: Sunplus and its subsidiaries provide best service to Customers based on internal rules and procedures</p> <p>9) Sunplus, Generalplus and Sunplus Innovation Technology have taken liability insurance for directors and supervisors with respect to liabilities resulting from exercising their duties in Sunplus and subsidiaries.</p>	
<p>9. Please review the results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in recent years, and to give priority to matters and measures that have not yet been improved: The company's improvement in 2022 is as follows :</p> <p>(1) Indicator 2.9: The company has disclosed the succession planning of board members and important management on the company website.</p> <p>(2) Indicator 3.12: The company has disclosed a clear dividend policy in its 2021 annual report.</p> <p>(3) Indicator 3.20: The company was invited to hold a legal person briefing on January 6, 2022, April 13, 2022 and August 17, 2022.</p> <p>The other part has not been improved, and will be actively studied for improvement.</p>			

Note 1: Whether or not "yes" or "no" is checked, it should be stated in the summary description field.

Note 2: The evaluation criteria for the independence of the Company's accountants are as follows:

**Sunplus Technology**  
**Accountant Independence Assessment Criteria**

Evaluation items	Evaluation result	Whether it is independent
1. Whether the accountant has a direct or significant indirect financial interest relationship with the Company	No	Yes
2. Whether the accountant has a financing or guaranteeing action with the Company or the directors of the Company	No	Yes
3. Whether the accountant has a close business relationship or potential employment relationship with the Company	No	Yes
4. Whether the accountants and their members of the audit team are currently directors or managers in the current or the last two years or have a significant impact on the audit work	No	Yes
5. Whether the accountant has provided non-audit services to the Company that may directly affect the audit	No	Yes
6. Whether the accountant has any stock or other securities issued by the Company	No	Yes
7. In addition to the business permitted by law, does the accountant represent the defense of legal cases or other disputes between the company and a third party?	No	Yes
8. Whether the accountant has a kinship with the directors, managers or persons who have a significant impact on the audit	No	Yes

**AQIs 5 dimensions and 13 indicators**

Dimension 1: Professionalism	Assessment Focus
1-1 Review experience	Whether the senior inspectors have sufficient audit experience to perform the inspection work.
1-2 Training Hours	Whether accountants and senior auditors receive sufficient education and training every year to continuously acquire professional knowledge and skills.
1-3 turnover rate	Whether the firm maintains enough senior human resources.
1-4 Professional Support	Whether the firm has enough professionals (such as evaluators) to support the verification team.
Dimension 2: Quality Control	Assessment Focus
2-1 Accountant load	Whether the accountant's workload is too heavy.
2-2 Check input	Check whether the input of team members is appropriate at each stage.
2-3 Case EQCR	Whether the EQCR accountant devotes enough time to the review of audit cases.
2-4 Quality Control Support Ability	Whether the firm has sufficient quality control manpower to support the inspection team.
Dimension 3: Independence	Assessment Focus
3-1 Public fees for non-audit services	The Influence of the Proportion of Public Fees for Non-audit Services on Independence.
3-2 Customer Familiarity	The influence of the cumulative number of years of auditing cases in the firm's annual financial report on the independence.
Dimension 4: Monitor	Assessment Focus
4-1 Missing external inspection and punishment	Whether the firm's quality control and audit cases are implemented in accordance with relevant laws and standards.
4-2 The competent authority issued a	Whether the firm's quality control and audit cases are

letter to improve	implemented in accordance with relevant laws and standards.
<b>Dimension 5: Innovation Capability</b>	<b>Assessment Focus</b>
5-1 Innovation Capability	The accounting firm's commitment to improving audit quality, including the accounting firm's innovation capability and planning.

Note 3: Corporate Governance Executive Training Situation:

Name/Title	Date	Organizer	Course Title	Time
Chen Meijuan Chairman's Office Manager/Head of Corporate Governance	111.3.9	Foundation for Accounting Research and Development of the Republic of China	Relevant regulations and lack of insight in the preparation of corporate financial reports	3 hours
	111.6.10	Republic of China Securities and Futures Market Development Foundation	2022 Annual Insider Trading Prevention Promotion Conference	3 hours
	111.7.28	ROC Corporate Management and Sustainable Development Association	Talking about Taiwan's business operations and M&A strategies from the perspective of the global political and economic situation	3 hours
	111.8.10	ROC Corporate Management and Sustainable Development Association	Offense and defense of non-consensual mergers and acquisitions and the responsibility of the company's responsible person	3 hours
	111.9.28	Chamber of Commerce and Industry of the Republic of China	Corporate Sustainability and Inheritance - Inheritance and Transformation of Company Directors and Shareholders and the Development Trend of Asian Family Offices	3 hours
	111.10.19	ROC Corporate Management and Sustainable Development Association	Legal norms and risk responsibilities that directors, supervisors and insiders must know under corporate governance	3 hours

Note4: Stakeholders of the company are concerned about issues, communication methods and impl

boundary	Stakeholder	Concerns	Communication route	Communication frequen	Contact window	2022 implementation status
Internal	Staff	Salary, Welfare, Education and Training, Occupational Health and Safety, Quality System, HSF Management	Staff communication meeting	Once every six months	Spokesperson Joseph Chuang, Director HR@sunplus.com	Hold 2 meetings and announce colleagues' questions and replies
			Employee welfare committee	Irregular	Spokesperson Joseph Chuang, Director HR@sunplus.com	More than 50 announcements related to the Welfare Committee Forum in the internal life communication channel
			Labor Retirement Reserves Supervision Committee	Once per quarter	Spokesperson Joseph Chuang, Director HR@sunplus.com	5 meetings are held, and meeting minutes are available for inquiry
			Internal promotion	Irregular	Spokesperson Joseph Chuang, Director HR@sunplus.com	E-mail, posters, announcements, etc. irregular publicity
			Employee performance interview	2 times a year	Spokesperson Joseph Chuang, Director HR@sunplus.com	Conduct an employee performance interview in the middle of the year and at the end of the year, prepare a performance and future development analysis table for reference, and the achievement rate is over 90%
			Labor-management meeting	Once per quarter	Spokesperson Joseph Chuang, Director HR@sunplus.com	4 meetings are held, and meeting minutes are available for inquiry
			Occupational Safety and Health Committee	Once per quarter	Spokesperson Joseph Chuang, Director shamir.chang@ sunplus.com	5 meetings are held, and meeting minutes are available for inquiry
	Board	Sustainable Development	Sustainable Development Implementation Report	Once per year	Spokesperson Joseph Chuang, Director shamir.chang@ sunplus.com	On July 8, 2022, the board of directors will report on the implementation status in 2021.
			Greenhouse gas inventory and verification schedule planning report	Once per quarter	Spokesperson Joseph Chuang, Director shamir.chang@ sunplus.com	1. On May 13, the board of directors submitted the greenhouse gas inventory and verification schedule planning. 2. On July 8 and November 10, the board of directors reported the implementation progress of the greenhouse gas inventory and verification schedule.
		Communication with stakeholders	Report on the Communication between the Company and Stakeholders	At least once per year	Spokesperson Joseph Chuang, Director shamir.chang@ sunplus.com	Report to the Board of Directors on December 30.
external	client	Customer appeal	Customer complaints	Cases based on customer complaints	Spokesperson Joseph Chuang, Director QA@sunplus.com	In 2022, all complaints cases were successfully closed
		Customer satisfaction	customer satisfaction survey	2 times a year	Spokesperson Joseph Chuang, Director QA@sunplus.com	In the two surveys at the beginning of the year and the middle of the year, the customer satisfaction o quality was 9.09 / 9.0 points (out of 10 points), and HSF customers' satisfaction was 9.5/9.66 points. All relevant issues were closed.
		Product quality and hazardous substance requirements	mail	Irregular	Spokesperson Joseph Chuang, Director QA@sunplus.com	Quality and hazardous substance requirements, a total of 49 external document specifications, there are 4 specification updates, all of which are properly processed
	Agent	Bad quarters inventory	Bad quarters inventory	Quarterly	Spokesperson Joseph Chuang, Director QA@sunplus.com	<b>2022 Q1~Q4 All Complete</b>
	Outsourcing factory	Green product requirements	GPM system	Update of reporting period, new product release, new specification requirements	Spokesperson Joseph Chuang, Director QA@sunplus.com	226 report updates in 2022
		Supplier management approach	Quality/environmental assessment of existing outsourcing factories	Held once a year for each factory	Spokesperson Joseph Chuang, Director QA@sunplus.com	Carry out assessment on the quality/environmental safety and health of existing outsourcing factories, counting 11 factory times
	Tenant	Relevant environmental protection and safety regulations	Meeting, E-mail, Line notification	Irregular	Spokesperson Joseph Chuang, Director shamir.chang@ sunplus.com	1. In the face of the COVID-19 epidemic, E-MAIL exchanges in the factory 2. Establish a project coordination LINE group to contact and notify relevant matters
	Government agencies	Statute compliance	Official document round trip, meeting, E-mail	Irregular	Spokesperson Joseph Chuang, Director shamir.chang@ sunplus.com	1. Participate in seminars and symposia held by competent authorities 2. Cooperate with the competent authority in supervision and inspection 3. Set up a contact window to maintain good interaction with the competent authorities
	Shareholders and investors	Operational performance, Risk Management, Corporate Governance, Shareholder participation	Annual report	Once a year	Spokesperson Joseph Chuang, Director IR@sunplus.com	1. On May 20, 2022, the 2021 annual report will be uploaded on the Public Information Observatory 2. Quarterly upload of financial reports in 2022
			Financial report	Once per quarter	Spokesperson Joseph Chuang, Director IR@sunplus.com	
			Legal person briefing meeting	twice a year or more	Spokesperson Joseph Chuang, Director IR@sunplus.com	Legal person briefing sessions will be held on January 6, April 13, and August 17, 2022.
			Shareholder regular meeting	Once a year	Spokesperson Joseph Chuang, Director IR@sunplus.com	A regular meeting of shareholders will be held on June 8, 2022.
			The official website sets up a special area for corporate social responsibility and stakeholders	at any time	Spokesperson Joseph Chuang, Director IR@sunplus.com	A special area for corporate social responsibility and stakeholders has been set up on the official website.
Set up a contact window for stock affairs and investor relations for two-way communication	at any time	Spokesperson Joseph Chuang, Director IR@sunplus.com	The services and investor relations contact window provides external communication channels.			

### 3.3.4 Disclosure of Operations of the Company's Compensation Committee:

#### 1. Qualifications and Independence Analysis

2023/04/24

Condition		Professional qualifications and experience (Note 2)	Independence situation (Note 3)	Number of members of the salary and remuneration committee of other public offering companies
Status(Note 1)	Name			
Independent Director (Convener)	Wei Zhehe	Please refer to the relevant content of Schedule 1 Director Information (1) on pages 12 to 14		0
Independent Director	Huang Zeren		2	
Independent Director	Chen Ruiqi		0	
Independent Director	Guo Congling		0	

Note 1: Please specify in the form the relevant working years, professional qualifications and experience and independence of the members of the Compensation Committee. If they are independent directors, please refer to Appendix 1 on page 00 for directors and supervisors. Information (1) Related content. Please fill in the series as independent directors or others (if it is the convener, please add a note).

Note 2: Professional qualifications and experience: describe the professional qualifications and experience of individual compensation committee members.

Note 3: Condition of independence: state that the members of the Compensation and Remuneration Committee meet the conditions of independence, including but not limited to whether I, my spouse, or relatives within the second degree of kinship serve as directors, supervisors or employees of the company or its affiliated companies; I, spouse, relatives within the second degree of relatives (or in the name of others) hold the number and proportion of the company's shares; whether it is a company that has a specific relationship with the company (refer to the listing of stocks or the establishment and exercise of powers of the company's compensation committee at the business office of a securities firm) The director, supervisor or employee of Article 6, Paragraph 1, Subparagraphs 5 to 8); the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.

Note 4: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange

**2. Operation**

1. BOD appointed 4 independent director to be members of compensation committee.

2. The term of office of the current committee members: From July 28, 2021 to July 19, 2024, the 5th Salary and Remuneration Committee of 2022 held 6 meetings (A), membership qualifications and attendance The situation is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(B/A) (%) (Note)	Remarks
Convener	<b>Che-Ho Wei i</b>	6	0	100	
Member	<b>Tse-Jen Huang</b>	6	0	100	
Member	<b>Chen Ruiqi</b>	6	0	100	
Member	<b>Guo Congling</b>	6	0	100	

Other information required to be disclosed:

1. If the board of directors does not adopt or amend the recommendations of the compensation and remuneration committee, it shall state the date of the board of directors, the period, the content of the proposal, the result of the resolution of the board of directors, and the company's handling of the opinions of the compensation and compensation committee (for example, the compensation and compensation approved by the board of directors is superior to the compensation and compensation committee) The recommendations of the Compensation and Compensation Committee shall be stated and the reasons for the differences shall be stated): The Board of Directors has adopted and has not amended the recommendations of the Compensation and Compensation Committee.

2. For matters resolved by the Compensation and Remuneration Committee, if members have objections or reservations and have a record or written statement, the date of the Compensation and Remuneration Committee, the period, the content of the proposal, the opinions of all members and the handling of the opinions of the members shall be stated: Remuneration Committee All members unanimously agreed to the resolutions of the Remuneration Committee without any objection or reservation.

Note:

(a) If the member being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

(b) If there is a re-appointment before year-end, the new member along with the original ones shall be disclosed, and the date of member being appointed shall be stated. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

3. Review salary and remuneration regularly The function of the company's salary and remuneration committee is to evaluate the company's directors and managers' salary and remuneration policies and systems with a professional and objective status. It meets at least three times a year and may hold meetings at any time as needed to make recommendations to the board of directors. For their decision-making reference

(1). The powers of the company's salary and remuneration committee

(A) Review this regulation regularly and propose amendments.

(B) Formulate and regularly review the policies, systems, standards and structures of the performance and remuneration of the company's directors and managers.

(C) Regularly evaluate the performance of the company's directors and managers, and determine the content and amount of their remuneration.

(2). When the Salary and Compensation Committee performs its functions and powers, it shall be based on the following standards Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.

(1) Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.

(2) The performance evaluation and salary remuneration of directors and managers should refer to the normal level of payment in the industry, and consider the time invested by the individual, the responsibilities he undertakes, the achievement of the profit center goal, the performance of other positions, and the company has given the same in recent years. Salary and remuneration for position holders, as well as the rationality of the relationship between individual performance and the company's operating performance and future risks as assessed by the achievement of the company's short-term and long-term business objectives and the company's financial status.

(3) Guide directors and managers to engage in behavior that exceeds the company's risk appetite in pursuit of remuneration.

(4) The proportion of short-term performance bonuses for directors and senior managers and the payment time of part of the variable salary remuneration shall be determined in consideration of industry characteristics and the nature of the company's business.

(5) The members of this committee shall not participate in the discussion and voting on the decision of their personal salary and remuneration.

4. The content of the proposals and resolutions of the Salary and Compensation Committee in 2022, and the company's handling of the opinions of the Salary Committee:

Compensation Committee	Proposal content and follow-up processing	Resolution result	Company's Compensation Committee Handling of opinions
The second time of the fifth session, 2022.01.19	1. In 2021, the year-end bonus distribution for managers was discussed. 2. In 2022, the company-wide salary and managers' salary rules discussion proposal. 3. Discussion proposal on revision of the company's "Board of Directors Performance Evaluation Method"	Agreed by all members	All the directors present at the board of directors agreed to pass
The third time of the fifth session, 2022.03.29	The Company's 2021 Employee Remuneration and Directors' Remuneration Distribution Situation Discussion	Agreed by all members	All the directors present at the board of directors agreed to pass
The fourth time of the fifth session, 2022.05.13	1. Discussion proposal on the revision of the company's "Director and Manager Remuneration Management Measures". 2. Discussion on the promotion of managers.	Agreed by all members	All the directors present at the board of directors agreed to pass
The fifth time of the fifth session, 2022.08.12	1. The company-wide salary adjustment and manager salary adjustment performance discussion case in 2022. 2. Discussion proposal on the distribution of directors' remuneration in 2021,	Agreed by all members	All the directors present at the board of directors agreed to pass
The sixth time of the fifth session, 2022.11.10	Discussion proposal on dividends and bonuses for managers of the company	Agreed by all members	All the directors present at the board of directors agreed to pass
The seventh time of the fifth session, 2022.12.30	1. Discussion on the distribution of year-end bonuses for managers in 2022. 2. Discussion proposal on company-wide compensation and executive compensation rules in 2023.	Agreed by all members	All the directors present at the board of directors agreed to pass

Social Responsibilities Implementation Status (such as environment protection, community participation, contribution to community, social service, charity, consumer rights, human rights and other social responsibilities):

3.3.5

Item	Implementation Status (Note 1)		Summary (Note 2)	Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons																																																																													
	Y	N																																																																															
1. Has the company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by the board of directors to handle senior management, and supervised by the board of directors?	V		<p>1. In order to improve the management of sustainable development, the company organizes an interdepartmental organization for sustainable development, and sets up three working groups (see attached table) for economy, environment and society; the administrative management department is responsible for sustainable development policies, systems or The board of directors also authorizes the director of the department to deal with the proposal and implementation of relevant management guidelines and specific promotion plans, and regularly report the situation to the board of directors. The last time the company reported to the board of directors the promotion of sustainable development was July 8, 2022. The board of directors reviews sustainable development management measures, urges the company to practice sustainable development, and reviews its implementation effectiveness and continuous improvement at any time to ensure the implementation of sustainable development policies.</p> <table border="1"> <thead> <tr> <th rowspan="2">Team</th> <th rowspan="2">Corresponding department</th> <th rowspan="2">Chairman</th> <th rowspan="2">Finance and accounting</th> <th colspan="2">Administration</th> <th rowspan="2">EHS</th> <th rowspan="2">QS</th> <th rowspan="2">QC</th> <th rowspan="2">PM/RD</th> <th rowspan="2">Sales</th> </tr> <tr> <th>Human resources</th> <th>Administration</th> </tr> </thead> <tbody> <tr> <td>Economy</td> <td></td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Environment</td> <td></td> <td></td> <td></td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> </tr> <tr> <td rowspan="3">Society</td> <td>Labor Condition and Dignified Labor</td> <td></td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Human rights</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Society</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td></td> <td>Product responsibilities</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> </tbody> </table> <p>2. Generalplus Technology has established a sustainable promotion committee and a sustainable promotion cross-departmental working group. Although other subsidiaries have not set up full-time (part-time) units to promote sustainable development, they have spared no effort in environmental protection and related social responsibility activities.</p>	Team	Corresponding department	Chairman	Finance and accounting	Administration		EHS	QS	QC	PM/RD	Sales	Human resources	Administration	Economy		V	V		V		V	V	V	V	Environment					V	V	V	V	V		Society	Labor Condition and Dignified Labor			V	V	V					Human rights	V		V	V	V	V				Society	V	V	V	V	V		V	V	V		Product responsibilities						V	V	V	V	No major Difference
Team	Corresponding department	Chairman	Finance and accounting					Administration							EHS	QS	QC	PM/RD	Sales																																																														
				Human resources	Administration																																																																												
Economy		V	V		V		V	V	V	V																																																																							
Environment					V	V	V	V	V																																																																								
Society	Labor Condition and Dignified Labor			V	V	V																																																																											
	Human rights	V		V	V	V	V																																																																										
	Society	V	V	V	V	V		V	V	V																																																																							
	Product responsibilities						V	V	V	V																																																																							
2. Does the company 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? (Note 2)	V		<p>The company and its subsidiaries operate through sustainable development cross-departmental organizations and various management systems, using the company as the boundary of risk assessment, through internal meetings of sustainable development cross-departmental organizations and risk assessment meetings of various management systems, according to the principle of materiality, Risk assessments are carried out on environmental, social and corporate governance issues related to operations. The company's latest risk assessment completed the annual risk assessment on September 28, 2022.</p> <p>Based on the assessed risks, formulate relevant risk management policies or strategies as follows:</p> <table border="1"> <thead> <tr> <th>Major Issue</th> <th>Risk Assessment Projects</th> <th>Risk Management Policies or Strategies</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Environmental protection, Energy saving, and Carbon reduction</td> <td>The company is committed to environmental protection and energy saving. Located in the upper reaches of the semiconductor industry, the company exerts its excellent R&amp;D technology and continues to promote high-level semiconductor process technology to save chip energy consumption, thereby driving the use of power energy in downstream consumer electronics terminal products. Through the implementation of environmental management (EMS) and the institutionalized PDCA management cycle, the impact on the environment is effectively reduced; at the same time, plans and programs for implementation</td> </tr> </tbody> </table>	Major Issue	Risk Assessment Projects	Risk Management Policies or Strategies	Environment	Environmental protection, Energy saving, and Carbon reduction	The company is committed to environmental protection and energy saving. Located in the upper reaches of the semiconductor industry, the company exerts its excellent R&D technology and continues to promote high-level semiconductor process technology to save chip energy consumption, thereby driving the use of power energy in downstream consumer electronics terminal products. Through the implementation of environmental management (EMS) and the institutionalized PDCA management cycle, the impact on the environment is effectively reduced; at the same time, plans and programs for implementation	No major Difference																																																																							
Major Issue	Risk Assessment Projects	Risk Management Policies or Strategies																																																																															
Environment	Environmental protection, Energy saving, and Carbon reduction	The company is committed to environmental protection and energy saving. Located in the upper reaches of the semiconductor industry, the company exerts its excellent R&D technology and continues to promote high-level semiconductor process technology to save chip energy consumption, thereby driving the use of power energy in downstream consumer electronics terminal products. Through the implementation of environmental management (EMS) and the institutionalized PDCA management cycle, the impact on the environment is effectively reduced; at the same time, plans and programs for implementation																																																																															



				are formulated every year, and the progress of various goals is tracked and reviewed regularly to ensure the goals achieved.	
			Task Force on Climate-related Financial Disclosures (TCFD)	Based on the four major aspects of governance, strategy, risk management, indicators and goals, the company has evaluated the guiding principles and specific practices of planning.	
			Society	1. Occupational safety and health	1. The company obtained two international and Taiwan occupational safety and health management system (ISO45001 and TOSHMS) dual certifications in 2019, and regularly holds fire drills and occupational safety and health education and training every year to cultivate employees' emergency response and self-safety management capabilities.
				2. Product Security	2. All products of the company comply with various product and service laws and regulations regulated by the government, and comply with EU RoHS/REACH regulations on hazardous substances. And through strict quality system management, we provide customers with stable product quality. At the same time, in order to ensure customer service quality and improve customer satisfaction, we set up customer service hotlines and communication websites, and actively conduct customer service satisfaction surveys every year to strengthen the relationship with customers. The cooperative relationship with customers has become the cornerstone of the sustainable development of the enterprise through the mutual benefit and co-prosperity relationship with customers.
			Corporate Governance	Socioeconomic and Legal Compliance	Through the establishment of a governance organization and the implementation of an internal control mechanism, it is ensured that all personnel and operations of the company truly comply with relevant laws and regulations.
3. Environmental issues					

(1) Whether the company establishes an appropriate environmental management system according to its industrial characteristics.	V	<ol style="list-style-type: none"> <li>The company has dedicated environmental protection personnel to manage the legal environmental protection management work; the company's standards superior to the management system are implemented by the environmental management system chief auditor to implement system operation and management; it has passed the environmental management system ISO14001:2015 certification, and the certificate is valid. The period ends on February 9, 2026.</li> <li>Subsidiaries are exempted from setting up special environmental protection personnel in accordance with the law, but there are still special personnel to promote relevant environmental management work.</li> </ol>	No major Difference
(2) Whether the company is committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load.	V	<ol style="list-style-type: none"> <li>The company and its subsidiaries have promoted paperless operations and the use of energy-saving lamps and water-saving appliances, while implementing the policy of turning off lights and saving water.</li> <li>The company optimizes the operating system of the factory facilities and actively promotes various waste reduction activities to increase the operating efficiency of the factory system and reduce the impact on the environment; with the goal of saving energy by 1% year by year, the company's 2022 annual electricity consumption is 7,135 kilowatt-hours , compared with 7,883 kilowatt in 2021, it has reached the standard.</li> <li>The company and its subsidiaries abide by relevant environmental laws and regulations, actively respond to the recycling and classification of resources, and promote the use of various recycled materials and packaging materials to reduce the impact on the environment.</li> </ol>	No major Difference
(3) Whether the company assesses the potential risks and opportunities of climate change to the company now and in the future, and adopts measures to deal with climate-related issues.	V	The IC design industry is located in the upstream of the semiconductor industry. The company and its subsidiaries have no relevant manufacturing procedures. If there is a real risk caused by climate change, it should only increase the cost due to the increase in electricity and water used for air conditioning and office lighting. However, the optimization of the operating system of factory facilities reduces energy consumption and the impact on the environment; the company and its subsidiaries continue to promote advanced semiconductor process technology and practice Moore's Law in order to use excellent R&D technology to save chip energy consumption , and then drive the power energy usage of downstream consumer electronics terminal products. In terms of product design, provide more energy-saving solutions to increase product adoption.	No major Difference
(4) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water and other waste management.	V	<ol style="list-style-type: none"> <li>In accordance with the ISO14064 standard, the company takes the year of 2022 as the base year for the inventory, and conducts the greenhouse gas emission inventory every year. Currently, the ISO14064:2018 version is used as the standard to implement the self-inspection. The inspection boundary is the company's own factory area. Greenhouse gas emissions in 2022 were 3,634.229 tons/carbon dioxide equivalent, which was reduced by about 8.25% compared with 3,960.947 tons/carbon dioxide equivalent in 2021; exceeding the set 2% reduction target.</li> <li>Of the annual greenhouse gas emissions of 3,634.229 (tons-CO<sub>2</sub>e) in 2022, those that belong to [a. Direct greenhouse gas emissions and removal] (that is, ISO14064:2006 [Scope 1], direct emitters (such as fuel consumption of official vehicles and generator oil) is 2.4139 metric tons-CO<sub>2</sub>e, only about 0.07%. The rest belong to [b. Indirect greenhouse gas emissions from input energy] (that is, [Scope 2] of ISO14064:2006, purchased electricity and other energy indirect emissions produce).</li> <li>The water consumption of the company's own factory area in 2022 was 29.24 thousand tons, compared with 30.32 thousand tons in 2021, saving about 3.56% of water.</li> <li>The company produced 101.03 tons of general industrial waste in 2022, with a monthly average of 8.42 tons, including general waste from business activities (D-1801), waste plastic mixture (D-0299), waste fiber mixture (D-0899) Three categories, and D-1801 category accounted for 81.59%; another IC defective product (hazardous industrial waste listed in the Environmental Protection Act) was 0.6 tons, and the output was very small; the total weight statistics, evaluation and difference analysis of industrial waste, It is in line with the content of "risk control, disaster prevention" and "energy saving, waste reduction, and sustainable environment" in the environmental safety and health management policy formulated by the company.</li> <li>In order to fulfill the commitment of environmental protection, the subsidiary has set the reduction of the company's overall carbon emissions as the company's long-term improvement goal, and has prepared to carry out self-inspection, expecting to reduce greenhouse gas emissions year by year, and is committed to energy conservation, recycling Waste, compliance with environmental regulations, and commitment to pollution prevention and continuous improvement.</li> </ol>	No major Difference
4. Social issues			
(1) Has the company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V	<p>The company and its subsidiaries abide by labor-related laws and regulations, and formulate relevant work rules to protect the rights and interests of employees preferentially, and provide information to enable employees to understand their rights and interests. The various management policies and procedures are summarized as follows:</p> <p>1. Human Rights Policy: In order to fulfill corporate social responsibility and protect the basic human rights of all colleagues, customers and stakeholders, the company strives to comply with and abide by the relevant provisions of various international human rights conventions, and follow the "United Nations Universal Declaration of Human Rights" and "United Nations Guiding Principles on Business and Human Rights" , "United Nations Global Covenant" and "United Nations International Labor Organization" and other international human rights conventions and labor standards related labor laws, respect internationally recognized</p>	No major Difference

		<p>basic human rights, including freedom of association, care for vulnerable groups, prohibition of child labor, elimination of forced labor in various situations, and elimination Discrimination in employment and employment, protection of the legitimate rights and interests of employees, and formulation of relevant management policies and procedures in accordance with the law.</p> <p>2. Human rights risk mitigation measures: In order to mitigate human rights risks, the company is committed to the improvement of various working environments and working conditions.</p> <p>3. Relevant education and training: Arrange relevant laws and regulations publicity courses during working hours, and increase the efficiency of course absorption through the recording and design of e-learning online courses, so as to enhance employees' understanding of relevant laws and information. Please refer to Note 4 for detailed human rights concerns and corresponding practices.</p>	
(2) Whether the company has formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits), and appropriately reflected the operating performance or results in employee compensation?	V	<p>The company is committed to creating an equal and inclusive working environment, including gender and age diversity; at the same time, it also provides all colleagues with opportunities for promotion with consistent standards and implements the concept of equal rights and justice. The ratio of male employees to female employees is about 67:33, and among supervisors, female supervisors account for 28%.</p> <p>The company's average employee benefits in 2022 were 1,770,000 yuan/person, and the average employee salary was 1,539,000 yuan/person; salaries and benefits were positioned to be better than the market average, and competitive salaries were offered to attract talents , and motivate existing employees and stabilize outstanding talents.</p> <p>The company and its subsidiaries provide a leave system that is superior to the law, such as special vacation days that are superior to the law, 10 days of paid sick leave each year, and 19 days of national holidays and anniversaries.</p> <p>In accordance with the Organizational Guidelines for Employee Welfare Committees promulgated by the Ministry of Labor, the company invites various departments to appoint members to form an employee welfare committee to coordinate the company's welfare committee funds and promote various welfare measures. The allocation ratio has always been 0.15% of revenue (the legal maximum ratio), allowing the Welfare Committee to plan more diverse and interesting welfare projects.</p> <p>According to the company's articles of association, if the company has a profit in the year, it should allocate no less than 1% as employee compensation and no more than 1.5%. Remuneration for directors. However, when the company still has accumulated losses (including adjusting the amount of undistributed surplus), it should reserve the amount to make up in advance.</p> <p>The annual overall reward and remuneration issued by the company and its subsidiaries will be determined based on the achievement of the company's overall operating goals, the annual profit status, and the individual performance and investment of employees. Before July every year, the company will measure the overall salary level of its peers in the market, employees' individual performance, future development and other related principles, and appropriately adjust salaries for colleagues. Annual employee remuneration must be approved by the board of directors and reported at the shareholders' meeting, and disclosed in the company's annual report.</p>	No major Difference
(3) Whether the company provides a safe and healthy working environment for employees, and regularly implement safety and health education for employees.	V	<p>The company and its subsidiaries provide facilities and environments that are superior to occupational safety and health laws and regulations. Set up special organizations and personnel in accordance with the law to implement matters related to environmental safety and health management.</p> <p>The relevant machinery and equipment in the company's workplaces are subject to regular automatic inspections according to the legal cycle, and labor operating environment monitoring is implemented every six months (every April and October) to ensure the safety of employees, the environment and equipment, and provide regular health inspections that are better than the laws and regulations. In 2022, no occupational accident occurred, and the number of cases, the number of employees and the ratio to the total number of employees were all zero. The company has passed the International Occupational Health and Safety Management System (ISO45001:2018) and Taiwan Occupational Safety and Health Management System (TOSHMS, CNS45001:2018) and the Ministry of Labor Occupational Safety Administration Health Workplace Certification; the occupational safety and health system certification is valid until 2025/02/24.</p> <p>The company provides a good environment for employees' career development, and provides a variety of educational training and training programs.</p>	No major Difference
(4) Whether the company has established an effective career development training program for employees.	V	<p>The Human Resources Department of the company and its subsidiaries has formulated a complete training plan for the career development of colleagues, so that colleagues can perform duties in the existing positions, and at the same time learn the skills necessary for promotion. The company has constructed a complete education and training development system, including general education, management, specific, professional, self-inspiration training (Self Development, SD) and other vocational courses. In year 2021, the average number of training hours per employee per year was 11.09 hours.</p> <p>In line with the company's operating goals and employee future development plans, to train professional and management talents needed by future organizations, the company has formulated "employee education and training management procedures", so that the promotion of various businesses and employee training can be followed. The object covers all employees of the company, including contracting and dispatching manpower, regardless of gender and other factors.</p> <p>In line with the company's development goals every year, through the education and training needs survey, through questionnaires, interviews or consensus meetings, etc., formulate an annual education and training plan, and announce it to all</p>	No major Difference

		employees. In addition to providing appropriate training courses according to different professional abilities, colleagues can also propose training goals and submit internal and external course requirements independently. In addition to physical courses, we have also established the "Sunplus Learning Management Platform" to break through the limitations of time and space and provide opportunities for re-learning through digital teaching materials and course videos.	
(5) Whether the company complies with relevant regulations and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and formulates relevant consumer protection policies and appeal procedures.	V	The marketing and labeling of products and services by the company and its subsidiaries follow the local regulations and international standards of the company's customers and suppliers.	No major Difference
(6) Whether the company has formulated supplier management policies, requiring suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation.	V	The company and its subsidiaries have long been aware of the environmental and social responsibility of the supply chain, and the requirements for suppliers are not limited to performance and quality. Colleagues in relevant departments conduct regular audits and liaise with suppliers to ensure that suppliers' environmental protection, occupational safety and health or labor rights and other issues comply with relevant norms and maintain due standards. If the supplier does not meet the requirements, it needs to improve and meet the standard within the specified time. If improvement is not possible, we will find other suppliers who can meet the expectations of the company and each subsidiary's ethical and environmental standards. In 2021, the company made 11 assessments on environmental protection, occupational safety and health or labor rights of suppliers and outsourced factories, and both suppliers and outsourced factories were able to meet the standards.	No major Difference
5. Does the company make reference to internationally-used report preparation standards or guidelines to prepare corporate social responsibility reports and other reports that disclose the company's non-financial information? Whether the pre-report report obtained the confidence or assurance opinion of the third-party verification unit.	V	The Company has compiled and released the Corporate Social Responsibility Report for the past years and the Sustainability Report for 2021 in accordance with the 2017 new GRI Standards (GRI Sustainability Reporting Standards, GRI Standards) issued by the Global Reporting Initiative. The Sustainability Report selects in accordance with core option; and attaches a GRI Standards comparison table for indexing the content of each chapter. Disclose non-financial business performance to stakeholders, including corporate governance, green process and environment-friendly management measures, employee occupational safety software and hardware equipment updates, employee education and training, welfare policies, and social welfare implementation results, showing a sustainable enterprise Vision and Mission. The 2022 "Sustainability Report" will be compiled in accordance with the GRI Universal Standards 2021 (GRI Universal Standards 2021) issued by GRI in October 2021; a GRI Standards comparison table is attached for indexing the content of each chapter. The media published in the "Sustainability Report" is the official website and the public information observation station of the Taiwan Stock Exchange. Shareholders and stakeholders can easily and quickly obtain transparent non-financial performance information. The above-mentioned report has not yet obtained the confirmation or guarantee opinion of the third-party verification unit. Although each subsidiary has not compiled a sustainability report, they have spared no effort in environmental protection and related social responsibility activities in terms of high-level management policies of each company.	No major Difference  Past corporate social responsibility reports and 2021 sustainability report
6. If a company has its own sustainable development code in accordance with the "Code of Practice for Sustainable Development of Listed OTC Companies", please describe the differences between its operation and the established code: The company, its subsidiaries Generalplus Technology and Sunplus Innovation Technology have formulated the "Sustainable Development Code of Practice", and there are internal rules for relevant issues such as sustainable operation, environmental protection, employee rights, social welfare and related information disclosure. Of each subsidiary has not yet formulated a corporate social responsibility policy, but relevant issues such as sustainable operation, environmental protection, employee rights, social welfare and related information disclosure are all regulated by internal systems. In order to fulfill corporate social responsibilities, the company and its subsidiaries will occasionally contribute to environmental protection, social contribution, social services, social welfare, consumer rights, human rights, safety and health and other social responsibility activities.			
7. Other important information to facilitate better understanding of the Company's corporate social responsibility practices (1) Sunplus and the subsidiaries for the professional IC design company, IC research and development and design based, department of non-polluting industries, there is no environmental pollution situation. (2) Sunplus and its subsidiaries are actively involved in relevant activities related to social welfare from time to time. (3) Based on the concept of professional services, the Company and its subsidiaries have formulated the relevant guidelines for the implementation of the relevant customers, in order to seek the fastest solution to customer questions. (4) The company and its subsidiaries manage the company's employees in accordance with the "Labor Standards Law" and relevant labor laws and regulations and other labor-related laws and regulations, and special personnel handle the employees' work matters to protect their basic rights and interests. (5) The company and its subsidiaries handle safety and health work in accordance with relevant laws and regulations on occupational safety and health to protect the health and safety of workers. (6) The company has passed ISO14001 environmental management system, ISO45001 international occupational safety and health management system and TOSHMS Taiwan occupational safety and health management system to implement environmental, workplace and worker health and safety care.			

Note 1: If the operation is checked "Yes", please explain the important policies, strategies, measures and implementations adopted; if the operation is checked "No", please explain the reasons and explain the plan for the future adoption of relevant policies, strategies and measures painting.

Note 2: The company has prepared corporate social responsibility report, the abstract statement can be used to indicate the way in which the corporate social responsibility report is reviewed and the index page is replaced.

Note 3: The principle of materiality refers to those who have a significant influence on the company's investors and other stakeholders in relation to environmental, social and corporate governance issues.

Note 4: In order to abide by the spirit of the international human rights conventions, and formulate and implement various human rights protection policies based on the content, Sunplus Technology implements the human rights protection policies based on the content of the [International Covenant on Civil and Political Rights] and the [International Covenant on Economic, Social and Cultural Rights]. , The company pays special attention to the following human rights issues, and the implementation practices are organized as follows:

Human rights concerns	Sunplus's corresponding human rights practices
Ensure equal job opportunities	1. No discrimination based on personal gender, race, socioeconomic status, age, marriage, family status, language, religion, party, nationality, appearance, facial features, pregnancy, physical and mental disabilities, etc. 2. Ensure that the employment policy is non-discriminatory, and implement the fairness of employment, salary system, employee training, evaluation and promotion opportunities.
Child labor is strictly prohibited	1. The company prohibits the employment of children and teenagers under the age of 18, so that children under 15 years of age, child labor over 15 years of age and under 16, and teenagers over 16 years of age and under 18 years of age can fully protect their right to school . 2. The company actively participates in public welfare and donations to relevant social welfare organizations, such as cooperation with family support centers and donations of public welfare funds, so that education rights and resource opportunities are more popular and equal
Freedom of assembly and association of employees	Provide diversified club activities and encourage employees to actively participate
Complaint channels and mechanisms	Provide effective complaint channels and handling mechanisms to avoid discrimination and harassment in the work environment
Establish a healthy and safe workplace environment	To provide employees with a healthy and safe workplace environment, the company continues to improve the working environment to reduce the risk of occupational disasters and protect the health of employees.
Provide employees with physical and mental health Work environment balanced with work	1. Provide diversified activities (such as sports courses, art lectures, and employee travel, etc.) to enrich the work-life balance of colleagues. 2. Establish good health care measures (medical room, visually impaired massage, health check, etc.) to protect the health of employees.
Meet the basic salary	Provide wages that are superior to the law.

### 3.3.6 Implementation of Ethical Corporate Management

#### The situation and reasons for the performance of integrity management and the differences with the code of integrity management of listed OTC companies

Item	Implementation Status (Note 1)			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
	Y	N	Summary	
1. Build Ethical corporate management principles				
(1) Has the company formulated the integrity management policy approved by the board of directors, and stated in the regulations and external documents the policies and practices of integrity management, and the board and senior management's commitment to actively implement the management policy.	V		The Company, Generalplus Technology and Sunplus Innovation Technology have formulated the "Integrity Management Operating Procedures and Behavior Guidelines" approved by the board of directors as a clear policy and practice for operating integrity, as well as the active implementation of operating policies by the board of directors and management. Commitment, and disclosed on the company website. The remaining subsidiaries uphold the business philosophy of "Integrity", "Creativity", "Quality", and "Service", formulate various internal management systems and measures within the company, and implement and implement irregular reviews.	No major Difference
(2) Whether the company has established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and formulates a plan to prevent dishonesty, and at least covers the "good faith management of listed companies "Code" Article 7, Paragraph 2, Prevention Measures.	V		The Company, Generalplus Technology and Sunplus Innovative Technology have established the "Code of Ethical Conduct for Employees", "Code of Ethical Conduct for Directors and Managers" and "Ethical Business Procedures and Behavior Guidelines", which expressly prohibit the provision or acceptance of non-compliance. Legitimate interests. The company and Sunplus Technology have a "reporting system", and Lingtong Technology has a "handling method for reporting cases of illegal and unethical or dishonest conduct", encouraging the reporting of any illegal or violation of the code of ethical conduct or conduct of integrity management . In addition, the company still requires colleagues in the management, production center, business and information units with high job sensitivity to sign the "Integrity Commitment"; when signing the annual distributor contract with the customer, they also sign the "Integrity Behavior Declaration"; According to the annual transaction amount, the relevant suppliers sign the "Declaration of Integrity Behavior". The remaining subsidiaries have clearly stipulated the reporting and punishment system for employees' integrity behaviors in the "Work Rules", and effective implementation through internal control systems to reduce the risk of dishonest behaviors and to achieve preventive effects.	No major Difference
(3) Does the company clearly specify the operating procedures, behavior guidelines, disciplinary punishment and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan.	V		The Company, Generalplus Technology and Sunplus Innovative Technology have respectively set up a "whistleblowing system", "employee ethical code of conduct", "director and manager's code of ethical behavior", "handling methods for reporting illegal and unethical or dishonest conduct" and "Integrity Management Operation Procedures and Conduct Guidelines", clearly stipulate the relevant operation procedures and behavior guidelines for preventing dishonest behaviors. For colleagues to inquire at any time, we will also provide relevant promotion for new employees through education courses. For any suspected violations of business ethics and confirmed cases, the violators will be subject to severe disciplinary measures including termination of employment or business relationships, and appropriate legal action will be taken in due course. Subsidiary's "Work Rules" set out to prohibit dishonesty, punishment and appeal system for violations of regulations.	No major Difference
2. Implement integrity management				

(1) Whether the company evaluates the integrity records of the counterparties, and specifies the terms of integrity behavior in the contract signed with the counterparties.	V	The "Integrity Operation Procedures and Behavior Guide" of the company, Generalplus Technology and Sunplus Innovative Technology clearly states that when signing a contract, it should fully understand the other party's integrity management status and incorporate the company's integrity management policy into the contract terms. In addition, when the company signed an annual distributor contract with customers since 2017, it also signed a "Certificate of Integrity"; the relevant suppliers, who defined the annual transaction amount, also signed a "Certificate of Integrity". The remaining subsidiaries carefully evaluate the legality of the counterparties through customer credit evaluation and supplier management operations to avoid dishonest business activities.	No major Difference
(2) Does the company set up a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonest behaviors and supervision and implementation.	V	In order to improve the management of integrity management, the company and Gnerealplus Technology have designated the Chairman's Office as the dedicated unit for promoting corporate integrity management. The board of directors of Sunplus Innovation Technology has authorized the Finance and Accounting Department to be responsible for promoting integrity management policies, and is responsible for formulating and promoting integrity management policies and preventive plans. The specialized unit reports the implementation situation to the board of directors on a regular basis in December every year. The company's latest report to the board of directors was on December 30, 2022. The remaining subsidiaries actively promote the corporate integrity management concept from top to bottom. In the future, they will set up promotion units based on the actual situation of the company and report to the board of directors regularly.  The Company's 2022 Integrity Management Policy and Dishonest Behavior Prevention Plan and Supervision Implementation: 1. Promote the integrity policy The company has set up a special area for the promotion of integrity policy to promote the integrity management policy to employees, and implement the core values and business philosophy based on integrity. New recruit training promotes the company's integrity policy and conducts quizzes to ensure that newcomers understand the company's integrity policy. In 2022, the newcomers training was totaled about 17 hours and 47 minutes. 2. "Declaration of Integrity" and "Integrity Commitment" (1) The company asks customers and suppliers to sign the "Declaration of Integrity", which includes the prevention of conflicts of interest, the avoidance of profit or improper transfer of benefits, the fulfillment of confidentiality obligations, the prohibition of bribery and bribery, infringement of company confidentiality, goodwill, business conduct, etc. (2) The company requires colleagues who are more sensitive in their positions to sign the "Integrity Commitment", which includes the prevention of conflicts of interest, avoidance of profit or improper transfer of benefits, fulfillment of confidentiality obligations and prevention of insider trading, and encourages reporting of any illegal or ethical violations. standard of conduct, etc. (3) The company's customers, suppliers and employees signed the "Declaration of Integrity" or "Integrity Commitment". 3. Establish a convenient reporting channel The company has established a "reporting system", which clearly defines the operating procedures and confidentiality mechanism for reporting, and encourages internal and external personnel to report any illegal or violation of the code of ethical conduct or the code of integrity." As of the end of 2022, no letter of indictment has been received.	No major Difference
(3) Does the company formulate a policy to prevent conflicts of interest, provide appropriate reporting channels, and implement them.	V	The communication channels between the employees of Sunplus and its subsidiaries and the management are smooth. If any problems are found, they can be reported to the management. In addition, the departments in charge of integrity management related affairs handle related affairs in accordance with their duties and laws, prevent conflicts of interest and provide appropriate statements about the operation of channels.	No major Difference
(4) Whether the company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit formulates the relevant audit plan based on the assessment results of the risk of dishonesty, and checks the compliance with the plan to prevent dishonesty, Or entrust an accountant to perform the audit.	V	The company, Generalplus Technology and Sunplus Innovation Technology have established an effective accounting system and internal control system to implement honest management. Internal auditors regularly check the implementation of the internal control system, and through self-inspection of the implementation of the system to ensure internal control The effectiveness of the system is used as the basis for issuing the internal control system statement and submitted to the board of directors for approval. The parent company has prepared and implemented an annual audit plan for its subsidiaries based on risk analysis.	No major Difference
(5) Does the company regularly organize internal and external education and training on integrity management.	V	Sunplus, Generalplus Technology and Sunplus Innovation Technology have established "Integrity Management Operation Procedures and Behavior Guidelines", which builds integrity management into the corporate culture, and promotes it in various meetings from time to time. It also publicizes the integrity management operating procedures and behavior guidelines to the company's employees in internal announcements, and implements the company's core values and business philosophy based on integrity. In 2022, the company publicized the company's integrity policy to new colleagues and conducted tests. Generalplus Technology has set up a special area on the internal website to publicize the integrity management procedures and behavior guidelines to the company's employees, and implement the company's core values and business philosophy based on integrity. Sunplus Innovation Technology has set up the integrity management policy on the homepage of the company website to convey the core values and business philosophy based on integrity to employees, and specially promote it for new employees. The remaining subsidiaries implement opportunity education in their daily business, and will hold education and training according to the actual situation of the company in the future.	No major Difference
3. Operation of the company's whistleblowing system			
(1) Whether the company has set a specific reporting and reward system, and	V	The company and Sunplus Innovation Technology have a "whistleblowing system", Generalplus Technology has "handling methods for	

established a convenient reporting channel, and assigned appropriate personnel for the acceptance of the reported object.			reporting cases of illegal and unethical or dishonesty", and the remaining subsidiaries have "employee complaint methods". The company and its subsidiaries Appropriate persons in charge will be assigned to deal with them, as a convenient reporting channel for employees to report.	No major Difference
(2) Has the company established the standard operating procedures for the investigation of the complaint, follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	V		The company and its subsidiaries all have relevant methods for reporting and appealing, which specify the procedures for reporting, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality principles	No major Difference
(3) Whether the company has taken measures to protect the whistleblowers from improper disposal due to the whistleblowing.	V		The procedures for the protection of whistleblowers are clearly stipulated in the relevant reporting and appeal measures of the company and its subsidiaries.	No major Difference
4. Strengthen information disclosure				
Whether the company disclosed the content of its integrity management code and promoted its effectiveness on its website and public information observatory?	V		Sunplus, Generalplus Technology and Sunplus Innovation Technology have placed relevant regulations on integrity management on the company's internal website for colleagues to inquire at any time. The company's external websites and public information observatories place annual reports and corporate social responsibility reports, which also fully disclose relevant policy requirements and information on honest operation.	No major Difference
5. If a company has its own integrity management code in accordance with the "Code of Integrity Management of Listed OTC Companies", please describe the differences between its operation and the established code: Sunplus, Generalplus Technology and Sunplus Innovation Technology have formulated the "Integrity Management Operating Procedures and Behavior Guidelines", and operate in accordance with the operating procedures and behavior guidelines. The company, its subsidiaries, manufacturers and organizations all adhere to the principle of good faith management.				
6. Other important information that helps to understand the company's integrity management and operation situation: (such as the company reviewing and revising its integrity management code and other situations) Sunplus and its subsidiaries take honesty as the foundation, and strive for the integrity of all employees and are responsible to investors, customers and the society. The company has a mailbox for complaints and reports. If employees find any violation of the principle of good faith or harm to the reputation of the company, they can complain or report through the Internet. In addition, the company and its subsidiaries and the relevant manufacturers and partners are mostly long-term cooperation, and clearly set a contract, set up relevant full-time personnel to participate, and maintain a long-term stable cooperative relationship.				

Note 1: Whether the operation is checked "Yes" or "No", it should be stated in the summary description field.

### 3.3.7 Formulate Corporate Governance Rules and Regulations: (If the company has established corporate governance rules and related regulations, it should disclose its search methods)

The Company has a Code of Corporate Governance Practices, to protect the interests of shareholders, strengthen the functions of the board of directors, respect for the interests of stakeholders, to enhance the transparency of information, etc. are relevant norms, also for the Taiwan Stock Exchange Co., Ltd. for corporate governance review one by one to review the actual implementation of the assessment indicators, hoping to help companies gradually build a good corporate governance system, to enhance the effectiveness of corporate governance. The Company's corporate governance operation, please refer to this Annual Report, Corporate Governance Report III, Corporate Governance Operations (pages 25-70), for the Code of Corporate Governance Practices, please contact our website.

### 3.3.8 Other Matters Needed to Improve the Company's Implementation of Corporate Governance:

None

### 3.3.9 Internal Control System Execution Status and Information

#### a) Statement of Internal Control System

### Sunplus Technology Co., Ltd. Statement of Internal Control System

Date: **March 15th, 2023**

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during **January 1st – December 31st, 2022**:

1. The company knows that it is the responsibility of the board of directors and managers of the company to establish, implement and maintain an internal control system, and the company has already established such a system. Its purpose is to achieve the goals of operation effectiveness and efficiency (including profit, performance, and asset safety protection, etc.), report reliability, timeliness, transparency, and compliance with relevant norms and compliance with relevant laws and regulations, and provide reasonable ensure.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system Subject to change. However, the company's internal control system has a self-monitoring mechanism. Once a defect is identified, the company will take corrective action.
3. The company judges whether the design and implementation of the internal control system are effective based on the items for judging the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control Systems for Publicly Issued Companies" (hereinafter referred to as "the Guidelines"). The internal control system judgment items adopted in the "Processing Criteria" are based on the process of management control, and the internal control system is divided into five components: (1)Control environment, (2)Risk assessment, (3)Control operations, (4)Information and communication, and (5)Supervise operations. Each constituent element in turn includes several items. For the aforementioned items, please refer to the provisions of the "Handling Guidelines".
4. The company has adopted the above-mentioned internal control system to judge projects and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the company believes that the company's internal control system (including the supervision and management of subsidiaries) on December 31, 2022 included the understanding of the effectiveness of operations and the degree of achievement of efficiency goals, and the reporting system. Reliable, timely, transparent and in compliance with relevant norms and relevant laws and regulations, the design and implementation of relevant internal control systems are effective, which can reasonably ensure the achievement of the above goals.
6. This statement will become the main content of the company's annual report and prospectus, and will be made public. If there are falsehoods, concealment, or other illegal matters in the above-mentioned disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the company's board of directors on March 15, 2023. Among the seven directors present, there was no objection, and they all agreed with the content of this statement, and hereby declare.

Sunplus Technology Co., Ltd.



Chou-Chye Huang  
Chairman & CEO



**3.3.10 The Company's Internal Control System Audit Report by External Auditors: Not applicable**

**3.3.11 Regulatory Authorities' Legal Penalties to the Company, and the Company's Resulting Punishment on Its Employees: None**

**3.3.12 Important resolutions of the shareholders meeting and the board of directors for the year of 2022 and up to the printing date of the annual report**

<b>2022 The implementation of the resolution of the shareholders' meeting</b>			
<b>Date</b>	<b>Decision Maker</b>	<b>Resolution matters and implementation</b>	
2022.06.08	Shareholders' Regular Meeting	<p>1. Accept the company's 2021 annual business report and financial statement. Implementation status: The relevant forms have been submitted to the competent authority for reference and announcement in accordance with the Company Law and other relevant laws and regulations.</p> <p>2. Recognize the Company's 2021 earnings distribution proposal. Implementation status: July 20, 2022 is set as the ex-dividend base date, and August 10, 2022 is the distribution date (cash dividend of NTD 2 per share).</p> <p>3. Pass the amendments to the Company's "Articles of corporation". Implementation status: On June 23, 2022, it was approved to be registered by the Hsinchu Science Park Administration of the Ministry of Science and Technology and announced on the company website</p> <p>4. Approved the amendments to the company's "Rules of Procedure for Shareholders' Meetings". Implementation status: Effective after the resolution of the shareholders' meeting, and has been announced on the company's website</p> <p>5. Approved the revision of the company's "Procedures for Acquisition or Disposal of Assets". Implementation status: Effective after the resolution of the shareholders' meeting, and has been announced on the company's website.</p> <p>6. Approved the revision of the company's "Methods for Loaning Funds to Others". Implementation status: Effective after the resolution of the shareholders' meeting, and has been announced on the company's website.</p> <p>7. The case of lifting the company's directors' competition restrictions. Implementation status: Effective after the resolution of the shareholders' meeting.</p>	
<b>2022 and as of the date of publication of the annual report of the board of directors important matters</b>			
<b>Date</b>	<b>Decision Maker</b>	<b>Case</b>	<b>Result</b>
2022.01.19	Board Meeting	<p>1. In 2022, held the general meeting of shareholders and accepted the discussion proposal of shareholders' rights to propose proposals.</p> <p>2. Discussion proposal on renaming and revising the company's "Corporate Social Responsibility Code of Practice"</p>	The proposal was passed after the chairman consulted all the directors present without objection.
2022.03.29	Board Meeting	<p>1. The company's 2021 employee remuneration and director's remuneration distribution situation discussion proposal.</p> <p>2. The 2021 financial statement discussion proposal.</p> <p>3. Discussion proposal on consolidated financial statements for 2021.</p> <p>4. Discussion on the 2021 annual business report.</p> <p>5. Proposal on the distribution of surplus in 2021.</p> <p>6. Discussion proposal on revision of the</p>	The proposal was passed after the chairman consulted all the directors present without objection.

		<p>articles of corporation of the company.</p> <p>7. Discussion proposal on amendments to the company's "Rules of Procedure for Shareholders' Meetings".</p> <p>8. Discussion on the revision of the company's "Procedures for Acquisition or Disposal of Assets".</p> <p>9. Discussion proposal on revision of the company's "Operating Procedures for Loaning Funds and Others".</p> <p>10. Proposal on lifting the restrictions on non-competition of directors of the company.</p> <p>11. Proposal to discuss the lifting of restrictions on the company's managers' competition.</p> <p>12. Discussion proposal on updating the agenda of the 2022 Annual General Meeting of Shareholders.</p>	
2022.05.13	Board Meeting	1. Discussion on the consolidated financial statements for the first quarter of 2022.	The proposal was passed after the chairman consulted all the directors present without objection.
2022.07.08	Board Meeting	1. The company intends to obtain 100% of the shares of SUNEXT Technology Co., Ltd. in the form of stock conversion with cash as the consideration.	In this case, Chairman Huang Chou Chye has his own interests, so he refrained from participating in discussions and voting in accordance with the law. Instructed by the chairman to appoint an independent director, Huang Tse Jen, to act as the acting chairman, and after the acting chairman consulted with the remaining directors present and had no objections, it was passed as proposed
2022.08.12	Board Meeting	<p>1. Discussion on the consolidated financial statements for the second quarter of 2022.</p> <p>2. It is proposed to terminate the discussion on the issuance of GDRs on the London Stock Exchange.</p>	The proposal was passed after the chairman consulted all the directors present without objection.
2022.11.10	Board Meeting	<p>1. The company's overseas depository receipt (GDR) completed the report on the termination of listing procedures.</p> <p>2. Discussion on the internal adjustment and replacement of certified accountants of Deloitte Accounting Firm.</p> <p>3. Discussion on the consolidated financial statements for the third quarter of 2022.</p>	The proposal was passed after the chairman consulted all the directors present without objection.
2022.12.30	Board Meeting	<p>1. Subsidiary liquidation discussion proposal.</p> <p>2. Discussion proposal on the appointment of accountants and independence assessment in 2023.</p>	In this case, Chairman Huang Chou Chye has his own interests, so he refrained from participating in discussions and voting in accordance with the law. Instructed by the chairman to appoint an independent director, Huang Tse Jen, to act as the acting chairman, and after the acting chairman consulted with the remaining directors present and had no objections, it was passed as proposed
2023.02.15	Board Meeting	1. Matters concerning the convening of the 2023 shareholders' general meeting and acceptance of shareholders' right to propose proposals.	The proposal was passed after the chairman consulted all the directors present without objection.

2023.03.15	Board Meeting	<p>1. The company's 2022 year employee remuneration and director's remuneration distribution situation discussion proposal.</p> <p>2. 2022 Annual Financial Statement Discussion Proposal.</p> <p>3. Discussion proposal on consolidated financial statements for the year of 2022.</p> <p>4. The company's 2022 annual business report discussion proposal.</p> <p>5. The company's 2022 profit distribution discussion proposal.</p> <p>6. Handle the capital reserve distribution cash discussion case.</p> <p>7. Discussion proposal on the revision of the company's "operation method of capital loan and others".</p> <p>8. Proposal on lifting the non-compete restriction of the directors of the company.</p> <p>9. Discussion on the lifting of the non-compete restriction of the company's managers.</p>	
------------	---------------	---	--

**3.3.13 The most recent year and as of the date of report publication the directors have different opinions and record or written statements by the board of directors through important resolutions, its main content:**

None

**3.3.14 The most recent year and as of the date of report publication, the person related with financial report that resignation of summary of the situation.**

None

**3.4 Audit Fees**

Audit Firm	Name of Auditor	Accountant audit period	Audit public expenses	Non-audit public fees	Total	Remark
Deloitte & Touche	Zheng-Zhi Lin Mei-Zhen Cai	2022.1.1~2022.06.30	5,190	2,000	7,190	Necessity of accountant rotation based on relevant laws and regulations
	Tung-Hui Yeh Ya-Yun Chang	2022.07.1~ 2022.12.31				

Non-audit public expenses are expenses related to tax visas, tax application cases, transfer pricing reports, and non-supervisor salary declaration verification.

Note: If the company has changed accountants or accounting firms this year, please list the audit period respectively, explain the reasons for the change in the remarks column, and disclose the audit and non-audit public fees paid in sequence. Non-audit public fees and should be annotated to explain its service content.

**3.4.1** If the accounting firm is changed and the audit fee paid in the year of change is lower than the audit fee of the year before the change, the amount of the audit fee before and after the change and the reasons shall be disclosed: no such case.

**3.4.2** If the public audit fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason for the reduction of the public audit fee shall be disclosed: None.

### 3.5 Replacement of Auditors: None

#### 3.5.1 About the former accountant

Replacement Date	Passed by BOD on November 10 <sup>th</sup> , 2022		
Replacement reason and explanation	Based on the necessity of rotation of accountants stipulated by relevant laws and regulations, from the third quarter of 2022, accountants Lin Zhengheng and Cai Meizhen were replaced by accountants Tung-Hui Yeh and Ya-Yun Chang.		
Indicates that the appointed person or accountant has terminated or refused to accept the appointment	Party	Accountant	Appointed person
	Situation		
	Voluntary termination of appointment	Not Applicable	
	Not accepting (continuing) appointment		
Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years	2022 and 2021 mid-term review reports issued qualified opinions, and the financial statements of some non-important subsidiaries included in the consolidated financial statements in the main series and the relevant information of the invested company using the equity method are based on the financial statements that have not been reviewed by accountants during the same period Report recognition and disclosure.		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Disclosure of financial reports
			Check scope or steps
			other
	No	<input checked="" type="checkbox"/>	
	Explain		
Other disclosures (Those that should be disclosed from Item 4 to Item 7 of Paragraph 6 of Article 10 of this Code)	None		

#### 3.5.2 About Successor Accountants

Accounting Firm Name	Deloitte
Accountant Name	Tung-Hui Yeh Ya-Yun Chang
Appointment Data	Passed by BOD on November 10 <sup>th</sup> , 2022
Accounting for specific transactions prior to appointment treatment or accounting principles and Opinion on possible issuance of financial reports	None
Consultation matters and results successor accountant vs. predecessor accountant	None
Written Opinion on Dissenting Matters	None

**3.5.3** Reply letter from the former accountant to item 1 and item 3 of item 6 of Article 10 of this standard: None.

**3.6 Chairman, Presidents, and Managers in Charge of Finance and Accounting Who Held a Position in Sunplus' Independent Audit Firm or Its Affiliates during the Recent Year:**  
**Not applicable.**

### 3.7 Net Change in Shareholding and Net Changes in Shares Pledged by Directors, Management, and Shareholders with 10% Shareholding or More

#### 3.7.1 Changes in equity of directors, managers and major shareholders

Unit: Shares

Title	Name	2022		Ended of April 15th, 2023	
		Shareholding Increased (decreased)	Shares Pledged (Released)	Shareholding Increased (decreased)	Shares Pledged (Released)
Chairman& CEO	Chou-Chye Huang	0	0	0	0
Director	Global View Co., Ltd.	0	0	0	0
Director	Wen-Shiung Jan	0	0	0	0
Independent Director	Che-Ho Wei	0	0	0	0
Independent Director	Tse-Jen Huang	0	0	0	0
Independent Director	Guo Congling	0	0	0	0
Independent Director	Chen Ruiqi	0	0	0	0
Head of Corporate Governance	Phoebe Chen	0	0	0	0
Associate	Adam Wang	0	0	0	0
VP	Wayne Shen (Note)	0	0	0	0
Director of Finance & Accounting Division	Shu-Chen Cheng	0	0	0	0
AVP	Alex Chang	0	0	0	0
AVP	Jason Lin	0	0	0	0
AVP	Michael Su	0	0	0	0

Note: Retirement on April 18<sup>th</sup>, 2023.

#### 3.7.2 Stock Trade

Name (Note 1)	Transfer Reason	Transaction Date	Name of Counter Party	Nature of Relationship	Amount of Shares	Transaction Price
-	-	-	-	-	-	-

#### 3.7.3 Shares Pledge with Related Parties

Ended of April 15th, 2023 ; Unit: Shares

Name (Note 1)	Reason of Pledge (Note 2)	Date of Change	Name of Counter Party	Nature of Relationship	Amount of Shares	Percentage of Shareholding	Percentage of Shares Pledge	Transaction Price
-	-	-	-	-	-	-	-	-

Note 1: Including Directors, managers and shareholders holding more than 10%

Note 2: Reasons for shares pledged or released

### 3.8 Top 10 Shareholders & Related Parties

Name	Current Shareholding		Shareholding under Spouse & Minor		Shareholding under Others' Name		Relationship with related-parties	
	Amount of Shares	Holding %	Amount of Shares	Holding %	Amount of Shares	Holding %	Name	Relationship
Chou-Chye Huang	92,737,817	15.67%	1,370,993	0.23%	-	-	Global View	Corporate Director
De-Zhong Liu	12,497,523	2.11%	2,006,943	0.34%	-	-	-	-
Global View Co., Ltd.	10,038,049	1.70%	-	-	-	-	Chou-Chye Huang	Corporate Director of Global View Co., Ltd.
Shu Weiren (Representative of	0	0.00%	0	0.00%	-	-	-	-

Legal Entity)								-	-
Chih-Hao Gong	7,630,160	1.29%	539,631	0.09%	-	-	-	-	-
Polunin Emerging Markets Small Cap Fund, LLC	7,025,825	1.19%	-	-	-	-	-	-	-
Wen-Qin Lee	6,808,000	1.15%	1,131,000	0.19%	-	-	-	-	-
JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Stock Index Fund Investment Account of the Manager of the Van Gard Group	5,884,000	0.99%	-	-	-	-	-	-	-
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of Advanced Starlight Fund Company's series of funds Advanced Aggregate International Stock Index Fund Investment Account	5,587,752	0.94%	-	-	-	-	-	-	-
Citigroup (Taiwan) Commercial Bank is entrusted with the custody of the investment account of the Norwegian Central Bank	4,997,000	0.84%	-	-	-	-	-	-	-
The Business Department of Standard Chartered International Commercial Bank is entrusted to keep the New York City Group Trust Investment Account	4,088,531	0.69%	-	-	-	-	-	-	-

### 3.9 Long-term Investment Ownership

December 31st, 2022/Unit: thousand shares, %

Long-term Investments (Note)	Sunplus Investment		Shareholding of Director, Supervisor, Management or Subsidiary		Synthetic Shareholding	
	Amount of Shares	Holding %	Amount of Shares	Holding%	Amount of Shares	Holding %
Generalplus Technology	37,324	34	14,892	14	52,216	48
Sunplus Innovation Technology	29,266	51	3,999	7	33,265	58
iCatch Technology Inc.	12,735	15	5,307	6	18,042	21
Sunplus mMedia Inc.	22,441	90	2,559	10	25,000	100
Jumplux Technology	13,200	55	10,100	42	23,300	97
Global View Co Ltd	8,229	13	195	-	8,424	13

Note: Except companies listed above, all other long-term investments are held by the parent company. No comprehensive shareholding situation.



## IV. Capital & Shares

### 4.1 Capitalization

April 15th, 2023

Month/Year	Price (NT\$)	Authorized capital		Issued capital		Remark		
		Shares (thousand shares)	Amount (NT\$K)	Shares (thousand shares)	Amount (NT\$K)	Funding (NT\$K)	Funding Except Cash	Note
08/1990	10	2,300	23,000	620	6,200	Cash Offering 6,200	None	Not IPO yet
08/1990	10	2,300	23,000	1,150	11,500	Cash Offering 5,300	None	Not IPO yet
03/1992	10	2,300	23,000	2,300	23,000	Cash Offering 11,500	None	Not IPO yet
12/1993	10	6,000	60,000	6,000	60,000	Cash Offering 20,900 Capitalization of Profits 16,100	None	Not IPO yet
09/1994	10	19,800	198,000	19,800	198,000	Cash Offering 60,000 Capitalization of Profits 78,000	None	Not IPO yet
06/1995	10	39,600	396,000	39,600	396,000	Capitalization of Profits 198,000	None	06/28/1995 SFC No. 37335
06/1996	10	64,360	643,600	64,360	643,600	Capitalization of Profits 247,600	None	06/26/1996 SFC No. 40155
06/1997	10	105,500	1,055,000	105,500	1,055,000	Capitalization of Profits 411,400	None	06/10/1997 SFC No.46641
06/1998	10	184,000	1,840,000	184,000	1,840,000	Capitalization of Profits 785,000	None	06/08/1998 SFC No.49408
06/1999	10	269,120	2,691,200	269,120	2,691,200	Capitalization of Profits 851,200	None	06/23/1999 SFC No.57760
06/2000	10	600,000	6,000,000	370,000	3,700,000	Capitalization of Profits 1,008,800	None	06/03/2000 SFC No.48003
09/2000	10	600,000	6,000,000	390,000	3,900,000	Cash Offering for GDR 200,000	None	09/18/2000 SFC No 72620
06/2001	10	700,000	7,000,000	534,000	5,340,000	Capitalization of Profits 1,440,000	None	06/27/2001 SFC No 140791
12/2001	10	700,000	7,000,000	544,742	5,447,424	Merger from Grandtech 10,742	None	12/12/2001 SFC No 173137
06/2002	10	1,000,000	10,000,000	694,950	6,949,500	Capitalization of Profits 957,334	None	05/30/2002 SFC No.129546

						And Capital Surplus 544,742		
07/2003	10	1,000,000	10,000,000	777,504	7,775,040	Capitalization of Profits 130,590 And Capital Surplus 694,950	None	05/22/2003 SFC No.0920122560
06/2004	10	1,000,000	10,000,000	875,254	8,752,544	Capitalization of Profits 355,500 And Capital Surplus 622,004	None	06/15/2004 SFC No.0930126644
07/2005	10	1,050,000	10,500,000	945,570	9,455,700	Capitalization of Profits 487,576 And Capital Surplus 175,051 Employee Stock Option 40,529	None	07/11/2005 FSC No. 0940127940 TSE No.09400288741
11/2005	10	1,050,000	10,500,000	948,147	9,481,472	Employee Stock Option 25,772	None	TSE No.09400340711
03/2006	10	1,050,000	10,500,000	948,730	9,487,297	Employee Stock Option 5,825	None	TSE No.09500052761
06/2006	10	1,050,000	10,500,000	949,784	9,497,844	Employee Stock Option 10,547	None	TSE No.09500116511
06/2006	10	1,200,000	12,000,000	1,021,358	10,213,578	Capitalization of Profits 508,844 And Capital Surplus 189,230 Employee Stock Option 17,660	None	FSC No.0950126238
11/2006	10	1,200,000	12,000,000	1,022,777	10,227,773	Employee Stock Option 14,195	None	TSE No.0950030505
01/2007	10	1,200,000	12,000,000	512,212	5,122,119	Capital Reduction 5,114,358 Employee Stock Option 8,703	None	FSC No.0950159014
03/2007	10	1,200,000	12,000,000	512,954	5,129,537	Employee Stock Option 7,418	None	TSE No.0960005441
09/2007	10	1,200,000	12,000,000	554,240	5,542,399	Capitalization of Profits 288,622 And Capital Surplus 102,415	None	FSC No.0960038299

						Employee Stock Option 21,825		
11/2007	10	1,200,000	12,000,000	556,051	5,560,514	Employee Stock Option 18,115	None	TSE No.0960037136
03/2008	10	1,200,000	12,000,000	556,750	5,567,504	Employee Stock Option 6,990	None	TSE No.09700075761
05/2008	10	1,200,000	12,000,000	556,893	5,568,931	Employee Stock Option 1,427	None	TSE No.09700142371
09/2008	10	1,200,000	12,000,000	598,203	5,982,028	Capitalization of Profits 301,637 And Capital Surplus 111,092 Employee Stock Option 368	None	FSC No.0970036239
02/2009	10	1,200,000	12,000,000	596,910	5,969,099	Treasury Stock write-off 12,929	None	TSE No.0980003591
03/2014	10	1,200,000	12,000,000	591,995	5,919,949	Treasury Stock write-off 4,915	None	TSE No.10300058351

April 15th, 2023/Unit: shares

Type	Authorized Capital				Remark
	Issued Shares	Treasury Stock Shares	Un-issued Shares	Total	
Common Share	591,994,919	0	608,005,081	1,200,000,000	

## SHELF REGISTRATION

Type	Shares Expected to Issue		Issued Shares		Objective and Expected Benefit of Issued Shares	Expected time of Un-issued Shares	Remark
	Total Shares	Amount	Amount	Price			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

### 4.1.1 Composition of Shareholders

April 15th, 2023/Unit: share

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Individuals	Total
Persons	0	5	297	194	110,576	111,072
Shares	0	80,100	17,840,852	72,194,380	501,879,587	591,994,919
Shareholding	0%	0.01%	3.01%	12.20%	84.78%	100.00%

Note: The first-listed companies and cabinet companies should disclose their shareholdings in land-based capital; land-based capital refers to the people, legal persons, organizations, and other organizations in mainland China as stipulated in Article 3 of the People's Republic of China to Taiwan Investment Permit Measures, or its investment in a third region.

### 4.1.2 Distribution Profile of Shareholder Ownership – Common Share

April 15th, 2023

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned (shares)	Holding (%)
1~999	46,668	2,477,477	0.42%
1,000~5,000	50,835	106,144,587	17.93%
5,001~10,000	7,503	60,574,249	10.23%
10,001~15,000	2,037	26,083,042	4.41%
15,001~20,000	1,397	26,175,401	4.42%
20,001~30,000	1,053	26,910,055	4.55%
30,001~40,000	458	16,567,738	2.80%
40,001~50,000	307	14,367,191	2.43%
50,001~100,000	476	34,159,452	5.77%
100,001~200,000	180	26,145,977	4.42%
200,001~400,000	81	22,583,834	3.81%
400,001~600,000	22	10,921,009	1.84%
600,001~800,000	9	6,332,721	1.07%
800,001~1,000,000	8	7,522,302	1.27%
Over 1,000,001	38	205,029,884	34.63%
Total	111,072	591,994,919	100.00%

### 4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not Applicable

#### 4.1.4 Major Shareholders

April 15th, 2023

Name	Shareholding	Shares Owned	Holding %
Chou-Chye Huang		92,737,817	15.67%
De-Zhong Liu		12,497,523	2.11%
Global View Co., Ltd.		10,038,049	1.70%
Chih-Hao Gong		7,630,160	1.29%
Polunin Emerging Markets Small Cap Fund, LLC		7,025,825	1.19%
Wen-Qin Lee		6,808,000	1.15%
JPMorgan Chase Bank Taipei Branch is entrusted with the custody of the Van Gard Emerging Markets Stock Index Fund Investment Account of the Manager of the Van Gard Group		5,884,000	0.99%
JPMorgan Chase Bank, Taipei Branch is entrusted with the custody of Advanced Starlight Fund Company's series of funds Advanced Aggregate International Stock Index Fund Investment Account		5,587,752	0.94%
Citigroup (Taiwan) Commercial Bank is entrusted with the custody of the investment account of the Norwegian Central Bank		4,997,000	0.84%
The Business Department of Standard Chartered International Commercial Bank is entrusted to keep the New York City Group Trust Investment Account		4,088,531	0.69%

#### 4.1.5 Net Worth, Earnings, Dividends, and Market Price per Share

Item		Year	2021	2022	2023 (As of March 31st)
Market Price (Note1)	Highest		47.55	41.32	27.00
	Lowest		17.20	20.25	22.15
	Average		33.42	29.73	24.90
Net Worth (Note2)	Before Distribution		17.20	15.74	
	After Distribution		15.18	(Note 9)	-
Earnings Per Share	Weighted Average Shares		588,434,923	588,434,923	-
	EPS (Note3)		2.01	0.37	-
Dividends Per Share	Cash Dividends		2.00	(Note 9)	-
	Stock Dividends	Stock Dividend from Retained Earnings	-	(Note 9)	-
		Stock Dividend from Capital Reserve	-	(Note 9)	-
	Accumulated Undistributed Dividends(Note 4)		-	(Note 9)	-
Return on Investment	Price/Earnings Ratio (Note 5)		16.63	80.35	-
	Price/Dividend Ratio (Note 6)		16.71	(Note 9)	-
	Cash Dividends Yield Rate (Note 7)		5.98	(Note 9)	-

\* If there is a capital increase allotment of surplus or capital reserve, the market price and cash dividend information retrospectively adjusted according to the number of issued shares shall be disclosed.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Use the number of issued shares at the end of the year as the basis and fill in the distribution according to the resolution of the board of directors or the next year's shareholders' meeting

Note 3: If retroactive adjustment is required due to stock dividends, etc., the earnings per share before adjustment and after adjustment shall be listed

Note 4: If the conditions for the issuance of equity securities stipulate that the unpaid dividends of the current year may be

accumulated to be distributed in the year with surplus, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note 5: Price/Earnings ratio=average market price/earnings per share

Note 6: Price/dividends ratio=Average market price/cash dividends per share

Note 7: Cash dividends yield rate=cash dividend per share/average market price per share

Note 8: The net value per share and earnings per share shall be filled in with the information audited (reviewed) by an accountant in the most recent quarter up to the date of publication of the annual report; the remaining columns shall be filled with the data of the current year up to the date of publication of the annual report.

Note 9: The 2022 annual surplus distribution proposal was approved by the board of directors on March 15, 2023, but has yet to be approved by the resolution of the shareholders' meeting on June 13, 2023.

#### **4.1.6 Dividend Policy**

##### **a) Dividend policy in the “Article of Incorporation”**

If the company has a surplus after the annual final accounts, in addition to paying profit-seeking enterprise income tax and making up for losses in previous years, 10% of the statutory surplus reserve shall be allocated first, but this is not the case when the statutory surplus reserve has reached the total capital. Next, the special surplus reserve shall be appropriated or reversed in accordance with the laws or regulations of the competent authority. The remaining surplus, together with the accumulated undistributed surplus in the previous period, shall be shareholder dividends. The board of directors shall prepare a distribution proposal and submit it to the shareholders' meeting for resolution. However, the ratio of surplus distribution and the ratio of cash dividends to shareholders may be adjusted by resolution of the shareholders' meeting depending on the actual profit and capital status of the year. The total shareholder dividends for the annual surplus distribution shall not be less than 10% of the newly added distributable surplus for the year, but may 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 payable to shareholders.

##### **b) Dividends for 2022**

The Company's 2022 earnings distribution proposal was approved by the Board of Directors on March 15, 2023. The 2022 resolution distribution items are as follows (not yet approved by the shareholders' meeting):

(1) The statutory surplus reserve of NT\$ 27,902,069 was set aside.

(2) Reversal of special surplus reserve of NT\$ 58,520,579.

(3) Shareholders' cash dividend of NT\$ 309,613,343. Based on the actual total number of 591,994,919 shares in circulation as of April 15, 2023, a cash dividend of NT\$ 0.523 per share was distributed.

c) Capital surplus cash distribution of NT\$45,583,609, a cash dividend of NT\$0.077 per share will be distributed.

d) **Expected Variation: None**

#### **4.1.7 The impact of the stock dividends proposed at this shareholders' meeting on the company's operating performance and earnings per share**

The company has not prepared and announced the financial forecast for 2023, so there is no need to disclose this information.

#### **4.1.8 Profits Distributed as Employee Rewards and Directors and Supervisors' Compensation**

##### **a) Rewards to Employees, Directors, and Supervisors in the “Article of Incorporation”**

If the company makes profits in the year, no less than 1% should be appropriated as employee remuneration and no more than 1.5%. Remuneration for directors. However, if the company still has accumulated losses (including adjustments to the amount of undistributed surplus), it shall reserve the compensation amount in advance.

The employee remuneration mentioned in the preceding paragraph may be paid in stock or in cash, and the recipients may include the employees of the affiliated company who meet the requirements set by the board of directors. The remuneration of the directors referred to in the preceding paragraph shall be paid in cash only.

The first two items shall be implemented by a resolution of the board of directors and shall be reported to the shareholders' meeting

##### **b) The proposed distribution of employee compensation and director compensation for 2022 approved by the board of directors**

Approval by Board of Directors' meeting on March 15, 2023:

	Amount(NTD)
Cash rewards to Employee	\$2,216,337
Cash bonus to Directors	3,324,504
Total	<u>\$5,540,841</u>

**c) The previous year's surplus was used to distribute employee dividends and remuneration for directors and supervisors**

Approval by shareholder' meeting on June 8, 2022:

	Amount(NTD)
Cash rewards to Employee	\$12,135,583
Cash bonus to Directors	18,203,374
Total	<u>\$30,338,957</u>

There is no difference between the above distribution and the resolution of the Board of Directors of the Company don March 29, 2022.

**4.1.9 Buyback of Common Shares**

None

**4.2The handling of corporate bonds shall include outstanding corporate bonds and corporate bonds in process, and disclose relevant matters and their impact on shareholders' rights and interests with reference to the provisions of Article 248 of the Company Law : None.**

**4.3The handling of special shares shall include the special shares in circulation and in process, and disclose the relevant issuance conditions, impact on shareholders' rights and interests, and matters stipulated in Article 157 of the Company Law: None.**

## 4.4 Issuance of GDR

March 31st, 2023

Issuing Date		March 16, 2001	
Item			
Issuing Date		March 16, 2001	
Issuance & Listing		IPO region: Europe, Asia, and America Issuance: London Stock Exchange	
Total Amount		US\$191,400,000	
Offering Price per Unit		US\$9.57	
Issued Units		14,737,222.5	
Underlying Securities		Offering 20,000,000 new shares of common stock of par value NT\$10	
Common Shares Represented		29,474,445 Common Shares	
Trustee		N/A	
Depository Bank		The Bank of New York Mellon	
Custodian Bank		Mega International Commercial Bank	
Outstanding balance		2023.01.09: 0 Unit	
Terms and Conditions in the Deposit Agreement and Custody Agreement		-	
Market price per Unit	2022	Highest	US\$3.00
		Lowest	US\$2.23
		Average	US\$2.51
	January 1 to March 31, 2023	Highest	Note 1
		Lowest	-
		Average	-

Note 1: GDRs listed above completed the termination of IPO procedure on October 13<sup>th</sup>, 2022.

## 4.5 Employee Stock Options Plan

**4.5.1 Issuance of Employee Stock Options and Its Impact to Shareholders Equity: None**

**4.5.2 Stock Option to Management Team and Top 10 Individual: None**

## 4.6 Restricted Employees Stock

**4.6.1 For IPOs with limited employee rights that have not fully met the vested conditions, the status of the IPOs as of the publication date of the annual report and the impact on shareholders' rights and interests should be disclosed: None.**

**4.6.2 Names of the managers who have acquired new shares with restricted employee rights and the top ten employees with the number of shares acquired up to the date of publication of the annual report: None**

## 4.7 Mergers and Acquisitions

**4.7.1 Those who have completed mergers and acquisitions in the most recent year and as of the publication date of the annual report shall disclose:**

- a. **Disclosed the evaluation opinion issued by the lead securities underwriter for the latest quarterly M&A capital increase and new share issuance: None.**
- b. **Disclosure of the latest quarter's implementation status (if the implementation progress or benefits have not reached the expected target, the impact on shareholders' equity and improvement plans should be explained in detail): None.**

**4.7.2 If the merger has been approved by the board of directors in the most recent year and as of the date of publication of the annual report, the implementation status and basic information of the merged company shall be disclosed. In the process of mergers and acquisitions, the execution status and the impact on shareholders' rights and interests should be disclosed: None**

## V. Fund utilization plan and implementation: not applicable



## VI. Business Highlight

### 6.1 Business Activities

#### 6.1.1 Business Scope

##### a) Major Business

CC01080 Manufacturing of electronic component

I501010 Product Designing

F401010 International Trading

I301010 Software Design Services

I301020 Data Processing Services

R&D, Manufacturing, Testing, Selling of

(1) ICs

(2) modules

(3) Application software

(4) IPs

(5) Trading and Agency Business of ICs

#### 4 Product Segments and Sales Amount

Unit: NT\$K ; %

Product Categories	2022	
	Amount	Percentage %
IC income	6,301,115	93.96
Other	404,593	6.04
Total	6,705,708	100.00

#### 6.1.2 Plan to develop new products (services)

Company	Plans to develop new products
Sunplus Technology	(1) Automotive entertainment system chip (2) Vehicle intelligent cockpit system chip (3) Vehicle navigation and driving assistance system platform (4) Automotive cockpit acoustic system chip (5) Audio Immersive Multi-Surround Chip (6) Audio Bluetooth transmission integrated chip (7) Audio Noise Reduction Conference System Chip (8) Audio drive power amplifier chip (9) High-speed interface IP (10) High-performance data converter IP (11) Analogy IP (12) Vision AI chip
Generalplus Technology	(1) A new generation of 4/8-bit speech synthesis control chip: (a) Simplify peripheral components, voice synthesis and playback. (b) Flash memory for fast code update. (2) A new generation of 55nm digital audio and voice recognition control IC: (a) Low-noise high-resolution Sigma-Delta ADC recording device peripherals (b) Low EMI and high sound quality Class-D broadcast driver (c) External SPI Flash memory can be connected, and the Flash capacity can be flexibly adjusted (3) A new generation of 22nm multimedia application SoC IC: (a) High performance Cortex-A7 CPU.

	<p>(b) Enhanced image processing capability ISP (3D denoise, NLM).</p> <p>(c) Enhance AI hardware, provide face/human figure/gesture recognition, green screen-free portrait removal and background blurring, age conversion, cartoonization, multi-person movement tracking and centering, driving behavior recognition, sight and gesture Algorithm functions such as detection, face and five senses expression recognition, human body posture detection, etc.</p> <p>(d) DDR2/DDR3 PHY interface</p> <p>(4) Microcontroller:</p> <p>(a) Introduce the AEC-Q100 automotive electronics design specification, and develop a brushless DC motor control IC with built-in CAN Bus and high computing power.</p> <p>(b) Introduce AEC-Q100 automotive electronics design specification, and develop LED lighting control IC with built-in LIN Bus.</p>
Sunplus Innovation Technology	<p>(1) Compliant with Windows Hello Human Presence laptop embedded 5M AI camera control chip</p> <p>(2) USB2.0 5M HDR/WDR image processing chip</p> <p>(3) Intelligent image detection function image processing chip with multi-detection</p>
Jumplux Technology	<p>(1) Front-mounted car specification USB3.2 TYPE C MediaHUB IC</p> <p>(2) USB3.2 10Gbps x 2 PHY IP</p>

### 6.1.3 Industry Overview

#### Industry Status and Exhibition

In the post-epidemic era, due to the impact of rising inflation, geopolitical factors, Sino-US conflicts, and the Russia-Ukraine war, the global economy has fallen into a downturn and the outlook is uncertain. In such an uncertain environment, the semiconductor industry may face some challenges. First, due to rising inflation, rising costs may affect the supply chain, leading to higher product prices, which in turn affect market demand. Second, geopolitical factors and Sino-US conflicts may lead to increased trade barriers and policy risks, further expanding market uncertainty and investment risks. In addition, the Russia-Ukraine war may trigger fluctuations in global raw material and energy prices, further exacerbating market volatility.

However, with the acceleration of global digital transformation and the continuous advancement of technological progress, the semiconductor industry still has great potential for development. It is expected that in 2023, technologies such as smartphones, tablet computers, wearable devices, Internet of Things, artificial intelligence, and 5G will continue to develop rapidly, further promoting the demand and growth of the semiconductor industry.

In addition, as countries strengthen infrastructure construction and investment in technological innovation, the semiconductor industry will also have more opportunities to participate in domestic and foreign market competition. Especially in artificial intelligence, autonomous driving, smart home and other fields, the application of semiconductor technology is becoming more and more extensive, which will bring more opportunities for semiconductor manufacturers.

Automotive semiconductors and electronics are fast-growing fields in recent years. For Taiwanese manufacturers, they face the following opportunities and challenges:

Opportunities:

1. The global automotive semiconductor and automotive electronics market demand is growing, especially in the fields of new energy vehicles, smart vehicle systems, and high-precision maps. Taiwanese manufacturers can use their own technology and manufacturing advantages to expand their market share.
2. Taiwan has strong strength in semiconductor and electronic component manufacturing technology, and many Taiwanese manufacturers have rich experience in auto parts manufacturing, which will help improve product competitiveness and technical level.
3. Many automotive semiconductors and automotive electronic products require high-quality, high-reliability, and high-safety electronic components. Taiwanese manufacturers can use their own advantages to provide high-quality products that meet market demand.

Challenges:

1. The technological update speed of the automotive semiconductor and automotive electronics market is relatively fast, and it is necessary to continuously improve the technical level and research and development capabilities, and to achieve high-quality, high-reliability manufacturing, which puts higher demands on manufacturers' research and development investment and production management.
2. The automotive industry has high requirements for the reliability and stability of the supply chain, requiring Taiwanese manufacturers to provide high-quality, high-stability products and services, and strengthen supply chain management.
3. The global automotive semiconductor and automotive electronics market is highly competitive, especially in the context of the government's strong support for industrial development in mainland China and other places. Taiwanese manufacturers need to improve their own technology and product advantages to maintain their competitive advantage.

In short, despite facing many uncertainties, the semiconductor industry still has the opportunity to continue to develop rapidly in 2023. Through technological innovation and market development, Taiwanese semiconductor manufacturers also have the opportunity to maintain a leading position in the global market.

#### Supply Chain

The company is responsible for specification formulation, IC design and system design, wafer needle testing and after-sales service, etc. Mask making, wafer manufacturing, wafer dicing, IC packaging and final testing are entrusted to professional manufacturers. Taiwan's semiconductor manufacturing supply chain is very complete. The upstream and downstream manufacturing plants are located in or around the Hsinchu Science Park, forming a semiconductor settlement effect that can effectively improve manufacturing efficiency.

a) Market Trend and Competition

Company	Main Product	Product development trends and competitive situation
Sunplus	<p>IC products are used in automotive infotainment systems, advanced driver assistance systems (ADAS), home audio Soundbar and DVD players, vision AI chip, and authorized high-speed interface IP, high-performance data converter IP and analogy IP.</p>	<p>Sunplus continues to develop a single chip (Display Audio SoC) in the IVI product line that supports mobile phone interconnection functions such as Apple CarPlay and Google Android Auto. It has completed wired and wireless interconnection systems, and has assisted many customers to pass Apple and Google certification for more than 60 models Introduced into mass production. In 2021, the smart cockpit system single-chip solution will be launched, which can realize the application of multiple screens in one machine. In 2022, many pre-installation customers have introduced mass production, and in 2023, it will continue to expand the market share in smart cockpit applications.</p> <p>Sunplus audio products, relying on the excellent acoustic algorithm technology accumulated over the years, have developed a variety of high-definition audio processing single chips (Audio SoC). The user's immersive spatial audio experience has been well received by the market; in 2022, it will once again lead the industry in launching an integrated Bluetooth transmission audio chip with the latest built-in Bluetooth technology, which will once again enhance the user's wireless serial space surround sound field experience; in 2023, it will further launch spatial noise cancellation The audio chip, regardless of meeting or home communication, will not be disturbed by noise, and enjoy the user's purified voice sound field, so as to extend the application of various audio products and lead the audio market with excellent acoustic technology.</p> <p>Sunplus also provides IP licensing for high-speed interfaces, data converters and analogs.</p> <p>In addition, the visual AI chip developed by Sunplus is a system-on-a-chip with an image input interface and a complete Linux and AI development environment. It adopts vision-based artificial intelligence technology, capable of complex image processing and analysis, and supports the development of various AI algorithms. This chip not only has high-efficiency computing capabilities, but also has the advantages of low power consumption and small size. It can be</p>

		used in many occasions, such as intelligent monitoring, autonomous mobile robots and other fields. It is a technological innovation with extremely high value.
Generalplus	<p>A. Educational learning platform</p> <p>B. Smart interactive toy market</p> <p>C. Wireless charging market</p> <p>D. Imaging product market</p> <p>E. Brushless Motor Market</p>	<p>A. Educational learning platform The highly integrated ARM 9 SoC up to 513MHz can not only achieve full HD 1080P full high-definition H.264 image compression and decompression, but also support 5 million pixels of photography and add a number of new hardware acceleration engines. In 2020, an AI chip integrating a neural network will be launched, which will be applied to products including face recognition, tracking, and object recognition in conjunction with related algorithms developed by itself. Its response speed and accuracy have comparable effects. In 2021, the more powerful A7 processor and the second-generation neural network-like chip will be launched, which further improves processing efficiency and can handle more complex algorithms and functions. It is worth mentioning that Generalplus color screen toys will continue to shine in the 2022 "Japan Toy Awards", and 6 products with built-in Generalplus 16-bit voice IC and 32-bit multimedia IC won the awards! Among them, the Japanese brand toys Corner Bio Children's Computer Learning Machine has won the "Best Selling Award" for 2 consecutive years! The "Coemo" story machine simulates and synthesizes the voices that parents have pre-registered through the App. After that, it is sent to the Speaker for playback via BLE, replacing busy parents Telling stories to children, the brand-new idea won the "Gold Award" from the education department!</p> <p>B. Smart interactive toy market In the field of interactive toys, the company has always led the market towards more interactive smart toys, covering platforms ranging from 8-bit, 16-bit to 32-bit. Because of the excellent performance of the platform, the company has created various interactive methods, and took the lead in developing voice recognition and image recognition technologies to implement in toy products.</p> <p>C. Wireless charging market We will continue to launch more integrated transmitter chips, and will introduce a higher specification WPC 1.3 specification. We will also pass the Qi 1.3 product certification in 2022. For the magnetic suction MPP wireless charging solution that Apple mainly promotes, we are also the shortest market within a short time.</p>

		<p>D. Image Product Market In addition to continuously increasing market share in the original driving recorder market with the advantages of higher integration, high stability and high cost performance, it is also developing into other consumer fields on the basis of image processing, including children's cameras, outdoor multi-function Cameras, live streaming tracking platforms, personal care products, and new applications and products are constantly being introduced to the market.</p> <p>E. Brushless Motor Market Introduced an integrated IC with driving functions, and the application field has gradually expanded from electric bicycles/scooters and other mobility aids with a relatively high market share to household fans, vacuum cleaners, hair dryers and other small household appliances, industrial fans, hand-held machine tools and other applications , and will launch a new IC with CAN communication protocol in the first half of 2023, which has a better solution for future automotive use and products exported to Europe.</p>
Sunplus Innovation Technology	<p>1. Image processing control chip, main application:  (1) Laptop Embedded Camera (NB Camera)  (2) USB external webcam (USB Webcam)  (3) Document Scanner  (4) Medical endoscopic camera  (5) Pull the camera back from the driving recorder  (6) Internet of things agricultural surveillance camera</p> <p>2. Micro-control chip, the main application:  (1) IoT wireless sensing control bridge module low power consumption IOT imaging system</p>	<p>Development trend:  A. Image processing control chip  With the popularization of network cameras, users have higher and higher requirements for the image quality of network cameras. The company's R &amp; D and marketing strategy is to focus on products with HD, FHD, 5 million and 4K2K resolution specifications, and introduce artificial Intelligent edge computing capability, aiming to provide high-quality high-end imaging application products and solutions as the market goal.  The built-in Windows Hello biometric system of the Microsoft operating system needs to add an infrared (IR) camera module for face recognition to the camera, and our company proposes an image control chip corresponding to an RGB IR sensor. Successfully obtained the Microsoft Windows Hello face recognition camera certification. Looking forward to the future, the company will continue to optimize the image processing controller chip and introduce AI computing processors to meet the market's needs for the security and reliability of biometric systems.</p> <p>B. Microcontroller chip  The company's microcontroller products are mainly used in human-machine interface devices (Human Interface Device, HID). In addition, the applicability and popularity of low-power IOT imaging devices are getting higher and higher. The low-power image</p>

		<p>micro-processing chip proposed by our company is a micro-control chip that provides extremely power-saving and excellent image processing capabilities. Looking forward to the future, the company will continue to optimize the capabilities of micro-processing chips and add edge computing AI computing modules to meet the needs of intelligent IOT devices.</p> <p>Competition situation:</p> <p>A. Image processing control chip Due to the large amount of global semiconductor sales, it is difficult to distinguish the terminal product categories. According to the Trend Force report, the global notebook computer shipments in 2022 will be about 186,000 units. At present, the leading manufacturer of image processing chip IC design for NB Camera is my country. Realtek and the company, Realtek's product line mainly covers HD, FHD and 5M chips, the company mainly focuses on image processing chips above HD, FHD and 5M/4K, and Sonix is the third supplier.</p> <p>B. Microcontroller chip Image processing MCU is a diverse market, and there is no dominant competitive leader.</p>
Jumplux Technology	<p>Factory-installed regulations USB3.2 MediaHub IC</p> <p>Factory-installed regulations USB3.2 PHY IP</p>	<p>Factory-installed car specification product line: With the factory-installed car customers who have already shipped, they continue to work on peripheral chips related to pre-installed car specifications. The current main competitors are Microchip, ST, Ti and NXP</p>

## 6.1.4 Technology and Development

### a) R&D expenditure

Unit: NT\$K, %

Item \ Year	2022
Expense	2,153,458
Percentage to Revenue	32%

### b) R&D Accomplishment

Company	Accomplishment	Applications
Sunplus	<p>(1) H.264 decoder</p> <p>(2) MPEG2/MPEG4 decoder</p> <p>(3) Servo Control</p> <p>(4) HDMI DVD Chip Product</p> <p>(5) JPEG decoder</p> <p>(6) Video encoder</p> <p>(7) CarPlay / Android Autod single chip and system platform</p> <p>(8) ADAS system platform</p> <p>9) Various immersive surround sound field algorithms</p> <p>(10) The latest Bluetooth audio wireless</p>	<p>(1) Automotive entertainment system chip</p> <p>(2) Vehicle intelligent cockpit system chip</p> <p>(3) Automotive cockpit acoustic system chip</p> <p>(4) Next-generation Audio Immersive Multi-Surround Chip</p> <p>(5) Next-generation Audio Bluetooth transmission integrated chip</p>

	transmission technology (11) Vision AI Processing	(6) Next-generation Audio drive power amplifier chip (7) High-speed interface IP (8) High-performance data converter IP (9) Analogy IP (10) Vision AI chip
Generalplus	(1) Completed the development of a new generation of 32-bit Cortex-M0 voice/music synthesis control SoC (2) Completed the development of a new generation of 40nm 32-bit high-end multimedia open application platform SoC (3) Completed the development of 32-bit sine wave drive control IC (4) Completed the development of 32-bit measurement IC	(1) Integrate CPU, Cache, RAM, I/O, timer, microphone amplifier circuit, Sigma-Delta ADC, high-resolution digital audio amplifier drive circuit and SPI interface, allowing customers to connect external SPI Flash of different sizes, providing customers with A more cost-effective speech/music synthesis solution. (2) Built-in Cortex-A7 CPU, 3D GPU, a new generation of deep learning processing unit, a new generation of image processing unit, voice processing unit, high-speed audio-visual interface, etc., which can be used for face/human shape/gesture recognition, human body image tracking, and portrait removal Back, age transformation, cartooning and other deep learning algorithms can help customers use this platform to develop various applications such as human-machine interface (HMI) platform, 1080p driving recorder, sports camera, aerial camera, hunting machine, etc. (3) Integrating Flash ROM, RAM, Programmable PWM, 1Msps 12-bit ADC and high-speed OPA, the smallest package can be used to miniaturize end products and still achieve sine wave drive control, such as DC brushless motor applications such as fans and machine tools solution. (4) Integrated CPU, Flash



		ROM, RAM, built-in low-noise operational amplifier (OPA) and high-resolution Sigma-Delta ADC measurement IC, can be used in ear thermometers, carbon dioxide measurement and other applications, providing cost-effective Measurement IC solutions.
Sunplus Innovation Technology	(1) USB2.0 camera controller with AI for NB/PC (2) USB2.0 camera controller with HDR for NB/PC (3) USB3.0 camera controller for video conference/industrial camera	(1) Complete the development of a low-power, NB/PC camera controller with AI functions, which can fully meet the strict requirements of Microsoft's new generation of HPD (Human Presence Detection) for low power consumption (2) Using advanced algorithms to complete the development of hardware HDR (High Dynamic Range) technology that does not require built-in DRAM, it can still retain the details of the bright and dark parts of the photo in an environment with a greater difference between light and dark (3) Using advanced image processing algorithms, with a USB3.0 high-transfer rate controller, complete the development of control chips for video conferencing and industrial cameras
Jumplux	(1)USB Display IC (2)Automotive Mediahub IC	(1) Factory-installed car standard USB3.2 TYPE C MediaHUB IC (2) USB3.2 10Gbps x 2 PHY IP

### 6.1.5 Business Plan

#### Short-term business plan:

In terms of automotive chip products and system platforms, Sunplus Technology has successfully developed a car CarPlay/Android Auto (DA, Display Audio) audio-visual system and successfully introduced it to Japan, South Korea, and China. The terminal product sales areas are mainly North America, South America, Southeast Asia, Japan, China and the Middle East,

etc. In 2022, the global production of light passenger vehicles is about 81 million units, and it is expected to grow to 83 million units in 2023 (LMC Automotive's January 2023 estimate). The growth trend is not as optimistic as previously estimated, mainly because the global prices remain high, and the Russian-Ukrainian conflict has an adverse impact on the world economy. By 2024, global production and sales will still fail to reach pre-pandemic levels. Sunplus' 2023 automotive product line resource allocation will prioritize applications such as intelligence, networking, electronics/electrification, and continue to expand market share in China, North America, Southeast Asia and other regions that are expected to grow slightly this year. In terms of smart audio product development, in addition to continuing to promote immersive multi-surround audio chips combined with Dolby Atmos 3D sound effects to major international home appliance and professional audio brand manufacturers, it has also gradually popularized from the original high-end models to mid- and low-end applications to expand market share. At the same time, with the increasing demand for wireless audio transmission, a new audio Bluetooth transmission integrated chip is launched, with the latest Bluetooth specification built-in, and its newly defined low-power audio (LE Audio) application, market application. On the other hand, with the outbreak of the epidemic, the demand for intelligent voice remote conferences has increased, and the development of audio noise reduction conference system chips has prompted Sunplus' audio product line to be more complete, from sound output to input, wireless to wired, home audio, games, conference, and car, it can meet various audio needs of market customers.

Generalplus Technology focuses on consumer electronics chips. Its product lines include LCD control, voice/music, multimedia and microcontroller chips. Its product research and development ranks in the leading position in this market. The main application products include electronic computers/game consoles, voice interactive toys, digital audio players, various electrical appliances and various consumer electronic products. In the consumer product line, it is expected to maintain stable growth and profitability; in the multimedia product line, it will focus on AI smart robots, wearable devices, OID, driving recorders, aerial photography recorders and sports DV, etc. Development and market expansion will continue to grow; in the MCU product line, more emphasis will be placed on the planning and development of new product lines and the establishment of new customers, and more resources will be invested to accelerate the expansion of product lines.

Sunplus Innovation Technology focuses on the development of computer peripheral application chips, and its products include PC/NB human-machine interface device chips, network camera chips, optical sensors, remote control control ICs, etc. The sales amount in 2022 will mainly come from PC/NB-related camera control chip solutions and consumer image processing solutions. Continue to cultivate in image processing technology, and at the same time invest in the field of machine vision to add more value to image product solutions, and continue to grow steadily in the future.

Jumplux Technology focuses on peripheral chips for factory-installed vehicles. The top 10 customers account for about 100% of the total revenue by 2022. The customers are all Tier 1 manufacturers in China, and their products are all positioned for factory-installed in-vehicle applications. In addition to the Sino-foreign joint venture automakers in North America and Europe that are currently in mass production, they have also successfully mass-produced in the top three independent brand automakers in China. At the end of the year, Japanese automakers and a number of new Chinese automakers have mass-produced goods. In 2023, the SPD10X series car-spec Media Hub product line will not only continue to be mass-produced by many domestic Tier1 manufacturers, but also upgrade the original SPD10X product line, which is expected to increase the performance in 2023.

**Long-term development:**

Sunplus Technology includes all of the Group's consolidated entities, will continue to deepen its core competitiveness in all areas, strive to expand the market to increase market share, develop high value-added products to improve gross margin, observe the boom and market trends, adjust and optimize the product line Reinvestment to improve the performance of industry and industry investment, at the same time, it actively invests in the development of advanced technologies and products, expands the scale of operations, enriches the operating team and enhances the company's visibility and image, in the hope of creating more profit for all shareholders.

**6.2 Market Status****6.2.1 Market Analysis****a) Market Analysis by Region**

Unit: NT\$K, %

Area	2022	
	Amount (NT\$K)	Percentage (%)
Asia	4,025,105	60.03
Taiwan	2,638,008	39.34
Others	42,595	0.63
Total	6,705,708	100.00

**b) Market Share**

According to the statistics of the International Institute of the Industrial Technology Research Institute, the output value of Taiwan's IC industry in 2022 will reach NT\$4.837 trillion, an increase of 18.5% over 2021. In 2022, IC design market value reaches NT\$1.23 trillion, an annual increase of 1.4%. The output value of the IC design industry was 1 trillion, 214.7 billion yuan, an increase of 42.4% over 2020; the IC manufacturing industry was NT\$2.92 trillion, an increase of 31% over 2020, of which foundry was NT\$2.68 trillion, an increase of 38.3%; memory and other manufacturing is about NT\$235.6 billion, an annual decline of 18.2%; IC packaging industry is NT\$466 billion, an annual growth of 7%; IC testing industry is NT\$218.7 billion, an annual decline of 2.3%.

The company's consolidated revenue in 2022 is NT\$6.71 billion, with a market share of about 0.55%

**c) Demand and Growth**

MIC pointed out that the performance of Taiwan's semiconductor industry is still better than that of the world. It is estimated that the annual output value will be NT\$4.3 trillion, with a growth rate of 15.8%. It is estimated that the output value will grow slightly by 1.7% in 2023. Industry analyst Yang Kexin pointed out that the rapid decline in demand for consumer terminals will impact the revenue growth of IC design, IC packaging and testing, and memory industries in the second half of 2022. At present, the semiconductor industry has entered the inventory adjustment stage, and the Fabless and memory industries are facing demand decline, oversupply, and impact on IC packaging and testing demand are not conducive to the overall operation in 2023. However, with the support of leading foundry companies, it is expected that Taiwan's semiconductor industry will still maintain positive growth in 2023.

Observing the development trend of the overall semiconductor technology, Zheng Kai'an, a senior industry analyst at MIC, pointed out that the development of heterogeneous integrated packaging in the future deserves attention. As the global packaging and testing industry market continues to grow, in addition to professional OSAT factories, major wafer manufacturing companies such as TSMC, Samsung, and Intel have also begun to lay out advanced packaging technologies and increase capital expenditures on advanced packaging. Heterogeneous integrated packaging can be applied to the stacking density of high-end computing chips and the improvement of computing performance, as well as the production of silicon photonics optoelectronic integrated chips, which can improve the efficiency of photoelectric signal conversion and data transmission, and will help meet the needs of smartphones, automotive, aerospace, medical, Terminal application products such as the Internet of Things need to integrate diversified functions and improve computing performance.

Company	Product Application Market	Demands and Growth Factors
<b>Sunplus</b>	Car infotainment & ADAS	In 2023, global demand for new cars is estimated to grow slightly compared to 2022. Orders from first-tier aftermarket brands are relatively stable, but orders from second-tier brands are conservative. Negative factors are rising global prices affecting consumer willingness and the continued impact of the Russia-Ukraine war on the supply chain. The supply chain for wafer production is no longer as tight as before mid-2022, and although the production cycle is still long, it has improved significantly.
	Smart Audio Products	Global consumer products will be affected by uncertain factors such as global inflation, the war situation in Eastern Europe, and epidemic control in 2022. The market demand will slow down and the inventory level will increase. It is expected that this will affect the shipment of related products until the end of 2023. Despite this, new audio product applications continue to emerge in the market, Sunplus smart audio products are also launching new products one after another, supplemented by the expansion of new customers and new applications, in 2023 smart audio products can gradually achieve market layout results, The operation developed steadily.
<b>Generalplus</b>	Education and learning toys	Electronic education toys have been more than ten years of history, because of its excellent interaction and sound and light effects, can help children to learn from the shape, name, number to text and so on, through fun games and interactive processes, due to the prevalence of smart phones and tablet PCs, for school age children and adolescents, in the electronic trend, manufacturers have also begun to launch such as Tablet PC learning platform, children in the subtle, but also because the learning effect is better than traditional books development of fast learning, so the market continues to grow rapidly.
	Intelligent interactive toys	The field of smart interactive toys is the company's key development

		<p>direction and is the IC design company with the highest market share. In addition, in high-end products, 16 / 32-bit SoC control chips are also used in countless products every year, such as karaoke, electronic pianos, children's cameras, TV interactive entertainment platforms and wearable devices. In addition, intelligent photorealistic pets and robots are currently the hottest topics. Under the trend of aging, more products have been designed to be used by older ethnic groups.</p>
	Wireless charging	<p>All well-known mobile phone brands in the world have officially supported wireless charging, showing that the market is constantly following this trend. There are more than 500 million devices with built-in wireless charging in the world. It is estimated that in the next 10 years, the global shipments of transmitters and receivers will increase will continue to increase. The growth of the automotive market is also the focus of future wireless charging development. At present, more than 120 models have built-in wireless charging, including Mercedes-Benz, BMW, Lexus, Toyota, Honda and other major car manufacturers. The company is optimistic about the future market potential of wireless charging. It has already completed the technical layout and the latest Qi certification ahead of its peers. The shipments of related products continue to rise.</p>
	Image product market	<p>In the past two years, the driving recorder market has gradually matured, but Generalplus has always maintained a certain market share, and has continuously launched newer products, such as the introduction of electronic rearview mirrors and voice control to enhance competitiveness, and other new products in the market. For example, smart door locks, hunting machines and personal health care products, etc., Generalplus has made ink. Although starting from the second half of 2022, due to the double negative effects of inflation and</p>

		interest rate hikes, the market's buying sentiment has been greatly affected, Generalplus still continues to develop higher-end products, and it can quickly pull up when the economy picks up. High shipments.
	Brushless DC Motor Market	Under the trend of energy saving and carbon reduction in the brushless DC motor market, the rapid development of the overall market is beyond doubt! The company has been working in this field for many years, especially in the field of electric bicycles in mainland China, which has a market share of more than 30%. The application products also extend from electric bicycles, scooters, all the way to home appliances, machine tools, industrial control motors and other related applications. With the continuous increase of DC brushless motor products in the market, the company estimates that this product line can maintain an average annual growth rate of more than 10% in the next five years.
<b>Sunplus Innovation</b>	Image signal processing chip/Microcontroller chip	Beginning in the second half of 2022, the demand for various devices for remote work has slowed down, making destocking a top priority for the industry; The global unblocking of regulations will lead to a reversal of the economy, and the market demand for semiconductor components will continue to grow significantly. The company will continue to develop differentiated, high-quality, and high-value-added image processing chips to provide customers with high-quality and stable products and maintain the company's market competitiveness.
<b>Jumplux</b>	Factory-installed peripheral market	The automobile is hailed as the fourth C after the 3C market in the electronics industry. Especially with the joint investment of the automobile and electronics industries, the market has begun to accelerate development, and the industry, government, and academia are also optimistic about its future potential. According to the international management consulting company Bain &

		<p>Company's report pointed out that the ADAS ecological supply chain includes inter-vendor technology, software, hardware and services. The output value in 2025 is US\$ 26 billion. In addition to the MediaHub that has been shipped, the current scene is also actively invested Development with related peripheral chips, such as pre-installed car audio class AB power amplifier chip, MIPI APHY TX RX chip.</p>
--	--	--

**d) Advantages and disadvantages of competitive advantages and development prospects**

(1) Competition Analysis

(a) Accumulation and impartation of the experience of the R&D team

The company since its inception in 1990 that is positioned as IC design company, management team has established a complete product development, technology management, marketing and other systems, and passed on to the backward employees, so that technology without fault, customers less complain, the staff personal growth achievements. In addition, Sunplus and actively establish a patent layout, so that the core IP research and development can create more value.

(b) Focus on high-level consumer IC market, enlarge the distance from competitors

Since the IC market is extremely competitive and stagnation is an ever-present trap, we keep on bringing in a large number of R&D resources to develop new high-level consumer products and widening the distance between us and other competitors. Meanwhile, Sunplus' numerous product lines give us a tremendous advantage over our competitors. We are the kind of customer that prized by most wafer foundries because our wafer demand does not fluctuate when a few products are eliminated. Due to our steady stream orders to our wafer suppliers, we enjoy more consistent wafer supply during peak seasons over our competitors. This also allows us to keep our wafer costs at a competitive rate.

(c) Strategic cooperation with upper stream and down- stream factories

In recent years, Sunplus has increased cooperation between our upper stream and down-stream factories. We believe that this new strategic and more dynamic cooperation relationship will bring positive contributions to our production and marketing in the long term.

(d) Maintain long-term and stable cooperative relationship with customers

Consumer electronic products rely on IC to raise their added-on value; consequently the manufacturers and brand-names choose their IC suppliers with extreme caution by evaluating their product specification, features, delivery term, yield rate, and sales service. IC design houses have to work in coordination with customers to build up long-term relationship and facilitate the cooperation.

Sunplus is always devoted itself to cutting-edge technology development and have accumulated IC design expertise. We also adopted distributors as expanding sales channels to reach more customers with strongly support and best service. Till today, we have sustained a strong relationship with a lot of end-product manufacturers worldwide.

(2) Advantages

(a) Sunplus offers high value-added products to enable customer to win the market.

(b) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.

(c) Sunplus has strong IC design capability to meet customers' requirements for time to market and costs reduction.

(d) Sunplus has built up long-term relationship with wafer foundries due to our steady demand for wafers, and therefore we can get stable supply and lower prices from wafer foundries.

(e) Sunplus have developed a strong technology and customer base on car entertainment IC that makes Sunplus easier to get into automotive ADAS applications

(3) Disadvantages

- (a) The competitors are mainly international and big IC design companies.
- (b) Revenue and growth are slowing down due to poor PC demands.
- (c) SoC design and integration of features and functions, which developing products costs are a lot more than before, has become the trend of IC design.
- (d) Consumer application demands link to world economics.
- (e) There is high entry-barrier to get into automotive market.

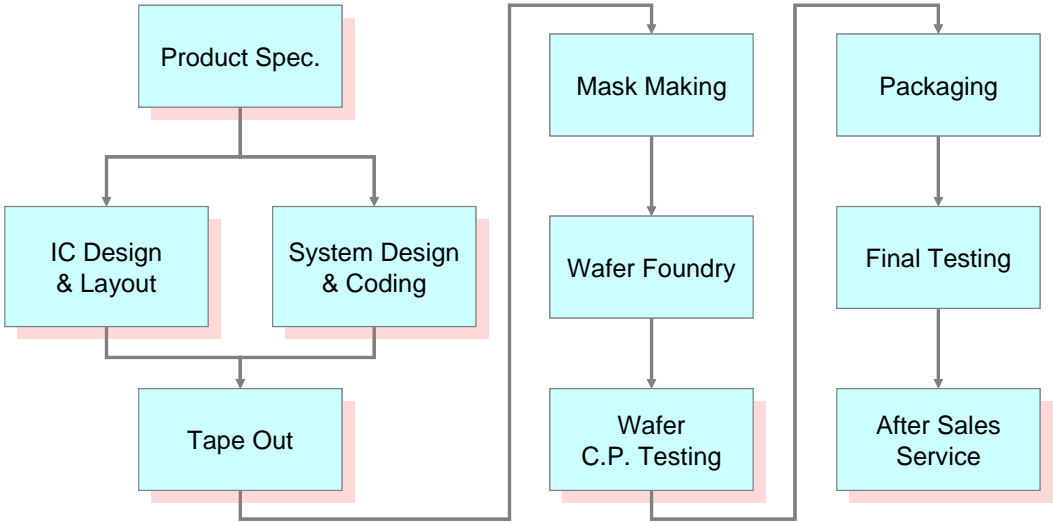
(4) Business Strategy

- (a) Developing new and high value-added products.
- (b) Process migration to make per wafer productivity higher and drive cost down.
- (c) Expanding strategic partnership with clients to create win-win situation.
- (d) Collaboration with partners to broaden IP licensing sources.



### 6.2.2 Product Applications and Development Flow

a) IC Development Flow



In the product development flow, Sunplus focuses on IC design, system design, wafer testing and sales services but out-sources most aspects of the manufacturing including mask making, wafer fabrication, wafer sawing, packaging, and final testing.

### 6.2.3 Major Suppliers

The major materials are wafers, at present the main suppliers for domestic and foreign wafer foundry manufacturers, whose wafer supplements are sufficient and stable.

Main raw material name	Major suppliers	Supply status
Wafer	A, B, D	Quality and supply stability, long-term cooperation, the supply situation is good.

## 6.2.4 Major Customers and Suppliers in the Recent Two Years

### a) Major Customers

Unit: NT\$K

2021				2022			
Customer	Sales Amount	% of Total Sales	Relation with Sunplus	Customer	Sales Amount	% of Total Sales	Relation with Sunplus
A	1,304,126	16.38	No	A	1,028,749	15.34	No
B	1,145,765	14.39	No	B	940,203	14.02	No
C	939,932	11.81	No	C	825,668	12.31	No
Others	4,571,008	57.42		other	3,911,088	58.33	
Net sales	7,960,831	100.00		net sales	6,705,708	100.00	

### b) Major Supplier

Unit: NT\$K

2021				2022			
Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus
A	967,464	40.46	No	A	1,111,605	38.69	No
C	220,377	9.21	No	B	254,639	8.86	No
D	204,820	8.56	No	D	242,183	8.43	No
Others	998,835	41.77		other	1,264,680	44.02	
Net purchase	2,391,446	100.00		net sales	2,873,107	100.00	

## 6.2.5 Production

Unit: thousand pcs, NT\$K

Product \ Year	2021			2022		
	Capacity	Output	Value	Capacity	Output	Value
IC income	-	744,686	4,082,102	-	532,363	3,471,047
Other ICs	-	-	434	-	-	-
Total	-	744,686	4,082,536	-	532,363	3,471,047

Note: The main raw material of our products is wafer, and Sunplus out-sourced production to wafer foundries, so there is no capacity limitation.

## 6.2.6 Sales

Unit: thousand pcs, NT\$K

Product \ Year	2021				2022			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
IC income	290,839	3,164,806	432,956	4,450,429	147,842	2,624,245	339,537	3,676,870
Other ICs	-	23,181	559	322,415	-	13,763	-	390,830
Total	290,839	3,187,987	433,515	4,772,844	147,842	2,638,008	339,537	4,067,700

## 6.3 Personnel Structure

Year		2021	2022
Workforce Structure by Job Function	R&D	766	778
	Production	67	67
	Administration	245	246
	Total	1,078	1,091
Average Age		38.3	38.3
Average Years Served		9.17	9.17
Workforce Structure by Education Degree	Ph.D.	1%	1%
	Master	41%	40%
	Bachelor	48%	49%
	Other Higher Education	7%	7%
	High School	3%	3%
Total		100%	100%

## **6.4 Environmental Protection & Expenditures**

### **6.4.1 Environmental Protection**

The company is a professional IC design manufacturer of high-tech integrated circuits. It is engaged in the research and development of semiconductors in the Hsinchu Science Industrial Park. All products are entrusted to well-known domestic and foreign integrated circuit manufacturers to manufacture wafers, without any environmental protection regulations. Hazardous pollution sources and related matters that do not violate environmental protection regulations. Most of the company's operations are office operations, and there are no facilities and equipment that generate harmful pollution sources, and no expenditure on environmental protection operations; products are entrusted to wafer foundries, packaging, and testing foundries that have the best combination of quality, cost, and production efficiency. Reduce the consumption of defective products and effectively reduce environmental protection expenses directly and indirectly. If there are defective products, they are currently cleaned by qualified manufacturers for free, and there is no cleaning cost. Based on the concept of realizing environmental protection and showing care and responsibility for the society, the company has established an environmental protection system and promised and announced that it has passed ISO 14001:2015 certification; in addition, in order to reduce the impact of electronic waste on the ecological environment, Sunplus Technology provides customers with products that do not contain hazardous substances and are satisfactory. At present, all Sunplus products comply with regulations and customer requirements, and have passed IECQ QC080000 certification.

In order to reduce the impact of the greenhouse effect on the climate, Sunplus Technology is currently conducting self-inspection based on the ISO14064:2018 version, and takes the 100th year of the Republic of China as the base year for the inventory to conduct an inventory of greenhouse gas emissions, which is disclosed in the Sustainability Report (ESR Report). ), without external validation.

According to the self-inspection results, the annual greenhouse gas emissions in the past three years (2020-2022) were 4,060.00, 3,960.95, and 3,634.229 (ton-CO<sub>2</sub> equivalent) respectively. Among the annual greenhouse gas emissions of 3,634.229 (ton-CO<sub>2</sub> equivalent) in 2022, those that belong to [a. Direct greenhouse gas emissions and removal] (ie ISO14064:2006 [Scope 1], direct emitters (such as fuel consumption of official vehicles and generators Oil user) is 2.4139 metric tons-CO<sub>2</sub> equivalent, only about 0.07%. The rest is [b. Indirect greenhouse gas emissions from input energy] (that is, [Scope 2] of ISO14064:2006, indirect emissions from purchased electricity and other energy sources) .

Sunplus belongs to the IC design industry. More than 99.9% of the greenhouse gas emissions are indirect emissions. The emission sources mainly come from the water and electricity needed for air conditioning and office lighting. The factory monitoring system has been used to make the operation of air conditioning equipment more efficient. , and at the same time, publicize energy-saving concepts and actions to colleagues, aiming to reduce unnecessary waste by more than 2% per year; compared with 2021, greenhouse gas emissions in 2022 will be significantly reduced by 8.25%, and have reached the standard in recent years.

At present, the existing monitoring system is used to control energy-saving measures. In the fourth quarter of 2022, the project cost of about NT\$ 4 million was used to completely replace energy-saving LED lamps in the factory. It is estimated that more than 280KWH of electricity consumption can be saved throughout the year. At least 143.5 tons-CO<sub>2</sub> equivalent of greenhouse gas emissions can be reduced, and the reduction rate of greenhouse gas emissions can reach more than 3.6%. In addition, it also actively strengthens employees' environmental protection awareness, promotes waste reduction, recycling, energy saving and water saving, and saves energy and resource consumption. , in order to reduce the impact on the environment.

For the waste, the output of general industrial waste is 101.03 tons, with a monthly average of 8.419 tons, including general waste from business activities (D-1801), waste plastic mixture (D-0299), and waste fiber mixture (D-0899) , and D-1801 category accounted for

81.59%; another IC defective product (hazardous industrial waste listed in the Environmental Protection Act) was 0.6 tons, and the output was very small; the statistics, evaluation and difference analysis of the total weight of industrial waste were in line with this The environmental safety and health management policy formulated by the company includes "risk control, disaster prevention" and "energy saving and waste reduction, sustainable environment".

## 6.4.2 Workplace

As a leading company in IC design, caring and taking care of the company's workers is the company's primary responsibility. We provide facilities and environment that are superior to occupational safety and health laws and regulations, and set up dedicated organizations and personnel in accordance with the law to implement environmental safety and health management related matters.

The relevant mechanical equipment in the company's workplace implements regular automatic inspections according to the statutory cycle, and the monitoring of the labor operation environment is implemented every six months (April and October each year) to ensure the safety of employees, the environment and equipment, and provide regular health checks that are superior to legal regulations. No occupational accident occurred in 2022. The number, number of employees and the ratio of occupational accidents to the total number of employees are all zero.

The company implements health checks for general employees and senior executives that exceed the requirements of laws and regulations every year to ensure that every employee can grasp their own health status. There is also a medical room, where professional physicians are stationed every two months to provide health consultation services for employees and arrange health promotion activities from time to time. More importantly, we provide a friendly breastfeeding room for working women, equipped with refrigerators and electric breastfeeding equipment, and passed the Hsinchu County Workplace Friendly Nursing Room certification in 2015, allowing every mother in need They can work with peace of mind; in 2020, they will pass the health workplace certification of the Ministry of Labor and Safety Administration to protect the physical and mental health of every employee.

Sunplus Technology has passed the ISO 14001:2004 environmental management system certification since September 2004, and passed the ISO 14001:2015 new version certification in November 2016; since April 2018, it has promoted the occupational safety and health management system (ISO45001:2018 and TOSHMS) construction operation, in 2019 obtained two international and Taiwan occupational safety and health management system (ISO45001 and TOSHMS) double certification. In response to the revision of TOSHMS (CNS15506:2011) to CNS45001:2018, Sunplus Technology is even ahead of its IC design peers, and switched to the new version in advance in December 2019 and obtained the new version verification.

Management system	International standard code and version	Valid from	Valid until
Environmental Management System	ISO14001:2015	2023/02/10	2026/02/09
Occupational safety and health management system	ISO45001:2018	2022/02/25	2025/02/24
	TOSHMS (CNS45001:2018)	2022/02/25	2025/02/24

## 6.5 Employees

### 6.5.1 Employee Welfare

We strive to provide a clean and supportive environment for our employees. We established an Employee Welfare Committee to operate welfare activities including emergency aid, educational

grants, book purchase subsidies, social club activities and overseas trips. We also comply with the Labor Standards Law to conduct labor insurance and retirement system programs, and participation with the National Health Insurance plan according to the National Health Insurance Act. Moreover, we also handle group insurance and insurance for employees' family to ensure security for our employees.

### **6.5.2 Pension Plan**

Sunplus has a pension plan for all regular employees, which provides benefits according to the Labor Standard Law. The Company makes monthly contributions, equal to 2% of salaries, to the pension fund, which is administered by a pension fund monitoring committee. The contributions are deposited in the committee's name in the Central Trust of China. Since July 1, 2005, employees who choose Labor Pension Act Implementation Rules of the Labor Pension, the Company makes monthly contributions, equal to 6% of salaries to the personal pension fund of Bureau of Labor Insurance.

### **6.5.3 Other Affairs**

Sunplus have smooth commutation channels with employees. Employees could address their opinions to management team directly. All operations are based on the Labor Standard Law. Sunplus' labor relations are outstanding. We are proud to say that there has not been a single loss resulting from a labor dispute since the establishment of the company.

### **6.5.4 Training**

The Company provides various kinds of external professional training courses & internal training regarding management, professional skills, general skills, special skills, and self-development.

### **6.5.5 Loss from Controversy between Labor and Management**

None

## **6.6 Information security management**

### **6.6.1 Describe the information security risk management framework, the information security policy, the specific management plan and the resources invested in the information security management, etc.**

#### **Information Security Risk Management Framework**

The company has set up a dedicated information security supervisor and dedicated information security personnel, who are responsible for promoting, coordinating, supervising and reviewing information security management matters.

The Information Division is responsible for the research, establishment and evaluation of information security policies, plans and technical specifications.

The business unit is responsible for the discussion, use management and protection of the security requirements of the information system and data.

The maintenance of secrets and the management of auditing and use of Information Communication shall be handled by the Internal Audit Office together with the relevant units.

Monthly information department executive meeting reports information operations and execution results to the CEO.

The audit office conducts internal audits every year, and if deficiencies are found, the inspected units will be required to improve measures and track the improvement results.

Every year, accountants will conduct information operation inspections, and if any deficiencies are found, they will ask for improvement measures and track the improvement results.

#### **Information Security Policy**

In order to enhance the safety and stable operation of information communication operations, the company provides reliable information communication services to ensure the confidentiality, integrity and availability of information assets, so as to comply with relevant laws, regulations, requirements of competent authorities and customer contract specifications, so that prevent from internal and external deliberate or accidental threats, and to smoothly promote the company's various businesses, the company's information security policy is specially formulated as the company's highest guideline for information security management. There are mainly the following strategies:

1. Establish security-related procedures for information and communication operations to ensure the

confidentiality, integrity and availability of information assets and the continuous operation of the company's business. And comply with relevant laws and regulations and operational requirements.

2. Establish the company's information security organization and define the division of labor and responsibility, so as to facilitate the implementation of information security operations.
3. Establish a reporting and response mechanism for information security incidents to ensure proper response, control and handling of information security incidents.
4. Regularly publicize information security policies and related regulations, and implement information security education and training for employees.
5. Regularly perform information security audit operations to ensure the implementation of information security management.

### **Specific management plan for information security**

1. "Information Communication Security Policy" and "Information Communication Security Operation Procedures" comply with the "Guidelines for Information Security Management and Control of Listed OTC Companies".
2. Clearly define the roles, responsibilities and division of labor of the information security organization. The Director of Information Security is the responsible person in charge of information security and assigns dedicated personnel in charge of information security.
3. Join the information security information sharing organization. Establish internal and external reporting windows and contact information for information security incidents and SOPs for emergency response.
4. Conduct information security publicity to employees every month to enhance employees' awareness of information security, a total of 12 times in 2022 years. The group's internal information management and security meetings are held every week, with a total of 50 meetings in 2022 years.
5. The audit office and accountants will conduct information operation inspections every year and take improvement measures.

### **Invested Resources for management plan of information security**

#### **1. Human resources:**

The Director of Information is the person in charge of information security and has assigned appropriate personnel to serve as the person in charge of information security. Colleagues in the information department manage the information system and are responsible for information security management. There are 16 people related to the company's information security management and maintenance.

#### **2. System resources:**

A multi-level network security defense in depth has been established, including networks, gateways, servers, systems, application software, terminals, peripheral equipment, etc. The relevant resources invested are as follows:

**High-availability infrastructure:** All important information and communication infrastructures are designed and constructed without a single point of system failure.

**New-generation Intrusion Prevention System (IPS):** Combined with cloud data to update defense strategies, block network attacks and avoid becoming a springboard.

**New-generation firewall:** Establish physical or logical partitions and security policies according to the characteristics of the work, and the R&D center independently controls them.

**Data transmission control and records:** Data transmitted from the company or downloaded to peripheral devices are controlled and recorded.

**Regular vulnerability scanning:** entrust a third-party information security company to conduct external vulnerability detection and repair and improve weaknesses or respond to them.

**Regular updates and repairs:** System updates, program and security vulnerability repairs to prevent viruses, malware and hackers from exploiting.

**Complete system backup:** The company's internal systems, application services and data are fully protected and backed up.

**Regular post-disaster recovery drills:** Regularly schedule post-disaster recovery drills and review improvement deficiencies and recovery time.

**System authority control:** authority application and change are controlled and recorded, and the password is updated every six months. Permissions are reviewed every six months.

**Network communication:** Communications between companies within the group use dedicated lines or public networks with VPN encryption.

**Mobile device security:** Remote connection company services such as personal business trips or home offices require two-factor authentication and encrypted channels.

**Endpoint device anti-virus and anti-hacking:** centralized management of terminal devices, virus code update, and behavior monitoring.

**Email Security:** Spam and malware filtering.

**Assets and system management:** client software and hardware asset transaction management, illegal software audit.



**6.6.2 List the losses, possible impacts and countermeasures of major information security incidents in the most recent year and up to the date of publication of the annual report. If it cannot be reasonably estimated, the facts that cannot be reasonably estimated shall be stated: None**

## **6.7 Important Contracts**

<b>Contract</b>	<b>Counter Party</b>	<b>Term</b>	<b>Content</b>	<b>Restriction</b>
Lease of Land	Hsinchu Science Park Administration	1995/8/01-2034/12/31	Lease of Land	Self-use
Lease of office	Hsinchu Science Park Administration	2019/01/01~2023.12.31	Lease of office	-
Licensing	ARM Limited	2007.12.27 ~	ARM7 TDMI-Score	Only license Generalplus
Licensing	ARM Limited	2010.06.01 ~	CORETEX-A8 Score	Only license Generalplus
Licensing	ARM Limited	2008.03.09 ~	ARM926EJ-Score	Only license Generalplus
Licensing	ARM Limited	2016.03.09~	ARM CORTEX –M0	Only license Generalplus

## VII. Financial Statements

### 7.1 Condensed Financial Statement and Auditors' Opinions by adopting IFRSs

#### 7.1.1 Condensed Balance Sheet by adopting IFRSs-Consolidated

Unit: NT\$K

Year		Recent 5 Years (Note 1)				
		2018	2019	2020	2021	2022
<b>Item</b>						
Current Assets		6,638,302	5,940,147	6,777,941	9,649,769	8,530,254
Fixed Assets		2,052,359	1,968,803	1,971,252	1,936,640	1,930,269
Intangible Assets		178,521	176,233	328,591	326,919	248,585
Other Assets		3,057,802	3,404,584	3,542,805	4,464,071	4,311,639
Total Assets		11,926,984	11,489,767	12,620,589	16,377,399	15,020,747
Current Liabilities	Before Distribution	1,684,729	1,342,416	1,824,672	2,846,038	1,739,712
	After Distribution	1,684,729	1,342,416	2,135,765	4,030,028	(Note 2)
Non-Current Liabilities		646,578	374,649	574,660	776,916	952,265
Total Liabilities	Before Distribution	2,059,378	1,917,076	2,601,588	3,798,303	3,285,819
	After Distribution	2,059,378	1,917,076	2,912,681	4,982,293	(Note 2)
Equity Attributed to Shareholder of the parent		8,465,942	8,178,533	8,413,763	10,118,337	9,262,088
Capital Stock		5,919,949	5,919,949	5,919,949	5,919,949	5,919,949
Capital Surplus		801,398	594,432	500,820	1,223,544	1,197,373
Retain Earnings	Before Distribution	2,250,839	1,988,579	2,317,473	3,255,931	2,388,850
	After Distribution	2,250,839	1,988,579	2,006,380	2,109,829	(Note 2)
Equity directly related to non-current assets held for sale		-	-	-	21,517	-
Other Equity Interest		(442,843)	(261,026)	(261,078)	(239,203)	(180,683)
Treasury stock		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Non-controlling Interest		1,401,664	1,394,158	1,605,238	2,460,759	2,472,840
Total Equity	Before Distribution	9,867,606	9,572,691	10,019,001	12,579,096	11,734,928
	After Distribution	9,867,606	9,572,691	9,707,908	11,432,994	(Note 2)

Note 1: Figures are audited by adopting IFRSs.

Note 2: The 2022 year surplus distribution proposal is yet to be approved by the shareholders meeting.

## 7.1.2 Balance Sheet by adopting IFRSs- Individual

Unit: NT\$K

Year		Recent 5 Years (Note 1)				
		2018	2019	2020	2021	2022
<b>Item</b>						
Current Assets		1,909,420	1,292,316	1,555,277	1,781,942	1,601,160
Fixed Assets		687,187	688,706	700,554	726,737	744,972
Intangible Assets		86,495	86,258	243,470	244,238	187,370
Other Assets		6,268,285	6,663,491	6,826,298	8,926,205	8,465,279
Total Assets		8,951,387	8,730,771	9,325,599	11,679,122	10,998,781
Current Liabilities	Before Distribution	413,663	312,929	471,763	946,345	519,087
	After Distribution	413,663	312,929	782,856	2,130,335	(Note 2)
Non-Current Liabilities		71,782	239,309	440,073	614,440	1,217,606
Total Liabilities	Before Distribution	485,445	552,238	911,836	1,560,785	1,736,693
	After Distribution	485,445	552,238	1,222,929	2,744,775	(Note 2)
Equity Attributed to Shareholder of the parent						
Capital Stock		5,919,949	5,919,949	5,919,949	5,919,949	5,919,949
Capital Surplus		801,398	594,432	500,820	1,223,544	1,197,373
Retain Earnings	Before Distribution	2,250,839	1,988,579	2,317,473	3,255,931	2,388,850
	After Distribution	2,250,839	1,988,579	2,006,380	2,109,829	(Note 2)
Equity directly related to non-current assets held for sale		-	-	-	21,517	-
Other Equity Interest		(442,843)	(261,026)	(261,078)	(239,203)	(180,683)
Treasury stock		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Non-controlling Interest		-	-	-	-	-
Total Equity	Before Distribution	8,465,942	8,178,533	8,413,763	10,118,337	9,262,088
	After Distribution	8,465,942	8,178,533	8,102,670	8,934,347	(Note 2)

Note 1: Figures are audited by adopting IFRSs

Note 2: The 2022 surplus distribution table is yet to be approved by the shareholders meeting

### 7.1.3 Condensed Income Statement adopting IFRSs -Consolidated

Unit: NT\$K

Year Item	Recent 5 Years (Note 1)				
	2018	2019	2020	2021	2022
Net Sales	6,077,733	5,486,660	6,414,140	7,960,831	6,705,708
Gross Profit (Loss)	2,429,384	2,348,905	2,925,096	4,161,606	3,300,767
Income from Operation (Loss)	(89,790)	131,741	516,167	923,536	287,890
Non-operating Income (Expense)	293,780	112,479	268,571	1,134,791	594,460
Income (Loss) Before Tax	203,990	244,220	784,738	2,058,327	882,350
Income (Loss) From Operations of Continued Segments (Loss)	142,323	174,752	618,827	1,756,242	670,457
Income (Loss) From Operations of Discontinued Segments	-	-	-	-	-
Consolidated Net Income (Loss)	142,323	174,752	618,827	1,756,242	670,457
Other comprehensive income (Loss) for the period, net of income tax	(131,361)	(102,073)	5,718	85,313	113,394
Total Comprehensive Income (Loss) for the Period	10,962	72,679	624,545	1,841,555	783,851
Net Profit (Loss) Attributable to: Owner of the Company	5,616	15,309	323,403	1,182,785	215,899
Net Profit (Loss) Attributable to: Non-controlling interests	136,707	159,443	295,424	573,457	454,558
Total Comprehensive Income (Loss) Attributable to: Owner of the Company	(120,733)	(77,049)	326,913	1,270,404	325,524
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests	131,695	149,728	297,632	571,151	458,327
Earnings per share (Loss)	0.01	0.03	0.55	2.01	0.37

Note 1: Figures are audited by adopting IFRSs.

### 7.1.4 Condensed Income Statement adopting IFRSs -Individual

Unit: NT\$K

Year \ Item	Recent 5 Years (Note 1)				
	2018	2019	2020	2021	2022
Net Sales	1,238,780	1,235,269	1,168,660	1,520,142	1,374,542
Gross Profit(Loss)	429,308	499,903	482,591	652,934	456,270
Income from Operation(Loss)	(239,614)	(269,444)	(352,417)	(613,110)	(887,146)
Non-operating Income (Expense)	247,374	289,540	676,322	1,796,328	1,103,239
Income (Loss)Before Tax	7,760	20,096	323,905	1,183,218	216,093
Income(Loss) From Operations of Continued Segments(Loss)	5,616	15,309	323,403	1,182,785	215,899
Income(Loss) From Operations of Discontinued Segments	-	-	-	-	-
Net Income (Loss)	5,616	15,309	323,403	1,182,785	215,899
Other comprehensive income (Loss) for the period, net of income tax	(126,349)	(92,358)	3,510	87,619	109,625
Total Comprehensive Income(Loss) for the Period	(120,733)	(77,049)	326,913	1,270,404	325,524
Net Profit(Loss) Attributable to: Owner of the Company	5,616	15,309	323,403	1,182,785	215,899
Net Profit (Loss)Attributable to: Non-controlling interests	-	-	-	-	-
Total Comprehensive Income (Loss)Attributable to: Owner of the Company	(120,733)	(77,049)	326,913	1,270,404	325,524
Total Comprehensive Income (Loss)Attributable to: Non-controlling interests	-	-	-	-	-
Earnings per share (Loss)	0.01	0.03	0.55	2.01	0.37

Note 1: Figures are audited by adopting IFRSs.

### 7.1.5 Auditors' Opinions over the past 5 years

<b>Year</b>	<b>CPA</b>	<b>Audit Opinion</b>
2018	Zheng-Zhi Lin, Shu-Jay Huang	An unqualified opinion
2019	Zheng-Zhi Lin, Shu-Jay Huang	An unqualified opinion
2020	Zheng-Zhi Lin, Mei-Zhen Cai	An unqualified opinion
2021	Zheng-Zhi Lin, Mei-Zhen Cai	An unqualified opinion
2022	Tung-Hui Yeh, Ya-Yun Chang	An unqualified opinion

## 7.2 Financial Analysis for recent 5 years

### 7.2.1 Financial Analysis (consolidated by IFRSs)

Unit: NT\$K

Analysis Item		Recent 5 years (Note 1)				
		2018	2019	2020	2021	2022
Capital Structure	Debts ratio (%)	17.26	16.68	20.61	23.19	21.87
	Long-term fund to Property, plant and equipment (%)	480.79	486.21	518.65	669.36	659.74
Liquidity	Current ratio (%)	394.02	442.49	371.46	339.05	490.32
	Quick ratio (%)	326.66	368.28	304.99	280.00	352.50
	Times interest earned (times)	956.27	1,082.81	5,083.72	14,635.18	5,248.20
Operating Performance	Average collection turnover (times)	5.64	6.17	6.29	6.39	6.17
	Average collection days	65	59	58	57	59
	Inventory turnover (times)	3.99	3.97	4.30	3.26	1.83
	Accounts receivables turnover (times)	6.03	7.49	8.69	5.52	5.06
	Average inventory turnover days	91	92	85	112	199
	Fixed assets turnover (times)	2.88	2.74	3.25	4.07	3.46
	Property, plant and equipment turnover (times)	0.47	0.47	0.53	0.54	0.42
Profitability	Return on total assets (%)	1.27	1.66	5.23	12.19	4.35
	Return on stockholders' equity (%)	1.38	1.79	6.31	15.54	5.51
	Profit before tax to paid-in capital (%) (Note 5)	3.44	4.12	13.25	34.76	14.90
	Profit after tax to net sales (%)	2.34	3.17	9.64	22.06	9.99
	Earnings per share (NT\$)	0.01	0.03	0.55	2.01	0.37
Cash Flow	Cash flow ratio (%)	16.85	48.54	43.41	65.89	Note 4
	Cash flow adequacy ratio (%)	56.71	81.59	79.28	84.13	49.56
	Cash flow reinvestment ratio (%)	Note 2	2.44	3.85	8.46	Note 2
Leverage	Operating leverage	Note 3	15.98	5.24	3.83	9.70
	Financial leverage	Note 3	1.23	1.03	1.01	1.06

Explanation on the reasons for changes in financial ratios in the last two years 1. The increase in the ratio of long-term funds to fixed assets was mainly due to the increase in equity due to the increase in net profit after tax this year. 2. The increase in interest coverage ratio was mainly due to the increase in net profit before income tax and interest expense this year. 3. The inventory turnover ratio (times) and payables turnover ratio (times) decreased, mainly due to the increase in inventory at the end of the period and accounts payable at the end of the period due to stocking at the end of the period. 4. The increase in the average sales days was mainly due to the decrease in the inventory turnover ratio (times) this year compared with last year. 5. The increase in the turnover rate of fixed assets (times) was mainly due to the increase in sales revenue this year. 6. The increase in return on assets, return on equity and net profit ratio was mainly due to the increase in net profit after tax due to the increase in operating profit and non-operating income in the current year. 7. The increase in the ratio of net profit before tax to paid-in capital, net profit ratio and earnings per share was mainly due to the increase in net profit after tax due to the increase in operating profit and non-operating income in the current year. 8. The increase in cash flow ratio and cash reinvestment ratio was mainly due to the increase in net cash flow from operating activities. 9. The decrease in operating leverage was mainly due to the increase in operating profit this year.

Note 1: The above annual information has been verified and certified by accountants (in accordance with International Financial Reporting Standards).

Note 2: The net cash flow from operating activities is less than the number of cash dividends, so it is not listed.

Note 3: It is a net operating loss, so it is not listed.

Note 4: Net cash flow from operating activities is negative, so it is not listed

Note 5: If the shares of the company have no par value or the denomination per share is not NT\$10, the ratio of the paid-in capital stated in the preceding paragraph shall be calculated by the ratio of equity attributable to the owner of the parent company in the balance sheet.

## 7.2.2 Financial Analysis (Individual) by IFRSs

Unit: NT\$K

Analysis Item		Recent 5 years (Note 1)				
		2018	2019	2020	2021	2022
Capital Structure	Debts ratio (%)	5.42	6.32	9.77	13.36	15.78
	Long-term fund to Property, plant and equipment (%)	1,231.97	1,187.52	1,230.27	1,445.13	1,377.51
Liquidity	Current ratio (%)	461.58	412.97	329.67	188.29	308.45
	Quick ratio (%)	393.47	315.12	246.63	119.80	102.23
	Times interest earned (times)	259.53	396.35	5,199.26	12,771.01	1,646.28
Operating Performance	Average collection turnover (times)	6.65	7.88	7.44	6.89	6.06
	Average collection days	55	46	49	53	60
	Inventory turnover (times)	3.03	2.77	2.38	2.07	1.21
	Payment turnover (times)	6.61	8.61	8.18	4.33	3.93
	Average inventory turnover days	120	132	153	176	302
	Fixed assets turnover (times)	1.80	1.79	1.68	2.13	1.86
	Property, plant and equipment turnover (times)	0.13	0.13	0.12	0.14	0.12
Profitability	Return on total assets (%)	0.10	0.23	3.63	11.33	2.00
	Return on stockholders' equity (%)	0.06	0.18	3.89	12.76	2.22
	Profit before tax to paid-in capital (%) (Note 4)	0.13	0.33	5.47	19.98	3.65
	Profit after tax to net sales (%)	0.45	1.23	27.67	77.80	15.70
	Earnings per share (NT\$)	0.01	0.03	0.55	2.01	0.37
Cash Flow	Cash flow ratio (%) (Note2)	54.00	36.66	20.98	29.01	Note 4
	Cash flow adequacy ratio (%)	92.68	88.14	64.21	42.06	13.22
	Cash flow reinvestment ratio (%)	Note 4	Note 4	Note 4	Note 4	Note 4
Leverage	Operating leverage	Note 2	Note 2	Note 2	Note 2	Note 2
	Financial leverage	Note 2	Note 2	Note 2	Note 2	Note 2

Please explain the reasons for the changes in the financial ratios in the last two years:

- (1) The increase in current ratio was mainly due to the decrease in accounts payable and other current liabilities.
- (2) The decrease in interest coverage ratio was mainly due to the decrease in net profit before tax this year.
- (3) The decrease in inventory turnover rate and the increase in average sales days were mainly due to the increase in inventory this year.
- (4) The decrease in return on assets and return on equity was mainly due to the decrease in net profit after tax due to the decrease in profit and loss shares of subsidiaries and affiliated companies that adopted the equity method this year.
- (5) The decrease in the ratio of pre-tax net profit to paid-in capital was mainly due to the decrease in after-tax net profit due to the decrease in profit and loss shares of subsidiaries and affiliated companies that adopted the equity method this year.
- (6) The decrease in net profit margin and earnings per share was mainly due to the decrease in pre-tax net profit due to the decrease in profit and loss shares of subsidiaries and affiliated companies that adopted the equity method this year.
- (7) The decrease in cash flow ratio was mainly due to the decrease in net cash inflow from operating activities.
- (8) The decrease in cash flow allowance ratio was mainly due to the decrease in cash flow from operating activities and the increase in capital expenditures, inventories and cash dividends in the last five years.

### 1. Capital Structure Analysis

(1) Debts ratio = Total Liabilities/Total Assets



(2) Long term fund to Property, plant and equipment	= (Total Equity + <u>Non-Current Liabilities</u> )/ Property, plant and equipment
2. Liquidity Analysis	
(1) Current Ratio	= Current Assets/Current Liabilities
(2) Quick Ratio	= (Current Assets – Inventories – Prepaid Expenses)/Current Liabilities
(3) Times Interest Earned	= Earnings before Interest and Taxes/Interest Expenses
3. Operating Performance Analysis	
(1) Average Collection Turnover	= Net Sales/Average Trade Receivables
(2) Average Collection Days	= 365/Receivables Turnover Rate
(3) Average Inventory Turnover	= Cost of Sales/Average Inventory
(4) Average Payment Turnover	= Cost of Sales/Average Trade Payables
(5) Average Inventory Turnover Days	= 365/Average Inventory Turnover
(6) Property, plant and equipment Turnover	= Net Sales/ Average Property, plant and equipment
(7) Total Assets Turnover	= Net Sales/Average Total Assets
4. Profitability Analysis	
(1) Return on Total Assets	= {Net Income + Interest Expense × (1 – Effective tax rate)}/Average Total Assets
(2) Return Ratio on Stockholders' Equity	= Net Income/Average Total Equity
(3) Profit after Tax to Net Sales	= Net Income/Net Sales
(4) Earnings Per Shares	= (Net Profit Attributable to Owner of the Company – Preferred Stock Dividend)/ Weighted Average Number of Shares Outstanding
5. Cash Flow	
(1) Cash Flow Rate	= Net Cash Provided by Operating Activities/Current Liabilities
(2) Cash Flow Adequacy Ratio	= Five-Year Cash from Sum of Operations /(Five-Year Capital Expenditure + Inventory Increase + Cash Dividend)
(3) Cash flow reinvestment ratio	= (Net Cash Provided by Operating Activities – Cash Dividend)/( Property, plant and equipment + Long-term Investment + Other Non-current Assets + Working Capital) (Note3)
6. Leverage	
(1) Operating Leverage	= (Net Sales – Operating Expenses & Cost)/Operating Income (Note4)
(2) Financial Leverage	= Operating Income/(Operating Income – Interest Expenses)

Note 1: Figures have been audited by adopting IFRSs.

Note 2: Net operating loss, it is not listed

Note 3: For those stock without par value or par value not equal to NT\$10, the ratio of operating income to paid-in capital (%) is calculated by ratio to attributable to the parent company.

Note 4: The net cash flow from operating activities is less than the number of cash dividends issued, so it is not listed.

### **7.3 Audit Committee's Report**

Sunplus' Board has prepared and submitted the 2022 business report, Financial statements and Earnings 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 2023 Annual Shareholders' Meeting**

Audit Committee Convenor: Tse-Jen Huang

March 15, 2023

## **7.4 Sunplus Technology Company Limited and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## 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, 2022 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

---

CHOU-CHYE HUANG  
Chairman

March 15, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

### **Opinion**

We have audited the accompanying consolidated financial statements of Sunplus Technology Company Limited and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sunplus Technology Company Limited and its subsidiaries as of December 31, 2022 and 2021, 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 the Standards on Auditing of 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 Sunplus Technology Company Limited and its subsidiaries 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, 2022. 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 Sunplus Technology Company Limited and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 is as follows:

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

Integrated circuit chip sales accounted for 94% of Sunplus Technology Company Limited and its subsidiaries' total revenue. Among them revenue declined in 2022, some of the customers whose revenue has grown significantly and significant amount 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, 2022 and 2021 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 Sunplus Technology Company Limited and its subsidiaries' 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 Sunplus Technology Company Limited and its subsidiaries 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 Sunplus Technology Company Limited and its subsidiaries' 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 Standards on Auditing of 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 Standards on Auditing of 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 Sunplus Technology Company Limited and its subsidiaries' 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 Sunplus Technology Company Limited and its subsidiaries’ 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 Sunplus Technology Company Limited and its subsidiaries 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 Sunplus Technology Company Limited and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of Sunplus Technology Company Limited and its subsidiaries 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, 2022 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 Tung-Hui Yeh and Ya-Yun Chang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2023

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, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,427,919	29	\$ 4,835,568	30
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	678,017	5	1,671,234	10
Notes receivable and trade receivables, net (Notes 4, 5, 9, 24 and 34)	887,148	6	1,285,944	8
Other receivables (Notes 4, 9 and 34)	139,427	1	67,770	-
Inventories (Notes 4 and 10)	2,246,656	15	1,467,713	9
Non-current assets held for sale (Notes 4 and 11)	-	-	108,504	1
Other financial assets - current (Note 18)	48,018	-	76,765	-
Other current assets (Notes 18 and 34)	103,069	1	136,271	1
Total current assets	<u>8,530,254</u>	<u>57</u>	<u>9,649,769</u>	<u>59</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,524,969	10	1,729,632	11
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	295,555	2	216,256	1
Investments accounted for using the equity method (Notes 4 and 13)	932,789	6	949,897	6
Property, plant and equipment (Notes 4, 14 and 35)	1,930,269	13	1,936,640	12
Right-of-use assets (Notes 4 and 15)	202,111	1	213,324	1
Investment properties (Notes 4 and 16)	890,156	6	948,038	6
Intangible assets (Notes 4 and 17)	248,585	2	326,919	2
Deferred tax assets (Notes 4 and 26)	59,008	-	38,066	-
Net defined benefit assets - non-current (Notes 4 and 22)	31,993	-	4,553	-
Other financial assets - non-current (Notes 18 and 35)	230,100	2	234,555	1
Other non-current assets (Note 18)	144,958	1	129,750	1
Total non-current assets	<u>6,490,493</u>	<u>43</u>	<u>6,727,630</u>	<u>41</u>
<b>TOTAL</b>	<u>\$ 15,020,747</u>	<u>100</u>	<u>\$ 16,377,399</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 42,000	-	\$ 143,773	1
Contract liabilities - current (Note 24)	53,462	1	30,109	-
Accounts payable (Note 20)	420,335	3	924,523	6
Current tax liabilities (Notes 4 and 26)	145,222	1	254,071	1
Lease liabilities - current (Notes 4 and 15)	13,071	-	12,166	-
Deferred revenue - current (Notes 4, 21 and 29)	1,921	-	1,883	-
Current portion of long-term bank borrowings (Note 19)	-	-	46,000	-
Other current liabilities (Note 21)	1,063,701	7	1,433,513	9
Total current liabilities	<u>1,739,712</u>	<u>12</u>	<u>2,846,038</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 19 and 35)	1,000,000	7	384,000	3
Lease liabilities - non-current (Notes 4 and 15)	197,690	1	207,912	1
Deferred revenue - non-current (Notes 4, 21 and 29)	54,905	-	55,978	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	18,277	-	19,712	-
Guarantee deposits	268,638	2	263,745	2
Other liabilities (Note 21)	6,597	-	20,918	-
Total non-current liabilities	<u>1,546,107</u>	<u>10</u>	<u>952,265</u>	<u>6</u>
Total liabilities	<u>3,285,819</u>	<u>22</u>	<u>3,798,303</u>	<u>23</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 23 and 31)</b>				
Share capital				
Ordinary shares	<u>5,919,949</u>	<u>39</u>	<u>5,919,949</u>	<u>36</u>
Capital surplus	<u>1,197,373</u>	<u>8</u>	<u>1,223,544</u>	<u>7</u>
Retained earnings				
Legal reserve	1,870,234	12	1,745,279	11
Special reserve	239,203	2	261,078	1
Unappropriated earnings	279,413	2	1,249,574	8
Total retained earnings	<u>2,388,850</u>	<u>16</u>	<u>3,255,931</u>	<u>20</u>
Equity directly associated with non-current assets held for sale	-	-	21,517	-
Other equity	(180,683)	(1)	(239,203)	(1)
Treasury shares	(63,401)	-	(63,401)	-
Total equity attributable to owners of the Company	9,262,088	62	10,118,337	62
<b>NON-CONTROLLING INTERESTS (Notes 4, 12, 23 and 31)</b>	<u>2,472,840</u>	<u>16</u>	<u>2,460,759</u>	<u>15</u>
Total equity	<u>11,734,928</u>	<u>78</u>	<u>12,579,096</u>	<u>77</u>
<b>TOTAL</b>	<u>\$ 15,020,747</u>	<u>100</u>	<u>\$ 16,377,399</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, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 24 and 34)	\$ 6,705,708	100	\$ 7,960,831	100
OPERATING COSTS (Notes 10 and 25)	<u>3,404,941</u>	<u>51</u>	<u>3,799,225</u>	<u>48</u>
GROSS PROFIT	<u>3,300,767</u>	<u>49</u>	<u>4,161,606</u>	<u>52</u>
OPERATING EXPENSES (Notes 25 and 34)				
Selling and marketing expenses	239,183	4	521,124	6
General and administrative expenses	616,032	9	628,046	8
Research and development expenses	2,153,458	32	2,088,699	26
Expected credit loss (Note 9)	<u>-</u>	<u>-</u>	<u>34</u>	<u>-</u>
Total operating expenses	<u>3,008,673</u>	<u>45</u>	<u>3,237,903</u>	<u>40</u>
OTHER OPERATING INCOME AND EXPENSES	<u>(4,204)</u>	<u>-</u>	<u>(167)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>287,890</u>	<u>4</u>	<u>923,536</u>	<u>12</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 13, 25, 29 and 34)				
Interest income	38,307	-	25,466	-
Other income	281,389	4	242,732	3
Other gains and losses	307,202	5	846,131	11
Finance costs	(17,139)	-	(14,161)	-
Share of profit or loss of associates	<u>(15,299)</u>	<u>-</u>	<u>34,623</u>	<u>-</u>
Total non-operating income and expenses	<u>594,460</u>	<u>9</u>	<u>1,134,791</u>	<u>14</u>
PROFIT BEFORE INCOME TAX	882,350	13	2,058,327	26
INCOME TAX EXPENSE (Notes 4 and 26)	<u>211,893</u>	<u>3</u>	<u>302,085</u>	<u>4</u>
NET PROFIT FOR THE YEAR	<u>670,457</u>	<u>10</u>	<u>1,756,242</u>	<u>22</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 23):				
Remeasurement of defined benefit plans	26,374	-	1,501	-

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (5,975)	-	\$ 89,921	1
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(22,533)	-	27,450	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 23):				
Exchange differences on translation of the financial statements of foreign operations	114,760	2	(33,290)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>768</u>	<u>-</u>	<u>(269)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>113,394</u>	<u>2</u>	<u>85,313</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 783,851</u>	<u>12</u>	<u>\$ 1,841,555</u>	<u>23</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 215,899	3	\$ 1,182,785	15
Non-controlling interests	<u>454,558</u>	<u>7</u>	<u>573,457</u>	<u>7</u>
	<u>\$ 670,457</u>	<u>10</u>	<u>\$ 1,756,242</u>	<u>22</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 325,524	5	\$ 1,270,404	16
Non-controlling interests	<u>458,327</u>	<u>7</u>	<u>571,151</u>	<u>7</u>
	<u>\$ 783,851</u>	<u>12</u>	<u>\$ 1,841,555</u>	<u>23</u>
<b>EARNINGS PER SHARE (Note 27)</b>				
Basic	<u>\$ 0.37</u>		<u>\$ 2.01</u>	
Diluted	<u>\$ 0.37</u>		<u>\$ 2.01</u>	

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

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company							Other Equity					Total Equity
	Share Capital Issued and Outstanding			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	
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2021	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 reversed	-	-	-	-	(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
Increase 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	591,995	5,919,949	1,223,544	1,745,279	261,078	1,249,574	21,517	(259,512)	20,309	(63,401)	10,118,337	2,460,759	12,579,096
Appropriation of 2021 earnings													
Legal reserve	-	-	-	124,955	-	(124,955)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	(21,875)	21,875	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,146,102)	-	-	-	-	(1,146,102)	-	(1,146,102)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	27,879	-	-	-	(21,517)	-	-	-	6,362	-	6,362
Issuance of cash dividends from capital surplus	-	-	(37,888)	-	-	-	-	-	-	-	(37,888)	-	(37,888)
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	-	12,017	-	-	12,017	-	12,017
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	(922)	-	-	-	-	-	-	-	(922)	-	(922)
Changes in percentage of ownership interest in subsidiaries	-	-	(22,360)	-	-	-	-	-	-	-	(22,360)	22,360	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	215,899	-	-	-	-	215,899	454,558	670,457
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	26,534	-	111,018	(27,927)	-	109,625	3,769	113,394
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	242,433	-	111,018	(27,927)	-	325,524	458,327	783,851
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	7,120	-	-	-	-	-	-	-	7,120	-	7,120
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(468,606)	(468,606)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	36,588	-	-	(36,588)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	591,995	\$ 5,919,949	\$ 1,197,373	\$ 1,870,234	\$ 239,203	\$ 279,413	\$ -	\$ (136,477)	\$ (44,206)	\$ (63,401)	\$ 9,262,088	\$ 2,472,840	\$ 11,734,928

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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 882,350	\$ 2,058,327
Adjustments for:		
Depreciation expense	344,059	278,515
Amortization expense	139,283	133,228
Expected credit loss recognized on trade receivables	-	34
Net loss (gain) on fair value change of financial assets at FVTPL	262,869	(837,439)
Finance costs	17,139	14,161
Interest income	(38,307)	(25,466)
Dividend income	(117,124)	(91,022)
Compensation costs of share-based payments	109,586	92,154
Share of loss (profits) of associates	15,299	(34,623)
(Gain) loss on disposal of property, plant and equipment	(16)	171
Loss on disposal of intangible assets	4,220	-
Gain on disposal of subsidiaries	(71,274)	-
Gain on disposal of associates	(449,000)	-
Impairment loss recognized on financial assets	6,826	-
Impairment loss recognized on non-financial assets	460	-
Unrealized (gain) loss on transactions with associates	(1,256)	1,228
Net loss (gain) on foreign currency exchange	4,039	(3,969)
Gain on lease modification	-	(4)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable and trade receivables	385,513	(84,354)
Increase in other receivables	(41,613)	(34,623)
Increase in inventories	(779,094)	(606,663)
Decrease (increase) in other current assets	3,623	(14,040)
Increase in net defined benefits assets - non-current	(27,440)	(113)
Increase in contract liabilities	23,197	3,928
(Decrease) increase in accounts payables	(499,962)	476,960
Decrease in deferred revenue	(1,916)	(1,881)
(Decrease) increase in other current liabilities	(321,727)	652,317
Increase (decrease) in net defined benefits liabilities - non-current	<u>24,939</u>	<u>(39,106)</u>
Cash (used in) generated from operations	(125,327)	1,937,720
Interest received	36,777	26,970
Dividends received	134,419	141,273
Interest paid	(19,915)	(14,161)
Income tax paid	<u>(341,684)</u>	<u>(216,352)</u>
Net cash (used in) generated from operating activities	<u>(315,730)</u>	<u>1,875,450</u>

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (127,510)	\$ (58,583)
Proceeds from the sale of financial assets at fair value through other comprehensive income	44,259	123,882
Purchase of financial assets at fair value through profit or loss	(1,475,697)	(2,399,006)
Proceeds from the sale of financial assets at fair value through profit or loss	2,414,358	1,824,231
Acquisition of associates	-	(174,000)
Proceeds from disposal of associates	535,987	-
Proceeds from disposal of subsidiaries	83,827	-
Payments for property, plant and equipment	(267,590)	(122,866)
Proceeds from the disposal of property, plant and equipment	352	182
Increase in refundable deposits	(3,228)	(96,719)
Decrease in refundable deposits	761	1,421
Payments for intangible assets	(62,958)	(159,316)
Decrease on other financial assets	<u>39,812</u>	<u>86,445</u>
Net cash generated from (used in) investing activities	<u>1,182,373</u>	<u>(974,329)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(101,773)	(170,488)
Proceeds from long-term borrowings	1,000,000	400,000
Repayments of long-term borrowings	(430,000)	(200,000)
Proceeds of guarantee deposits received	32,925	59,667
Refund of guarantee deposits received	(42,046)	(5,490)
Repayment of principal portion of lease liabilities	(10,205)	(13,197)
(Decrease) increase in other liabilities	(10,039)	3,555
Cash dividends paid	(1,176,870)	(309,222)
Dividends paid to non-controlling interests	(557,998)	(283,972)
Partial disposal of interests in subsidiaries without a loss of control	-	108,953
(Decrease) increase in non-controlling interests	<u>(19,384)</u>	<u>957,614</u>
Net cash (used in) generated from financing activities	<u>(1,315,390)</u>	<u>547,420</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>41,098</u>	<u>(13,455)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(407,649)	1,435,086
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>4,835,568</u>	<u>3,400,482</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 4,427,919</u>	<u>\$ 4,835,568</u>

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

(Concluded)

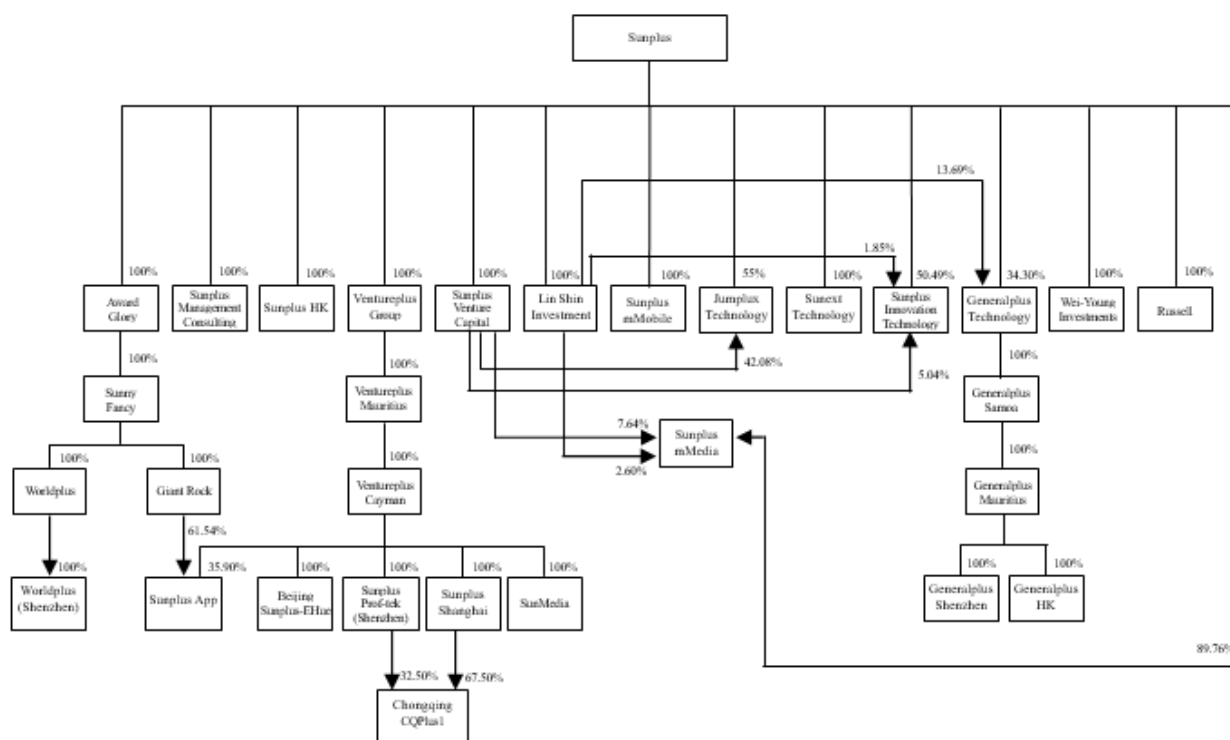
# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

### 1. GENERAL INFORMATION

Sunplus Technology Company Limited (“Sunplus”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs of liquid crystal display, microcontroller, multimedia, voice/music, and application-specific devices. Sunplus’ shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depository receipts (GDRs), which have been listed on the London Stock Exchange since March 2001. The procedures for terminating GDRs were completed on November 10, 2022 (refer to Note 23).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the “Company”) as of December 31, 2022:



The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 15, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by International Accounting Standards Board (IASB)</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

- 1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;

- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

As of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the



extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

- 2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

- 3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

##### d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12 and Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of nonmonetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of nonmonetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Sunplus' foreign operations (including subsidiaries and associates) that are prepared using functional currencies which are different from the currency of the Sunplus are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The inventories of Sunplus, Generalplus Technology, Sunplus Innovation Technology, Sunplus mMedia, Jumplux Technology and Sunext Technology are generally recorded at standard cost. On the balance sheet date, the cost is adjusted to approximate weighted-average cost method. Other subsidiaries' inventories are recorded at the weighted-average cost.

g. Investments in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate is recognized in the Company's consolidated financial statements only to the extent of interests in the associate that is not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. (It includes right-of-use assets that meet the definition of investment properties.)

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss

is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of property, plant and equipment, right-of-use asset, and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

m. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been

classified as held for sale continues to be accounted for using the equity method. If the Company ceases to have significant influence or joint control over the investment after the disposal takes place, the Company accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets is classified as at FVTPL when such a financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 33: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, other financial assets, notes receivable and trade receivables, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.



On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## p. Revenue recognition

The Company identifies a contract with a customer, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Unearned receipts for merchandise sales would be recognized as contract liabilities before the Company fulfills its performance obligations.

### 1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of ICs. Sales of ICs are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Other

Other income mainly comes from software development and royalties.

q. Lease

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

All leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 4(9) for the accounting policies for investment properties.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Company requested the lessor for rent subsidy as a direct subsidy of the Covid-19 to change the lease payments. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of the rent subsidy and, therefore, does not assess whether the rent subsidy are lease

modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments.

r. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to the grants and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

t. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. Share-based payment arrangements

Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned if employees resign in the vesting period, the amounts expected to be returned are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to non-controlling interests.

#### v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### 1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law, an additional tax of inappropriate earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

##### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The

measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which The Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

**5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

**Key Sources of Estimation Uncertainty**

Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

**6. CASH AND CASH EQUIVALENTS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 4,789	\$ 4,927
Checking accounts and demand deposits	1,762,495	1,710,989
Cash equivalents		
Time deposits in banks	<u>2,660,635</u>	<u>3,119,652</u>
	<u>\$ 4,427,919</u>	<u>\$ 4,835,568</u>

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period are as follows:

	<u>December 31</u>	
	2022	2021
Bank balances	0.001%-4.200%	0.001%-2.100%

## 7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Domestic and foreign investments		
- Mutual funds	\$ 503,173	\$ 1,199,486
- Unlisted shares	116,049	241,558
- Listed shares	<u>58,795</u>	<u>230,190</u>
	<u>\$ 678,017</u>	<u>\$ 1,671,234</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Domestic and foreign investments		
- Limited Partnership	\$ 773,718	\$ 436,013
- Unlisted shares	717,861	1,116,150
- Listed shares	33,390	43,200
Hybrid financial assets		
Domestic and foreign investments		
- Unlisted convertible bonds	<u>-</u>	<u>134,269</u>
	<u>\$ 1,524,969</u>	<u>\$ 1,729,632</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2022	2021
<u>Non-current</u>		
Domestic and foreign investments		
Unlisted shares	\$ 262,258	\$ 206,194
Listed shares	<u>33,297</u>	<u>10,062</u>
	<u>\$ 295,555</u>	<u>\$ 216,256</u>

## 9. TRADE RECEIVABLE AND OTHER RECEIVABLE

	<u>December 31</u>	
	2022	2021
<u>Trade receivable</u>		
At amortized cost		
Gross carrying amount	\$ 887,148	\$ 1,285,944
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 887,148</u>	<u>\$ 1,285,944</u>

### Trade receivable

The average credit period on sales of goods was 30 to 60 days without interest. The Company's exposure to credit risk and external credit ratings are continuously monitored. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlooks. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's current credit risk grading framework is shown in the following table:

### December 31, 2022

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 1201 days or More	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 887,148	\$ -	\$ -	\$ -	\$ -	\$ 887,148
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 887,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,148</u>

### December 31, 2021

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 120 days or More	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 1,285,944	\$ -	\$ -	\$ -	\$ -	\$ 1,285,944
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 1,285,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,285,944</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ -	\$ 103
Add: Net remeasurement of loss allowance	-	34
Less: Amounts written off	<u>-</u>	<u>(137)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ -</u>

Other receivable

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Tax refund receivables	\$ 44,188	\$ 24,260
Interest receivables	8,466	6,936
Others	<u>86,773</u>	<u>36,574</u>
	<u>\$ 139,427</u>	<u>\$ 67,770</u>

**10. INVENTORIES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Finished goods	\$ 573,810	\$ 536,293
Work in progress	887,525	446,127
Raw materials	<u>785,321</u>	<u>485,293</u>
	<u>\$ 2,246,656</u>	<u>\$ 1,467,713</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were \$3,308,444 thousand and \$3,711,232 thousand, respectively.

*The costs of inventories recognized as costs of goods sold for the years ended December 31, 2022 and 2021 were as follows:*

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Inventory write - downs	\$ (249,122)	\$ (16,102)
Income from scrap sales	<u>172</u>	<u>88</u>
	<u>\$ (248,950)</u>	<u>\$ (16,014)</u>

**11. NON-CURRENT ASSETS HELD FOR SALE**

	<b>December 31, 2021</b>
Non-current assets held for sale	<u>\$ 108,504</u>

*In December 2021, the Company's board of directors resolved to dispose of 8,000,000 shares of the associate company - iCatch Technology Co., Ltd. and entered into the "shares should be sold contract" agreement. The disposal was completed in January 2022.*

**12. SUBSIDIARIES**



a. The subsidiaries included in the consolidated financial statements

The information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		Note
			2022	2021	
Sunplus	Sunplus Management Consulting Inc. (“Sunplus Management Consulting”)	Management	100.00	100.00	-
	Ventureplus Group Inc. (“Ventureplus Group”)	Investment	100.00	100.00	-
	Sunplus Technology (H.K.) Co., Ltd. (“Sunplus Technology (H.K.)”)	International trade	100.00	100.00	-
	Sunplus Venture Capital Co., Ltd. (“Sunplus Venture”)	Investment	100.00	100.00	-
	Lin Shin Investment Co., Ltd. (“Lin Shin Investment”)	Investment	100.00	100.00	-
	Sunplus mMobile Inc. (“Sunplus mMobile”)	Design of ICs	100.00	100.00	Sunplus mMobile considered its business’ future development and concluded that it has no plan to continue operation. The board of directors resolved to dispose dissolution on January 19, 2022 and completed the dissolution on February 28, 2022.
	Sunext Technology Co., Ltd. (“Sunext Technology”)	Design of ICs	100.00	92.55	-
	Sunplus Innovation Technology Inc. (“Sunplus Innovation Technology”)	Design of ICs	50.49	51.34	-
	Generalplus Technology Inc. (“Generalplus Technology”)	Design of ICs	34.30	34.30	Sunplus and its subsidiaries owned 47.99% of the equity in Generalplus Technology and the Company had controlling interest over Generalplus Technology; the investee is included in the consolidated financial statements.
	Wei-Young Investment Inc. (“Wei-Young Investment”)	Investment	100.00	100.00	-
	Russell Holdings Limited (“Russell”)	Investment	100.00	100.00	-
	Magic Sky Limited (“Magic Sky”)	Investment	-	100.00	The disposed of Magic Sky was completed on June 22, 2022.
	Sunplus mMedia Inc. (“Sunplus mMedia”)	Design of ICs	89.76	89.76	-
	Award Glory Ltd. (“Award Glory”)	Investment	100.00	100.00	-
Jumplux Technology Co., Ltd. (“Jumplux Technology”)	Design of ICs	55.00	55.00	-	
Ventureplus Group	Ventureplus Mauritius Inc. (“Ventureplus Mauritius”)	Investment	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman Inc. (“Ventureplus Cayman”)	Investment	100.00	100.00	-
Ventureplus Cayman	Sunplus App Technology Co., Ltd. (“Sunplus App”)	Sale of electronic components and information management and education	35.90	35.90	Sunplus’ subsidiaries held 97.44% of the equity in Sunplus App.

	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd. ("Sunplus Prof-tek (Shenzhen)")	Development of computer software, system integration services and building rental and property management	100.00	100.00	-
	Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai")	Development of computer software, system integration services and building rental	100.00	100.00	-
	SunMedia Technology Co., Ltd. ("SunMedia")	Development of computer software, system integration services and building rental	100.00	100.00	-
	Beijing Sunplus-EHue Tech Co., Ltd. ("Beijing Sunplus-EHue")	Development of computer software, system integration services and building rental	100.00	100.00	-
Sunplus Shanghai	Jsilicon Technology Co., Ltd. ("Jsilicon Technology")	Software Development and IC Design	-	100.00	The liquidation of Jsilicon Technology was completed on August 30, 2022.
	Chongqing CQPlus1 Technology Co., Ltd. ("Chongqing CQPlus1")	Software Development and IC Design	67.50	56.67	-
Sunplus Prof-tek (Shenzhen)	Chongqing CQPlus1	Software Development and IC Design	32.50	43.33	Sunplus' subsidiaries held 100% of the equity in Chongqing CQPlus1.

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		Note
			December 31		
			2022	2021	
Sunplus Venture Capital	Jumplux Technology	Design of ICs	42.08	42.08	Sunplus and its subsidiaries held 97.08% of the equity in Jumplux Technology.
	Sunplus mMedia	Design of ICs	7.64	7.64	Sunplus and its subsidiaries held 100% of the equity in Sunplus mMedia.
	Sunplus Innovation Technology	Design of ICs	5.04	5.13	Sunplus and its subsidiaries held 57.38% of the equity in Sunplus Innovation Technology.
	GenkiTek Technology Co., Ltd. ("GenkiTek Technology")	Software development	-	62.50	The disposed of GenkiTek Technology was completed on June 20, 2022.
Lin Shin Investment	Generalplus Technology	Design of ICs	13.69	13.69	Sunplus and its subsidiaries held 47.99% stake in Generalplus Technology and the Company had controlling interest over Generalplus Technology; the investee is included in the consolidated financial statements.
	Sunplus mMedia	Design of ICs	2.60	2.60	Sunplus and its subsidiaries held 100% of the equity in Sunplus mMedia.
	Sunplus Innovation Technology	Design of ICs	1.85	1.89	Sunplus and its subsidiaries held 57.38% of the equity in Sunplus Innovation Technology.
Generalplus Technology	Generalplus International (Samoa) Inc. ("Generalplus Samoa")	Investment	100.00	100.00	-
Generalplus Samoa	Generalplus (Mauritius) Inc. ("Generalplus Mauritius")	Investment	100.00	100.00	-
Generalplus Mauritius	Generalplus Technology (Shenzhen) Co. ("Generalplus Shenzhen")	Design of ICs, after sales service and marketing research	100.00	100.00	-
	Generalplus HK Co., Ltd. ("Generalplus H.K.")	Sales	100.00	100.00	-
Award Glory	Sunny Fancy Ltd. ("Sunny Fancy")	Investment	100.00	100.00	-
Sunny Fancy	Giant Kingdom Ltd. ("Giant Kingdom")	Investment	-	100.00	The cancellation of Giant Kingdom was completed on September 5, 2022.
	Giant Rock Inc. ("Giant Rock")	Investment	100.00	100.00	-
	Worldplus Holdings L.L.C. ("Worldplus")	Investment	100.00	100.00	-
Giant Best Ltd. ("Giant Best")		Investment	-	100.00	The cancellation of Giant Best was completed on September 5, 2022.
Giank Rock	Sunplus App	Sale of electronic components and information management and education	61.54	61.54	Sunplus' subsidiaries held 97.44% of stake in Sunplus App.
Worldplus	Worldplus Technology (Shenzhen)Co., Ltd. ("Worldplus (Shenzhen)")	Software development and property management	100.00	100.00	-

(Concluded)

The financial statements as of and for the years ended December 31, 2022 and 2021 of the above subsidiaries except Sunplus Management Consulting and Generalplus H.K., were audited by the auditors. The management of the Company believes that the financial statements of Sunplus Management Consulting and Generalplus H.K. will not be subject to major adjustments if it were audited.

b. Subsidiary excluded from the consolidated financial statements

<u>Company name</u>	<b>The Voting Ratio of Non-controlling Equity</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Generalplus Technology	52.01%	52.01%
Sunplus Innovation Technology	42.62%	41.64%

Refer to attachment 7 for registered countries and company information:

Company Name	Profits Attributed to Non-controlling Interests		Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Generalplus Technology	\$ 301,357	\$ 342,622	\$ 1,326,318	\$ 1,326,915
Sunplus Innovation Technology	156,181	234,921	1,152,553	1,116,703

The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2022	2021
Current assets	\$ 5,296,688	\$ 6,105,300
Non-current assets	931,054	902,454
Current liabilities	1,050,883	1,729,822
Non-current liabilities	<u>198,565</u>	<u>196,591</u>
Equity	<u>\$ 4,978,294</u>	<u>\$ 5,081,341</u>
Equity attributable to:		
Owners of the Company	\$ 2,499,423	\$ 2,637,723
Non-controlling interests	<u>2,478,871</u>	<u>2,443,618</u>
	<u>\$ 4,978,294</u>	<u>\$ 5,081,341</u>
	For the Year Ended December 31	
	2022	2021
Operating revenue	<u>\$ 4,711,094</u>	<u>\$ 5,869,404</u>
Net income	\$ 952,695	\$ 1,294,151
Other comprehensive (loss) income	<u>7,278</u>	<u>(4,228)</u>
Total other comprehensive income	<u>\$ 959,973</u>	<u>\$ 1,289,923</u>
Equity attributable to:		
Owners of the Company	\$ 495,157	\$ 716,608
Non-controlling interests	<u>457,538</u>	<u>577,543</u>
	<u>\$ 952,695</u>	<u>\$ 1,294,151</u>
Total other comprehensive (loss) income attributable to:		
Owners of the Company	\$ 498,668	\$ 714,721
Non-controlling interests	<u>461,305</u>	<u>575,202</u>
	<u>\$ 959,973</u>	<u>\$ 1,289,923</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flows		
Operating activities	\$ 535,759	\$ 1,726,138
Investing activities	469,164	(742,717)
Financing activities	(1,281,879)	257,062
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>16,526</u>	<u>(5,104)</u>
Net cash (outflow) inflow	<u>\$ (260,430)</u>	<u>\$ 1,235,379</u>
Dividend paid to non-controlling interests	<u>\$ (557,998)</u>	<u>\$ (283,972)</u>
		(Concluded)

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments in associates	<u>\$ 932,789</u>	<u>\$ 949,897</u>

#### a. Investments in associates

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Listed companies		
iCatch Technology Inc. (“iCatch Technology”)	\$ 386,385	\$ 343,423
Global View Co., Ltd. (“Global View”)	318,969	342,742
AkiraNET Co., Ltd. (“AkiraNET”)	156,053	195,034
AutoSys Co., Ltd.	70,200	67,084
GlintMed Innovation Co., Ltd. (“GlintMed Innovation”)	<u>1,182</u>	<u>1,614</u>
	<u>\$ 932,789</u>	<u>\$ 949,897</u>

	<b>December 31</b>	
<b>Name of Associate</b>	<b>2022</b>	<b>2021</b>
iCatch Technology	18%	21%
Global View	13%	13%
AkiraNET	26%	35%
AutoSys Co., Ltd.	16%	16%
GlintMed Innovation	25%	25%

Refer to Table 6 following these Notes to Consolidated Financial Statements for information on the associates’ business types, main operating locations and registered countries.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associate	December 31	
	2022	2021
iCatch Technology	\$ 681,236	\$ 1,475,899
Global View	\$ 241,535	\$ 313,131

Investments in the above jointly controlled entities are accounted for using the equity method.

The summarized financial information of the Company's associates is set out below:

	December 31	
	2022	2021
Total assets	\$ 4,469,929	\$ 4,368,038
Total liabilities	\$ 434,939	\$ 613,038

	For the Year Ended December 31	
	2022	2021
Revenue	\$ 1,249,539	\$ 1,380,187
(Loss) profit for the year	\$ (76,486)	\$ 110,860
Other comprehensive (loss) income for the year	\$ (149,442)	\$ 412,591
Share of (loss) profits of associates accounted for using the equity	\$ (15,299)	\$ 34,623

The financial statements as of and for the years ended December 31, 2022 and 2021 of the above associates expect GlintMed Innovation were audited by the auditors. The management of the Company believes that the financial statements of GlintMed Innovation will not be subject to major adjustments if it were audited.

## 14. PROPERTY, PLANT AND EQUIPMENT

### a. Assets used by the Company

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance at January 1, 2022	\$ 2,316,438	\$ 189,846	\$ 26,865	\$ 626,345	\$ 4,578	\$ 308,499	\$ 1,208	\$ 29,029	\$ 43,517	\$ 3,546,325
Additions	-	5,873	2,395	169,552	-	36,316	-	37	24,090	238,263
Reductions	-	(7,692)	-	(48,094)	-	(13,062)	(170)	(238)	-	(69,256)
Reclassified	-	-	5,845	31,547	-	5,130	-	-	(42,522)	-
Consolidated changes	-	-	-	(614)	-	(55)	-	-	-	(669)
Effect of exchange rate changes	16,086	4,878	571	431	57	2,199	4	(3,275)	(763)	20,188
Balance at December 31, 2022	\$ 2,332,524	\$ 197,905	\$ 35,676	\$ 779,167	\$ 4,635	\$ 339,027	\$ 1,042	\$ 25,553	\$ 24,322	\$ 3,734,851
<u>Accumulated depreciation</u>										
Balance at January 1, 2022	\$ 639,674	\$ 166,576	\$ 11,899	\$ 535,876	\$ 3,762	\$ 225,712	\$ 1,081	\$ 25,105	\$ -	\$ 1,609,685
Depreciation expense	51,345	9,257	6,071	151,018	217	38,381	401	660	-	257,350
Reductions	-	(7,692)	-	(47,935)	-	(12,885)	(170)	(238)	-	(68,920)
Consolidated changes	-	-	-	(171)	-	(28)	-	-	-	(199)
Effect of exchange rate changes	2,522	2,734	(255)	1,949	51	1,797	(347)	(1,785)	-	6,666
Balance at December 31, 2022	\$ 693,541	\$ 170,875	\$ 17,715	\$ 640,737	\$ 4,030	\$ 252,977	\$ 965	\$ 23,742	\$ -	\$ 1,804,582
Carrying amount at December 31, 2022	\$ 1,638,983	\$ 22,030	\$ 17,961	\$ 138,430	\$ 605	\$ 86,050	\$ 77	\$ 1,811	\$ 24,322	\$ 1,930,269

(Continued)

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance at January 1, 2021	\$ 2,365,248	\$ 184,498	\$ 21,489	\$ 639,111	\$ 4,607	\$ 268,761	\$ 3,123	\$ 24,146	\$ 17,156	\$ 3,528,139
Additions	-	3,873	8,440	87,352	-	46,847	183	1,532	26,429	174,656
Reductions	-	(7,664)	(4,994)	(97,101)	-	(7,176)	(351)	(356)	-	(117,642)
Reclassified	(39,852)	12,686	-	-	-	1,053	-	(985)	(68)	(27,166)
Effect of exchange rate changes	(8,958)	(3,547)	1,930	(3,017)	(29)	(986)	(1,747)	4,692	-	(11,662)
Balance at December 31, 2021	<u>\$ 2,316,438</u>	<u>\$ 189,846</u>	<u>\$ 26,865</u>	<u>\$ 626,345</u>	<u>\$ 4,578</u>	<u>\$ 308,499</u>	<u>\$ 1,208</u>	<u>\$ 29,029</u>	<u>\$ 43,517</u>	<u>\$ 3,546,325</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2021	\$ 616,336	\$ 150,142	\$ 12,612	\$ 547,664	\$ 3,394	\$ 202,794	\$ 1,685	\$ 22,260	\$ -	\$ 1,556,887
Depreciation expense	51,990	18,715	3,473	86,890	392	30,898	422	636	-	193,416
Reductions	-	(7,647)	(4,994)	(96,825)	-	(7,116)	(351)	(356)	-	(117,289)
Reclassified	(27,072)	7,690	-	-	-	-	-	-	-	(19,832)
Effect of exchange rate changes	(1,580)	(2,324)	808	(1,853)	(24)	(864)	(675)	2,565	-	(3,947)
Balance at December 31, 2021	<u>\$ 639,674</u>	<u>\$ 166,576</u>	<u>\$ 11,899</u>	<u>\$ 535,876</u>	<u>\$ 3,762</u>	<u>\$ 225,712</u>	<u>\$ 1,081</u>	<u>\$ 25,105</u>	<u>\$ -</u>	<u>\$ 1,609,685</u>
Carrying amount at December 31, 2021	<u>\$ 1,676,764</u>	<u>\$ 23,270</u>	<u>\$ 14,966</u>	<u>\$ 90,469</u>	<u>\$ 816</u>	<u>\$ 82,787</u>	<u>\$ 127</u>	<u>\$ 3,924</u>	<u>\$ 43,517</u>	<u>\$ 1,936,640</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives as follows:

Buildings	10-56 years
Auxiliary equipment	3-11 years
Machinery and equipment	3-10 years
Testing equipment	1-6 years
Transportation equipment	4 years
Furniture and fixtures	1-6 years
Leasehold improvements	5 years
Other equipment	3-10 years

Refer to Note 35 for the carrying amounts of property, plant and equipment that have been pledged by the Company to secure borrowings.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land	\$ 192,049	\$ 197,819
Buildings	6,762	14,464
Transportation equipment	<u>3,300</u>	<u>1,041</u>
	<u>\$ 202,111</u>	<u>\$ 213,324</u>



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 3,926</u>	<u>\$ 2,549</u>
Depreciation charge for right-of-use assets		
Land	\$ 6,671	\$ 6,734
Buildings	7,666	8,020
Transportation equipment	<u>767</u>	<u>438</u>
	<u>\$ 15,104</u>	<u>\$ 15,192</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

The other part of right-of-use assets-land in China is subleased by operating leases, and the relevant right-of-use assets are classified as investment properties. Please refer to Note 16.

b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Carrying amount		
Current	<u>\$ 13,071</u>	<u>\$ 12,166</u>
Non-current	<u>\$ 197,690</u>	<u>\$ 207,912</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	2.390%	2.390%
Buildings	1.575%-5.000%	1.575%-5.000%
Transportation equipment	1.175%-1.625%	1.175%

c. Material lease-in activities and terms

The Company leases land and buildings for the use of plants, offices and dormitory, also leases transportation equipment for the use of business travel with lease terms of 2 to 20 years. Lease terms of land in the ROC is 20 years, the lease contract for land located in the ROC specifies that lease payments will be adjusted on the basis of changes in announced land value prices. Lease terms of land in China is 50 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Company did not enter into significant lease contracts in the year ended December 31, 2022 and 2021.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 6,704</u>	<u>\$ 11,191</u>
Expenses relating to low-value asset leases	<u>\$ 425</u>	<u>\$ 425</u>
Total cash outflow for leases	<u>\$ 22,387</u>	<u>\$ 28,897</u>

The Company leases certain transportation equipment and other leases which qualify as short-term leases. The Company has elected to apply the recognition exemption and, therefore not recognize right-of-use assets and lease liabilities for these leases.

## 16. INVESTMENT PROPERTIES

	<b>Completed Investment Properties</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,426,446	\$ 101,764	\$ 1,528,210
Effect of exchange rate differences	<u>20,507</u>	<u>1,498</u>	<u>22,005</u>
Balance at December 31, 2022	<u>\$ 1,446,953</u>	<u>\$ 103,262</u>	<u>\$ 1,550,215</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 572,824	\$ 7,348	\$ 580,172
Depreciation expense	69,082	2,521	71,603
Effect of exchange rate differences	<u>8,184</u>	<u>100</u>	<u>8,284</u>
Balance at December 31, 2022	<u>\$ 650,090</u>	<u>\$ 9,969</u>	<u>\$ 660,059</u>
Carrying amount at December 31, 2022	<u>\$ 796,863</u>	<u>\$ 93,293</u>	<u>\$ 890,156</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 1,429,106	\$ 100,521	\$ 1,529,627
Reclassified	27,164	3,043	30,207
Effect of exchange rate differences	<u>(29,824)</u>	<u>(1,800)</u>	<u>(31,624)</u>
Balance at December 31, 2021	<u>\$ 1,426,446</u>	<u>\$ 101,764</u>	<u>\$ 1,528,210</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ 509,133	\$ 4,950	\$ 514,083
Depreciation expense	67,475	2,432	69,907
Reclassified	19,381	1,061	20,442
Effect of exchange rate differences	<u>(23,165)</u>	<u>(1,095)</u>	<u>(24,260)</u>
Balance at December 31, 2021	<u>\$ 572,824</u>	<u>\$ 7,348</u>	<u>\$ 580,172</u>
Carrying amount at December 31, 2021	<u>\$ 853,622</u>	<u>\$ 94,416</u>	<u>\$ 948,038</u>

The right-of-use assets in the investment properties are the use right of land signed by the Company and is subleased under operating lease. The lease terms of the investment properties are from 1 to 15 years, with extension option according to the original contract when exercising the renewal right. The lessee do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties is as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 171,189	\$ 231,116
Year 2	126,401	142,276
Year 3	<u>105,935</u>	<u>98,722</u>
	<u>\$ 403,525</u>	<u>\$ 472,114</u>

The above items of investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Completed investment properties	5-26 years
Right-of-use assets	35-39 years

*The fair value of the investment properties of Worldplus (Shenzhen) assessed in 2022 and 2021 had been determined on the basis of valuations carried out on December 31, 2022 and 2021 by Suzhou Fengzheng Renhe Estate Land Assets Appraisal Co., Ltd. and Guanhong Real Estate Appraisers Office, respectively. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:*

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value	\$ 43,674	\$ 44,220

The fair value of the investment properties of SunMedia assessed in 2022 and 2021 had been determined on the basis of valuations carried out on December 31, 2022 and 2021 by Sichuan Jinshuo Ruilin Assets Appraisal Office Co., Ltd. and Sichuan Zongli Real Estate Land Assets Evaluation Co., Ltd. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value	\$ 1,208,169	\$ 1,153,471

The fair value of the investment properties of Sunplus Shanghai assessed in 2022 and 2021 had been determined on the basis of valuations carried out on December 31, 2022 and 2021 by Suzhou Feng-Zheng Renhe Real Estate Valuation Firm. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value	\$ 2,240,661	\$ 2,225,361

## 17. INTANGIBLE ASSETS

	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Goodwill</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,074,594	\$ 348,196	\$ 116,496	\$ 30,596	\$ 1,569,882
Additions	42,429	26,424	-	-	68,673
Reductions	(43,238)	(1,049)	-	-	(44,287)
Consolidated changes	(4,000)	(16)	(2,000)	-	(6,016)
Effect of exchange rate differences	<u>443</u>	<u>448</u>	<u>4</u>	<u>-</u>	<u>895</u>
Balance at December 31, 2022	<u>\$ 1,070,048</u>	<u>\$ 374,003</u>	<u>\$ 114,500</u>	<u>\$ 30,596</u>	<u>\$ 1,589,147</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2022	\$ 698,474	\$ 323,912	\$ 87,864	\$ -	\$ 1,110,250
Amortization expense	110,465	27,655	1,163	-	139,283
Reductions	(39,015)	(1,049)	-	-	(40,064)
Consolidated changes	(2,033)	(14)	(712)	-	(2,759)
Effect of exchange rate differences	<u>355</u>	<u>326</u>	<u>1</u>	<u>-</u>	<u>682</u>
Balance at December 31, 2022	<u>\$ 768,246</u>	<u>\$ 350,830</u>	<u>\$ 88,316</u>	<u>\$ -</u>	<u>\$ 1,207,392</u>
<u>Accumulated impairment</u>					
Balance at January 1, 2022	\$ 111,136	\$ -	\$ 21,577	\$ -	\$ 132,713
Impairment loss	460	-	-	-	460
Effect of exchange rate differences	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
Balance at December 31, 2022	<u>\$ 111,593</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 133,170</u>
Carrying amounts at December 31, 2022	<u>\$ 190,209</u>	<u>\$ 23,173</u>	<u>\$ 4,607</u>	<u>\$ 30,596</u>	<u>\$ 248,585</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 986,612	\$ 325,261	\$ 116,498	\$ 30,596	\$ 1,458,967
Additions	104,982	26,718	-	-	131,700
Reductions	(16,772)	(3,572)	-	-	(20,344)
Effect of exchange rate differences	<u>(228)</u>	<u>(211)</u>	<u>(2)</u>	<u>-</u>	<u>(441)</u>
Balance at December 31, 2021	<u>\$ 1,074,594</u>	<u>\$ 348,196</u>	<u>\$ 116,496</u>	<u>\$ 30,596</u>	<u>\$ 1,569,882</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2021	\$ 607,530	\$ 304,045	\$ 86,088	\$ -	\$ 997,663
Amortization expense	107,860	23,590	1,778	-	133,228
Reductions	(16,772)	(3,572)	-	-	(20,334)
Effect of exchange rate differences	<u>(144)</u>	<u>(151)</u>	<u>(2)</u>	<u>-</u>	<u>(297)</u>
Balance at December 31, 2021	<u>\$ 698,474</u>	<u>\$ 323,912</u>	<u>\$ 87,864</u>	<u>\$ -</u>	<u>\$ 1,110,250</u>
<u>Accumulated deficit</u>					
Balance at January 1 and December 31, 2021	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,557</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Carrying amounts at December 31, 2021	<u>\$ 264,984</u>	<u>\$ 24,284</u>	<u>\$ 7,055</u>	<u>\$ 30,596</u>	<u>\$ 326,919</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Technology license fees	1-10 years
Software	1-10 years
Patents	8-18 years

An analysis of depreciation by function

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 165	\$ 24
Selling and marketing expenses	32	113
General and administrative expenses	3,961	3,813
Research and development expenses	<u>135,125</u>	<u>129,278</u>
	<u>\$ 139,283</u>	<u>\$ 133,228</u>

**18. OTHER ASSETS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Other financial assets		
Restricted assets (a)	\$ 43,610	\$ 25,940
Time deposits (b)	<u>4,408</u>	<u>50,825</u>
	<u>\$ 48,018</u>	<u>\$ 76,765</u>
Other assets		
Prepayments for EDA tools	\$ 22,856	\$ 23,579
Prepaid technical licensing fee	13,168	7,636
Others	<u>67,045</u>	<u>105,056</u>
	<u>\$ 103,069</u>	<u>\$ 136,271</u>
<u>Non-current</u>		
Other financial assets		
Time deposits (c)	\$ 214,757	\$ 221,544
Pledged time deposits (d)	<u>15,343</u>	<u>13,011</u>
	<u>\$ 230,100</u>	<u>\$ 234,555</u>
Other assets		
Refundable deposits(e)	\$ 111,975	\$ 99,113
Prepayments for purchases(f)	25,182	22,837
Others	<u>7,801</u>	<u>7,800</u>
	<u>\$ 144,958</u>	<u>\$ 129,750</u>

a. Refer to Note 29 for information on restricted assets.

b. Worldplus (Shenzhen) made time deposit of RMB\$1,000 thousand at banks on December 31, 2022; Worldplus

(Shenzhen), Beijing Sunplus-EHue, Generalplus Shenzhen, made time deposit of RMB\$11,700 thousand at banks on December 31, 2021. The period of time deposit is 6 months to 1 year, and interest can be charged at a certain interest rate during the deposit period.

- c. Sunplus Shanghai, Worldplus (Shenzhen) and Generalplus Shenzhen made certificates of deposit of RMB\$48,720 thousand and RMB\$51,000 at the bank on December 31, 2022, and 2021, respectively. The deposit period of the certificates of deposit is 2 to 3 years and 1 to 3 years respectively, and interest can be charged at a certain interest rate during the deposit period.
- d. Refer to Note 35 for information on pledged time deposits.
- e. Refer to Note 36 for information on refundable deposits.
- f. The amount of prepayments is Generalplus Technology signed a production capacity cooperation agreement with the supplier, and the prepayment paid in accordance with the contract will be offset in 5 years when the production capacity conditions in the contract are met.

## 19. BORROWINGS

### Short-term borrowings

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Unsecured borrowings</u>		
Bank loans	\$ 42,000	\$ 143,773

The effective interest rate intervals for bank loans as of December 31, 2022 and 2021 were 2.400% and 0.700%-1.745% per annum, respectively.

### Long-term borrowings

The borrowings of the Company were as follows:

	<u>Maturity</u>		<u>December 31</u>	
	<u>Date</u>	<u>Significant Covenant</u>	<u>2022</u>	<u>2021</u>
<u>Floating rate borrowings</u>				
Unsecured bank borrowings	2027.11.18	Repayable quarterly from November 2023, in 16 installments.	\$ 500,000	\$ -
Unsecured bank borrowings	2025.09.02	Repayable semiannually from September 2024, in 3 installments, 1&2 installment repay 20% respectively, and the balance will be paid on final installment	500,000	-
Unsecured bank borrowings	2023.10.13	Repayable semiannually from October 2022, in 3 installments.	-	230,000
Unsecured bank borrowings	2025.08.21	Repayable quarterly from November 2021, in 11 installments.	-	200,000
Less: Current portion			_____	(46,000)
Long-term borrowings			<u>\$ 1,000,000</u>	<u>\$ 384,000</u>

The interval of effective borrowing rates as of December 31, 2022 and 2021 were 1.875% and 1.220%-1.250%, respectively.

According to the loan contract, the consolidated financial statements of the company for semiannual are limited by current ratio, debt ratio, interest guarantee multiple. However, the Company's inability to meet the ratio requirements would not be deemed as a violation of the contracts. As of June 30, 2022 and December 31, 2022, the Company was in compliance with these financial ratio requirements.

## 20. ACCOUNTS PAYABLE

	<u>December 31</u>	
	2022	2021
<u>Accounts payable</u>		
Payable - operating	\$ 420,335	\$ 924,523

The average credit period on purchases of certain goods was 30-60 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 21. OTHER LIABILITIES

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 566,825	\$ 643,524
Refund liabilities (Note 24)	143,040	97,015
Payables for employees' compensation and remuneration of directors	138,211	202,118
Labor/health insurance	36,372	33,524
Payables for royalties	29,963	259,185
Payables for purchases of intangible assets	17,614	14,715
Payables for purchases of equipment	10,212	61,665
Payables for labor costs	7,403	8,389
Commissions payable	7,149	7,475
Others	<u>106,912</u>	<u>105,903</u>
	<u>\$ 1,063,701</u>	<u>\$ 1,433,513</u>
<u>Deferred revenue</u>		
Deferred revenue		
Government grants (Note 29)	<u>\$ 1,921</u>	<u>\$ 1,883</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Non-current</u>		
Other payables		
Payables for purchases of intangible assets	\$ 3,838	\$ 6,920
Payables for purchases of equipment	1,870	3,070
Decommissioning liabilities	889	889
Long-term payables	<u>-</u>	<u>10,039</u>
	<u>\$ 6,597</u>	<u>\$ 20,918</u>
Deferred revenue		
Government grants (Note 29)	<u>\$ 54,905</u>	<u>\$ 55,978</u>
		(Concluded)

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

Sunplus, Generalplus Technology, Sunplus Innovation Technology, Jumplux Technology and Genki Tek Technology of the Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The defined benefit plans adopted by Sunplus, Generalplus Technology, Sunplus Innovation Technology and Jumplux Technology in accordance with the Labor Standards Act is operated by the government of the ROC. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of funded defined benefit obligation	\$ 166,753	\$ 199,537
Fair value of plan assets	<u>(180,469)</u>	<u>(184,378)</u>
Net (assets) liabilities arising from defined benefit obligation	<u>\$ (13,716)</u>	<u>\$ 15,159</u>



Movements in net defined benefit liabilities were as follows:

	<b>Present Value of Funded Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	\$ 244,805	\$ 188,926	\$ 55,879
Service cost			
Current service cost	350	-	350
Gain on settlements	(12,077)	-	(12,077)
Net interest expense (income)	1,744	1,375	369
Recognized gain and loss	(9,983)	1,375	(11,358)
Remeasurement			
Return on plan assets	-	2,215	(2,125)
Actuarial (gain) loss-experience adjustment	(4,160)	-	(4,160)
Actuarial (gain) loss-changes in demographic assumptions	1,479	-	1,479
Actuarial loss-changes in financial assumptions	3,305	-	3,305
Recognized in other comprehensive income	624	2,125	(1,501)
Contributions from the employer	-	2,154	(2,154)
Benefit paid	(10,202)	(10,202)	-
Settlements	(25,707)	-	(25,707)
Balance at December 31, 2021	\$ 199,537	\$ 184,378	\$ 15,159
Balance at January 1, 2022	\$ 199,537	\$ 184,378	\$ 15,159
Service cost			
Current service cost	478	-	478
Net interest expense (income)	1,018	917	101
Recognized gain and loss	1,496	917	579
Remeasurement			
Return on plan assets	-	14,366	(14,366)
Actuarial (gain) loss-experience adjustment	(784)	-	(784)
Actuarial loss-changes in financial assumptions	(11,224)	-	(11,224)
Recognized in other comprehensive income	(12,008)	14,366	(26,374)
Contributions from the employer	-	227	(227)
Benefit paid	(19,169)	(19,169)	-
Settlements	(3,103)	(250)	(2,853)
Balance at December 31, 2022	\$ 166,753	\$ 180,469	\$ (13,716)

An analysis by function of the amounts recognized in profit or loss in respect of the benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 53	\$ (503)
Selling and marketing expenses	9	(697)
General and administrative expenses	99	(6,821)
Research and development expenses	(3,195)	(3,337)
Net liability arising from defined benefit obligation	\$ (3,034)	\$ (11,358)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate(s)	1.25%-1.40%	0.50%-0.75%
Expected rate(s) of salary increase	3.625%-4.250%	3.625%-5.00%
Resignation rate	0%-28%	0%-28%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate(s)		
0.25% increase	<u>\$ (3,720)</u>	<u>\$ (5,041)</u>
0.25% decrease	<u>\$ 3,850</u>	<u>\$ 5,232</u>
Expected rate(s) of salary increase		
1% increase	<u>\$ 15,844</u>	<u>\$ 21,329</u>
1% decrease	<u>\$ (14,124)</u>	<u>\$ (18,795)</u>

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	<u>\$ 223</u>	<u>\$ 250</u>
Average duration of the defined benefit obligation	9-29.4 years	12-29 years

## 23. EQUITY

### a. Share capital

#### 1) Ordinary shares:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Shares authorized (in thousands of shares)	<u>1,200,000</u>	<u>1,200,000</u>
Value of authorized shares	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Shares issued and fully paid (in thousands)	<u>591,995</u>	<u>591,995</u>
Shares issued and fully paid	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Of Sunplus' authorized shares, 80,000 thousand shares had been reserved for the issuance of subscription warrants, preferred shares with warrants or corporate bonds with warrants.

#### 2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 20,000 thousand ordinary shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (ticker: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2021, the outstanding 175 thousand units of GDRs represented 350 thousand ordinary shares.

On August 12, 2022, the board of directors proposed to cease the trading of Sunplus's issued ordinary shares on the London Stock Exchange in the form of GDRs. The termination agreement was completed on November 10, 2022, and the GDRs termination listing procedure was completed on the London Stock Exchange.

### b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ -	\$ 18,497
From business combinations	138,032	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	297,845	298,767
<u>May on be used to offset a deficit</u>		
From treasury share transactions	55,298	48,178
Changes in percentage of ownership interests in subsidiaries (2)	475,546	497,906
Changes in net equity of associates accounted for using the equity method	<u>230,652</u>	<u>202,773</u>
	<u>\$ 1,197,373</u>	<u>\$ 1,223,544</u>

1) When Sunplus has no deficit, such capital surplus may be distributed as cash dividends, or may be transferred to

share capital once a year and within a certain percentage of Sunplus' capital surplus.

- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders' meeting resolved the Sunplus' Articles of Association on June 8, 2022. Under the dividends policy as set forth in the amended Articles, when the Sunplus makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, though this limitation is not applicable when the legal reserve has reached the total capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Sunplus' board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, the ratio of earnings for distribution and the ratio of the shareholders' cash dividends may depend on the current year. The actual profit and capital status shall be adjusted by the resolution of the shareholders in their meeting. The total number of shareholders' dividends based on the annual surplus shall be distributed at the rate of not less than 10% of the newly added distributable surplus for the year but shall not be distributed when the annual surplus 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.

Under the dividends policy as set forth before the amended Articles, when the Sunplus makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit. However, this limitation is not applicable when the legal reserve has reached the total capital. Setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Sunplus' board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, the ratio of the surplus for distribution and the ratio of shareholders' cash dividends may be adjusted by the resolution of the shareholders in the shareholders' meeting depending on the actual profit and capital situation of the current year. Sunplus' policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT\$0.5 per share.

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet should be allocated from unappropriated retained earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after the amendment, refer to Note 25-h.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Sunplus' paid-in capital. Legal reserve may be used to offset deficit. If the Sunplus has no deficit and the legal reserve has exceeded 25% of the Sunplus' paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were approved by the shareholder in the shareholders' meeting on June 8, 2022 and July 20, 2021, as follows:

	<b>For Year 2021</b>	<b>For Year 2020</b>
Legal reserve	<u>\$ 124,955</u>	<u>\$ 32,889</u>
Special reserve reversed	<u>\$ 21,875</u>	<u>\$ 15,111</u>
Cash dividend	<u>\$ 1,146,102</u>	<u>\$ 311,093</u>
Cash dividend per share (NT\$)	\$ 1.9360	\$ 0.5255

The Sunplus' shareholders resolved in the shareholders' meetings on June 8, 2022 to issue cash dividends of \$37,888 thousand from the capital surplus.

The earnings distribution proposal for 2022 in the board of directors meeting proposed on March 15, 2023 as follows:

	<b>For the Year 2022</b>
Legal reserve	<u>\$ 27,902</u>
Special reserve reversed	<u>\$ 58,521</u>
Cash dividend	<u>\$ 309,613</u>
Cash dividend per share (NT\$)	\$ 0.5230

The Sunplus's shareholders resolved in the shareholders' meetings on March 15, 2023 to issue and cash dividends of \$45,584 thousand from the capital surplus.

The appropriation of earnings for 2022 is subject to resolution in the shareholders' meeting to be held on June 13, 2023.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning at January 1	\$ 261,078	\$ 276,189
Special reserve reversed	<u>(21,875)</u>	<u>(15,111)</u>
Balance at December 31	<u>\$ 239,203</u>	<u>\$ 261,078</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (259,512)	\$ (228,023)
Recognized for the year		
Exchange differences on translating foreign operations	110,250	(31,220)
Share of exchange differences of associates accounted for using equity method	768	(269)
Reclassification adjustments		
Disposal of foreign operations	<u>12,017</u>	<u>-</u>
Balance at December 31	<u>\$ (136,477)</u>	<u>\$ (259,512)</u>

2) Unrealized valuation (loss) gain on financial assets at FVTOCI:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 20,309	\$ (33,055)
Recognized for the year		
Unrealized (losses) gains	(5,975)	89,977
Share from associates accounted for using equity method	(21,952)	27,943
Cumulative unrealized losses of equity instruments transferred to retained earnings due to disposal	(36,588)	(65,578)
Disposal of partial interests in subsidiaries	<u>-</u>	<u>1,022</u>
Balance at December 31	<u>\$ (44,206)</u>	<u>\$ 20,309</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 2,460,759	\$ 1,605,238
Share of profit for the year	454,558	573,457
Other comprehensive income (loss) during the year		
Exchange difference on translation the financial statements of foreign entities	4,510	(2,070)
Unrealized loss on financial assets at FVTOCI	-	(56)
Remeasurement of defined benefit plans	(741)	(180)
Cash dividends from subsidiaries	(557,998)	(283,972)
Increase in non-controlling interests	3,898	459,708
Disposal of subsidiaries	(1,732)	16,480
Non-controlling interests from vested and cash capital increase reserved from employee share options granted by Sunplus Innovation Technology (Note 28)	<u>109,586</u>	<u>92,154</u>
Balance at December 31	<u>\$ 2,472,840</u>	<u>\$ 2,460,759</u>

g. Treasury shares

<b>Purpose of Buyback</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares as of January 1, 2022	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as December 31, 2022	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Number of shares as of January 1, 2021	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as December 31, 2021	<u>-</u>	<u>3,560</u>	<u>3,560</u>

The Sunplus' shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held (in Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2022</u>			
Lin Shin Investment	3,560	\$ <u>64,301</u>	\$ <u>79,744</u>
<u>December 31, 2021</u>			
Lin Shin Investment	3,560	\$ <u>63,401</u>	\$ <u>138,306</u>

The shares of the Company held by its subsidiaries were treated as treasury shares. The subsidiaries can exercise shareholder's right on these treasury shares, except for the right to subscribe for the Company's new shares and voting rights.

## 24. REVENUE

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from the sale of goods	\$ 6,301,115	\$ 7,615,235
Rental income from property	254,567	240,964
Other	<u>150,026</u>	<u>104,632</u>
	<u>\$ 6,705,708</u>	<u>\$ 7,960,831</u>

### a. Contract information

#### Revenue from the sale of goods

IC products are sold to agents and customers. The Company determines the sales price of products based on orders. It takes into consideration the past purchases of agents and customers in order to estimate the most likely discount amount and return rate. Based on the determination of revenue, the Company recognizes the amount and the liabilities for refunds (accounted for as other current liabilities).

#### Other income

Other income mainly comes from software development and royalties.

### b. Contract balances

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Notes receivable and trade receivables (Note 9)	\$ <u>887,148</u>	\$ <u>1,285,944</u>	\$ <u>1,204,798</u>
Contract liabilities - current	\$ <u>53,462</u>	\$ <u>30,109</u>	\$ <u>26,181</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

c. Disaggregation of revenue

	<b>Reportable Segments</b>	
	<b>Direct Sales</b>	
	<b>2022</b>	<b>2021</b>
<u>Primary geographical markets</u>		
Asia	\$ 4,025,105	\$ 4,715,325
Taiwan	2,638,008	3,187,987
Others	<u>42,595</u>	<u>57,519</u>
	<u>\$ 6,705,708</u>	<u>\$ 7,960,831</u>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 6,445,826	\$ 7,709,295
Satisfied over time	<u>259,882</u>	<u>251,536</u>
	<u>\$ 6,705,708</u>	<u>\$ 7,960,831</u>

**25. NET PROFIT**

Net profit included the following items:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 38,292	\$ 25,451
Others	<u>15</u>	<u>15</u>
	<u>\$ 38,307</u>	<u>\$ 25,466</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividend income	\$ 117,124	\$ 91,022
Subsidy income (Note 29)	53,733	80,929
Others	<u>110,532</u>	<u>70,781</u>
	<u>\$ 281,389</u>	<u>\$ 242,732</u>



c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on disposal of investments accounted for using equity method	\$ 449,000	\$ -
Gain on disposal of subsidiaries	71,274	-
Net foreign exchange gain (loss)	42,642	(6,685)
Impairment loss recognized on non-financial asset	(460)	-
Impairment loss recognized on financial asset	(6,826)	-
Net gain (loss) on financial assets and liabilities		
Net (loss) gain on financial assets designated as at FVTPL (Note 7)	(262,869)	837,439
Others	<u>14,441</u>	<u>15,377</u>
	<u>\$ 307,202</u>	<u>\$ 846,131</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 11,440	\$ 8,259
Interest on lease liabilities	5,113	5,303
Other finance costs	<u>586</u>	<u>599</u>
	<u>\$ 17,139</u>	<u>\$ 14,161</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 82,724	\$ 78,696
Operating expenses	<u>261,335</u>	<u>199,819</u>
	<u>\$ 344,059</u>	<u>\$ 278,515</u>
An analysis of amortization by function		
Operating costs	\$ 165	\$ 24
Operating expenses	<u>139,118</u>	<u>133,204</u>
	<u>\$ 139,283</u>	<u>\$ 133,228</u>

f. Operating expenses directly related to investment properties

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Direct operating expenses from investment property that generated rental income	<u>\$ 96,497</u>	<u>\$ 87,802</u>

g. Employee benefit expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 1,895,632	\$ 2,013,200
Post-employment benefits		
Defined contribution plans	48,308	47,559
Defined benefit plans (Note 22)	<u>(3,034)</u>	<u>(11,358)</u>
	45,274	36,201
Share-based payments		
Equity-settled	109,586	92,154
Other employee benefits	<u>41,008</u>	<u>38,531</u>
 Total employee benefit expense	 <u>\$ 2,091,500</u>	 <u>\$ 2,180,086</u>
 An analysis of employee benefit expense by function		
Operating costs	\$ 96,593	\$ 102,342
Operating expenses	<u>1,994,907</u>	<u>2,077,744</u>
	<u>\$ 2,091,500</u>	<u>\$ 2,180,086</u>

h. Employees' compensation and remuneration of directors and supervisors

The Sunplus resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors on March 15, 2023 and March 29, 2022, respectively, were as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 2,216	\$ -	\$ 12,136	\$ -
Remuneration of directors	3,325	-	18,203	-

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and will be adjusted in next fiscal year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021 and 2020.

Information on compensation of employees and remuneration of directors resolved by the Sunplus' board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gain or loss on exchange rate changes

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Exchange rate gains	\$ 254,566	\$ 75,741
Exchange rate losses	<u>(211,924)</u>	<u>(82,426)</u>
Net gain (loss)	<u>\$ 42,642</u>	<u>\$ (6,685)</u>

## 26. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 246,977	\$ 321,319
Adjustments for prior periods	<u>(14,142)</u>	<u>(14,205)</u>
	232,835	307,114
Deferred tax		
In respect of the current year	<u>(20,942)</u>	<u>(5,029)</u>
Income tax expense recognized in profit or loss	<u>\$ 211,893</u>	<u>\$ 302,085</u>

A reconciliation of accounting profit and current income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 882,350</u>	<u>\$ 2,058,327</u>
Income tax expense calculated at the statutory rate	\$ 176,470	\$ 411,665
Different statutory rate in other jurisdictions	5,100	(48)
Tax effect of adjusting items:		
Nondeductible expenses in determining taxable income	(97,536)	(56,280)
Temporary differences	109,360	(119,137)
Current investment credit	(11,502)	(12,073)
Effects of consolidated income tax filing	-	(36)
Additional on undistributed earnings	5	-
Tax-exempt income	(15,180)	-
Loss carryforwards	4,068	(2,845)
Differences in income basic tax	<u>4,493</u>	<u>12,246</u>
Current income tax expense	175,278	233,492

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Deferred income tax expense		
Temporary differences	\$ (20,942)	\$ (5,029)
Unrecognized loss carryforwards	71,505	87,394
Adjustments for prior years' tax	(14,142)	(14,205)
Foreign income tax expense	<u>194</u>	<u>433</u>
Income tax expense recognized in profit or loss	<u>\$ 211,893</u>	<u>\$ 302,085</u> (Concluded)

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable (classified as other receivables)	<u>\$ -</u>	<u>\$ 22</u>
Current tax liabilities		
Income tax payable	<u>\$ 145,222</u>	<u>\$ 254,071</u>

c. Deferred tax assets

The Company offset certain deferred tax assets and deferred tax liabilities that met the offset criteria.

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Temporary differences			
Unrealized loss on inventories	\$ 14,687	\$ 22,188	\$ 36,875
Fixed assets	3,290	7,199	10,489
Unrealized sales	222	(222)	-
Exchange (gains) losses	(523)	5,825	5,302
Other	<u>20,390</u>	<u>(14,048)</u>	<u>6,342</u>
	<u>\$ 38,066</u>	<u>\$ 20,942</u>	<u>\$ 59,008</u>

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Temporary differences			
Unrealized loss on inventories	\$ 11,794	\$ 2,893	\$ 14,687
Fixed assets	3,438	(148)	3,290
Unrealized sales	-	222	222
Exchange (gains) losses	(1,394)	871	(523)
Other	<u>19,199</u>	<u>1,191</u>	<u>20,390</u>
	<u>\$ 33,037</u>	<u>\$ 5,029</u>	<u>\$ 38,066</u>

d. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Loss Carryforwards</u>		
Expiry in 2022	\$ -	\$ 536,364
Expiry in 2023	1,454,571	1,466,752
Expiry in 2024	60,507	65,199
Expiry in 2025	28,139	49,489
Expiry in 2026	37,440	55,551
Expiry in 2027	74,875	74,875
Expiry in 2028	130,320	130,320
Expiry in 2029	391,411	391,411
Expiry in 2030	77,149	85,120
Expiry in 2031	21,335	35,142
Expiry in 2032	<u>110</u>	<u>-</u>
	<u>\$ 2,275,857</u>	<u>\$ 2,890,223</u>
Deductible temporary differences	<u>\$ 197,052</u>	<u>\$ 117,978</u>

e. Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2022 pertaining to Sunplus:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 1,144,831	2023
10,909	2027
329,899	2029
48,825	2030
<u>5,675</u>	2031
<u>\$ 1,540,139</u>	

Loss carryforwards as of December 31, 2022 pertaining to Sunplus Venture Capital:

<b>Unused Amount</b>	<b>Expiry Year</b>
<u>\$ 79,684</u>	2023

Loss carryforwards as of December 31, 2022 pertaining to Lin Shin Investment:

<b>Unused Amount</b>	<b>Expiry Year</b>
<u>\$ 39,908</u>	2023

Loss carryforwards as of December 31, 2022 pertaining to Sunext Technology:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 159,490	2023
31,147	2024
<u>975</u>	2025
<u>\$ 191,612</u>	

Loss carryforwards as of December 31, 2022 pertaining to Sunplus mMedia:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 30,658	2023
29,360	2024
27,164	2025
11,155	2026
9,369	2027
57,427	2028
25,045	2029
335	2030
76	2031
<u>110</u>	2032
<u>\$ 190,699</u>	

Loss carryforwards as of December 31, 2022 pertaining to Jumplux Technology:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 26,285	2026
54,597	2027
72,893	2028
36,467	2029
27,989	2030
<u>15,584</u>	2031
<u>\$ 233,815</u>	

f. Income tax assessments

The income tax returns of Generalplus Technology, Sunplus Innovation Technology, Sunext Technology, Jumplux Technology, Lin Shin Investment, Sunplus Venture Capital, Sunplus mMedia, Wei-Young Investment and Sunplus Management Consulting through 2020; Sunplus and Sunplus mMobile through 2021 have been assessed by the tax authorities.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic gain per share	\$ <u>0.37</u>	\$ <u>2.01</u>
Diluted earnings per share	\$ <u>0.37</u>	\$ <u>2.01</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

### Net profit for the year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year attributable to owners of the Company	\$ 215,899	\$ 1,182,787
Effect of potentially dilutive ordinary shares		
Bonuses for employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted EPS from continuing operations	\$ <u>215,899</u>	\$ <u>1,182,787</u>

The weighted average number of ordinary shares outstanding (in thousand shares) is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential ordinary shares:		
Bonuses issued to employees	<u>184</u>	<u>340</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>588,619</u>	<u>588,775</u>

Sunplus may settle the compensation of employees in cash or shares; therefore, Sunplus assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. SHARE-BASED PAYMENT ARRANGEMENTS

### a. Restricted shares for employees

In the shareholders' meeting of Sunplus Innovation Technology on June 22, 2020, the shareholders approved a restricted share plan for employees with a total amount of \$20,000 thousand, consisting of 2,000 thousand shares. The aforementioned resolution was declared effectively by the FSC on October 12, 2020.

The first and second restricted share plans were approved by the board of directors of Sunplus Innovation Technology on October 28, 2020 and September 6, 2021. The total amounts both of the two shares was \$10,000 thousand, consisting of 1,000 thousand shares and the issuing price of each share was NT\$0. Sunplus Innovation Technology has set October 28, 2020 and September 6, 2021 as the grant dates, and November 5, 2020 and September 7, 2021 as the record dates of capital increase. The amounts of the fair value of the granted shares were \$75.26 and \$163.50 per share.

After the restricted shares are allocated to employees in accordance with the Sunplus Innovation Technology's regulations, and they are still working after the expiration of the following vested terms while they meet the performance conditions, the proportions of vested shares are as follows:

- 1) Those who served in Sunplus Innovation Technology for a year after the grant date with recent personal performance rating before the expiration date reaches the top 35% (included) of Sunplus Innovation Technology, will receive 50% of the number of allocated shares.
- 2) Those who served in Sunplus Innovation Technology for two year after the grant date with recent personal performance rating before the expiration date reaches the top 35% (included) of Sunplus Innovation Technology, will receive 50% of the number of allocated shares.

When the employee fails to meet the vesting conditions:

- 1) Resignation (voluntary resignation/retirement/layoff/dismissal): The employee that has not fulfilled the vesting conditions will be deemed to have not met the vesting conditions from the day of resignation. Sunplus Innovation Technology will buy back and cancel the employee's restricted shares at the original issuing price according to the laws.
- 2) Unpaid leave: The employee that has not fulfilled the vesting conditions will be restored to the rights and interests from the date of reinstatement, but the vesting period shall be deferred according to the period of unpaid leave.
- 3) Death: The employee that has not fulfilled the vesting conditions will be deemed to have not met the vesting conditions from the day of death. Sunplus Innovation Technology will buy back and cancel the employee's restricted shares at the original issuing price according to the laws.
- 4) Occupational injury:
  - a) Those who are unable to continue their employment due to occupational injury and have not fulfilled the vesting conditions shall still fulfill the vesting conditions according to regulation 3) Death.
  - b) Death due to occupational injury may cause the employee not fulfilling the vesting conditions which shall be fulfilled by the heirs from the day of the death of the inherited employee according to regulation 3) Death.
- 5) Transfer employment: If an employee is requested to transfer to an affiliate company or other company (except transferring to a subsidiary), the restricted shares shall be proceed according to the regulation of "Resignation". However, due to Sunplus Innovation Technology's operation need, employees for those who were assigned by Sunplus Innovation Technology to be transferred to Sunplus Innovation Technology's affiliates or other companies will not be affected.
- 6) Employees or their heirs shall receive the transferred shares according to the trust agreement.
- 7) Share dividends and cash dividends that have been allocated to employees who have not fulfilled the vesting conditions during the vesting period shall not be returned.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:



- 1) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 2) The employees holding these shares are not entitled to receive cash dividends and share dividends.
- 3) Employees should immediately place the restricted shares under the trust or custody after the issuance of restricted shares. They shall not request the trustee or custodian to return the restricted shares for any reason before the vesting conditions are fulfilled.

Other agreements were as follow:

Sunplus Innovation Technology shall act on behalf of employees to negotiate with trust institutions or custodian institutions. It may include but not limited to negotiate, sign, revise, extend, cancel and terminate the trust contracts or custody contracts and instructions for the delivery, use and disposal of trust or custody property during the period of trust or custody.

Information on employee restricted share was as follows:

	<b>For the Year Ended December 31, 2022</b>	<b>For the Year Ended December 31, 2021</b>
	<b>Number of Options (In Thousands of Units)</b>	<b>Number of Options (In Thousands of Units)</b>
Outstanding shares at January 1	1,495	1,000
Shares granted	-	1,000
Shares vested	(955)	(495)
Shares forfeited	<u>-</u>	<u>(10)</u>
Outstanding shares at December 31	<u><u>540</u></u>	<u><u>1,495</u></u>

Compensation costs recognized were \$109,586 thousand and \$90,453 thousand for the year ended December 31, 2022 and 2021, respectively.

b. Capital Increase by Cash Reserved for Employees

The board of directors of Sunplus Innovation Technology resolved on June 2, 2021 to process the initial cash capital increase before the OTC to reserve 506 thousand shares for employees to subscribe. The grant date was July 15, 2021, and the total number of subscribed shares was 486 thousand shares. The above ordinary share issuance reserved for employee option's fair value was priced using the Black-Scholes evaluation model, and the inputs to the model are as follows:

	<b>July, 2021</b>
Grant-date share price(NT\$)	\$ 156.90
Exercise price(NT\$)	\$ 160.00
Expected volatility	52.57%
Expected life(in days)	8
Risk-free interest rate	0.35%
Fair value of option(NT\$)	\$ 3.50

Capital increase by cash reserved for compensation of employees costs recognized was \$1,701 thousand for the year ended December 31, 2021.

## 29. GOVERNMENT GRANTS

In August 2013, SunMedia received a government grant amounting to RMB\$16,390 thousand (\$79,213 thousand) for the purchase of land on which to build a plant. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset. The total revenue recognized as profit for the years ended December 31, 2022 and 2021 was \$1,610 thousand and \$1,580 thousand, respectively.

Sunplus applied for the AI on Chip R&D subsidy program from the Ministry of Economic Affairs, and the “Shared Intelligent Computing Chiplet Architecture R&D Program” was reviewed and approved on November 20, 2020. The approved subsidy amounted to \$115,356 thousand. As of December 31, 2022 and 2021, the accumulated subsidies received were \$113,706 thousand and \$70,139 thousand, respectively. The amounts of the recognized subsidy income were \$43,516 thousand and \$70,121 thousand. In addition, Sunplus has a special account for subsidies in accordance with regulations. The monthly withdrawal amount shall be withdrawn according to the monthly expenditure summary statement, and the withdrawal amount shall not be higher than the expenditure amount.

## 30. LIQUIDATION AND DISPOSAL OF SUBSIDIARIES

### Liquidation of subsidiaries

#### a. Analysis of assets and liabilities from liquidation

The Company completed the liquidation of its subsidiaries, Jsilicon Technology, Giant Kingdom and Giant Best on August 30 and September 5, 2022, respectively. Giant Best has finished the incorporation registration; however, the payment has not yet remitted yet.

	<b>Jsilicon Technology</b>	<b>Giant Kingdom</b>
Current assets		
Cash and cash equivalents	\$ 28,228	\$ 216
Net assets disposed of	<u>\$ 28,228</u>	<u>\$ 216</u>

#### b. Gain (loss) on liquidation of subsidiaries

	<b>Jsilicon Technology</b>	<b>Giant Kingdom</b>
Consideration received	\$ 28,228	\$ 216
Net assets disposed of	<u>(28,228)</u>	<u>(216)</u>
Gain (loss) on disposals	<u>\$ -</u>	<u>\$ -</u>

c. Net cash inflow on liquidation of subsidiaries

	<b>Jsilicon Technology</b>	<b>Giant Kingdom</b>
Consideration received in cash and cash equivalents	\$ 28,228	\$ 216
Less: Cash and cash equivalent balances disposal of	<u>(28,228)</u>	<u>(216)</u>
	<u>\$ -</u>	<u>\$ -</u>

Disposal of subsidiaries

a. Analysis of assets and liabilities from disposal

The Company completed the disposal of its subsidiaries, GenKi Tek Technology on June 20, 2022 and Magic Sky on June 22, 2022, respectively.

	<b>Magic Sky</b>	<b>GenKiTek Technology</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 21	\$ 2,352
Other current assets	-	557
Inventories	-	151
Other receivables	-	1
<b>Non-current assets</b>		
Property, plant and equipment	-	470
Intangible assets	-	3,257
Right-of-use assets	-	108
Refundable deposits	-	121
<b>Current liabilities</b>		
Payables	-	(952)
Lease liabilities	-	(115)
Other current liabilities	<u>-</u>	<u>(1,330)</u>
Net assets disposed of	<u>\$ 21</u>	<u>\$ 4,620</u>

b. Gain (loss) on disposal of subsidiaries

	<b>Magic Sky</b>	<b>GenKiTek Technology</b>
Consideration received	\$ 86,000	\$ 200
Net assets disposal of	(21)	(4,620)
Reclassification of other comprehensive income in respect of the subsidiaries	(12,017)	-
Non-controlling interests	<u>-</u>	<u>1,732</u>
Gain (loss) on disposals	<u>\$ 73,962</u>	<u>\$ (2,688)</u>

c. Net cash inflow (outflow) on disposal of subsidiaries

	<b>Magic Sky</b>	<b>GenKiTek Technology</b>
Consideration received in cash and cash equivalents	\$ 86,000	\$ 200
Less: Cash and cash equivalent balances disposal of	<u>(21)</u>	<u>(2,352)</u>
	<u>\$ 85,979</u>	<u>\$ (2,152)</u>

### 31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In August 2021, Giant Rock subscribed for the cash capital increase of Sunplus APP, increasing its controlling interest from 96.32% to 97.44%.

In July 2021, Sunplus disposed of its 683 thousand shares in Sunplus Innovation Technology. The Company at a percentage different from its existing ownership percentage for the cash capital increase equity, resulting in a decrease in the overall shareholding ratio from 65.94% to 58.86%.

In November 2021, Sunplus Innovation Technology had vested restricted shares, resulting in a decrease in the overall shareholding ratio from 58.86% to 58.36%.

In August 2022, Sunplus and Sunext Technology had acquired the shares of Sunext Technology from Sunext Technology's non-controlling interest by cash consideration, resulting in an increase in the overall shareholding ratio from 92.55% to 100.00%.

In September 2022, Sunplus Innovation Technology vested restricted shares, resulting in a decrease in the overall shareholding ratio from 58.36% to 57.88%.

In November 2022, Sunplus Innovation Technology vested restricted shares, resulting in a decrease in the overall shareholding ratio from 57.88% to 57.38%.

*The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries.*

2022

	<b>Sunplus Innovation Technology</b>	<b>Sunext Technology</b>
Cash consideration paid	\$ -	\$ (19,384)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (from) to non-controlling interests	<u>(22,360)</u>	<u>18,462</u>
Differences recognized from equity transactions	<u>\$ (22,360)</u>	<u>\$ (922)</u>

	<b>Sunplus Innovation Technology</b>	<b>Sunext Technology</b>	<b>Total</b>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ (22,360)	\$ -	\$ (22,360)
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	(922)	(922)
	<u>\$ (22,360)</u>	<u>\$ (922)</u>	<u>\$ (23,282)</u>

2021

	<b>Sunplus Innovation Technology</b>	<b>Sunplus App</b>
Cash consideration paid	\$ 1,066,567	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(474,417)	(1,771)
Reattribution of other equity from non-controlling interests		
Unrealized loss on financial assets at FVTOCI	(1,022)	-
Differences recognized from equity transactions	<u>\$ 591,128</u>	<u>\$ (1,771)</u>

	<b>Sunplus Innovation Technology Inc.</b>	<b>Sunplus App</b>	<b>Total</b>
<u>Line items adjusted for equity transactions</u>			
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ 499,677	\$ (1,771)	\$ 497,906
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	91,451	-	91,451
	<u>\$ 591,128</u>	<u>\$ (1,771)</u>	<u>\$ 589,357</u>

### 32. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity) attributable to owners of the Company.

The Company is not subject to any externally imposed capital requirements.

### 33. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments that are not measured at fair value

The management of the Company considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on recurring basis.

1) Fair value hierarchy

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 503,173	\$ -	\$ -	\$ 503,173
Domestic listed shares	92,185	-	-	92,185
Domestic/foreign unlisted shares	85,218	-	748,692	833,910
Limited partnership	<u>-</u>	<u>-</u>	<u>773,718</u>	<u>773,718</u>
	<u>\$ 680,576</u>	<u>\$ -</u>	<u>\$ 1,522,410</u>	<u>\$ 2,202,986</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 28,957	\$ -	\$ -	\$ 28,957
Domestic/foreign unlisted shares	-	-	262,258	262,258
Domestic private listed shares	<u>-</u>	<u>-</u>	<u>4,340</u>	<u>4,340</u>
	<u>\$ 28,957</u>	<u>\$ -</u>	<u>\$ 266,598</u>	<u>\$ 295,555</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 1,199,486	\$ -	\$ -	\$ 1,199,486
Domestic/foreign unlisted shares	164,738	-	1,192,970	1,357,708
Domestic/foreign listed shares	273,390	-	-	273,390
Securities listed in the ROC and other countries - CB	-	-	134,269	134,269
Limited partnership	<u>-</u>	<u>-</u>	<u>436,013</u>	<u>436,013</u>
	<u>\$ 1,637,614</u>	<u>\$ -</u>	<u>\$ 1,763,252</u>	<u>\$ 3,400,866</u>
Financial assets at FVTOCI				
Domestic private listed shares	\$ -	\$ -	\$ 10,062	\$ 10,062
Domestic/foreign unlisted shares	<u>89,486</u>	<u>-</u>	<u>116,708</u>	<u>206,194</u>
	<u>\$ 89,486</u>	<u>\$ -</u>	<u>\$ 126,770</u>	<u>\$ 216,256</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the Year Ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets</b>	<b>Financial Assets</b>	<b>Total</b>
-------------------------	-------------------------	-------------------------	--------------

	at FVTPL	at FVTOCI	
Balance at January 1, 2022	\$ 1,763,252	\$ 126,770	\$ 1,890,022
Recognized in profit or loss	(170,998)	-	(170,998)
Recognized in other comprehensive income	-	10,296	10,296
Purchases	318,693	127,573	446,266
Disposals	(358,485)	-	(358,485)
Transfer out of Level 3	(69,300)	-	(69,300)
Effect of exchange rate changes	<u>39,248</u>	<u>1,959</u>	<u>41,207</u>
Balance at December 31, 2022	<u>\$ 1,522,410</u>	<u>\$ 266,598</u>	<u>\$ 1,789,008</u>

For the Year Ended December 31, 2021

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2021	\$ 1,073,957	\$ 78,699	\$ 1,152,656
Recognized in profit or loss	499,001	-	499,001
Recognized in other comprehensive income	-	(9,837)	(9,837)
Reclassified	(10,438)	-	(10,438)
Purchases	264,321	58,584	322,905
Disposals	(10,592)	-	(10,592)
Transfer out of Level 3	(48,600)	-	(48,600)
Effect of exchange rate changes	<u>(4,397)</u>	<u>(676)</u>	<u>(5,073)</u>
Balance at December 31, 2021	<u>\$ 1,763,252</u>	<u>\$ 126,770</u>	<u>\$ 1,890,022</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) The fair values of unlisted equity securities – domestic and foreign were determined using the market approach. The significant unobservable inputs used are listed in the table below. An increase in the price-to-book ratio or price-sales ratio or a decrease in the discount for lack of marketability used in isolation would result in increases in fair value.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Price-to-book ratio	0.745-4.230	2.220-3.490
Price-to-sales ratio	0.788-4.570	0.910-2.850
Discount for lack of marketability	10%-30%	10%-20%

- b) The fair values of unlisted shares and limited partnership were determined using the asset-based approach. The Company assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Company assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.
- c) The fair values of unlisted shares were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or a decrease in the weighted average cost of capital (WACC) or discount for lack of marketability used in isolation would result in increases in fair value.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Long-term revenue growth ratio	2.00%	2.00%
Weighted average cost of capital ratio	8.646%	8.879%
Discount for lack of marketability	30%	30%

- d) Domestic listed private equity investment refers to the transaction price of the listed company's stock in the active market, and uses the unobservable input value as discount for lack of marketability to determine the value of the evaluation target.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount for lack of marketability	54.8%	29.8%

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)	\$ 2,202,986	\$ 3,400,866
Financial assets at amortized cost (1)	5,844,587	6,599,715
Financial assets at (FVTOCI)		
Equity instruments	295,555	216,256

Financial liabilities

Measured at amortized cost (2)	1,730,973	1,762,041
--------------------------------	-----------	-----------

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables, other receivables, other financial assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, current portion of long-term bank borrowings, long-term borrowings and guarantee deposits.



d. Financial risk management objectives and policies

The Company's major financial instruments included mutual funds equity and debt investments, convertible notes, trade receivables, accounts payable, borrowings and lease liability. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reported quarterly to the Company's risk management committee.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Foreign currency risk

A part of the Company's cash flows is in foreign currency, and the use by management of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

For exchange risk management, each foreign-currency item of net assets and liabilities is reviewed regularly. In addition, before obtaining foreign loans, the Company considers the cost of the hedging instrument and the hedging period.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were refer to Note 36.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company sensitivity to a US\$1.00 and RMB1.00 increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis considers the currencies of USD and RMB in circulation, and adjusts the end-of-term conversion to exchange rate change of \$1.00. The sensitivity analysis covers cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, long-term and short-term loans, accounts payable, other accounts payable and deposit margins. A negative number below indicates a decrease in post-tax profit associated with the New Taiwan dollar strengthening \$1.00 against USD and RMB. For a \$1.00 weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit, and the balances below would be positive.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 25,645	\$ (16,811)

<b>RMB Impact</b>	
<b>For the Year Ended December 31</b>	
<b>2022</b>	<b>2021</b>

Profit or loss	\$ (11,905)	\$ 2,599
----------------	-------------	----------

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 2,895,144	\$ 2,618,028
Financial liabilities	210,761	220,078
Cash flow interest rate risk		
Financial assets	1,806,101	2,523,929
Financial liabilities	1,042,000	573,773

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$955 thousand and \$2,438 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the year ended December 31, 2022 and 2021 would have increased/decreased by \$22,030 thousand and \$34,009 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,956 thousand and \$2,163 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company is arising from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Company's concentration of credit risk of 60% and 68% in total trade receivables as of December 31, 2022 and 2021, respectively, was related to the five largest customers within the property construction business segment.

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

### a) Liquidity and interest risk rate tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 289,228	\$ 225,048	\$ 5,154	\$ 1	\$ -
Lease liabilities	1,529	3,204	14,237	41,782	236,250
Variable interest rate liabilities	1,072	42,000	-	1,000,000	-
Fixed interest rate liabilities	-	-	-	4,453	182,057
	<u>\$ 291,829</u>	<u>\$ 270,252</u>	<u>\$ 19,391</u>	<u>\$ 1,046,236</u>	<u>\$ 418,307</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 18,970</u>	<u>\$ 41,782</u>	<u>\$ 48,321</u>	<u>\$ 47,645</u>	<u>\$ 38,180</u>	<u>\$ 102,104</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 658,464	\$ 381,214	\$ 8,222	\$ -	\$ -
Lease liabilities	1,486	3,114	12,624	45,671	244,833
Variable interest rate liabilities	99,024	45,000	46,000	384,000	-
Fixed interest rate liabilities	-	-	-	4,972	183,713
	<u>\$ 758,974</u>	<u>\$ 429,328</u>	<u>\$ 66,846</u>	<u>\$ 434,643</u>	<u>\$ 428,546</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 17,224</u>	<u>\$ 45,671</u>	<u>\$ 48,109</u>	<u>\$ 48,109</u>	<u>\$ 39,358</u>	<u>\$ 109,257</u>

## b) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank overdraft facility, review annually and payable on demand		
Amount used	\$ 1,085,567	\$ 599,711
Amount unused	<u>3,790,209</u>	<u>3,871,132</u>
	<u>\$ 4,875,776</u>	<u>\$ 4,470,843</u>

### 34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

a. Name and relationship of related parties

Name	Relationship with the Company
Beijing Golden Global View Co., Ltd.	Associate (Note)
iCatch Technology	Associate

Note: It is an associate of the Company; subsidiary of Global View.

b. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Sales	Associates	\$ <u>45,790</u>	\$ <u>50,363</u>

Sales price to related parties is based on cost and market price. The sales terms to related parties were similar to those with external customers.

c. Receivables from related parties (excluding loans to related parties)

Account Item	Related Party	December 31	
		2022	2021
Trade receivables	Associates	\$ <u>6,134</u>	\$ <u>10,752</u>
Other receivables	Associates	\$ <u>535</u>	\$ <u>529</u>

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

d. Prepayments (excluding loans to related parties)

Line Item	Related Party Category	December 31	
		2022	2021
Other current assets	Associate	\$ <u>-</u>	\$ <u>189</u>

e. Other transactions with related parties

Account Item	Related Parties Types	December 31	
		2022	2021
Operating expenses	Associates	\$ <u>114</u>	\$ <u>297</u>
Non-operating income and expenses	Associates	\$ <u>12,934</u>	\$ <u>9,489</u>

Administrative support services price between the Company and the related parties were negotiated and were thus not comparable with those in the market. There are no other available transactions to be compared with.

The pricing and the payment terms of the lease contract between the Company and the related parties were similar to those with external customers.

f. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 143,591	\$ 84,551
Post-employment benefits	<u>1,200</u>	<u>1,465</u>
	<u>\$ 144,791</u>	<u>\$ 86,016</u>

The remuneration of directors and other key management personnel was determined by the Compensation Committee in accordance with individual performance and market trends.

### 35. PLEDGED OR MORTGAGED ASSETS

The following assets of the Company have been pledged or mortgaged as guarantees for endorsement, loan, purchase quota, leased land and customs clearance:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings, net	\$ 537,529	\$ 556,931
Pledged time deposits (classified as other financial assets - non-current)	<u>15,343</u>	<u>13,011</u>
	<u>\$ 552,872</u>	<u>\$ 569,942</u>

### 36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitment of the Company as of the end of the reporting period, excluding these disclosed in other note, were as follow:

Long-term purchase contract:

Generalplus Technology signed a long-term supply contract with the supplier in December 2021. According to the contract agreed that supply quantity and price from January 1, 2022 to June 30, 2025. According to the contract, Generalplus has been paid USD\$3,456 thousand to the supplier as a guarantee to ensure the supply of production capacity. The contract stipulates that if fail to fulfill the agreed purchase quantity or supply quantity, the other party has the right to demand a certain amount of compensation.

### 37. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,195	30.710	\$ 1,418,648
JPY	6,762	0.232	1,569
CNY	910	4.408	4,011
HKD	111	3.938	437
GBP	3	37.090	111
EUR	1	32.720	33
Nonmonetary items			
CHF	541	33.205	17,953

Financial liabilities

Monetary items			
USD	20,550	30.710	631,091
JPY	1,181	0.232	274
CNY	12,815	4.408	56,489

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,245	27.680	\$ 1,805,982
JPY	9,108	0.241	2,195
CNY	1,258	4.344	5,465
HKD	150	3.549	532
GBP	3	37.300	112
EUR	1	31.320	31
Nonmonetary items			
CHF	595	30.175	17,953

Financial liabilities

Monetary items			
USD	48,434	27.680	1,340,653
JPY	417	0.241	100
CNY	3,857	4.344	16,755
HKD	14	3.549	50

For the years ended December 31, 2022 and 2021, (realized and unrealized) net foreign exchange losses were \$42,642 thousand and \$6,685 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

### 38. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees and b. Information on investees:
- 1) Financings provided: Table 1 (attached)
  - 2) Endorsement/guarantee provided: Table 2 (attached)
  - 3) Marketable securities held: Table 3 (attached)
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
  - 9) Trading in derivative instruments: No.
  - 10) Intercompany relationships and significant intercompany transactions: Table 6 (attached)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.



- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

Except for Table 1 to Table 10, there's no further information about other significant transactions.

### 39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Company reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by sub segment and operating results for the years ended December 31, 2022 and 2021 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2022 and 2021 are shown in the accompanying consolidated balance sheets.

a. Segment revenues and results

The following was an analysis of the Company's operating revenue and results by reportable segment.

	<b>Segment Revenue</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
IC design	\$ 6,301,115	\$ 7,615,235
Income from lease of property, plant, and equipment	254,567	240,964
Other income	<u>150,026</u>	<u>104,632</u>
	<u>\$ 6,705,708</u>	<u>\$ 7,960,831</u>

b. Geographical information

The Company operates in two principal geographical areas - the Asia and Taiwan.

The Company's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

	<u>Revenue from External Customers</u>		<u>Non-current Assets</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Asia	\$ 4,025,105	\$ 4,715,325	\$ 1,848,012	\$ 1,962,374
Taiwan	2,638,008	3,187,987	1,423,109	1,462,547
Others	<u>42,595</u>	<u>57,519</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,705,708</u>	<u>\$ 7,960,831</u>	<u>\$ 3,271,121</u>	<u>\$ 3,424,921</u>

Non-current assets exclude financial instruments, deferred tax assets and other non-current assets.

c. Information about major customers

Single customers contributing 10% or more to the Company's revenue were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Customer A	\$ 1,026,125	\$ 1,304,206
Customer B	939,858	1,145,765
Customer C	Note	939,933

Note: The amount of revenue does not reach 10% of the Company's net revenue.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## FINANCINGS PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Sunplus Shanghai	Chongqing CQPlus1	Receivables from related parties	Yes	\$ 60,816	\$ -	\$ -	1.80%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 425,085 (Note 7)	\$ 425,085 (Note 7)
2	Sunplus Shanghai	Sun Media	Receivables from related parties	Yes	298,862	294,014	294,014	1.80%	Note 1	-	Note 3	-	-	-	425,085 (Note 7)	425,085 (Note 7)
3	Russell	Sun Media	Receivables from related parties	Yes	243,313	-	-	-	Note 1	-	Note 4	-	-	-	712,296 (Note 8)	712,296 (Note 8)
4	Sunplus Venture Capital	Sun Media	Receivables from related parties	Yes	50,969	50,672	50,672	3.80%	Note 1	-	Note 5	-	-	-	441,335 (Note 9)	441,335 (Note 9)
5	Lin Shin Investment	Sun Media	Receivables from related parties	Yes	163,460	110,556	110,556	3.80%	Note 1	-	Note 6	-	-	-	357,585 (Note 10)	357,585 (Note 10)

Note 1: Short-term financing.

Note 2: Sunplus Shanghai provided funds for the operating needs of Chongqing CQPlus 1.

Note 3: Sunplus Shanghai provided funds for the operating needs of SunMedia.

Note 4: Russell provided funds for the operating needs of SunMedia.

Note 5: Sunplus Venture Capital provided funds for the operating needs of SunMedia.

Note 6: Lin Shin Investment provided funds for the operating needs of SunMedia.

Note 7: Sunplus Shanghai and the loans are all foreign companies whose parent company directly and indirectly holds 100% of the voting shares. When the short-term financing funds need to be engaged in capital lending, the capital loan and the individual amount and total amount should not exceed the capital loan. The enterprise's net worth should not exceed to 60%, and its period should not exceed more than 2 years.

Note 8: Russell and the loans are all foreign companies whose parent company directly and indirectly holds 100% of the voting shares. When the short-term financing funds need to be engaged in capital lending, the capital loan and the individual amount and total amount should not exceed the capital loan. The enterprise's net worth should not exceed to 80%, and its period should not exceed more than 2 years.

Note 9: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital's net equity as of its latest financial statements.

Note 10: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shin Investment's net equity as of its latest financial statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus	Chongqing CQPlus1	3 (Note 3)	\$ 926,209 (Note 4)	\$ 67,590	\$ -	\$ -	\$ -	-	\$ 1,852,418 (Note 5)	Yes	No	Yes
1 (Note 2)	Russell	SunMedia	3 (Note 3)	534,222 (Note 6)	59,440	-	-	-	-	534,222 (Note 6)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: Sunplus and its subsidiaries jointly hold more than 50% of the ordinary shares of the endorsee.

Note 4: For each transaction entity, the guarantee amount should not exceed 10% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 5: The guarantee amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 6: Russell and the endorsement guaranty object are the parent company which holds 100% voting rights directly or indirectly. For each transaction entity, the guarantee amount should not exceed 60% of the endorsement/guarantee provider's net equity.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	300	\$ 15,480	-	\$ 15,480	Note 2
	Triknight Capital Corporation	-	Financial assets at FVTPL - non-current	40,842	269,823	5	269,823	Note 1
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	-	5	-	Note 1
	Vertex Growth II (SG) L.P.	-	Financial assets at FVTPL - non-current	-	3,644	-	3,644	Note 1
	AMED Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	2,539	-	2,539	Note 1
Lin Shin Investment	Arizon RFID Technology Co., Ltd.	-	Financial assets at FVTPL - current	370	28,701	-	28,701	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at FVTPL - current	65	2,130	-	2,130	Note 1
	Enterex International Limited - Convertible Bonds	-	Financial assets at FVTPL - current	30	-	-	-	Note 1
	Evergreen Aviation Technologies Corporation	-	Financial assets at FVTPL - current	1,050	85,218	-	85,218	Note 2
	Genius Vision Digital Inc.	-	Financial assets at FVTPL - non-current	300	-	1	-	Note 1
	Lead Sun Corporation	-	Financial assets at FVTPL - non-current	1,000	34,407	11	34,407	Note 1
	AI3 Co.	-	Financial assets at FVTPL - non-current	33	431	1	431	Note 1
	GEMFOR Leading Financial Solution Provider Fund	-	Financial assets at FVTPL - non-current	1	-	-	-	Note 1
	Sunplus	Parent company	Financial assets at FVTOCI - non-current	3,560	79,744	1	79,744	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at FVTOCI - non-current	33	2,860	-	2,860	Note 1
Russell	Synerchip Inc.	-	Financial assets at FVTPL - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at FVTPL - non-current	1,000	-	8	-	Note 1
	Ortega InfoSystem, Inc.	-	Financial assets at FVTPL - non-current	2,557	-	-	-	Note 1
	Innobrige International Inc.	-	Financial assets at FVTPL - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at FVTPL - non-current	1,250	-	1	-	Note 1
	Intudo Istimewa I, LLC	-	Financial assets at FVTPL - non-current	-	15,355	14	15,355	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell	Asia B2B on Line Inc.	-	Financial assets at FVTPL - non-current	1,000	\$ -	3	\$ -	Note 1
	AMED Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	15,863	2	15,863	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	191,335	6	191,335	Note 1
	Intudo Ventures III, L.P.	-	Financial assets at FVTPL - non-current	-	21,386	1	21,386	Note 1
	AMED Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	3,384	-	3,384	Note 1
	Intudo Istimewa II, LLC	-	Financial assets at FVTPL - non-current	-	15,355	7	15,355	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	2,369	13	2,369	Note 1
	eYs3d Microelectronics, Inc.	-	Financial assets at FVTOCI - non-current	1,190	15,172	2	15,172	Note 1
	Sunplus Venture Capital	Jih Sun Vietnam Opportunity Fund	-	Financial assets at FVTPL - current	500	3,570	-	3,570
Fuyou Venture Capital Limited Partnership (private placement)		-	Financial assets at FVTPL - non-current	-	19,727	5	19,727	Note 1
eWave System, Inc.		-	Financial assets at FVTPL - non-current	1,833	-	22	-	Note 1
Book4u Company Limited		-	Financial assets at FVTPL - non-current	9	-	-	-	Note 1
TGVest Capital Limited Partnership		-	Financial assets at FVTPL - non-current	-	51,922	5	51,922	Note 1
Simple Act Inc.		-	Financial assets at FVTPL - non-current	1,900	-	10	-	Note 1
Genius Vision Digital Co., Ltd.		-	Financial assets at FVTPL - non-current	375	-	1	-	Note 1
Intelligo Technology Inc.		-	Financial assets at FVTPL - non-current	337	40,380	1	40,380	Note 1
Grand Fortune Venture Capital Co., Ltd.		-	Financial assets at FVTPL - non-current	4,000	46,864	7	46,864	Note 1
Huijia Health Life Technology		-	Financial assets at FVTPL - non-current	1,049	1,470	5	1,470	Note 1
San Neng Group Holding Co., Ltd.		-	Financial assets at FVTPL - non-current	900	33,390	1	33,390	Note 2
Raynergy Tek Inc.		-	Financial assets at FVTPL - non-current	5,691	37,330	12	37,330	Note 1
Fuyou Venture Capital Limited Partnership		-	Financial assets at FVTPL - non-current	5,000	50,622	10	50,622	Note 1
CDIB Capital Growth Partners L.P.		-	Financial assets at FVTPL - non-current	-	100,765	2	100,765	Note 1
TIEF Fund, L.P.		-	Financial assets at FVTPL - non-current	-	44,905	7	44,905	Note 1
Pacific 8 Ventures Fund II, L.P.	-	Financial assets at FVTPL - non-current	-	5,519	2	5,519	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital	Cerulean Asset Management Co., Ltd.	-	Financial assets at FVTPL - non-current	-	\$ 15,011	16	\$ 15,011	Note 1
	CSVI Ventures, L.P.	-	Financial assets at FVTPL - non-current	-	29,139	2	29,139	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	111,827	8	111,827	Note 1
	Promise Technology Inc.	-	Financial assets at FVTOCI - non-current	962	4,340	1	4,340	Note 1
	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	602	28,957	2	28,957	Note 2
	Innorich Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	3,000	20,518	6	20,518	Note 1
	Neuchips Inc. - Preference shares	-	Financial assets at FVTOCI - non-current	585	17,397	3	17,397	Note 1
	Neuchips Inc.	-	Financial assets at FVTOCI - non-current	2,100	62,449	3	62,449	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,564	1,610	4	1,610	Note 1
	Wei-Young Investment	Feedback Technology Corp.	-	Financial assets at FVTPL - current	50	4,320	-	4,320
Sunplus Shanghai	Ready Sun Investment Group Fund	-	Financial assets at FVTPL - non-current	-	41,012	16	41,012	Note 1
	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	2,200	63,349	3	63,349	Note 1
Generalplus Technology	Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - current	12,855	213,002	-	213,002	Note 3
Sunplus Innovation Technology	Yuata De-Bao Money Market Fund	-	Financial assets at FVTPL - current	23,108	281,956	-	281,956	Note 3
	Advanced Silicon SA	-	Financial assets at FVTOCI - non-current	1,000	17,953	10	17,953	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets at FVTOCI - non-current	2,000	-	8	-	Note 1
	PointGrab Ltd.	-	Financial assets at FVTOCI - non-current	453	-	1	-	Note 1
Chongqing CQPLus1	Vicoretek Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	121,930	8	121,930	Note 1
Giant Rock	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	8,950	258,214	11	258,214	Note 1
Sunext Technology	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	200	10,320	-	10,320	Note 2
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - current	50	22,425	-	22,425	Note 2
	MediaTek Inc.	-	Financial assets at FVTPL - current	10	6,250	-	6,250	Note 2
	SinoPac ESG Global Digital Infrastructure Fund	-	Financial assets at FVTPL - current	500	4,645	-	4,645	Note 3

Note 1: The market value was based on the carrying amount as of December 31 2022.

Note 2: The market value was based on the closing price as of December 31, 2022.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2022.

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal (Note 4)	Number of Shares	Amount
Sunplus	iCatch Technology	Non-current assets held for sale	Egis Technology Inc.	-	8,000	\$ 108,504	-	\$ -	8,000	\$ 535,987	\$ 108,504	\$ 449,000	-	\$ -
Generalplus Technology	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	4,684	77,149	32,472	536,000	24,301	401,000	400,500	500	12,855	213,002
Sunplus Innovation Technology	Taishin Ta Chong Money Market Fund	Financial assets at FVTPL - current	-	-	9,765	140,136	-	-	9,765	140,365	140,000	365	-	-

Note 1: Marketable Securities in this table include shares, bonds, beneficiary certificates and derivative products.

Note 2: Fill in the two columns if marketable securities are accounted for using equity method.

Note 3: The accumulated amount of acquisition/disposal were calculated at costs or prices of at least NT\$300 million or 20% of the paid-in capital separately.

Note 4: Gain(loss) on disposal include gain(loss) on disposal of equity transfers directly related to non-current assets held for sale.

Note 5: Paid-in capital is the paid-in capital of the parent company Shares of issuers without par value or not NT\$10 per share are calculated according to 10% of total equity attributable to owners of the Company regarding the regulation on transaction amount of 20% of paid-in capital.



## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sunplus	Chongqing CQPlus1	Subsidiary	Purchases	\$ 158,275	16.16	Based on contract	Based on contract	Based on contract	\$ (15,580)	9.05	-

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus	Generalplus Technology	1	Sales	\$ 4,968	Note 1	0.07%
			Notes receivable and trade receivables	404	Note 1	-
			Other receivables	529	Note 1	-
			Non-operating income	521	Note 2	-
	Sunext Technology	1	Non-operating income	677	Note 2	0.01%
			Other receivables	246	Note 3	-
			Notes receivable and trade receivables	2	Note 1	-
	Sunplus Innovation Technology	1	Sales	103	Note 1	-
			Non-operating income	4,146	Note 2	0.06%
			Notes receivable and trade receivables	13	Note 1	-
Other receivables			633	Note 3	-	
Jumplux Technology	1	Sales	9,698	Note 1	0.14%	
		Non-operating income	6,386	Notes 2 and 4	0.10%	
		Notes receivable and trade receivables	532	Note 1	-	
		Other receivables	1,317	Note 3	-	
Genki Tek Technology	1	Non-operating income	530	Note 2	-	
Chongqing CQPlus1	1	Cost of goods sold	168,850	Note 2	2.52%	
		Accounts payable	15,580	Note 1	0.10%	
		Other payables	1,122	Note 1	-	
		Other prepayments	9,292	Note 1	0.06%	
SunMedia	1	Research and development expenses	35,125	Note 2	0.52%	
		Other payables	9,831	Note 3	0.07%	
Sunplus Prof-tek (Shenzhen)	1	Research and development expenses	46,028	Note 2	0.69%	
		Other payables	12,060	Note 3	0.08%	
Sunplus Innovation Technology	SunMedia	2	Other payables	1,496	Note 3	0.01%
			Selling and marketing expenses	5,893	Note 2	0.09%
	Worldplus (Shenzhen)	2	Other payables	6,910	Note 3	0.05%
			Selling and marketing expenses	27,473	Note 2	0.41%
Generalplus Technology	Generalplus H.K.	2	Selling and marketing expenses	12,452	Note 1	0.19%
			Other payables	1,691	Note 2	0.01%
	Generalplus (Shenzhen)	2	Sales	19,851	Note 1	0.30%
			Research and development expenses	80,635	Note 1	1.20%
			Notes receivable and trade receivables	4,395	Note 2	0.03%
			Other payables	19,370	Note 2	0.13%
Sunplus Shanghai	SunMedia	2	Other payables	676	Note 3	-
			Research and development expenses	675	Note 2	0.01%

(Continued)

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Shanghai	Chongqing CQ Plus 1	2	Other payables	\$ 402	Note 3	-
			Research and development expenses	867	Note 2	0.01%
Sunplus Prof-tek (Shenzhen)	Worldplus (Shenzhen)	2	Non-operating income	9,446	Note 2	0.14%
	Chongqing CQ Plus 1	2	Cost of goods sold	125	Note 2	-
Lin Shin Investment	SunMedia	2	Other receivables	110,724	Note 3	0.74%
			Interest revenue	2,074	Note 2	0.03%
Sunplus Venture Capital	SunMedia	2	Other receivables	50,707	Note 3	0.34%
			Interest revenue	226	Note 2	-
Beijing Sunplus-EHue	SunMedia	2	Sales	9,102	Note 1	0.14%
Sunplus App	Beijing Sunplus - EHue	2	General and administrative expenses	394	Note 2	-
			Prepaid expenses	17	Note 2	-
			Refundable deposits	34	Note 2	-

Note 1: The transactions were based on normal commercial prices and terms.

Note 2: The prices were based on negotiations; the payment period and related terms were not comparable to market terms.

Note 3: The transaction payment terms were similar to normal commercial terms.

Note 4: Lease transaction terms were based on negotiations, and were thus not comparable to market terms. The transactions between the Company and counterparty were made under normal terms.

Note 5: 1 - From parent company to subsidiary.

2 - Between subsidiaries.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES  
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus	Ventureplus Group	Belize	Investment	\$ 2,458,183 (US\$ 74,605 RMB\$ 37,900)	\$ 2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,678,364	\$ 66,904	\$ 43,992	Subsidiary
	Award Glory	Belize	Investment	291,676 (US\$ 7,072 RMB\$ 16,900)	291,676 (US\$ 7,072 RMB\$ 16,900)	9,567	100	368,974	(96,941)	(96,941)	Subsidiary
	Global View	New Taipei, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	318,969	100,898	13,180	Investee
	Lin Shin Investment	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	814,218	61,819	54,699	Subsidiary
	Generalplus Technology	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	847,758	579,378	198,729	Subsidiary
	Sunplus Venture Capital	Hsinchu, Taiwan	Investment	829,982	829,982	83,000	100	1,103,338	105,174	105,174	Subsidiary
	Sunplus Innovation Technology	Hsinchu, Taiwan	Design of ICs	273,941	374,161	29,266	50	1,165,423	373,317	191,037	Subsidiary
	Russell	Cayman Islands, British West Indies	Investment	926,981 (US\$ 30,185)	926,981 (US\$ 30,185)	30,185	100	890,371	111,666	111,666	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	127,345	127,345	12,735	13	282,913	69,940	8,740	Investee
	Sunext Technology	Hsinchu, Taiwan	Design of ICs	1,002,531	983,237	63,487	100	248,972	(25,890)	(23,872)	Subsidiary
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	22,667	(660)	(592)	Subsidiary
	Sunplus Management Consulting	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,193	(190)	(190)	Subsidiary
	Sunplus Technology (H.K.)	Kowloon Bay, Hong Kong	International trade	43,613 (HK\$ 11,075)	43,613 (HK\$ 11,075)	11,075	100	28	-	-	Subsidiary
	Magic Sky	Samoa	Investment	-	317,541 (US\$ 10,340)	-	-	-	(655)	(655)	Subsidiary (Note 4)
	Sunplus mMobile	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,043	(183)	(183)	Subsidiary (Note 6)
	Wei-Young Investment	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	38,159	(21,214)	(21,214)	Subsidiary
	Jumplux Technology	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	3,407	40,261	22,144	Subsidiary
	AkiraNET	Taipei, Taiwan	Information software service	174,000	174,000	17,400	26	156,053	(132,473)	(36,275)	Investee
	Lin Shin Investment	Generalplus Technology	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	339,468	579,378	79,292
Sunplus Innovation Technology		Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	40,570	373,317	7,015	Subsidiary
iCatch Technology		Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	23,230	69,640	821	Investee
Sunplus mMedia		Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,321	(660)	(17)	Subsidiary
GlintMed Innovation		Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	591	(1,726)	(216)	Investee
Sunplus Venture Capital	Jumplux Technology.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	2,607	40,261	16,942	Subsidiary
	Sunplus Innovation Technology	Hsinchu, Taiwan	Design of ICs	60,588	60,588	2,924	5	117,414	373,317	19,084	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	4	80,242	69,640	2,835	Investee
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	375	(660)	(50)	Subsidiary
	GenkiTek Technology	Taipei, Taiwan	Software development	-	20,000	-	-	-	(5,602)	(3,501)	Subsidiary (Note 3)
	GlintMed Innovation	Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	591	(1,726)	(216)	Investee
Russell	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	76,775 (US\$ 2,500)	76,775 (US\$ 2,500)	5,000	16	70,200	(25,646)	(4,167)	Investee

Ventureplus Group	Ventureplus Mauritius	Mauritius	Investment	2,458,183 (US\$ 74,605 RMB\$ 37,900)	2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	1,712,958	66,904	66,904	Subsidiary
Ventureplus Mauritius	Ventureplus Cayman	Cayman Islands, British West Indies	Investment	2,458,183 (US\$ 74,605 RMB\$ 37,900)	2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	1,712,936	66,902	66,902	Subsidiary
Generalplus Technology	Generalplus Samoa	Samoa	Investment	586,254 (US\$ 19,090)	586,254 (US\$ 19,090)	19,090	100	532,120	17,470	17,470	Subsidiary
Generalplus Samoa	Generalplus Mauritius	Mauritius	Investment	586,254 (US\$ 19,090)	586,254 (US\$ 19,090)	19,090	100	539,489	17,470	17,470	Subsidiary
Generalplus Mauritius	Generalplus H.K.	Hong Kong	Sales	11,977 (US\$ 390)	11,977 (US\$ 390)	-	100	11,565	(267)	(267)	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory	Sunny Fancy	Seychelles	Investment	\$ 291,676 (US\$ 7,072 RMB\$ 16,900)	\$ 291,676 (US\$ 7,072 RMB\$ 16,900)	9,567	100	\$ 368,975	\$ (96,941)	\$ (96,941)	Subsidiary
Sunny Fancy	Giant Kingdom	Seychelles	Investment	-	23,708 (US\$ 772)	-	-	-	(50)	(50)	Subsidiary (Note 5)
	Giant Rock	Anguilla	Investment	157,412 (US\$ 2,700 RMB\$ 16,900)	157,412 (US\$ 2,700 RMB\$ 16,900)	5,195	100	260,323	(105,387)	(105,387)	Subsidiary
	Worldplus	America	Investment	110,556 (US\$ 3,600)	110,556 (US\$ 3,600)	-	100	108,428	8,488	8,488	Subsidiary
	Giant Best	Seychelles	Investment	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2022.

Note 2: The cancellation of Giant Best was completed on September 5, 2022.

Note 3: The disposed of GenkiTek Technology was completed on June 20, 2022.

Note 4: The disposed of Magic Sky was completed on June 22, 2022.

Note 5: The cancellation of Giant Kingdom was completed on September 5, 2022.

Note 6: The dissolution of Sunplus mMobile was completed on February 28, 2022.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Sunplus Shanghai	Development of computer software, system integration services and building rental	\$ 528,212 (US\$ 17,200)	Note 1	\$ 542,185 (US\$ 17,655)	\$ -	\$ -	\$ 542,185 (US\$ 17,655)	100%	\$ 97,155	\$ 97,155	\$ 702,793	\$ -
Sunplus Prof-tek (Shenzhen)	Development of computer software, system integration services and building rental and property management	990,398 (US\$ 32,250)	Note 1	990,398 (US\$ 32,250)	-	-	990,398 (US\$ 32,250)	100%	(16,585)	(16,585)	732,496	-
SunMedia	Development of computer software, system integration services and building rental	614,200 (US\$ 20,000)	Note 1	614,200 (US\$ 20,000)	-	-	614,200 (US\$ 20,000)	100%	(14,300)	(14,300)	208,955	-
Sunplus App	Sale of electronic components and information management and education	171,912 (RMB\$ 39,000)	Note 1	167,868 (US\$ 586 RMB\$ 34,000)	-	-	167,868 (US\$ 586 RMB\$ 34,000)	97%	(1,394)	(1,394)	2,355	-
Beijing Sunplus-EHue	Development of computer software, system integration services and building rental	119,016 (RMB\$ 27,000)	Note 1	119,016 (RMB\$ 27,000)	-	-	119,016 (RMB\$ 27,000)	100%	995	995	52,624	-
JSilicon Technology	Development of computer software, IC design	-	Note 3	-	-	-	-	-	(146)	(146)	-	-
Worldplus (Shenzhen)	Software development, building rental and property management	83,924 (RMB\$ 19,039)	Note 5	110,556 (US\$ 3,600)	-	-	110,556 (US\$ 3,600)	100%	(9,820)	(8,488)	108,428	-
Chongqing CQPlus1	Development of computer software, IC design	176,320 (RMB\$ 40,000)	Note 4	-	-	-	-	100%	32,087	32,087	155,604	-

Accumulated Investment in Mainland China as of December 31, 2022 (Note 6)	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,730,132 (US\$ 79,872 RMB 62,900 )	\$ 2,731,693 (US\$ 80,052 RMB 62,000 )	\$ 5,557,253

Sunplus Venture Capital

Accumulated Investment in Mainland China as of December 31, 2022 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 94,802 (US\$ 3,087 )	\$ 94,802 (US\$ 3,087 )	\$ 662,003

Lin Shin Investment

Accumulated Investment in Mainland China as of December 31, 2022 (Note 8)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 28,591 (US\$ 931 )	\$ 28,591 (US\$ 931 )	\$ 536,377

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 574,277 (US\$ 18,700)	Note 1	\$ 574,277 (US\$ 18,700)	\$ -	\$ -	\$ 574,277 (US\$ 18,700)	100%	\$ 17,737	\$ 17,737	\$ 527,904	\$ -

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 574,277 (US\$ 18,700 )	\$ 574,277 (US\$ 18,700 )	\$ 1,500,071

Note 1: Indirect investment in a company located in mainland China through investment in a company located in a third country.

Note 2: Based on the reviewed financial statements of investees in the same period.

Note 3: Sunplus Shanghai's direct investment in a company located in mainland China and it was liquidated on August 30, 2022.

Note 4: Sunplus Shanghai and Sunplus pro-tek (Shenzhen) reinvested in a company located in mainland China.

Note 5: It is a company located in mainland China that acquired the investment of the third regional investment company on September 2, 2019.

Note 6: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Xiamen Xm-plus Technology Co., Ltd. in mainland China, and is included in the financial assets at FVTPL - non-current.

Note 7: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Sanneng Group Holding Company in mainland China, Sanneng Appliances (Wuxi) Co., Ltd. and CSVI Ventures, L.P, and is included in the financial assets at FVTPL - non-current.

Note 8: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Arizon RFID Technology Co., Ltd. in mainland China and is included in the financial assets at FVTPL - current..

Note 9: The original foreign currency was derived from the exchange rate on December 31, 2022.

(Concluded)



## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (In Thousands of New Taiwan Dollars, )

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Notes/Trade Receivables (Payables)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Market Transactions	Ending Balance	%		
Generalplus Shenzhen	Development and processing services	\$ 80,635	13.83	Based on contract	Based on contract	Not comparable with market transactions	\$ 19,370	86.69	\$ -	NA
	Sales	19,851	0.63	Based on contract	Based on contract	Not comparable with market transactions	4,395	1.15	1,763	NA
Chongqing CQPlus1	Purchases	158,275	16.16	Based on contract	Based on contract	Not comparable with market transactions	(15,580)	100.00	(22,912)	NA
	Manufacturing expense	10,575	2.77	Based on contract	Based on contract	Not comparable with market transactions	(1,122)	4.78	-	NA
SunMedia	Development and processing services	35,428	2.64	Based on contract	Based on contract	Not comparable with market transactions	(9,829)	41.91	-	NA
Sunplus Prof-tek (Shenzhen)	Processing services	46,576	3.47	Based on contract	Based on contract	Not comparable with market transactions	(12,502)	53.31	-	NA

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chou-chye, Huang	92,737,817	15.66

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

## **7.5 Sunplus Technology Company Limited**

**Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' 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, which comprise the balance sheets as of December 31, 2022 and 2021, 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 Sunplus Technology Company Limited as of December 31, 2022 and 2021, 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 the Standards on Auditing of 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 Sunplus Technology Company Limited 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, 2022. 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 Sunplus Technology Company Limited's financial statements for the year ended December 31, 2022 is as follows:

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

Integrated circuit chip sales accounted for 94% of Sunplus Technology Company Limited's total revenue. Among them revenue declined in 2022, some of the customers whose revenue has grown significantly and significant amount 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 Sunplus Technology Company Limited'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 other regulations (please specify)], 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 Sunplus Technology Company Limited'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 Sunplus Technology Company Limited 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 Sunplus Technology Company Limited'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 Standards on Auditing of 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 Standards on Auditing of 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 Sunplus Technology Company Limited'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 Sunplus Technology Company Limited'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 Sunplus Technology Company Limited 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 entities or business activities within Sunplus Technology Company Limited 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, 2022 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 Tung-Hui Yeh and Ya-Yun Chang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 15, 2023

#### 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, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 247,016	2	\$ 570,964	5
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	15,480	-	153,633	1
Trade receivables, net (Notes 4, 5, 8, 21 and 29)	184,390	2	268,597	2
Other receivables (Notes 4, 23 and 29)	83,819	1	32,111	-
Inventories (Notes 4 and 9)	973,340	9	534,231	5
Non-current assets held for sale (Notes 4 and 10)	-	-	108,504	1
Other financial assets - current (Notes 15 and 25)	43,610	-	25,940	-
Other current assets (Note 15)	53,505	1	87,962	1
Total current assets	1,601,160	15	1,781,942	15
<b>NON-CURRENT ASSETS</b>				
Financial assets at FVTPL - non-current (Notes 4 and 7)	276,006	3	515,261	5
Investments accounted for using the equity method (Notes 4, 10 and 11)	7,971,850	72	8,222,020	70
Property, plant and equipment (Notes 4, 12, 29 and 30)	744,972	7	726,737	6
Right-of-use assets (Notes 4 and 13)	163,350	1	165,563	2
Intangible assets (Notes 4 and 14)	187,370	2	244,238	2
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	31,993	-	4,553	-
Other financial assets- non-current (Notes 15 and 30)	10,500	-	8,350	-
Other non-current assets (Note 15)	9,095	-	7,973	-
Total non-current assets	9,397,621	85	9,897,180	85
<b>TOTAL</b>	<b>\$ 10,998,781</b>	<b>100</b>	<b>\$ 11,679,122</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Contract liabilities - current (Note 21)	\$ 14,027	-	\$ 11,094	-
Accounts payable (Note 17 and 29)	172,086	2	294,804	3
Lease liabilities - current (Notes 4 and 13)	5,169	-	4,074	-
Current portion of long-term bank borrowings (Note 16)	-	-	46,000	-
Other current liabilities (Notes 11, 18 and 29)	327,805	3	590,373	5
Total current liabilities	519,087	5	946,345	8
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 16)	1,000,000	9	384,000	3
Lease liabilities - non-current (Notes 4 and 13)	165,077	2	166,801	1
Guarantee deposits	46,820	-	53,649	1
Other liabilities (Note 18)	5,709	-	9,990	-
Total non-current liabilities	1,217,606	11	614,440	5
Total liabilities	1,736,693	16	1,560,785	13
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital (Notes 4 and 20)				
Ordinary shares	5,919,949	54	5,919,949	51
Capital surplus	1,197,373	11	1,223,544	11
Retained earnings				
Legal reserve	1,870,234	17	1,745,279	15
Special reserve	239,203	2	261,078	2
Unappropriated earnings	279,413	3	1,249,574	11
Total retained earnings	2,388,850	22	3,255,931	28
Equity directly associated with non-current assets held for sale	-	-	21,517	-
Other equity	(180,683)	(2)	(239,203)	(2)
Treasury shares	(63,401)	(1)	(63,401)	(1)
Total equity	9,262,088	84	10,118,337	87
<b>TOTAL</b>	<b>\$ 10,998,781</b>	<b>100</b>	<b>\$ 11,679,122</b>	<b>100</b>

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,374,542	100	\$ 1,520,142	100
OPERATING COSTS (Notes 9, 22 and 29)	<u>918,272</u>	<u>67</u>	<u>867,208</u>	<u>57</u>
GROSS PROFIT	<u>456,270</u>	<u>33</u>	<u>652,934</u>	<u>43</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	98,693	7	234,095	15
General and administrative expenses	210,047	15	202,318	13
Research and development expenses	<u>1,034,676</u>	<u>75</u>	<u>829,631</u>	<u>55</u>
Total operating expenses	<u>1,343,416</u>	<u>97</u>	<u>1,266,044</u>	<u>83</u>
LOSS FROM OPERATIONS	<u>(887,146)</u>	<u>(64)</u>	<u>(613,110)</u>	<u>(40)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Interest income	1,585	-	955	-
Other income	183,754	13	183,753	12
Other gains and losses	362,436	26	252,070	17
Finance costs	(13,975)	(1)	(9,338)	(1)
Share of profit or loss of subsidiaries and associates	<u>569,439</u>	<u>42</u>	<u>1,368,888</u>	<u>90</u>
Total non-operating income and expenses	<u>1,103,239</u>	<u>80</u>	<u>1,796,328</u>	<u>118</u>
PROFIT BEFORE INCOME TAX	216,093	16	1,183,218	78
INCOME TAX EXPENSE (Notes 4 and 23)	<u>194</u>	<u>-</u>	<u>433</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>215,899</u>	<u>16</u>	<u>1,182,785</u>	<u>78</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit plans	27,762	2	430	-
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using equity method	(29,155)	(2)	118,678	8

(Continued)



# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				
Exchange differences on translation of the financial statements of foreign operations	\$ 81,686	6	\$ (18,998)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>29,332</u>	<u>2</u>	<u>(12,491)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>109,625</u>	<u>8</u>	<u>87,619</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 325,524</u>	<u>24</u>	<u>\$ 1,270,404</u>	<u>84</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 0.37</u>		<u>\$ 2.01</u>	
Diluted earnings per share	<u>\$ 0.37</u>		<u>\$ 2.01</u>	

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of the Company							Other Equity					Total Equity
	Share Capital Issued and Outstanding		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	
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2021	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 reversed	-	-	-	-	(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
Increase 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	591,995	5,919,949	1,223,544	1,745,279	261,078	1,249,574	21,517	(259,512)	20,309	(63,401)	10,118,337	2,460,759	12,579,096
Appropriation of 2021 earnings													
Legal reserve	-	-	-	124,955	-	(124,955)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	(21,875)	21,875	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,146,102)	-	-	-	-	(1,146,102)	-	(1,146,102)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	27,879	-	-	-	(21,517)	-	-	-	6,362	-	6,362
Issuance of cash dividends from capital surplus	-	-	(37,888)	-	-	-	-	-	-	-	(37,888)	-	(37,888)
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	-	12,017	-	-	12,017	-	12,017
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	(922)	-	-	-	-	-	-	-	(922)	-	(922)
Changes in percentage of ownership interest in subsidiaries	-	-	(22,360)	-	-	-	-	-	-	-	(22,360)	22,360	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	215,899	-	-	-	-	215,899	454,558	670,457
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	26,534	-	111,018	(27,927)	-	109,625	3,769	113,394
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	242,433	-	111,018	(27,927)	-	325,524	458,327	783,851
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	7,120	-	-	-	-	-	-	-	7,120	-	7,120
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(468,606)	(468,606)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	36,588	-	-	(36,588)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	591,995	\$ 5,919,949	\$ 1,197,373	\$ 1,870,234	\$ 239,203	\$ 279,413	\$ -	\$ (136,477)	\$ (44,206)	\$ (63,401)	\$ 9,262,088	\$ 2,472,840	\$ 11,734,928

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, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 216,093	\$ 1,183,218
Adjustments for:		
Depreciation expense	159,068	85,476
Amortization expense	96,271	90,302
Net loss (gain) on the fair value change of financial assets at FVTPL	176,260	(221,022)
Financial costs	13,975	9,338
Interest income	(1,585)	(955)
Dividend income	(75,900)	(67,142)
Share of profit of subsidiaries and associates	(569,439)	(1,368,888)
Gain on disposal of subsidiaries	(73,962)	-
Gain on disposal of associates	(449,000)	-
Impairment loss recognized on financial assets	6,826	-
Impairment loss recognized on non-financial assets	457	-
Unrealized (gain) loss on the transactions with subsidiaries and associates	(1,387)	1,096
Net (gain) loss on foreign currency exchange	(8,090)	1,492
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	80,598	(97,519)
Increase in other receivables	(6,983)	(18,754)
Increase in inventories	(439,109)	(233,501)
Decrease (increase) in other current assets	20,108	(51,531)
Increase in net defined benefit assets - non-current	(27,440)	(113)
Increase in contract liabilities	2,933	5,505
(Decrease) increase in trade payables	(122,442)	190,674
(Decrease) increase in other current liabilities	(197,570)	257,288
Increase in net defined benefit liabilities - non-current	<u>27,762</u>	<u>430</u>
Cash used in operations	(1,172,556)	(234,606)
Interest received	1,589	1,092
Dividends received	991,848	517,746
Interest paid	(13,124)	(9,214)
Income tax paid	<u>(194)</u>	<u>(433)</u>
Net cash (used in) generated from operating activities	<u>(192,437)</u>	<u>274,585</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of financial assets at FVTOCI	33,539	-
Purchase of financial assets at FVTPL	(82,393)	(40,000)
Proceeds from the sale of financial assets at FVTPL	197,611	118,577
Acquisition of Investments accounted for using equity method	(19,294)	(372,116)
Proceeds from disposal of subsidiaries	86,000	-
Proceeds from disposal of associates	535,987	-
Payments for property, plant and equipment	(205,872)	(54,273)
Increase in refundable deposits	(1,180)	(59)
Decrease in refundable deposits	57	32

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Payments for intangible assets	\$ (44,516)	\$ (63,398)
Increase in other financial assets	<u>(19,820)</u>	<u>(28,190)</u>
Net cash generated from (used in) investing activities	<u>480,119</u>	<u>(439,427)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	-	(28,480)
Proceeds from long-term borrowings	1,000,000	400,000
Repayments of long-term borrowings	(430,000)	(200,000)
Proceeds from guarantee deposits received	-	590
Refund of guarantee deposits received	(11,071)	(783)
Repayment of the principal portion of lease liabilities	(4,408)	(4,020)
Cash dividends paid	(1,183,990)	(311,093)
Partial disposal of interests in subsidiaries without a loss of control	<u>-</u>	<u>108,953</u>
Net cash used in financing activities	<u>(629,469)</u>	<u>(34,833)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>17,839</u>	<u>(3,386)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(323,948)</b>	<b>(203,061)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u><b>570,964</b></u>	<u><b>774,025</b></u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><b>\$ 247,016</b></u>	<u><b>\$ 570,964</b></u>

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

(Concluded)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 1. GENERAL INFORMATION

Sunplus Technology Company Limited (the “Company”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: Liquid crystal display, microcontroller, multimedia, voice/music, and application-specific devices. The Company’s shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depository receipts (GDRs), which have been listed on the London Stock Exchange since March 2001. The procedures for terminating GDRs were completed on November 10, 2022(refer to Note 20).

The parent financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 15, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by International Accounting Standards Board (IASB)</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

#### 1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Company chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

#### 2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis for Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis were made to investments accounted for using the equity



method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

- 1) Investment in subsidiaries

The Company uses the equity method to account for investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

## 2) Investments in associates

An associate is an entity over which the Company has significant influence and which is not a subsidiary.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates and joint ventures attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional loss if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Company transacts with its associate (profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate and the jointly controlled entity that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of Property, plant and equipment and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets maybe impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Company ceases to have significant influence or joint control over the investment after the disposal takes place, the Company accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are attributed to the original acquisition cost.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets is classified as at FVTPL when such a financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

## ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, other financial assets, trade receivables, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

## b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

## c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## 1. Revenue recognition

The Company identifies a contract with a customer, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Unearned receipts for merchandise sales would be recognized as contract liabilities before the company fulfills its performance obligations.

### Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of ICs. Sales of ICs are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

## Other income

Other income mainly comes from software development and royalties.

### m. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

#### 1) The Company as lessor

All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

#### 2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheet.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Company requested the lessor for rent subsidy as a direct subsidy of the Covid-19 to change the lease payments. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of the rent subsidy, and, therefore, does not assess whether the rent subsidy are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments.

### n. Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.



o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur, or when the plan amendment or curtailment occurs. Rereasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax of inappropriate earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

*The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.*

### **Key Sources of Estimation Uncertainty**

#### Estimated impairment of financial assets

*The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.*

## 6. CASH AND CASH EQUIVALENTS

<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Cash on hand	\$ 355	\$ 377
Demand deposits	246,661	310,587
Cash equivalents		
Time deposits	<u>-</u>	<u>260,000</u>
	<u>\$ 247,016</u>	<u>\$ 570,964</u>

The market rate intervals of cash in bank and bank overdrafts at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank balance	0.001%-1.050%	0.001%-0.350%

## 7. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at fair value through profit of loss (FVTPL) - current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Listed shares	\$ 15,480	\$ 66,000
Mutual funds	<u>-</u>	<u>87,633</u>
	<u>\$ 15,480</u>	<u>\$ 153,633</u>

### Financial liabilities at FVTPL - non-current

Financial assets classified as at FVTPL		
Non-derivative financial assets		
Unlisted shares	\$ 269,823	\$ 515,261
Limited partnership	<u>6,183</u>	<u>-</u>
	<u>\$ 276,006</u>	<u>\$ 515,261</u>

## 8. TRADE RECEIVABLE, NET

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	<u>\$ 184,390</u>	<u>\$ 268,597</u>
<u>Trade receivables</u>		

The average credit period on sales of goods was 30 to 60 days without interest. The Company's exposure to credit risk and external credit ratings are continuously monitored. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the

customer operates, as well as the industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Company's current credit risk grading framework is shown in the following table:

December 31, 2022

	<b>Not Overdue</b>	<b>Overdue 1- 60 days</b>	<b>Overdue 61-90 days</b>	<b>Overdue 91-120 days</b>	<b>Overdue 120 days or More</b>	<b>Total</b>
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 184,390	\$ -	\$ -	\$ -	\$ -	\$ 184,390
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 184,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,390</u>

December 31, 2021

	<b>Not Overdue</b>	<b>Overdue 1- 60 days</b>	<b>Overdue 61-90 days</b>	<b>Overdue 91-120 days</b>	<b>Overdue 120 days or More</b>	<b>Total</b>
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 268,597	\$ -	\$ -	\$ -	\$ -	\$ 268,597
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 268,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,597</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>2022</b>	<b>2021</b>
Balance at January 1 and December 31	<u>\$ -</u>	<u>\$ -</u>

## 9. INVENTORIES

	<u>December 31</u>	
	2022	2021
Finished goods	\$ 313,529	\$ 123,892
Work in progress	327,833	195,671
Raw materials	<u>331,978</u>	<u>214,668</u>
	<u>\$ 973,340</u>	<u>\$ 534,231</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 were \$918,272 thousand and \$867,208 thousand, respectively.

*The costs of inventories recognized as costs of goods sold for the years ended December 31, 2022 and 2021 were as follows:*

	<u>For the Year Ended December 31</u>	
	2022	2021
Inventory (write-downs) reversed	\$ (137,768)	\$ 7,109
Income from scrap sales	<u>106</u>	<u>55</u>
	<u>\$ (137,662)</u>	<u>\$ 7,164</u>

## 10. NON-CURRENT ASSETS HELD FOR SALE

	<u>December 31,</u> <u>2021</u>
Non-current assets held for sale	<u>\$ 108,504</u>

*In December 2021, the Company's board of directors resolved to dispose of 8,000,000 shares of the associate company - iCatch Technology Co., Ltd. and entered into the "shares should be sold contract" agreement. The disposal was completed in January 2022.*

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2022	2021
Investments in subsidiaries	\$ 7,213,915	\$ 7,433,243
Investments in associates	<u>757,935</u>	<u>788,777</u>
	<u>\$ 7,971,850</u>	<u>\$ 8,222,020</u>

a. Investments in subsidiaries

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Listed companies		
Sunplus Innovation Technology Inc. (“Sunplus Innovation Technology”)	\$ 1,165,423	\$ 1,286,616
Generalplus Technology Inc. (“Generalplus Technology”)	847,758	848,020
Non-listed companies		
Ventureplus Group Inc. (“Ventureplus Group”)	1,678,364	1,594,626
Sunplus Venture Capital Co., Ltd. (“Sunplus Venture Capital”)	1,103,338	1,068,483
Russell Holdings Limited (“Russell”)	890,371	698,927
Lin Shin Investment Co., Ltd. (“Lin Shin Investment”)	814,218	1,057,567
Award Glory Limited. (“Award Glory”)	368,974	465,117
Sunext Technology Co., Ltd. (“Sunext Technology”)	248,972	254,472
Wei-Young Investment Inc. (“Wei-Young Investment”)	38,159	102,854
Sunplus mMobile Inc. (“Sunplus mMobile”)	29,043	29,226
Sunplus mMedia Inc. (“Sunplus mMedia”)	22,667	23,259
Jumplux Technology Co., Ltd. (“Jumplux Technology”)	3,407	-
Sunplus Management Consulting Inc. (“Sunplus Management Consulting”)	3,193	3,383
Sunplus Technology (H.K.) Co., Ltd. (“Sunplus Technology (H.K.)”)	28	25
Magic Sky Limited (“Magic Sky”)	-	668
	<u>\$ 7,213,915</u>	<u>\$ 7,433,243</u>
Investment impairment using equity method (accounted for current liability)		
Jumplux Technology	<u>\$ -</u>	<u>\$ 18,737</u>

Except for Sunplus Management Consulting, investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Sunplus Management Consulting which have not been audited.

Sunplus mMobile considered its business’ future development and concluded that it has no plan to continue operation. The board of directors resolved to dispose dissolution on January 19, 2022 and completed the dissolution on February 28, 2022.

The disposal of Magic Sky was completed on June 22, 2022.

Refer to Note 32 for the detail list of investments in subsidiaries.

The percentage subsidiaries' ownerships and voting right held by the Company:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Listed companies		
Sunplus Innovation Technology	50%	51%
Generalplus Technology	34%	34%
Non-listed companies		
Ventureplus Group	100%	100%
Sunplus Venture Capital	100%	100%
Russell	100%	100%
Lin Shin Investment	100%	100%
Award Glory	100%	100%
Sunext Technology	100%	93%
Wei-Young Investment	100%	100%
Sunplus mMobile	100%	100%
Sunplus mMedia	90%	90%
Jumplux Technology	55%	55%
Sunplus Management Consulting	100%	100%
Sunplus Technology (H.K.)	100%	100%
Magic Sky	-	100%

b. Investments in associates

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates		
Global View Co., Ltd.	\$ 318,969	\$ 342,742
iCatch Technology Inc. (“iCatch Technology”)	282,913	251,001
AkiraNet Co., Ltd.	<u>156,053</u>	<u>195,034</u>
	<u>\$ 757,935</u>	<u>\$ 788,777</u>

**Proportion of Ownership and Voting Rights**

<b>Name of Associate</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Global View Co., Ltd.	13%	13%
iCatch Technology	13%	15%
AkiraNet Co., Ltd.	26%	35%

Refer to Table 6 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Global View Co., Ltd.	<u>\$ 241,535</u>	<u>\$ 313,131</u>
iCatch Technology	<u>\$ 509,382</u>	<u>\$ 1,103,576</u>

All the associates are accounted for using the equity method.

The summarized financial information of the Company’s associates is set out below:

**December 31**

	<u>2022</u>	<u>2021</u>
Total assets	\$ 4,222,750	\$ 4,121,497
Total liabilities	\$ 427,086	\$ 612,850
	<b>For the Year Ended December 31</b>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 1,249,011	\$ 1,379,578
(Loss) profit for the year	\$ (46,906)	\$ 129,792
Other comprehensive (loss) income for the year	\$ (122,070)	\$ 431,519
Share of (loss) profit of associates accounted for using the equity method	\$ (14,355)	\$ 29,747

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' audited financial statements audited by the auditors.

## 12. PROPERTY, PLANT AND EQUIPMENT

### Assets used by the Company

	<b>Buildings</b>	<b>Auxiliary Equipment</b>	<b>Machinery and Equipment</b>	<b>Testing Equipment</b>	<b>Furniture and Fixtures</b>	<b>Construction in Process</b>	<b>Total</b>
<u>2022</u>							
<u>Cost</u>							
Balance at January 1, 2022	\$ 969,645	\$ 22,689	\$ 3,500	\$ 128,347	\$ 101,284	\$ 26,429	\$ 1,251,894
Additions	-	3,001	2,395	115,880	26,971	23,064	171,311
Reductions	-	(1,577)	-	(42,984)	(9,695)	-	(54,256)
Reclassified	-	-	5,845	31,547	5,130	(42,522)	-
Balance at December 31, 2022	<u>\$ 969,645</u>	<u>\$ 24,113</u>	<u>\$ 11,740</u>	<u>\$ 232,790</u>	<u>\$ 123,690</u>	<u>\$ 6,971</u>	<u>\$ 1,368,949</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2022	\$ 401,840	\$ 11,593	\$ 2,407	\$ 70,101	\$ 39,216	\$ -	\$ 525,157
Depreciation expense	19,730	3,206	2,672	99,311	28,157	-	153,076
Reductions	-	(1,577)	-	(42,874)	(9,695)	-	(54,256)
Balance at December 31, 2022	<u>\$ 421,570</u>	<u>\$ 13,222</u>	<u>\$ 5,079</u>	<u>\$ 126,428</u>	<u>\$ 57,678</u>	<u>\$ -</u>	<u>\$ 623,977</u>
Carrying amount at December 31, 2022	<u>\$ 548,075</u>	<u>\$ 10,891</u>	<u>\$ 6,661</u>	<u>\$ 106,362</u>	<u>\$ 66,012</u>	<u>\$ 6,971</u>	<u>\$ 744,972</u>
<u>2021</u>							
<u>Cost</u>							
Balance at January 1, 2021	\$ 969,645	\$ 27,733	\$ 4,644	\$ 136,722	\$ 69,286	\$ -	\$ 1,208,030
Additions	-	2,200	-	43,274	34,074	26,429	105,977
Reductions	-	(7,244)	(1,144)	(51,649)	(2,076)	-	(62,113)
Balance at December 31, 2021	<u>\$ 969,645</u>	<u>\$ 22,689</u>	<u>\$ 3,500</u>	<u>\$ 128,347</u>	<u>\$ 101,284</u>	<u>\$ 26,429</u>	<u>\$ 1,251,894</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ 382,111	\$ 15,336	\$ 2,628	\$ 87,956	\$ 19,445	\$ -	\$ 507,476



Depreciation expense	19,729	3,501	923	33,794	21,847	-	79,794
Reductions	<u>-</u>	<u>(7,244)</u>	<u>(1,144)</u>	<u>(51,649)</u>	<u>(2,076)</u>	<u>-</u>	<u>(62,113)</u>
Balance at December 31, 2021	<u>\$ 401,840</u>	<u>\$ 11,593</u>	<u>\$ 2,407</u>	<u>\$ 70,101</u>	<u>\$ 39,216</u>	<u>\$ -</u>	<u>\$ 525,157</u>
Carrying amount at December 31, 2021	<u>\$ 567,805</u>	<u>\$ 11,096</u>	<u>\$ 1,093</u>	<u>\$ 58,246</u>	<u>\$ 62,068</u>	<u>\$ 26,429</u>	<u>\$ 726,737</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives as follows:

Buildings	35-56 years
Auxiliary equipment	4-11 years
Machinery and equipment	4 years
Testing equipment	1-4 years
Furniture and fixtures	2-5 years

Refer to Note 30 for the carrying amounts of property, plant and equipment that had been pledged by the Company to secure borrowings.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Land	\$ 160,660	\$ 165,563
Transportation equipment	<u>2,690</u>	<u>-</u>
	<u>\$ 163,350</u>	<u>\$ 165,563</u>
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Depreciation charge for right-of-use assets		
Land	\$ 5,656	\$ 5,682
Transportation equipment	<u>336</u>	<u>-</u>
	<u>\$ 5,992</u>	<u>\$ 5,682</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the year ended December 31, 2022 and 2021.

#### b. Lease liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amount</u>		
Current	<u>\$ 5,169</u>	<u>\$ 4,074</u>
Non-current	<u>\$ 165,077</u>	<u>\$ 166,801</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	2.390%	2.390%
Transportation equipment	1.625%	-

c. Material lease-in activities and terms

The Company leases land and buildings located in the ROC for the use of plants and offices has a lease terms of 20 years. The lease agreement specifies that lease payments will be adjusted on the basis of changes in the announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

The Company did not enter into significant lease contracts for the years ended December 31, 2022 and 2021.

d. Other lease information

	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 1,536</u>	<u>\$ 5,200</u>
Expenses relating to low-value asset leases	<u>\$ 425</u>	<u>\$ 425</u>
Total cash outflow for leases	<u>\$ 10,493</u>	<u>\$ 13,794</u>

The Company leases certain transportation equipment and other leases which qualify as short-term leases. The Company has elected to apply the recognition exemption and therefore did not recognize right-of-use assets and lease liabilities for these leases.

#### 14. INTANGIBLE ASSETS

	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2022	\$ 570,268	\$ 9,601	\$ 97,099	\$ 676,968
Additions	35,263	4,597	-	39,860
Reductions	<u>(41,705)</u>	<u>-</u>	<u>-</u>	<u>(41,705)</u>
Balance at December 31, 2022	<u>\$ 563,826</u>	<u>\$ 14,198</u>	<u>\$ 97,099</u>	<u>\$ 675,123</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2022	\$ 221,939	\$ 2,556	\$ 75,522	\$ 300,017
Amortization expense	93,082	3,189	-	96,271
Reductions	<u>(41,705)</u>	<u>-</u>	<u>-</u>	<u>(41,705)</u>
Balance at December 31, 2022	<u>\$ 273,316</u>	<u>\$ 5,745</u>	<u>\$ 75,522</u>	<u>\$ 354,583</u>

(Continued)

	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Total</b>
<u>Accumulated impairment</u>				
Balance at January 1, 2022	\$ 111,136	\$ -	\$ 21,577	\$ 132,713
Impairment loss	<u>457</u>	<u>-</u>	<u>-</u>	<u>457</u>
Balance at December 31, 2022	<u>\$ 111,593</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ 133,170</u>
Net Balance at December 31, 2022	<u>\$ 178,917</u>	<u>\$ 8,453</u>	<u>\$ -</u>	<u>\$ 187,370</u>
<u>Cost</u>				
Balance at January 1, 2021	\$ 497,620	\$ 5,802	\$ 97,099	\$ 600,521
Additions	84,184	6,886	-	91,070
Reductions	<u>(11,536)</u>	<u>(3,087)</u>	<u>-</u>	<u>(14,623)</u>
Balance at December 31, 2021	<u>\$ 570,268</u>	<u>\$ 9,601</u>	<u>\$ 97,099</u>	<u>\$ 676,968</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2021	\$ 145,457	\$ 3,359	\$ 75,522	\$ 224,338
Amortization expense	88,018	2,284	-	90,302
Reductions	<u>(11,536)</u>	<u>(3,087)</u>	<u>-</u>	<u>(14,623)</u>
Balance at December 31, 2021	<u>\$ 221,939</u>	<u>\$ 2,556</u>	<u>\$ 75,522</u>	<u>\$ 300,017</u>
<u>Accumulated deficit</u>				
Balance at January 1 and December 31, 2021	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ 132,713</u>
Net Balance at December 31, 2021	<u>\$ 237,193</u>	<u>\$ 7,045</u>	<u>\$ -</u>	<u>\$ 244,238</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Technology license fees	2-10 years
Software	3 years
Patents	18 years

An analysis of the amortization by function:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 165	\$ 24
General and administrative expenses	1,403	1,477
Research and development expenses	<u>94,703</u>	<u>88,801</u>
	<u>\$ 96,271</u>	<u>\$ 90,302</u>

## 15. OTHER ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Other financial assets		
Restricted assets (a)	\$ 43,610	\$ 25,940
Other assets		
Prepayments for EDA tools	\$ 16,481	\$ 16,622
Prepaid technical licensing fee	13,168	7,636
Prepaid materials	9,493	38,613
Others	<u>14,363</u>	<u>25,091</u>
	<u>\$ 53,505</u>	<u>\$ 87,962</u>
<u>Non-current</u>		
Other financial assets		
Pledged time deposits (b)	\$ 10,500	\$ 8,350
Other assets		
Refundable deposits	\$ 1,295	\$ 173
Others	<u>7,800</u>	<u>7,800</u>
	<u>\$ 9,095</u>	<u>\$ 7,973</u>

- a. Refer to Note 25 for information on restricted assets.
- b. Refer to Note 30 for information on pledged time deposits.

## 16. BORROWINGS

### Long-term borrowings

The borrowings of the Company were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Loans on credit	\$ 1,000,000	\$ 430,000
Less: Current portion	<u>-</u>	<u>(46,000)</u>
Long-term borrowings - non-current	<u>\$ 1,000,000</u>	<u>\$ 384,000</u>

The intervals of effective borrowing rate as of December 31, 2022 and 2021 was 1.875% and 1.220%-1.250%.

In addition, in accordance with the provisions of the loan contract, the Company's consolidated financial statements for semiannual and annual are subject to current ratio, debt ratio, interest coverage ratio., but they are not included in the examination of default items. The Company's financial ratios are in compliance with the contract requirements.

## 17. ACCOUNTS PAYABLE

	<u>December 31</u>	
	2022	2021
<u>Accounts payable</u>		
Payable - operating	\$ 172,086	\$ 294,804

The average credit period on purchases of certain goods was 30-60 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 18. OTHER LIABILITIES

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Other liabilities		
Payables for salaries or bonuses	\$ 117,567	\$ 119,128
Refund liabilities (Note 21)	62,690	9,849
Payables for royalties	23,886	251,042
Other payables to related party	23,453	14,658
Payables for purchases of intangible assets	17,614	14,715
Payables on machinery and equipment	10,115	61,579
Labor/health insurance	9,822	9,605
Payables for employees' compensation and remuneration of directors	5,541	30,339
Credit balance of investments accounted for using equity method	-	18,737
Others	<u>57,117</u>	<u>60,721</u>
	<u>\$ 327,805</u>	<u>\$ 590,373</u>
<u>Non-current</u>		
Payables for purchases of intangible assets	\$ 3,839	\$ 6,920
Payables on machinery and equipment	<u>1,870</u>	<u>3,070</u>
	<u>\$ 5,709</u>	<u>\$ 9,990</u>

## 19. RETIREMENT BENEFIT PLANS

### Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Under this plan, employees should receive either a series of pension payments with a defined

annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. According to the letter of Zhuhuanzi No. 1110001802 issued by the Hsinchu Science Park Administration of the Ministry of Science and Technology, the Company ceased its retirement fund contribution temporarily from January 1, 2022 to December 31, 2022.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of funded defined benefit obligation	\$ 136,396	\$ 162,318
Fair value of plan assets	<u>(168,389)</u>	<u>(166,871)</u>
Net defined benefit assets	<u>\$ (31,993)</u>	<u>\$ (4,553)</u>

Movements in net defined benefit assets were as follows:

	<b>Present Value of Funded Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Assets Arising from Defined Benefit Obligation</b>
Balance at January 1, 2021	\$ 166,657	\$ 171,097	\$ (4,440)
Service cost			
Current service cost	350	-	350
Interest expense (income)	<u>1,250</u>	<u>1,283</u>	<u>(33)</u>
Recognized in profit or loss	<u>1,600</u>	<u>1,283</u>	<u>317</u>
Remeasurement			
Return on plan assets	-	1,759	(1,759)
Actuarial loss-changes in financial assumptions	4,154	-	4,154
Adjustment on actuarial gain-experience adjustment	<u>(2,825)</u>	<u>-</u>	<u>(2,825)</u>
Recognized in other comprehensive income	<u>1,329</u>	<u>1,759</u>	<u>(430)</u>
Contributions from employer	<u>-</u>	<u>-</u>	<u>-</u>
Benefits paid	<u>(7,268)</u>	<u>(7,268)</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 162,318</u>	<u>\$ 166,871</u>	<u>\$ (4,553)</u>

(Continued)

	<b>Present Value of Funded Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Assets Arising from Defined Benefit Obligation</b>
Balance at January 1, 2022	\$ 162,318	\$ 166,871	\$ (4,553)
Service cost			
Current service cost	346	-	346
Interest expense (income)	811	835	(24)
Recognized in profit or loss	<u>1,157</u>	<u>835</u>	<u>322</u>
Remeasurement			
Return on plan assets	-	13,475	(13,475)
Actuarial gain-changes in financial assumptions	(9,552)	-	(9,552)
Adjustment on actuarial gain-experience adjustment	(4,735)	-	(4,735)
Recognized in other comprehensive income	<u>(14,287)</u>	<u>13,475</u>	<u>(27,762)</u>
Contributions from employer	-	-	-
Benefits paid	<u>(12,792)</u>	<u>(12,792)</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 136,396</u>	<u>\$ 168,389</u>	<u>\$ (31,993)</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 53	\$ 49
Selling and marketing expenses	9	8
General and administrative expenses	99	100
Research and development expenses	<u>161</u>	<u>160</u>
	<u>\$ 322</u>	<u>\$ 317</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- a. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.25%	0.50%
Expected rate(s) of salary increase	4.00%	4.00%
Resignation rate	0%-28%	0%-28%

If possible reasonable change in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% increase	<u>\$ (3,077)</u>	<u>\$ (4,154)</u>
0.25% decrease	<u>\$ 3,184</u>	<u>\$ 4,315</u>
Expected rate(s) of salary increase		
1% increase	<u>\$ 13,213</u>	<u>\$ 17,682</u>
1% decrease	<u>\$ (11,783)</u>	<u>\$ (15,554)</u>

The above sensitivity analysis may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ -</u>	<u>\$ -</u>
The average duration of the defined benefit obligation	11 years	12 years

## 20. EQUITY

### a. Share capital

#### 1) Ordinary shares:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Shares authorized (in thousands of shares)	<u>1,200,000</u>	<u>1,200,000</u>
Value of authorized shares	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>591,995</u>	<u>591,995</u>
Shares issued and fully paid	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

Of the Company's authorized shares, 80,000 thousand shares have been reserved for the issuance of subscription warrants, preferred shares with warrants, or corporate bonds with warrants.

#### 2) Global depositary receipts

In March 2001, the Company issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand ordinary shares that consisted of newly issued and originally outstanding shares. The GDRs



are listed on the London Stock Exchange (ticker: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2022, the outstanding 175 thousand units of GDRs represented 350 thousand ordinary shares.

On August 12, 2022, the board of directors proposed to cease the trading of Company's issued ordinary shares on the London Stock Exchange in the form of GDRs. The termination agreement was completed on November 10, 2022, and the GDRs termination listing procedure was completed on the London Stock Exchange.

b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
From the issuance of ordinary shares	\$ -	\$ 18,497
From the business combinations	138,032	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	297,845	298,767
<u>May only be used to offset a deficit</u>		
From treasury share transactions	55,298	48,178
Changes in percentage of ownership interests in subsidiaries (2)	475,546	497,906
Changes in net equity of associates accounted for using the equity method	<u>230,652</u>	<u>202,773</u>
	<u>\$ 1,197,373</u>	<u>\$ 1,223,544</u>

- 1) When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders' meeting resolved the Company's Articles of Association on June 8, 2022. Under the dividends policy as set forth in the amended Articles, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit. Through this limitation is not applicable when the legal reserve has reached the total capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, the ratio of earnings to provide distribution and the ratio of shareholders' cash dividends may depend on the current year. The actual profit and capital status shall be adjusted by the resolution of the shareholders' meeting. The total number of shareholders' dividends based on the annual surplus shall be distributed at the rate of not less than 10% of the newly added distributable surplus for the year, but shall not be distributed when the annual surplus 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.

Under the dividends policy as set forth before amended Articles, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit. However, this limitation is not applicable when the legal reserve has reached the total capital. Setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of

directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, the ratio of the distribution of surplus 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 Company's policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT\$0.5 per share.

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet should be allocated from unappropriated retained earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 22-g.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meeting on June 8, 2022 and July 20, 2021, as follows:

	<b>For Year 2021</b>	<b>For Year 2020</b>
Legal reserve	<u>\$ 124,955</u>	<u>\$ 32,889</u>
Special reserve reversed	<u>\$ 21,875</u>	<u>\$ 15,111</u>
Cash dividend	<u>\$ 1,146,102</u>	<u>\$ 311,093</u>
Cash dividend per share (NT\$)	\$ 1.9360	\$ 0.5255

The Company's shareholders also proposed in the shareholders' meeting on June 8, 2022 to issue cash dividends from capital surplus of \$37,888 thousand.

The earnings distribution proposal for 2022 in the board of directors meeting proposed on March 15, 2023 as follows:

	<b>For the Year 2022</b>
Legal reserve	<u>\$ 27,902</u>
Special reserve reversed	<u>\$ 58,521</u>
Cash dividend	<u>\$ 309,613</u>
Cash dividend per share (NT\$)	\$ 0.5230

The appropriation of earnings was proposed by the Corporation's board of directors on March 15, 2023 to proposed cash dividends from capital surplus of \$45,584 thousand.

The appropriation of earnings for 2022 is subject to resolution in the shareholders' meeting to be held on June 13, 2023.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Beginning at January 1	\$ 261,078	\$ 276,189
Special reserve reversed	<u>(21,875)</u>	<u>(15,111)</u>
Balance at December 31	<u>\$ 239,203</u>	<u>\$ 261,078</u>

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (259,512)	\$ (228,023)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	81,686	(18,998)
Share of exchange differences of associates accounted for using the equity method	29,332	(12,491)
Reclassification adjustments		
Disposal of foreign operations	<u>12,017</u>	<u>-</u>
Balance at December 31	<u>\$ (136,477)</u>	<u>\$ (259,512)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 20,309	\$ (33,055)
Recognized for the year		
Share from subsidiaries accounted for using the equity method	(5,975)	89,977
Share from associates accounted for using the equity method	(21,952)	27,943
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	(36,588)	(65,578)
Disposal of partial interests in subsidiaries	<u>-</u>	<u>1,022</u>
Balance at December 31	<u>\$ (44,206)</u>	<u>\$ 20,309</u>

f. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares as of January 1, 2022	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as December 31, 2022	<u><u>-</u></u>	<u><u>3,560</u></u>	<u><u>3,560</u></u>
Number of shares as of January 1, 2021	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as December 31, 2021	<u><u>-</u></u>	<u><u>3,560</u></u>	<u><u>3,560</u></u>

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

	<b>Number of Shares Held (In Thousand)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2022</u>			
Lin Shin Investment	3,560	<u>\$ 63,401</u>	<u>\$ 79,744</u>
<u>December 31, 2021</u>			
Lin Shin Investment	3,560	<u>\$ 63,401</u>	<u>\$ 138,306</u>

Under the Securities and Exchange Act, The Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from the sale of goods	\$ 1,287,716	\$ 1,449,034
Other	<u>86,826</u>	<u>71,108</u>
	<u>\$ 1,374,542</u>	<u>\$ 1,520,142</u>

a. Contract information

Revenue from the sale of goods

IC products are sold to agents and customers. The Company determines the sales price of products based on orders. It takes into consideration the past purchases of agents and customers in order to estimate the most likely discount amount and return rate. Based on the determination of revenue, the Company recognizes the amount and the liabilities for refunds (accounted for as other current liabilities).

Other

Other income mainly comes from software development and royalties.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Trade receivables (Note 8)	\$ <u>184,390</u>	\$ <u>268,597</u>	\$ <u>172,035</u>
Contract liabilities - current	\$ <u>14,027</u>	\$ <u>11,094</u>	\$ <u>5,589</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

c. Disaggregation of revenue

	<u>Reportable Segments</u>	
	<u>Direct Sales</u>	
	2022	2021
<u>Primary geographical markets</u>		
Asia	\$ 1,083,272	\$ 1,243,478
Taiwan	248,675	231,604
Others	<u>42,595</u>	<u>45,060</u>
	<u>\$ 1,374,542</u>	<u>\$ 1,520,142</u>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 1,371,864	\$ 1,516,210
Satisfied over time	<u>2,678</u>	<u>3,932</u>
	<u>\$ 1,374,542</u>	<u>\$ 1,520,142</u>

## 22. NET PROFIT

Net profit included the following items:

a. Interest income

	<u>For the Year Ended December 31</u>	
	2022	2021
Bank deposits	\$ 1,570	\$ 940
Other	<u>15</u>	<u>15</u>
	<u>\$ 1,585</u>	<u>\$ 955</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Dividend income	\$ 75,900	\$ 67,142
Government grant income (Note 25)	43,624	70,121
Rental income	38,025	34,541
Others	<u>26,025</u>	<u>11,949</u>
	<u>\$ 183,754</u>	<u>\$ 183,753</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain on disposal of investments accounted for using equity method	\$ 449,000	\$ -
Gain on disposal of subsidiaries	73,962	-
Service income of management support	26,201	33,598
Impairment loss recognized on non-financial asset	(457)	-
Net foreign exchange loss	(3,184)	(2,550)
Impairment loss recognized on financial asset	(6,826)	-
Net (loss) gain on financial assets and liabilities		
Net (loss) gain on financial assets designated as at FVTPL (Note 7)	<u>(176,260)</u>	<u>221,022</u>
	<u>\$ 362,436</u>	<u>\$ 252,070</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 9,684	\$ 4,958
Interest on lease liabilities	4,119	4,173
Other financial costs	<u>172</u>	<u>207</u>
	<u>\$ 13,975</u>	<u>\$ 9,338</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 4,837	\$ 3,215
Operating expenses	<u>154,231</u>	<u>82,261</u>
	<u>\$ 159,068</u>	<u>\$ 85,476</u>
An analysis of amortization by function		
Operating costs	\$ 165	\$ 24
Operating expenses	<u>96,106</u>	<u>90,278</u>
	<u>\$ 96,271</u>	<u>\$ 90,302</u>

f. Employee benefit expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>

Short-term benefits	\$ 580,183	\$ 538,743
Post-employment benefits		
Defined contribution plans	22,739	21,945
Defined benefit plans (Note 19)	<u>322</u>	<u>317</u>
	23,061	22,262
Other employee benefits	<u>16,297</u>	<u>14,872</u>
Total employee benefit expense	<u>\$ 619,541</u>	<u>\$ 575,877</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 34,643	\$ 35,643
Operating expenses	<u>584,898</u>	<u>540,234</u>
	<u>\$ 619,541</u>	<u>\$ 575,877</u>

g. Employees' compensation and remuneration of directors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The employees' compensation and remuneration of directors for the years ended December 31, 2022 and 2021, which have been approved by the Company's board of directors on March 15, 2023 and March 29, 2022, respectively, are as follows:

Accrual rate

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	<u>For the Year Ended December 31</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Cash</u>	<u>Shares</u>	<u>Cash</u>	<u>Shares</u>
Employees' compensation	\$ 2,216	\$ -	\$ 12,136	\$ -
Remuneration of directors	3,325	-	18,203	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the parent financial statements for the years ended December 31, 2021 and 2020.

Information on compensation of employees and remuneration of directors resolved by the Sunplus' board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on exchange rate changes

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Exchange rate gains	\$ 48,383	\$ 12,624
Exchange rate losses	<u>(51,567)</u>	<u>(15,174)</u>
Net loss	<u>\$ (3,184)</u>	<u>\$ (2,550)</u>

### 23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 194	\$ 433
Deferred tax		
In respect of the current year	<u>-</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 194</u>	<u>\$ 433</u>

A reconciliation of accounting profit and current income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 216,093</u>	<u>\$ 1,183,218</u>
Income tax expense calculated at the statutory rate	\$ 43,219	\$ 236,644
Tax effect of adjusting items:		
Nondeductible expenses	-	21,311
Non-taxable gains	(219,109)	(275,532)
Tax-exempt income	(15,180)	(13,428)
Temporary differences	85,492	(49,983)
Effects of consolidated income tax filing	<u>-</u>	<u>(36)</u>
Current income tax expense	(105,578)	(81,024)
Unrecognized investment credit	105,578	81,024
Foreign income tax expense	<u>194</u>	<u>433</u>
Income tax expense recognized in profit or loss	<u>\$ 194</u>	<u>\$ 433</u>



b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable (classified as other receivables)	\$ <u>          -</u>	\$ <u>          7</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Temporary differences			
Depreciation expense	\$ 1,409	\$ 5,834	\$ 7,243
Exchange (losses) gains	1,237	891	2,128
Others	<u>(161)</u>	<u>(6,725)</u>	<u>(6,886)</u>
	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 2,485</u>

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Temporary differences			
Depreciation expense	\$ 2,880	\$ (1,471)	\$ 1,409
Exchange (losses) gains	(712)	1,949	1,237
Others	<u>317</u>	<u>(478)</u>	<u>(161)</u>
	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 2,485</u>

d. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the parent company only balance sheets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss carryforwards		
Expiry in 2022	\$ -	\$ 394,894
Expiry in 2023	1,144,831	1,144,831
Expiry in 2027	10,909	10,909
Expiry in 2029	329,899	329,899
Expiry in 2030	48,825	57,825
Expiry in 2031	<u>5,675</u>	<u>4,766</u>
	<u>\$ 1,540,139</u>	<u>\$ 1,943,124</u>
Deductible temporary differences	<u>\$ 147,757</u>	<u>\$ 64,832</u>

e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2022:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 1,144,831	2023
10,909	2027
329,899	2029
48,825	2030
<u>5,675</u>	2031
<u>\$ 1,540,139</u>	

f. Income tax assessments

The income tax returns of the Company before 2021 have been assessed by the tax authorities.

**24. EARNINGS PER SHARE**

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic gain per share	<u>\$ 0.37</u>	<u>\$ 2.01</u>
Diluted earnings per share	<u>\$ 0.37</u>	<u>\$ 2.01</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year attributable to owners of the Company	\$ 215,899	\$ 1,182,785
Effect of potentially dilutive ordinary shares		
Bonuses for employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted EPS from continuing operations	<u>\$ 215,899</u>	<u>\$ 1,182,785</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential ordinary shares:		
Employee bonuses	<u>184</u>	<u>340</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>588,619</u>	<u>588,775</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## **25. GOVERNMENT GRANTS**

The Company applied for the AI on Chip R&D subsidy program from the Ministry of Economic Affairs, and the “Shared Intelligent Computing Chiplet Architecture R&D Program” was reviewed and approved on November 20, 2020. The approved subsidy amounted to \$115,356 thousand. As of December 31, 2022 and 2021, the accumulated subsidies received were \$113,706 thousand and \$70,139 thousand, respectively. The amounts of the recognized subsidy income were \$43,516 thousand and \$70,121 thousand. In addition, the Company has a special account for subsidies in accordance with regulations. The monthly withdrawal amount shall be withdrawn according to the monthly expenditure summary statement, and the withdrawal amount shall not be higher than the expenditure amount.

## **26. DISPOSAL OF SUBSIDIARIES - WITH LOSS OF CONTROL**

The Company completed the disposal and liquidation on June 20, June 22, August 30 and September 5, 2022 respectively, on which dates control of its subsidiary passed to the acquirer. For details about the disposal of GenKi Tek Technology Co., Ltd. and Magic Sky, and liquidation of Jsilicon Technology, Co., Ltd. Giant Kingdom Ltd. and Giant Best Ltd., refer to Note 30 to the Company’s consolidated financial statements for the year ended December, 2022.

## **27. CAPITAL MANAGEMENT**

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity) attributable to owners of the Company.

The Company is not subject to any externally imposed capital requirements.

## **28. FINANCIAL INSTRUMENTS**

### **a. Fair value of financial instruments that are not measured at fair value**

The management of the Company considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Domestic/foreign unlisted shares	\$ -	\$ -	\$ 276,006	\$ 276,006
Domestic listed shares	<u>15,480</u>	<u>-</u>	<u>-</u>	<u>15,480</u>
	<u>\$ 15,480</u>	<u>\$ -</u>	<u>\$ 276,006</u>	<u>\$ 291,486</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 87,633	\$ -	\$ -	\$ 87,633
Domestic unlisted shares	-	-	515,261	515,261
Domestic listed shares	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>66,000</u>
	<u>\$ 153,633</u>	<u>\$ -</u>	<u>\$ 515,261</u>	<u>\$ 668,894</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2022	\$ 515,261	\$ -	\$ 515,261
Recognized in profit or loss	(214,483)	-	(214,483)
Purchases	82,392	-	82,392
Sales	<u>(107,164)</u>	<u>-</u>	<u>(107,164)</u>
Balance at December 31, 2022	<u>\$ 276,006</u>	<u>\$ -</u>	<u>\$ 276,006</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2021	\$ 311,021	\$ -	\$ 311,021
Recognized in profit or loss	<u>204,240</u>	<u>-</u>	<u>204,240</u>
Balance at December 31, 2021	<u>\$ 515,261</u>	<u>\$ -</u>	<u>\$ 515,261</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted shares and limited partnership were determined using the asset-based approach. The Company assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Company assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)	\$ 291,486	\$ 668,894
Financial assets at amortized cost (i)	570,630	906,135
<u>Financial liabilities</u>		
Measured at amortized cost (ii)	1,218,906	778,453

- i) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivables, other financial assets and refundable deposits.
- ii) The balances include financial liabilities at amortized cost, which comprise accounts payable, current portion of long-term bank borrowings, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included mutual funds, equity and debt investments, trade receivables, accounts payable, borrowings and lease liability. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reported quarterly to the Company's risk management committee.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Foreign currency risk

A part of the Company's cash flows is in foreign currency, and the use by management of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

For exchange risk management, each foreign-currency item of net assets and liabilities is reviewed regularly. In addition, before obtaining foreign loans, the Company considers the cost of the hedging instrument and the hedging period.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period, please refers to Note 31.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company sensitivity to a US\$1.00 and RMB1.00 increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis considers the currencies of USD and RMB in circulation, and adjusts the end-of-term conversion to exchange rate change of \$1.00. The sensitivity analysis covers cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, long-term and short-term loans, accounts payable, other accounts payable and deposit margins. A positive (negative) amount below indicates an increase (decrease) in pre-tax profit (loss) when the NTD strengthened (weakened) by 1% against the relevant currency at the end of the reporting period.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ (6,470)	\$ 5,311

	<b>RMB Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 10,836	\$ 3,441

b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 10,500	\$ 268,350
Financial liabilities	170,246	170,875
Cash flow interest rate risk		
Financial assets	290,271	336,527
Financial liabilities	1,000,000	430,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$887 thousand and \$117 thousand, respectively.

c) Other price risk

The Company was exposed to price risk through its investments in financial assets at FVTPL and FVTOCI.

The Company does not actively trade these investments.

The sensitivity analyses below was determined based on the exposure to price risks of financial assets at FVTPL and FVTOCI at the end of the reporting period.

If the prices of financial assets at FVTPL had been 1% higher/lower, the post-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,915 and \$6,689 thousand, respectively.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Company's concentration of credit risk of 94% and 91% in total trade receivables as of December 31, 2022 and 2021, respectively, was related to the five largest customers within the property construction business segment.

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 205,479	\$ 48,658	\$ 48	\$ -	\$ -
Lease liabilities	771	1,541	6,935	34,467	197,427
Variable interest rate liabilities	1,072	-	-	1,000,000	-
Fixed interest rate liabilities	-	-	-	<u>3,826</u>	<u>42,994</u>
	<u>\$ 207,322</u>	<u>\$ 50,199</u>	<u>\$ 6,983</u>	<u>\$1,038,293</u>	<u>\$ 240,421</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 9,247</u>	<u>\$ 34,467</u>	<u>\$ 40,831</u>	<u>\$ 40,155</u>	<u>\$ 30,690</u>	<u>\$ 85,751</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 225,209	\$ 124,223	\$ 997	\$ -	\$ -
Lease liabilities	678	1,355	6,098	32,522	204,690
Variable interest rate liabilities	221	-	46,000	384,000	-
Fixed interest rate liabilities	-	-	-	<u>3,826</u>	<u>49,823</u>
	<u>\$ 226,108</u>	<u>\$ 125,578</u>	<u>\$ 53,095</u>	<u>\$ 420,348</u>	<u>\$ 254,513</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 8,131</u>	<u>\$ 32,522</u>	<u>\$ 40,652</u>	<u>\$ 40,652</u>	<u>\$ 31,901</u>	<u>\$ 91,485</u>



b) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	\$ 1,043,567	\$ 455,938
Amount unused	<u>1,548,835</u>	<u>1,956,078</u>
	<u>\$ 2,592,402</u>	<u>\$ 2,412,016</u>

**29. TRANSACTIONS WITH RELATED PARTIES**

a. Name and relationship of related parties

<b>Related Party Name</b>	<b>Related Party Category</b>
iCatch Technology	Associate
Jumplux Technology	Subsidiary
Generalplus Technology	Subsidiary
Sunext Technology	Subsidiary
Sunplus Innovation Technology	Subsidiary
Genki Tek Technology Co., Ltd.	Subsidiary (the settlement was completed on June 20, 2022, and classified into non-related party)
Chongqing CQPlus1 Technology Co., Ltd. (“Chongqing CQPlus1”)	Subsidiary
Sunplus Pro-tek (shenzhen) Co., Ltd.	Subsidiary
SunMedia Technology Co., Ltd.	Subsidiary

b. Sales of goods

<b>Account Item</b>	<b>Related Party Type</b>	<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Sales of goods	Subsidiaries	\$ 14,769	\$ 12,042
	Associates	<u>3,270</u>	<u>12,973</u>
		<u>\$ 18,039</u>	<u>\$ 25,015</u>

Sales price to related parties is based on cost and market price. The sales terms to related parties were similar to those with external customers.

c. Purchases of goods

<b>Accounted Item</b>	<b>Related Party</b>	<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Purchases of goods	Subsidiaries		
	Chongqing CQPlus1	<u>\$ 158,275</u>	<u>\$ 16,681</u>

Purchases were made at market prices and discounted to reflect the quantity of goods purchased and the relationships between the parties.

d. Receivables from related parties (excluding loans to related parties)

Account Item	Related Party	For the Year Ended December 31	
		2022	2021
Trade receivables	Subsidiaries	\$ 951	\$ 3,153
	Associates	<u>352</u>	<u>1,112</u>
		<u>\$ 1,303</u>	<u>\$ 4,265</u>
Other receivables	Subsidiaries	\$ 2,725	\$ 2,711
	Associates	<u>535</u>	<u>529</u>
		<u>\$ 3,260</u>	<u>\$ 3,240</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

e. Payables from related parties

Account Item	Related Party	For the Year Ended December 31	
		2022	2021
Accounts payable	Subsidiaries	<u>\$ 15,580</u>	<u>\$ -</u>
Other payables	Subsidiaries	<u>\$ 23,453</u>	<u>\$ 14,658</u>
Prepaid materials	Subsidiaries	<u>\$ 9,292</u>	<u>\$ 38,613</u>

f. Acquisition of property, plant and equipment

Related Party	For the Year Ended December 31	
	2022	2021
Subsidiaries	<u>\$ 199</u>	<u>\$ 43</u>

g. Other transactions with related parties

Account Item	Related Party Type	For the Year Ended December 31	
		2022	2021
Manufacturing expenses	Subsidiaries	<u>\$ 10,575</u>	<u>\$ 22,292</u>
Operating expenses	Subsidiaries	<u>\$ 82,004</u>	<u>\$ 13,174</u>
Non-operating income and expenses	Subsidiaries	\$ 12,260	\$ 20,753
	Associates	<u>12,934</u>	<u>9,489</u>
		<u>\$ 25,194</u>	<u>\$ 30,242</u>

Miscellaneous expenses between the Company and the related parties were negotiated and were thus not comparable with those in the market.

Technical support services price between the Company and the related parties were negotiated and were thus not comparable with those in the market.

Administrative support services price and support services price between the Company and the related parties were negotiated and were thus not comparable with those in the market.

The pricing and the payment terms of the lease contract between the Company and the related parties were similar to those with external customers.

h. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 30,262	\$ 16,892
Post-employment benefits	<u>269</u>	<u>269</u>
	<u>\$ 30,531</u>	<u>\$ 17,161</u>

Compensation of directors and other key management personnel was decided by the Compensation Committee in accordance with individual performance and market trends.

**30. PLEDGED OR MORTGAGED ASSETS**

The following assets were mortgaged or pledged as collateral for bank borrowings and leased land:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings, net	\$ 537,529	\$ 556,931
Pledged time deposits (classified to other financial assets - non-current)	<u>10,500</u>	<u>8,350</u>
	<u>\$ 548,029</u>	<u>\$ 565,281</u>

**31. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,369	30.71	\$ 379,852
CNY	72	4.408	317
JPY	153	0.232	35
GBP	3	37.090	111
HKD	8	3.938	32

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Nonmonetary items			
Investment subsidiaries accounted for using equity method			
USD	\$ 28,993	30.71	\$ 890,375
HKD	7	3.938	28

Financial liabilities

Monetary items			
USD	5,899	30.71	181,158
CNY	10,908	4.408	48,082
			(Concluded)

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,793	27.680	\$ 381,790
CNY	416	4.344	1,807
JPY	188	0.241	45
GBP	3	37.300	112
HKD	9	3.549	32
Nonmonetary items			
Investment subsidiaries accounted for using equity method			
USD	25,274	27.680	699,584
HKD	7	3.549	25

Financial liabilities

Monetary items			
USD	19,104	27.680	528,799
CNY	3,857	4.344	16,755

For the years ended December 31, 2022 and 2021, (realized and unrealized) net foreign exchange losses were NT\$3,184 thousand and NT\$2,550 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

### 32. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees and b. Information on investees:
- 1) Financings provided: Table 1
  - 2) Endorsement/guarantee provided: Table 2
  - 3) Marketable securities held: Table 3
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
  - 9) Trading in derivative instruments: No.
- b. Information on investees:
- 1) Information on investee: Table 6
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 8)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

Except for Table 1 to Table 9, there's no further information about other significant transactions.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## FINANCINGS PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Sunplus Shanghai	Chongqing CQPlus1	Receivables from related parties	Yes	\$ 60,816	\$ -	\$ -	1.80%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 425,085 (Note 7)	\$ 425,085 (Note 7)
2	Sunplus Shanghai	Sun Media	Receivables from related parties	Yes	298,862	294,014	294,014	1.80%	Note 1	-	Note 3	-	-	-	425,085 (Note 7)	425,085 (Note 7)
3	Russell	Sun Media	Receivables from related parties	Yes	243,313	-	-	-	Note 1	-	Note 4	-	-	-	712,296 (Note 8)	712,296 (Note 8)
4	Sunplus Venture Capital	Sun Media	Receivables from related parties	Yes	50,969	50,672	50,672	3.80%	Note 1	-	Note 5	-	-	-	441,335 (Note 9)	441,335 (Note 9)
5	Lin Shin Investment	Sun Media	Receivables from related parties	Yes	163,460	110,556	110,556	3.80%	Note 1	-	Note 6	-	-	-	357,585 (Note 10)	357,585 (Note 10)

Note 1: Short-term financing.

Note 2: Sunplus Shanghai provided funds for the operating needs of Chongqing CQPlus 1.

Note 3: Sunplus Shanghai provided funds for the operating needs of SunMedia.

Note 4: Russell provided funds for the operating needs of SunMedia.

Note 5: Sunplus Venture Capital provided funds for the operating needs of SunMedia.

Note 6: Lin Shin Investment provided funds for the operating needs of SunMedia.

Note 7: Sunplus Shanghai and the loans are all foreign companies whose parent company directly and indirectly holds 100% of the voting shares. When the short-term financing funds need to be engaged in capital lending, the capital loan and the individual amount and total amount should not exceed the capital loan. The enterprise's net worth should not exceed to 60%, and its period should not exceed more than 2 years.

Note 8: Russell and the loans are all foreign companies whose parent company directly and indirectly holds 100% of the voting shares. When the short-term financing funds need to be engaged in capital lending, the capital loan and the individual amount and total amount should not exceed the capital loan. The enterprise's net worth should not exceed to 80%, and its period should not exceed more than 2 years.

Note 9: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital's net equity as of its latest financial statements.

Note 10: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shin Investment's net equity as of its latest financial statements.

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus	Chongqing CQPlus1	3 (Note 3)	\$ 926,209 (Note 4)	\$ 67,590	\$ -	\$ -	\$ -	-	\$ 1,852,418 (Note 5)	Yes	No	Yes
1 (Note 2)	Russell	SunMedia	3 (Note 3)	534,222 (Note 6)	59,440	-	-	-	-	534,222 (Note 6)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: Sunplus and its subsidiaries jointly hold more than 50% of the ordinary shares of the endorsee.

Note 4: For each transaction entity, the guarantee amount should not exceed 10% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 5: The guarantee amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 6: Russell and the endorsement guaranty object are the parent company which holds 100% voting rights directly or indirectly. For each transaction entity, the guarantee amount should not exceed 60% of the endorsement/guarantee provider's net equity.



## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	300	\$ 15,480	-	\$ 15,480	Note 2
	Triknight Capital Corporation	-	Financial assets at FVTPL - non-current	40,842	269,823	5	269,823	Note 1
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	-	5	-	Note 1
	Vertex Growth II (SG) L.P.	-	Financial assets at FVTPL - non-current	-	3,644	-	3,644	Note 1
	AMED Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	2,539	-	2,539	Note 1
Lin Shin Investment	Arizon RFID Technology Co., Ltd.	-	Financial assets at FVTPL - current	370	28,701	-	28,701	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at FVTPL - current	65	2,130	-	2,130	Note 1
	Enterex International Limited - Convertible Bonds	-	Financial assets at FVTPL - current	30	-	-	-	Note 1
	Evergreen Aviation Technologies Corporation	-	Financial assets at FVTPL - current	1,050	85,218	-	85,218	Note 2
	Genius Vision Digital Inc.	-	Financial assets at FVTPL - non-current	300	-	1	-	Note 1
	Lead Sun Corporation	-	Financial assets at FVTPL - non-current	1,000	34,407	11	34,407	Note 1
	AI3 Co.	-	Financial assets at FVTPL - non-current	33	431	1	431	Note 1
	GEMFOR Leading Financial Solution Provider Fund	-	Financial assets at FVTPL - non-current	1	-	-	-	Note 1
	Sunplus	Parent company	Financial assets at FVTOCI - non-current	3,560	79,744	1	79,744	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at FVTOCI - non-current	33	2,860	-	2,860	Note 1
Russell	Synerchip Inc.	-	Financial assets at FVTPL - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at FVTPL - non-current	1,000	-	8	-	Note 1
	Ortega InfoSystem, Inc.	-	Financial assets at FVTPL - non-current	2,557	-	-	-	Note 1
	Innobrige International Inc.	-	Financial assets at FVTPL - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at FVTPL - non-current	1,250	-	1	-	Note 1
	Intudo Istimewa I, LLC	-	Financial assets at FVTPL - non-current	-	15,355	14	15,355	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell	Asia B2B on Line Inc.	-	Financial assets at FVTPL - non-current	1,000	# -	3	# -	Note 1
	AMED Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	15,863	2	15,863	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	191,335	6	191,335	Note 1
	Intudo Ventures III, L.P.	-	Financial assets at FVTPL - non-current	-	21,386	1	21,386	Note 1
	AMED Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	3,384	-	3,384	Note 1
	Intudo Istimewa II, LLC	-	Financial assets at FVTPL - non-current	-	15,355	7	15,355	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	2,369	13	2,369	Note 1
	eYs3d Microelectronics, Inc.	-	Financial assets at FVTOCI - non-current	1,190	15,172	2	15,172	Note 1
	Sunplus Venture Capital	Jih Sun Vietnam Opportunity Fund	-	Financial assets at FVTPL - current	500	3,570	-	3,570
Fuyou Venture Capital Limited Partnership (private placement)		-	Financial assets at FVTPL - non-current	-	19,727	5	19,727	Note 1
eWave System, Inc.		-	Financial assets at FVTPL - non-current	1,833	-	22	-	Note 1
Book4u Company Limited		-	Financial assets at FVTPL - non-current	9	-	-	-	Note 1
TGVest Capital Limited Partnership		-	Financial assets at FVTPL - non-current	-	51,922	5	51,922	Note 1
Simple Act Inc.		-	Financial assets at FVTPL - non-current	1,900	-	10	-	Note 1
Genius Vision Digital Co., Ltd.		-	Financial assets at FVTPL - non-current	375	-	1	-	Note 1
Intelligo Technology Inc.		-	Financial assets at FVTPL - non-current	337	40,380	1	40,380	Note 1
Grand Fortune Venture Capital Co., Ltd.		-	Financial assets at FVTPL - non-current	4,000	46,864	7	46,864	Note 1
Huijia Health Life Technology		-	Financial assets at FVTPL - non-current	1,049	1,470	5	1,470	Note 1
San Neng Group Holding Co., Ltd.		-	Financial assets at FVTPL - non-current	900	33,390	1	33,390	Note 2
Raynergy Tek Inc.		-	Financial assets at FVTPL - non-current	5,691	37,330	12	37,330	Note 1
Fuyou Venture Capital Limited Partnership		-	Financial assets at FVTPL - non-current	5,000	50,622	10	50,622	Note 1
CDIB Capital Growth Partners L.P.		-	Financial assets at FVTPL - non-current	-	100,765	2	100,765	Note 1
TIEF Fund, L.P.	-	Financial assets at FVTPL - non-current	-	44,905	7	44,905	Note 1	
Pacific 8 Ventures Fund II, L.P.	-	Financial assets at FVTPL - non-current	-	5,519	2	5,519	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital	Cerulean Asset Management Co., Ltd.	-	Financial assets at FVTPL - non-current	-	\$ 15,011	16	\$ 15,011	Note 1
	CSVI Ventures, L.P.	-	Financial assets at FVTPL - non-current	-	29,139	2	29,139	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	111,827	8	111,827	Note 1
	Promise Technology Inc.	-	Financial assets at FVTOCI - non-current	962	4,340	1	4,340	Note 1
	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	602	28,957	2	28,957	Note 2
	Innorich Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	3,000	20,518	6	20,518	Note 1
	Neuchips Inc. - Preference shares	-	Financial assets at FVTOCI - non-current	585	17,397	3	17,397	Note 1
	Neuchips Inc.	-	Financial assets at FVTOCI - non-current	2,100	62,449	3	62,449	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,564	1,610	4	1,610	Note 1
	Wei-Young Investment	Feedback Technology Corp.	-	Financial assets at FVTPL - current	50	4,320	-	4,320
Sunplus Shanghai	Ready Sun Investment Group Fund	-	Financial assets at FVTPL - non-current	-	41,012	16	41,012	Note 1
	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	2,200	63,349	3	63,349	Note 1
Generalplus Technology	Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - current	12,855	213,002	-	213,002	Note 3
Sunplus Innovation Technology	Yuata De-Bao Money Market Fund	-	Financial assets at FVTPL - current	23,108	281,956	-	281,956	Note 3
	Advanced Silicon SA	-	Financial assets at FVTOCI - non-current	1,000	17,953	10	17,953	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets at FVTOCI - non-current	2,000	-	8	-	Note 1
	PointGrab Ltd.	-	Financial assets at FVTOCI - non-current	453	-	1	-	Note 1
Chongqing CQPLus1	Vicoretek Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	121,930	8	121,930	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	8,950	258,214	11	258,214	Note 1
Sunext Technology	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	200	10,320	-	10,320	Note 2
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - current	50	22,425	-	22,425	Note 2
	MediaTek Inc.	-	Financial assets at FVTPL - current	10	6,250	-	6,250	Note 2
	SinoPac ESG Global Digital Infrastructure Fund	-	Financial assets at FVTPL - current	500	4,645	-	4,645	Note 3

Note 1: The market value was based on the carrying amount as of December 31 2022.

Note 2: The market value was based on the closing price as of December 31, 2022.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2022.

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal (Note 4)	Number of Shares	Amount
Sunplus	iCatch Technology	Non-current assets held for sale	Egis Technology Inc.	-	8,000	\$ 108,504	-	\$ -	8,000	\$ 535,987	\$ 108,504	\$ 449,000	-	\$ -
Generalplus Technology	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	4,684	77,149	32,472	536,000	24,301	401,000	400,500	500	12,855	213,002
Sunplus Innovation Technology	Taishin Ta Chong Money Market Fund	Financial assets at FVTPL - current	-	-	9,765	140,136	-	-	9,765	140,365	140,000	365	-	-

Note 1: Marketable Securities in this table include shares, bonds, beneficiary certificates and derivative products.

Note 2: Fill in the two columns if marketable securities are accounted for using equity method.

Note 3: The accumulated amount of acquisition/disposal were calculated at costs or prices of at least NT\$300 million or 20% of the paid-in capital separately.

Note 4: Gain(loss) on disposal include gain(loss) on disposal of equity transfers directly related to non-current assets held for sale.

Note 5: Paid-in capital is the paid-in capital of the parent company Shares of issuers without par value or not NT\$10 per share are calculated according to 10% of total equity attributable to owners of the Company regarding the regulation on transaction amount of 20% of paid-in capital.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sunplus	Chongqing CQPlus1	Subsidiary	Purchases	\$ 158,275	16.16	Based on contract	Based on contract	Based on contract	\$ (15,580)	9.05	-

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus	Ventureplus Group	Belize	Investment	\$ 2,458,183 (US\$ 74,605 RMB\$ 37,900)	\$ 2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,678,364	\$ 66,904	\$ 43,992	Subsidiary
	Award Glory Ltd.	Belize	Investment	291,676 (US\$ 7,072 RMB\$ 16,900)	291,676 (US\$ 7,072 RMB\$ 16,900)	9,567	100	368,974	(96,941)	(96,941)	Subsidiary
	Global View Co., Ltd.	New Taipei, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	318,969	100,898	13,180	Investee
	Lin Shin Investment	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	814,218	61,819	54,699	Subsidiary
	Generalplus Technology	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	847,758	579,378	198,729	Subsidiary
	Sunplus Venture Capital	Hsinchu, Taiwan	Investment	829,982	829,982	83,000	100	1,103,338	105,174	105,174	Subsidiary
	Sunplus Innovation Technology	Hsinchu, Taiwan	Design of ICs	273,941	374,161	29,266	50	1,165,423	373,317	191,037	Subsidiary
	Russell	Cayman Islands, British West Indies	Investment	926,981 (US\$ 30,185)	926,981 (US\$ 30,185)	30,185	100	890,371	111,666	111,666	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	127,345	127,345	12,735	13	282,913	69,940	8,740	Investee
	Sunext Technology	Hsinchu, Taiwan	Design of ICs	1,002,531	983,237	63,487	100	248,972	(25,890)	(23,872)	Subsidiary
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	22,667	(660)	(592)	Subsidiary
	Sunplus Management Consulting	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,193	(190)	(190)	Subsidiary
	Sunplus Technology (H.K.)	Kowloon Bay, Hong Kong	International trade	43,613 (HK\$ 11,075)	43,613 (HK\$ 11,075)	11,075	100	28	-	-	Subsidiary
	Magic Sky	Samoa	Investment	-	317,541 (US\$ 10,340)	-	-	-	(655)	(655)	Subsidiary (Note 4)
	Sunplus mMobile	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,043	(183)	(183)	Subsidiary (Note 6)
	Wei-Young Investment	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	38,159	(21,214)	(21,214)	Subsidiary
	Jumplux Technology	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	3,407	40,261	22,144	Subsidiary
	AkiraNet Co., Ltd.	Taipei, Taiwan	Information software service	174,000	174,000	17,400	26	156,053	(132,473)	(36,275)	Investee
	Lin Shin Investment	Generalplus Technology	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	339,468	579,378	79,292
Sunplus Innovation Technology		Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	40,570	373,317	7,015	Subsidiary
iCatch Technology		Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	23,230	69,640	821	Investee
Sunplus mMedia		Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,321	(660)	(17)	Subsidiary
GlintMed Innovation		Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	591	(1,726)	(216)	Investee
Sunplus Venture Capital	Jumplux Technology	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	2,607	40,261	16,942	Subsidiary
	Sunplus Innovation Technology	Hsinchu, Taiwan	Design of ICs	60,588	60,588	2,924	5	117,414	373,317	19,084	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	4	80,242	69,640	2,835	Investee
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	375	(660)	(50)	Subsidiary
	GenkiTek Technology	Taipei, Taiwan	Software development	-	20,000	-	-	-	(5,602)	(3,501)	Subsidiary (Note 3)
GlintMed Innovation	Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	591	(1,726)	(216)	Investee	
Russell	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	76,775 (US\$ 2,500)	76,775 (US\$ 2,500)	5,000	16	70,200	(25,646)	(4,167)	Investee
Ventureplus Group	Ventureplus Mauritius Inc.	Mauritius	Investment	2,458,183 (US\$ 74,605 RMB\$ 37,900)	2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	1,712,958	66,904	66,904	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,458,183 (US\$ 74,605 RMB\$ 37,900)	2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	1,712,936	66,902	66,902	Subsidiary
Generalplus Technology	Generalplus International (Samoa) Inc.	Samoa	Investment	586,254 (US\$ 19,090)	586,254 (US\$ 19,090)	19,090	100	532,120	17,470	17,470	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	586,254 (US\$ 19,090)	586,254 (US\$ 19,090)	19,090	100	539,489	17,470	17,470	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Inc.	Hong Kong	Sales	11,977 (US\$ 390)	11,977 (US\$ 390)	-	100	11,565	(267)	(267)	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	\$ 291,676 (US\$ 7,072 RMB\$ 16,900)	\$ 291,676 (US\$ 7,072 RMB\$ 16,900)	9,567	100	\$ 368,975	\$ (96,941)	\$ (96,941)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	-	23,708 (US\$ 772)	-	-	-	(50)	(50)	Subsidiary (Note 5)
	Giant Rock Inc.	Anguilla	Investment	157,412 (US\$ 2,700 RMB\$ 16,900)	157,412 (US\$ 2,700 RMB\$ 16,900)	5,195	100	260,323	(105,387)	(105,387)	Subsidiary
	Worldplus Holdings L.L.C.	America	Investment	110,556 (US\$ 3,600)	110,556 (US\$ 3,600)	-	100	108,428	8,488	8,488	Subsidiary
	Giant Best Ltd.	Seychelles	Investment	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2022.

Note 2: The cancellation of Giant Best Ltd. was completed on September 5, 2022..

Note 3: The disposed of GenkiTek Technology was completed on June 20, 2022.

Note 4: The disposed of Magic Sky was completed on June 22, 2022.

Note 5: The cancellation of Giant Kingdom Ltd. was completed on September 5, 2022.

Note 6: The dissolution of Sunplus mMobile was completed on February 28, 2022.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Sunplus Shanghai	Development of computer software, system integration services and building rental	\$ 528,212 (US\$ 17,200)	Note 1	\$ 542,185 (US\$ 17,655)	\$ -	\$ -	\$ 542,185 (US\$ 17,655)	100%	\$ 97,155	\$ 97,155	\$ 702,793	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental and property management	990,398 (US\$ 32,250)	Note 1	990,398 (US\$ 32,250)	-	-	990,398 (US\$ 32,250)	100%	(16,585)	(16,585)	732,496	-
Sun Media Technology	Development of computer software, system integration services and building rental	614,200 (US\$ 20,000)	Note 1	614,200 (US\$ 20,000)	-	-	614,200 (US\$ 20,000)	100%	(14,300)	(14,300)	208,955	-
Sunplus App	Sale of electronic components and information management and education	171,912 (RMB\$ 39,000)	Note 1	167,868 (US\$ 586 RMB\$ 34,000)	-	-	167,868 (US\$ 586 RMB\$ 34,000)	97%	(1,394)	(1,394)	2,355	-
Beijing Sunplus EHue Tech	Development of computer software, system integration services and building rental	119,016 (RMB\$ 27,000)	Note 1	119,016 (RMB\$ 27,000)	-	-	119,016 (RMB\$ 27,000)	100%	995	995	52,624	-
JSilicon Technology	Development of computer software, IC design	-	Note 3	-	-	-	-	-	(146)	(146)	-	-
Worldplus	Software development, building rental and property management	83,924 (RMB\$ 19,039)	Note 5	110,556 (US\$ 3,600)	-	-	110,556 (US\$ 3,600)	100%	(9,820)	(8,488)	108,428	-
Chongqing CQPlus1	Development of computer software, IC design	176,320 (RMB\$ 40,000)	Note 4	-	-	-	-	100%	32,087	32,087	155,604	-

Accumulated Investment in Mainland China as of December 31, 2022 (Note 6)	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,730,132 (US\$ 79,872 RMB 62,900 )	\$ 2,731,693 (US\$ 80,052 RMB 62,000 )	\$ 5,557,253

## Sunplus Venture Capital

Accumulated Investment in Mainland China as of December 31, 2022 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 94,802 (US\$ 3,087 )	\$ 94,802 (US\$ 3,087 )	\$ 662,003

## Lin Shin Investment

Accumulated Investment in Mainland China as of December 31, 2022 (Note 8)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 28,591 (US\$ 931 )	\$ 28,591 (US\$ 931 )	\$ 536,377

(Continued)



Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 574,277 (US\$ 18,700)	Note 1	\$ 574,277 (US\$ 18,700)	\$ -	\$ -	\$ 574,277 (US\$ 18,700)	100%	\$ 17,737	\$ 17,737	\$ 527,904	\$ -

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 574,277 (US\$ 18,700 )	\$ 574,277 (US\$ 18,700 )	\$ 1,500,071

Note 1: Indirect investment in a company located in mainland China through investment in a company located in a third country.

Note 2: Based on the reviewed financial statements of investees in the same period.

Note 3: Sunplus Shanghai's direct investment in a company located in mainland China and it was liquidated on August 30, 2022.

Note 4: Sunplus Shanghai and Sunplus pro-tek (Shenzhen) reinvested in a company located in mainland China.

Note 5: It is a company located in mainland China that acquired the investment of the third regional investment company on September 2, 2019.

Note 6: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Xiamen Xm-plus Technology Co., Ltd. in mainland China, and is included in the financial assets at FVTPL-non-current.

Note 7: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Sanneng Group Holding Company in mainland China, Sanneng Appliances (Wuxi) Co., Ltd. and CSVI Ventures, L.P., and is included in the financial assets at FVTPL-non-current.

Note 8: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Arizon RFID Technology Co., Ltd. in mainland China, and is included in the financial assets at FVTPL-current.

Note 9: The original foreign currency was derived from the exchange rate on December 31, 2022.

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Notes/Trade Receivables (Payables)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Market Transactions	Ending Balance	%		
Generalplus Shenzhen	Development and processing services	\$ 80,635	13.83	Based on contract	Based on contract	Not comparable with market transactions	\$ 19,370	86.69	\$ -	NA
	Sales	19,851	0.63	Based on contract	Based on contract	Not comparable with market transactions	4,395	1.15	1,763	NA
Chongqing CQPlus1	Purchases	158,275	16.16	Based on contract	Based on contract	Not comparable with market transactions	(15,580)	100.00	(22,912)	NA
	Manufacturing expense	10,575	2.77	Based on contract	Based on contract	Not comparable with market transactions	(1,122)	4.78	-	NA
SunMedia	Development and processing services	35,428	2.64	Based on contract	Based on contract	Not comparable with market transactions	(9,829)	41.91	-	NA
Sunplus Prof-tek Technology (Shenzhen)	Processing services	46,576	3.47	Based on contract	Based on contract	Not comparable with market transactions	(12,502)	53.31	-	NA

**SUNPLUS TECHNOLOGY COMPANY LIMITED****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chou-chye, Huang	92,737,817	15.66

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

## THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT	2
STATEMENT OF TRADE RECEIVABLES	3
STATEMENT OF INVENTORIES	4
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD	5
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 12
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 12
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	6
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS	6
STATEMENT OF CHANGES IN INTANGIBLE ASSETS	Note 14
STATEMENT OF DEFERRED INCOME TAX ASSETS	Note 23
STATEMENT OF LONG-TERM BORROWINGS	7
STATEMENT OF ACCOUNTS PAYABLE	8
STATEMENT OF OTHER PAYABLES	Note 18
STATEMENT OF LEASE LIABILITIES	9
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF NET REVENUE	10
STATEMENT OF OPERATING COST	11
STATEMENT OF SELLING AND MARKETING EXPENSES	12
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES	12
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES	12
STATEMENT OF OPERATING INCOME AND EXPENSES	Note 22
STATEMENT OF FINANCE COSTS	Note 22
STATEMENT OF LABOR, DEPRECIATION, DEPLETION AND AMORTIZATION BY FUNCTION	13

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

Item	Amount
Cash	
Cash in banks	
Currency deposits	\$ 109,293
Time deposits (Note 1)	10,500
Foreign deposits (Note 2)	180,978
Cash on hand (Note 3)	<u>355</u>
	301,126
Less: Restricted assets	<u>54,110</u>
 Total	 <u>\$ 247,016</u>

Note 1: NTD\$10,500 thousand Time deposits, interest rates at 0.76 %- 1.33 %.

Note 2: Including US\$5,882 thousand @30.710, HKD\$2 thousand @3.938, GBP\$0.3 thousand @37.090, JPY\$43 thousand @0.232 and RMB\$70 thousand @4.408.

Note 3: Including NTD\$100 thousand, HKD\$7 thousand @3.938, JPY\$110 thousand @0.232, US\$3 thousand @30.710, EUR\$0.3 thousand @32.720, GBP\$2 thousand @37.090 and RMB\$2 thousand @4.408.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS  
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Units (Thousand)	Cost	Fair Value		Note
			Unit Price	Amount	
Domestic unlisted shares					
Triknight Capital Corporation	40,842	\$ 292,850	6.6	<u>\$ 269,823</u>	Note 1
Domestic listed shares					
Evergreen Steel Co., Ltd.	300	10,500	51.6	<u>15,480</u>	Note 2
Foreign limited partnership					
Vertex Growth II (SG) L.P.	-	3,946	-	3,644	Note 1
AMED Ventures II, L.P.	-	4,821	-	<u>2,539</u>	Note 1
				<u>6,183</u>	
Less: Current assets				<u>(15,480)</u>	
				<u>\$ 276,006</u>	

Note 1: The market value was based on the net carrying amount as of December 31, 2022.

Note 2: The market value was based on the closing price of December 31, 2022.

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF TRADE RECEIVABLES, NET****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

---

<b>Client Name</b>	<b>Amount</b>
Trade receivable from related parties	
Jumplux Technology	\$ 532
Generalplus Technology	404
iCatch Technology	352
Others (Note)	<u>15</u>
	<u>1,303</u>
Trade receivable from unrelated parties	
Client A	61,017
Client B	41,968
Client C	40,656
Client D	21,148
Client E	9,844
Others (Note)	<u>8,454</u>
	<u>183,087</u>
 Total	 <u>\$ 184,390</u>

Note: The amount of individual clients that is included in others does not exceed 5% of the account balance.

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

---

	Item	Amount	
		Cost	Net Realizable Value
Finished goods		\$ 313,529	\$ 720,002
Work in progress		327,833	828,910
Raw materials		<u>331,978</u>	<u>636,206</u>
Total		<u>\$ 973,340</u>	<u>\$ 2,185,118</u>



## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2022		Additions		Decreases		Increase (Decrease) Amount Evaluated by Equity Method					Credit balance of investments accounted for using equity method (Accounted for Current Liability)	Balance, December 31, 2022			Net Assets Value	Note
	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Investment (Loss) Gain	Exchange Differences Arising on Translation to the Presentation Currency	Transferred Capital Surplus	Fair Value Changes of Financial Assets at FVTOCI	Actuarial (Loss) Gain		Shares (Thousand)	%	Amount		
	Global View Co., Ltd.	8,229	\$ 342,742	-	\$ -	-	\$ 16,459	\$ 13,180	\$ 1,458	\$ -	\$ (21,952)		\$ -	\$ -	8,229		
Ventureplus Group	-	1,594,626	-	-	-	-	43,992	23,608	-	16,138	-	-	-	100	1,678,364	1,712,961	Note 1
Lin Shin Investment	70,000	1,057,567	-	-	-	307,098	54,699	1,186	8,090	20	(246)	-	70,000	100	814,218	814,218	Notes 1 and 3
Generalplus Technology	37,324	848,020	-	131	-	201,550	198,729	2,972	-	-	(544)	-	37,324	34	847,758	847,922	Note 1
Sunplus Venture Capital	83,000	1,068,483	-	-	-	53,867	105,174	-	3,882	(20,230)	(104)	-	83,000	100	1,103,338	1,103,338	Note 1
Sunplus Innovation Technology	29,266	1,286,616	-	-	-	292,657	191,037	-	(19,673)	-	100	-	29,266	50	1,165,423	1,165,423	Note 1
Russell	30,185	698,927	-	-	-	-	111,666	80,985	696	(1,903)	-	-	30,185	100	890,371	890,371	Note 1
Sunext Technology	58,778	254,472	4,709	19,294	-	-	(23,872)	-	(922)	-	-	-	63,487	100	248,972	248,972	Note 1
iCatch Technology	12,735	251,001	-	1,256	-	-	8,740	-	22,350	-	(434)	-	12,735	13	282,913	233,237	Note 1
Sunplus mMedia	22,441	23,259	-	-	-	-	(592)	-	-	-	-	-	22,441	90	22,667	10,005	Note 1
Wei-Young Investment	5,400	102,854	-	-	-	43,481	(21,214)	-	-	-	-	-	5,400	100	38,159	38,159	Note 1
AkiraNET Co., Ltd.	17,400	195,034	-	-	-	-	(36,275)	-	(2,706)	-	-	-	17,400	26	156,053	156,053	Note 1
Sunplus Management Consulting	500	3,383	-	-	-	-	(190)	-	-	-	-	-	500	100	3,193	3,193	Note 2
Sunplus Technology (H.K.)	11,075	25	-	-	-	-	-	3	-	-	-	-	11,075	100	28	28	Note 1
Magic Sky	10,340	668	-	-	10,340	21	(655)	8	-	-	-	-	-	-	-	-	Note 1
Sunplus mMobile	16,240	29,226	-	-	-	-	(183)	-	-	-	-	-	16,240	100	29,043	29,043	Note 1
Award Glory	9,567	465,117	-	-	-	-	(96,941)	798	-	-	-	-	9,567	100	368,974	368,974	Note 1
Jumplux Technology	13,200	-	-	-	-	-	22,144	-	-	-	-	(18,737)	13,200	55	3,407	3,407	Note 1
Total		<u>\$ 8,222,020</u>		<u>\$ 20,681</u>		<u>\$ 915,133</u>	<u>\$ 569,439</u>	<u>\$ 111,018</u>	<u>\$ 11,717</u>	<u>\$ (27,927)</u>	<u>\$ (1,228)</u>	<u>\$ (38,737)</u>			<u>\$ 7,971,850</u>	<u>\$ 7,944,273</u>	

Note 1: The gains and losses of the investment and the net equity value are calculated according to the investees' financial statements which are audited by the accountant.

Note 2: The gains and losses of the investment and the net equity value are calculated according to the investees' financial statements which are unaudited by the accountant.

Note 3: The carrying amount and net value included deduction of the book value of the parent company's stock held by the subsidiary in the amount of \$79,744 thousand.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND STATEMENT OF CHANGES IN  
ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

	Land	Transportation Equipment	Total
Cost			
Balance at January 1, 2022	\$ 182,215	\$ -	\$ 182,815
Additions	<u>753</u>	<u>3,026</u>	<u>3,779</u>
Balance at December 31, 2022	<u>183,568</u>	<u>3,026</u>	<u>186,594</u>
Accumulated depreciation			
Balance at January 1, 2022	17,252	-	17,252
Depreciation	<u>5,656</u>	<u>336</u>	<u>5,992</u>
Balance at December 31, 2022	<u>22,908</u>	<u>336</u>	<u>23,244</u>
Carrying amount at December 31, 2022	<u>\$ 160,660</u>	<u>\$ 2,690</u>	<u>\$ 163,350</u>

## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF LONG-TERM BORROWINGS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Creditor	Balance End of Year	Period	Range of Interest Rates (%)	Financing Facilities	Repayment Method	Pledged or Mortgaged
Medium - to long-term credit borrowings						
Shanghai Commercial Bank	\$ 500,000	2022.11.18-2027.11.18	1.875%	\$ 500,000	The loan is to be repaid quarterly-annually in 16 installments, with the first installment commencing in the second year after the first drawdown date.	-
Far Eastern International Bank	<u>500,000</u>	2022.09.02-2025.09.02	1.875%	<u>500,000</u>	The loan is to be repaid semiannually from September 2024, in 3 installments, 1 & 2 installment repay 20% respectively, and the balance will be paid on final installment	-
	1,000,000			<u>\$ 1,000,000</u>		
Less: Current portion	<u>-</u>					
	<u>\$ 1,000,000</u>					

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF ACCOUNTS PAYABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

---

<b>Vendor Name</b>	<b>Amount</b>
Related parties	
Chongqing CQPlus1	\$ <u>15,580</u>
Unrelated parties	
Supplier A	38,836
Supplier B	21,693
Supplier C	18,710
Supplier D	15,330
Supplier E	14,038
Supplier F	13,982
Supplier G	12,096
Others (Note)	<u>21,821</u>
	<u>156,056</u>
 Total	 \$ <u>172,086</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF LEASE LIABILITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

<b>Item</b>	<b>Lease Term</b>	<b>Discount Rate</b>	<b>Amount</b>
Land	2015.08-2034.12	2.390%	\$ 77,078
Land	2002.06-2041.12	2.390%	65,404
Land	2021.01-2040.12	2.390%	25,054
Transportation Equipment	2022.09-2025.08	1.625%	2,710
Less: Lease liabilities - current			<u>(5,169)</u>
Lease liabilities -non-current			<u>\$ 165,077</u>

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF NET REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

---

<b>Item</b>	<b>Quantity</b>	<b>Unit</b>	<b>Amount</b>
Multimedia IC	16,188	Thousand	\$ 1,583,433
Other			<u>86,826</u>
			1,670,259
Sales allowance			(208,426)
Sales return			<u>(87,291)</u>
			<u>\$ 1,374,542</u>

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF COST REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

---

<b>Item</b>	<b>Amount</b>
Raw material, beginning of year	\$ 214,668
Raw material purchased	946,959
Transferred to expenses	(1,629)
Raw materials, end of year	<u>(331,978)</u>
Raw materials used	828,020
Direct labor	7,953
Manufacturing expenses	<u>382,044</u>
Manufacturing costs	1,218,017
Work in progress, beginning of year	195,671
Transferred to expenses	(6,690)
Work in progress, end of year	<u>(327,833)</u>
Cost of finished goods	1,079,165
Finished goods, beginning of year	123,892
Finished goods purchased	32,481
Transferred to expenses	(3,737)
Finished goods, end of year	<u>(313,529)</u>
 Total	 <u>\$ 918,272</u>

## SUNPLUS TECHNOLOGY COMPANY LIMITED

### STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Royalty	\$ 68,361	\$ -	\$ 468
Marketing expense	10,883	-	-
Salary	6,753	95,673	402,960
Commission expense	6,444	-	-
Depreciation	427	33,910	119,894
Professional service fees	1	15,721	640
Amortization	-	1,403	94,703
Design fee	-	-	89,956
Service fee	-	-	82,004
Others (Note)	<u>5,824</u>	<u>63,340</u>	<u>244,051</u>
Total	<u>\$ 98,693</u>	<u>\$ 210,047</u>	<u>\$ 1,034,676</u>

Note: The amount of each item in others does not exceed 5% of the account balance.



## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2022			2021		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 28,766	\$ 505,386	\$ 534,152	\$ 29,812	\$ 451,128	\$ 480,940
Labor and health insurance	2,967	37,606	40,573	2,915	34,333	37,248
Pension	1,496	21,565	23,061	1,532	20,730	22,262
Remuneration of directors	-	5,458	5,458	-	20,555	20,555
Others	1,414	14,883	16,297	1,384	13,488	14,872
Total	\$ 34,643	\$ 584,898	\$ 619,541	\$ 35,643	\$ 540,234	\$ 575,877
Depreciation	\$ 4,837	\$ 154,231	\$ 159,068	\$ 3,215	\$ 82,261	\$ 85,476
Amortization	\$ 165	\$ 96,106	\$ 96,271	\$ 24	\$ 90,278	\$ 90,302

Note 1: For the years ended December 31, 2022 and 2021, the Company had 353 and 344 employees on average, respectively, which included 6 directors who did not serve concurrently as employees for both years.

Note 2: Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

- 1) The average employee welfare expense for the current year is 1,770 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”).

The average employee welfare expense for the current year is 1,643 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”).

- 2) The average employee salary expenses for the current year is 1,539 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”).

The average employee salary expenses for the current year is 1,423 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”).

- 3) Changes in the average employee salary expense adjustment 8% (“Average employee salary expense for the current year-Average employee salary expense for the previous year”/Average employee salary expense for the previous year).
- 4) The Company has established an audit committee on 2015, and the remuneration of independent directors has been included in the remuneration of directors.
- 5) Compensation and Remuneration Policy.
  - a. Remuneration of directors is paid at prevailing rates according to the “Directors’ Remuneration and Travel Allowance Policy of the Company”. When the Company make a profit, the compensation and remuneration of directors is accrued and reviewed by the compensation committee and the board of directors according to the Company’s compensation and remuneration policy. The compensation arrangement shall be reported in the shareholders’ meeting.
  - b. The compensation and remuneration of the President and Vice Presidents of the Company is determined in accordance with the Company’s Performance Management Policy. Executives’ compensation packages are based on individual performance and their contribution to the Company’s overall performance with benchmarking to market compensation surveys. The compensation committee shall review the KPIs and measurements, followed by performance appraisal, and consequently reward the executives with the approval of the board of directors.
  - c. The Company’s remuneration policy takes into account the staff’s professional seniority, work performance, goal achievement, major contributions, etc. The director of the center completes the performance appraisal, which is divided into excellent, good, competent, and qualitative comments for improvement, which are approved by the chief executive officer.

**7.6 If the Company and Its Affiliated Companies Encountered Difficulties in Financial Turnover in the Most Recent Year and up to the Date of Publication of the Annual Report, the Impact on the Company's Financial Position Shall be Specified: None**

## VIII. Financial Analysis

### 8.1 Financial Status

#### 8.1.1 Financial Analysis Comparison 2021 vs. 2022

The main reason and impact of significant changes in assets, liabilities, and equity in the last two years. If the impact is significant, the future response plan should be explained.

Unit: NT\$K

Item	Year	2021	2022	Increase (Decrease)	
				Amount	YoY %
Current Assets		9,649,769	8,530,254	(1,119,515)	(12)
Property, Plant & Equipment		1,936,640	1,930,269	(6,371)	-
Intangible Assets		326,919	248,585	(78,334)	(24)
Other Assets		4,464,071	4,311,639	(152,432)	(3)
Total Assets		16,377,399	15,020,747	(1,356,652)	(8)
Current Liabilities		2,846,038	1,739,712	(1,106,326)	(39)
Non-Current Liabilities		952,265	1,546,107	593,842	62
Total Liabilities		3,798,303	3,285,819	(512,484)	(13)
Equity Attributed to Shareholder of the parent		10,118,337	9,262,088	(856,249)	(8)
Capital Stock		5,919,949	5,919,949	-	-
Capital Surplus		1,223,544	1,197,373	(26,171)	(2)
Retained Earnings		3,255,931	2,388,850	(867,081)	(27)
Interests directly related to non-current assets held for sale		21,517	-	(21,517)	(100)
Equity : Others		(239,203)	(183,683)	55,520	(23)
Treasury Stock		(63,401)	(63,401)	-	-
Minor interest		2,460,759	2,472,840	12,081	-
Total Shareholder's Equities		12,579,096	11,734,928	(844,168)	(7)

Analysis of increase and decrease changes:

1. The decrease in intangible assets was mainly due to the decrease in the addition of intangible assets this year.
2. The decrease in current liabilities was mainly due to the decrease in short-term loans, accounts payable, salary and bonus payable, employee and director remuneration payable, royalties payable and current income tax liabilities.
3. The increase in non-current liabilities was mainly due to the increase in long-term borrowings.
4. The decrease in retained earnings was mainly due to the decrease in net profit after tax for the year.
5. The increase in other equity is mainly due to the increase in the exchange difference in the translation of the financial statements of foreign operating institutions in the current period.

## 8.2 Financial Performance

### 8.2.1 Financial Analysis Comparison 2021 vs. 2022

The main reasons for major changes in operating income, operating profit and pre-tax net profit in the last two years.

Unit: NT\$K

Item	Year	2021	2022	Increase (decrease)	
				Amount	YoY %
Net Sales		7,960,831	6,705,708	(1,255,123)	(16)
Gross Profit		4,161,606	3,300,767	(860,839)	(21)
Income (Loss) From Operating		923,536	287,890	(635,646)	(69)
Non-Operating Income (Expense)		1,134,791	594,460	(540,331)	(48)
Income (Loss) Before Tax		2,058,327	882,350	(1,175,977)	(57)
Income (Loss) From Operations of Continued Segments		1,756,242	670,457	(1,085,785)	(62)
Net Revenue (Loss) for the period		1,756,242	670,457	(1,085,785)	(62)
Other Comprehensive Income (Loss) for the period		85,313	113,394	28,081	33
Total Comprehensive Profit (Loss) for the period		1,841,555	783,851	(1,057,704)	(57)

Analysis of increase and decrease changes:

1. The decrease in operating gross profit was mainly due to the decrease in revenue this year.
2. The decrease in operating net profit was mainly due to the decrease in revenue this year.
3. The decrease in non-operating income and expenses is mainly due to the financial assets measured at fair value through profit and loss this year due to a decrease in net profit.
4. The decrease in net profit before tax and net profit after tax in the current period is mainly due to the decrease in operating profit and non-operating income this year.
5. The increase in other comprehensive gains and losses in the current period is mainly due to the exchange difference in the translation of the financial statements of foreign operating institutions this year due to the increase in the amount.
6. The decrease in total comprehensive profit and loss for the period was mainly due to the decrease in net profit for the year.

### 8.3 Cash Flow

Analysis of cash flow changes in the most recent year, improvement plan for insufficient liquidity, and analysis of cash flow in the coming year

#### 8.3.1 Cash Flow Analysis Comparison 2021 vs. 2022

Unit: NT\$K

Item	Year	2021	2022	YoY %
Cash flow ratio		65.89	Note 1	-
Cash flow adequacy ratio		84.13	49.56	(41)
Cash flow reinvestment ratio		8.46	Note 2	-

1. The decrease in cash flow adequacy ratio was mainly due to the decrease in net cash flow from operating activities in this year.

Note 1: The net cash flow from operating activities is negative, so it is not listed.

Note 2: The net cash flow from operating activities is less than the amount of cash dividends, so it is not listed.

#### 8.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$K

Cash Balance, beginning of the year (1)	Net Cash Flow from Operating Activities (2)	Estimated net cash inflow (outflow) from investment and financing activities throughout the year (3)	Net Cash Balance (1)+(2)+(3)	Remedial Measure if cash not enough	
				Investment Plan	Finance Plan
\$4,427,919	592,018	31,290	5,051,227	-	-

1. Analysis of Cash Flow:

(1) Operating Activities: Cash flow in for the expected operating profit in 2023.

(2) Investing Activities: Cash flow in for the estimated purchase of fixed assets, IP technology licensing costs and R&D software.

(3) Financing Activities: Cash flow in for expected to repay bank loans and distribute dividends, etc.

2. Remedies and Liquidity Analysis of Inadequate Cash: None.

## **8.4 Major Capital Expenditure**

### **8.4.1 Major Capital Expenditure and Sources: None.**

### **8.4.2 Benefits from the Capital Expenditure: None.**

## **8.5 Long-Term Investment**

If the amount of investment in this year does not exceed 5% of the paid-in capital, there is no major investment plan in the coming year.

## **8.6 Risk Management**

### **8.6.1 The Impact of Inflation, Foreign Exchange and Interest Rate Fluctuation and Measures to Cope With:**

1. **Interest Rate:** In view of the rapid changes in the overall economic conditions at home and abroad in recent years, and the governments of various countries adjusting the economic situation through interest rate policies, the interest rates have fluctuated. Usually, the financial unit collects relevant information on the trend of interest rate changes, and evaluates the feasible plan of interest rate hedging measures and its benefit evaluation, and regularly reports to the board of directors to reduce the impact of interest rate fluctuations on the company's profit and loss; in addition, the cash position on the account is excluded. In addition to continuing to use high-security time deposits as the main capital allocation, the decline in interest rates will have an adverse impact on the company's profits. We will seek short-term investments with higher returns and good safety to increase the overall investment return on funds.
2. **Exchange Rate:** The company's foreign currency assets are mainly US dollar fixed deposits and US dollar-denominated accounts receivable, foreign currency liabilities are mainly US dollar-denominated accounts payable, and transaction pricing is mostly based on US dollars. Gross profit is adversely affected. In addition to the natural hedging effect of assets and liabilities offsetting each other, measures such as pre-selling forward foreign exchange, increasing short-term US dollar borrowings, and reducing net US dollar positions are used to reduce the impact of exchange rate fluctuations on the company's profit and loss.
3. **Inflation:** International crude oil prices and various raw material prices fluctuate greatly, and under the adjustment of exchange rate and interest rate policies of central banks of various countries, the overall economic environment presents inflation or deflation. When consumption in the international market shrinks, it will relatively affect the shipments of high unit price consumer electronics products, which will have an adverse impact on the company's profits. However, the company still strives to develop high-growth emerging country markets to reduce the number of developed country markets. Growth is slowing down; and when the international market is in an inflationary trend, rising prices will easily lead to an increase in procurement costs, which will have a relatively negative impact on profits. However, the company will continue to introduce new products and cost reduction solutions to maintain profit levels, in order to reduce the impact of inflation on the company's profit and loss.

### **8.6.2 Internal Policies and Procedure Exist with Respect to High Risk/High Leveraged Investment, Lending/Endorsements and Guarantees for Other Parties, Financial Derivatives Transaction**

1. There is no high risk/high leveraged investment.
2. The company has made and followed "Sub-procedure of Extension of Monetary Loans to Others", The loans are made with risk evaluation which follows the procedures. After the loan is granted, the Company follows and traces financial status, business and credit status of the borrower and guarantor frequently, and asks equal collaterals or takes proper actions to secure.
3. The company has made and followed "Procedure of Endorsement and Guarantees", and the

- Endorsement and Guarantees will only be made under well evaluation before granted.
4. The company has made and followed “Procedure of Engaging in Derivatives Trading “. The financial transactions of a derivatives nature that Sunplus enters into are strictly for hedging purposes and not for any trading or speculative purposes and under well evaluation.

### 8.6.3 R&D Plan and Execution

Sunplus will keep investing in research and development, therefore, the consolidated R&D costs will account for 25% ~ 26% of consolidated revenues.

Company	Plans to develop new products
Sunplus Technology	(1) Automotive entertainment system chip (2) Vehicle intelligent cockpit system chip (3) Vehicle navigation and driving assistance system platform (4) Automotive cockpit acoustic system chip (5) Audio Immersive Multi-Surround Chip (6) Audio Bluetooth transmission integrated chip (7) Audio Noise Reduction Conference System Chip (8) Audio drive power amplifier chip (9) High-speed interface IP (10) High-performance data converter IP (11) Analogy IP (12) Vision AI chip
Generalplus Technology	(1) Consumer Product Line: (a) Introduce the 55nm Logic process, develop a highly integrated voice IC with external SPI Flash, integrate digital audio algorithms, and build in the necessary hardware for radio reception, recording, playback, frequency conversion, noise reduction, echo elimination, etc., providing Better voice solutions for customers. (b) Introduce 90nm Flash process, integrate CPU and Flash, and build-in high-compression voice algorithm hardware for voice recording and playback and synthesis control solutions. (c) Integrate NFC data transmission and speech functions, and develop the application field of product and mobile phone connection. (2) Multimedia product line: (a) Import Low Power Design Flow, so that the power consumption and performance of the IC can be optimally balanced. (b) Continuously optimize high-speed analog IP, such as DDR2/3 PHY, LVDS, MIPI, HDMI, etc., so that IP speed/current consumption/area can be optimized. (c) Develop image algorithms with high compression rate to enhance the competitiveness of the overall solution. (d) Continuously optimize the core technology of ISP image processing, and develop ISP adjustment tools, so that customers can more easily adjust and expand the application requirements of ~8M pixels.



	<p>(e) Continue to develop Deep Learning algorithms, develop green screen-free portrait removal and background blurring, age conversion, cartoonization, multi-person movement tracking and centering, driving behavior recognition, line of sight and gesture detection, facial features Algorithms such as facial expression recognition and human posture detection enhance the added value of existing driving recorders, game consoles, and children's cameras.</p> <p>(3) MCU product line:</p> <p>(a) Introduce AEC-Q100 design specifications for automotive electronics, and develop microcontrollers for brushless DC motor control and wireless charging with built-in CAN BUS.</p> <p>(b) Introduce the AEC-Q100 design specification for automotive electronics, and develop LED lighting control microcontrollers with built-in LIN BUS.</p>
Sunplus Innovation Technology	<p>(1) Compliant with Windows Hello Human Presence laptop embedded 5M AI camera control chip</p> <p>(2) USB2.0 5M HDR/WDR image processing chip</p> <p>(3) Intelligent image detection function image processing chip with multi-detection</p>
Jumplux Technology	<p>(1) Factory-installed car specification USB3.2 TYPE C MediaHUB IC</p> <p>(2) USB3.2 10Gbps x 2 PHY IP</p>

**8.6.4 The impact of major policy and legal changes domestically and internationally on the company's financial business and countermeasures:**

The company's daily operations are handled in accordance with relevant domestic and foreign laws and regulations, and it is always necessary to pay attention to the development of domestic and foreign policies and changes in laws and regulations, so as to fully grasp and respond to changes in the market environment. Changes in domestic and foreign policies and laws in recent years have not significantly affected the company's financial business.

**8.6.5 The impact of technological changes (including information security risks) and industrial changes on the company's financial business and countermeasures:**

The continuous development of semiconductor technology towards more precise manufacturing processes can certainly reduce the unit cost of IC chips, but it has greatly increased product research and development expenses. On the one hand, the company actively develops consumer multimedia products with high added value and in the mainstream market; on the other hand, it also develops niche automotive products with long product life cycles. One is to make full use of the advantages of advanced process technology that can reduce costs, and to share R&D costs with a large number of features in the mainstream market; the other is to share R&D costs with a longer product life cycle. In order to maintain the normal operation of the company's business and information services, and avoid internal and external deliberate or accidental threats, relevant operations and risks are reviewed on a rolling basis every year.

Assessing the destruction, leakage, and loss of operations, services, and data caused by hacker attacks is still the biggest risk affecting the confidentiality and availability of company information assets.

In response to risks, the company continues to invest in updating the multi-layer defense structure and facilities, strengthen supervision, backup and restore drills to minimize risk losses.

### Information Security Risks and Countermeasures

If there is a major risk, it will be reported to the executive meeting or directly reported to the management center supervisor or CEO.

Information Security Risks	Evaluation of Impact	Countermeasures	Performance
PC account password	Account hijacking, password cracking or disclosure. Identity fraud or data theft. Planting backdoors or malware.	System passwords are mandatory to be changed every six months and complex passwords are adopted. While logging externally, the company must pass MOTP authentication.	Reduce the risk of password leakage. Logging in from outside the company requires two-factor authentication.
Data breach	Data leakage caused by peripheral equipment or network file transfer.	If the information is sent out from the company, an application is required, and the data is sent out or copied to leave a record. Special equipment can only be used after application for approval.	Regularly generate reports for review by supervisors to reduce the risk of data leakage.
Computer anti-virus, anti-hacking and anti-ransomware	Get loss from malware abounds and encryption for ransom.	Update virus code, PC behavior control, email screening, add information notification IoC, network behavior control, data backup.	Multiple layers of defense. Propagate the three Don'ts and three Dos for preventing ransom every month. Reduce the risk of malware attacks.
System Update Bug Fixes	Avoid exploitation on bugs	Regular system updates; Vulnerability scan patching; Intelligence bug fixes.	Cooperate with manufacturers and information reports, update and adjust at any time.
Personal Information Permission	Too many permissions or expired	Review feedback and agreed by supervisors every six months.	The authority review has been processed by electronic process, and the report is sent to the supervisor for review.
Data Securities	Data destroyed by accident or malicious attack	System data backup, post-disaster recovery drill.	daily backup; regular recovery drill.
Internet security	Prevent network-side attacks	Employ multi-layered defense. The network and gateway side use the new generation IPS and FireWall. Use cloud technology to prevent next-generation attacks.	Use the cloud information security database to prevent zero-day attacks, and adopt physical and logical partitions according to work characteristics.
Email security	Avoid phishing emails, block malware, avoid man-in-the-middle attacks. Ransomware and other social engineering attacks emerge in endlessly,	Spam, malware (ransomware) mail screening and filtering, feature comparison, black and white list control. DNS, mail verification.	The information department continues to reduce the risks of poisoning, forgery, and fraud technically. At the same time, we continue to publicize the three

	with various types and methods.		Don'ts and three Dos to prevent ransom every month.
--	---------------------------------	--	---

### 8.6.6 Corporate Identify and Image Change

The company takes corporate image seriously. Being people-oriented and having integrity are our top priorities when running our business. We disclose our operation and financial statements to public periodically and transparently in order to save the rights of our shareholders.

### 8.6.7 Mergers & Acquisitions

None

### 8.6.8 Expansion of Facilities

None

### 8.6.9 Suppliers & Customers

The Company separately purchases raw materials from several different suppliers, encapsulation and testing of the foundry is also adopted scattered strategy, to ensure that the output is no problem. The Company's largest sales customers in 2022 and 2021 accounted for 15% and 16% of the total net revenue for the year, no sales focus on the risk of a single customer.

### 8.6.10 Major Shareholding Change

None

### 8.6.11 Ownership Change

None

### 8.6.12 Litigation Proceedings

None

### 8.6.13 Other Risks

The principle of the importance of corporate social responsibility, conduct risk assessment of important issues, and formulate relevant risk management policies or strategies based on the assessed risks:

Major Issue	Risk Assessment Projects	Risk Management Policies or Strategies
Environment	Environmental protection, Energy saving, and Carbon reduction	The company is committed to environmental protection and energy saving. Located in the upper reaches of the semiconductor industry, the company exerts its excellent R&D technology and continues to promote high-level semiconductor process technology to save chip energy consumption, thereby driving the use of power energy in downstream consumer electronics terminal products. Through the implementation of environmental management (EMS) and the institutionalized PDCA management cycle, the impact on the environment is effectively reduced; at the same time, plans and programs for implementation are formulated every year, and the progress of various goals is tracked and reviewed regularly to ensure the goals achieved.
	Task Force on Climate-related Financial	Based on the four major aspects of

	Disclosures (TCFD)	governance, strategy, risk management, indicators and goals, the company has evaluated the guiding principles and specific practices of planning.
Society	1. Occupational safety and health	1. The company obtained two international and Taiwan occupational safety and health management system (ISO45001 and TOSHMS) dual certifications in 2019, and regularly holds fire drills and occupational safety and health education and training every year to cultivate employees' emergency response and self-safety management capabilities.
	2. Product Security	2. All products of the company comply with various product and service laws and regulations regulated by the government, and comply with EU RoHS/REACH regulations on hazardous substances. And through strict quality system management, we provide customers with stable product quality. At the same time, in order to ensure customer service quality and improve customer satisfaction, we set up customer service hotlines and communication websites, and actively conduct customer service satisfaction surveys every year to strengthen the relationship with customers. The cooperative relationship with customers has become the cornerstone of the sustainable development of the enterprise through the mutual benefit and co-prosperity relationship with customers.
Corporate Governance	Socioeconomic and Legal Compliance	Through the establishment of a governance organization and the implementation of an internal control mechanism, it is ensured that all personnel and operations of the company truly comply with relevant laws and regulations.

### Task Force on Climate-related Financial Disclosures (TCFD)

#### Governance(Disclosure organization's climate-related risks and opportunities)

Principles	Practices
Board oversight of climate-related risks and opportunities	The sustainable development cross-departmental team regularly reports the identification and management of climate change-related risks and opportunities every year to the board of directors, and the board of directors supervises the management process.
Executive level is assessing and managing climate-related risks and opportunities.	The "Environmental Function Committee" under the Sustainable Development Interdepartmental Team is responsible for coordinating/assessing the risks and opportunities of climate change throughout the company (including goals and promotion plans), and disclosing them in the annual sustainability report.

**Strategy(Immediate and potential climate-related risks and opportunities, impacting organizational business, strategy and financial planning)**

Principles	Practices
Short, medium and long-term climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>• Define short-term (1-3 years), medium-term (3-5 years) and long-term (5-10 years) climate-related risks and opportunities according to the existing internal target management schedule, and assess the impact of climate risk factors on the company's Potential implications for strategic, operational and financial planning.</li> <li>• Introduced the ISO14064-1:2018 greenhouse gas inventory standard self-inspection, and will continue to promote carbon reduction programs and other practices in the future, hoping to achieve the goal of carbon neutrality by 2050.</li> </ul>
Climate risks and opportunities that have a significant impact on the organization's business, strategy and financial planning.	<p>Through the climate-related risk identification process, major risks and opportunities were identified as follows:</p> <p>Two major risks:</p> <ul style="list-style-type: none"> <li>• Emerging regulations require enhanced disclosure of carbon emissions: According to the "Sustainable Development Roadmap for Listed Overseas Companies" issued by the Financial Supervisory Commission in March 2022, Sunplus is a listed oversea company with a capital of NT\$ 5 billion to 10 billion, which should be completed in 2025. The investigation was completed in 2026. Sunplus expects to complete the internal verification in the second quarter of 2025 and the external verification in the second quarter of 2027.</li> <li>• Carbon pricing mechanism: Taiwan is expected to implement a trial carbon fee collection in 2025. Although it is mainly targeted at large emitters with an annual carbon emission of 25,000 tons, it is not ruled out that it will continue to increase at an annual rate of 10% in the future. Sunplus will continue to follow policy developments.</li> </ul> <p>One opportunities:</p> <ul style="list-style-type: none"> <li>• Develop low-carbon products and service markets: We will be committed to research and development of low-energy, high-efficiency key components, provide the best solutions, and fulfill our responsibilities for environmental protection, energy conservation and carbon reduction.</li> </ul>
The potential impact of different scenarios on the organization's business, strategy and financial planning.	<ul style="list-style-type: none"> <li>• Sunplus conducts simulations based on the Nationally Determined Contributions (NDCs) and the 1.5°C Scenario (2DS) developed by the International Energy Agency (IEA), taking 2011 as the base year to estimate the carbon reduction ratio of Sunplus Technology.</li> <li>• In order to achieve the NDCs greenhouse gas reduction target in 2050, conduct energy-saving management for Scope 2, which accounts for a large proportion of greenhouse gas output.</li> </ul>

**Risk Management(Climate-related risk management procedure from recognition, evaluation, and management)**

Principles	Practices
Procedure for recognition, evaluation, and management	<p>The "Environmental Function Committee" under the Interdepartmental Sustainable Development Group follows the framework disclosed by TCFD to identify climate-related risks, mainly through the following four steps:</p> <ol style="list-style-type: none"> <li>(1) Identification of risk issues</li> <li>(2) Determination of major risks issues</li> <li>(3) Identify significant opportunity issues</li> <li>(4) Develop mitigation or adaptation options.</li> </ol>

Organizational procedure for managing climate-related risks	<ul style="list-style-type: none"> <li>• In accordance with ISO 14001, manage with the PDCA management cycle to ensure the consistency between the company's environmental protection goals and implementation strategies, and review the adjustment and mitigation actions at the management review meeting every year to ensure that the goals are achieved.</li> <li>• Cooperate with the existing ISO 9001 supplier sustainability management mechanism, ISO 14001 environmental management system and ISO45001/TOSHMS occupational safety and health management system, conduct supplier screening through ESG orientation, and conduct annual on-site or written audits for important suppliers.</li> </ul>
Integrate management procedure into overall risk management	The "Environmental Function Committee", an interdepartmental group for sustainable development, conducts internal communication or meeting discussions in accordance with the TCFD framework, and combines the company's existing ISO 14001 risk assessment operations to identify important issues, incorporate climate change issues into risk management, and formulate control measures based on this strategy and action plan.

### Metrics and Goals

Principles	Practices
Disclose the indicators used by the organization to assess climate-related risks and opportunities in the process of strategy and risk control.	The relevant risk indicators used by Sunplus Technology to assess the climate include electricity consumption and greenhouse gas emissions.
Disclose Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks	Since 2012, self-inspection of greenhouse gas scope 1 and 2 has been carried out every year in accordance with the ISO 14064-1 standard. Scope 3 is not applicable and has not been disclosed. The inventory items are mainly the use of purchased electricity. The results of the verification over the years are disclosed in the sustainability report "Environmental Information Output Quantitative Statistics" chapter.
Describe the organization's goals and level of achievement for managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>• Starting from 2012, the goal is to reduce the total electricity consumption by 1% every year. From 2011 (base year) to 2022, the total electricity consumption decreased by 33.76%.</li> <li>• In 2022, the target of indirect greenhouse gas emissions was set to be reduced by 2% (about 79.2189 tons of CO2 equivalent, and the actual reduction of 352.275 tons of CO2 equivalent has been achieved.</li> </ul>

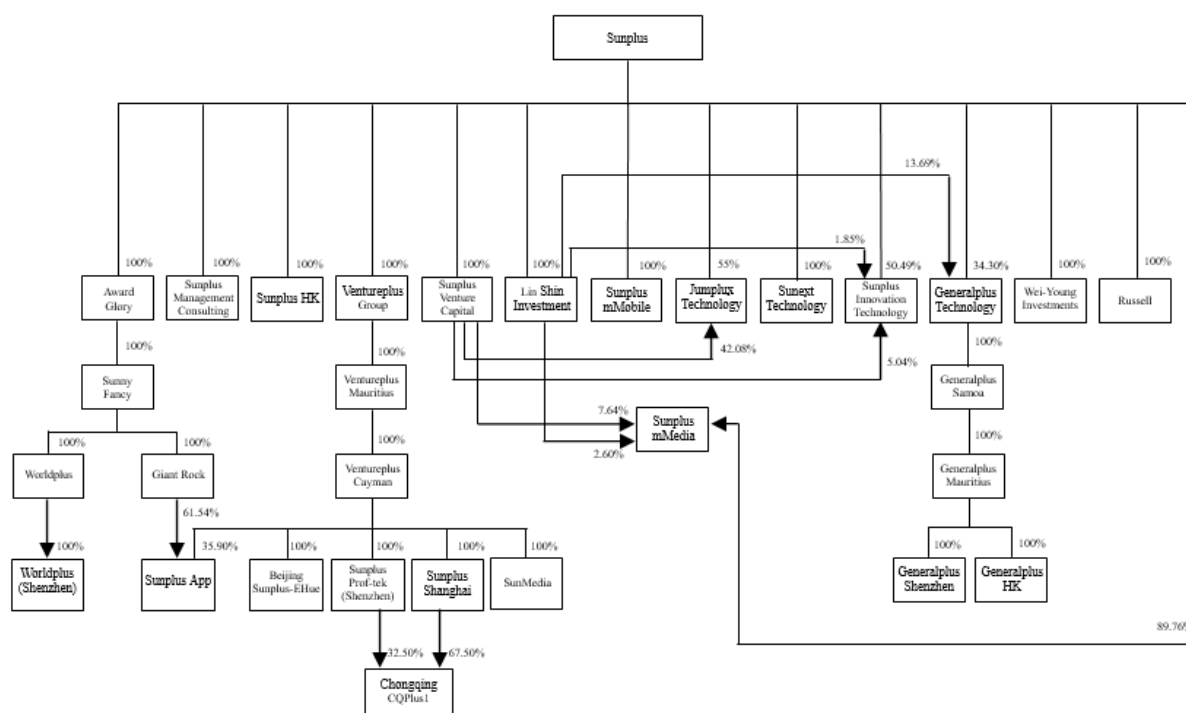
### 8.7 Other Remarks

None

## IX. SPECIAL NOTES

### 9.1 Affiliates for Recent Year

#### 9.1.1 Affiliated Chart



#### 9.1.2 Affiliated Companies

December 31, 2022

Unit: NT\$K (Unless specified)

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Sunplus Technology (HK) Co., Ltd.	August 31, 1993	Kowloon, HK	HK\$11,075,000 (Note 1)	International Trading
Lin Shih Investment Co., Ltd.	July 2, 1998	Hsinchu, Taiwan	700,000	Investment
Russell Holdings Ltd.	March 11, 1998	P.O.Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	US\$30,185,000 (Note 2)	Investment
Sunplus Venture Capital Co., Ltd.	November 20, 1999	Hsinchu, Taiwan	830,000	Investment
Ventureplus Group Inc.	July 27, 2001	60 Market Square, Belize City, Belize	2,526,650	Investment
Ventureplus Mauritius Inc.	August 2, 2001	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	2,526,656	Investment
Ventureplus Cayman Inc.	September 14, 2001	P.O.Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	2,526,661	Investment
Shanghai Sunplus Technology Co., Ltd.	December 7, 2001	Shanghai, China	US\$17,200,000 (Note 2)	Software development,

				customer technical services and rental business
Sunext technology co., ltd	March 3, 2003	Hsinchu, Taiwan	635,091	IC Design
Sunplus Consulting	October 2, 2003	Hsinchu, Taiwan	5,000	Consulting
Power King Investment Development Limited	February 13, 2004	Hsinchu, Taiwan	54,000	Investment
Generalplus	March 30, 2004	Hsinchu, Taiwan	1,088,158	IC Design
Generalplus International (Samoa) Inc.	November 12, 2004	Offshore Chambers, P.O. Box 217, Apia, Samoa	US\$19,090,000(Note 2)	Investment
Generalplus (Mauritius) Inc.	November 25, 2004	Level 3,Alexander House,35 Cybercity,Ebene Mauritius	US\$19,090,000(Note 2)	Investment
LINCOTEC(Shenzhen)	March 24, 2004	Guangdong, China	US\$18,700,000(Note 2)	IC product application development, customer services, market research
Sunplus Mmobile Inc.(Note 4)	December 20, 2005	Hsinchu, Taiwan	162,400	IC Design
Sunplus Innovation	April 18, 2007	Hsinchu, Taiwan	585,001	IC Design
Sunplus Mmedia inc	December 14, 2006	Hsinchu, Taiwan	250,000	IC Design
Generalplus(Hong Kong)	March 21, 2007	Hong Kong	US\$390,000(Note 2)	Marketing
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	October 22, 2007	Shenzhen, China	US\$32,250,000 (Note 2)	Software development, customer technical services and rental business
Sunmedia Technology Co., Ltd.	January 8, 2008	Chengdu, China	US\$20,000,000 (Note 2)	IC Sales and After Service, Software and System Design
Sunplus App Technology Co., Ltd.	October 6, 2008	Beijing, China	RMB39,000,000 (Note 3)	IC Sales and After Service, Software and System Design
Beijing Sunplus-Ehue Tech Co., Ltd.	December 11, 2013	Beijing	RMB27,000,000(Note 3)	Software development, customer technical services and rental business
Jumplux Technology Inc,	October 27,2014	Hsinchu, Taiwan	240,000	Design & Trading
Award Glory Ltd.	January 04, 2016	60 Market Square, Belize City, Belize.	289,750	Investment
Sunny Fancy Ltd.	October 29, 2014	1st Floor,#5 DEKK House,De Zippora Street , Providence Industrial Estate , Mahe , Republic of Seychelles	289,750	Investment
Giant Rock Inc.	July 3, 2014	The Mason Complex, Suites 19 & 20, The Valley, Anguilla.	151,923	Investment
Worldplus Holdings L.L.C.	September 7,	3500 South Dupont	US\$3,600,000(Note 2)	Investment



	1999	Highway, Dover, Delaware 19901, U.S.A.		Business
Chongqing Shuangxin Technology Co., Ltd.	July 26, 2019	Chongqing, China	RMB40,000,000(Note 3)	Software development and integrated circuit design
Lingyao Technology (Shenzhen) Co., Ltd.	January 18, 2000	C804, Building 2, Shenzhen Software Industry Base, No. 87, 89, 91, Gaoxin South 10th Road, Binhai Community, Yuehai Street, Nanshan District, Shenzhen	RMB19,039,000(Note 3)	Software development, rental business and property management

Note 1: Hong Kong dollar to Taiwan dollar at the end of 2022 was 1:3.938.

Note 2: US dollar to Taiwan dollar at the end of 2022 was 1:30.71.

Note 3: RMB to Taiwan dollar at the end of 2022 was 1:4.408.

Note 4: Sunplus Mmobile Inc. was dissolved on February 28, 2011, and is still in the process of liquidation.

### 9.1.3 Business Scope of Affiliated Companies

Company	Business Activities	Business Relationship
Sunplus Technology (HK) Co., Ltd.	Trading	N/A
Lin Shih Investment Co., Ltd.	Investment	N/A
Russell Holdings Ltd.	Investment	N/A
Sunplus Venture Capital Co., Ltd.	Investment	N/A
Ventureplus Group Inc.	Investment	N/A
Ventureplus Mauritius Inc.	Investment	N/A
Ventureplus Cayman Inc.	Investment	N/A
Shanghai Sunplus Technology Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	Manufacture, Sales Service and property management.	China branch
Sunmedia Technology Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus App Technology Co., Ltd.	Sales and IT Education Service	China branch
Beijing Sunplus-Ehue Tech Co., Ltd.	Manufacture and Sales Service	China branch
Magic Sky Limited	Investment	N/A
Sunext Technology Co., Ltd.	IC Design	Subsidiary
Sunplus Management Consulting Inc.	Management Consulting	N/A
WeiYing Investment Co., Ltd.	Investment	N/A
Generalplus Technology Inc.	IC Design	Subsidiary
Generalplus International (Samoa) Inc.	Investment	N/A
Generalplus (Mauritius) Inc.	Investment	N/A
Generalplus Technology (Shenzhen) Inc.	Sales Service	N/A
Generalplus Technology (HK) Inc.	Sales Service	N/A
Sunplus mMobile Inc.	IC Design	Subsidiary
Sunplus mMobile SAS	IC Design	N/A
Sunplus Innovation Technology Inc.	IC Design	Subsidiary
Sunplus mMedia Inc.	IC Design	Subsidiary
Jumplux Technology Inc.	Software design <sup>7</sup> trading	Grandson- Subsidiary
Award Glory Ltd.	Investment	N/A
Sunny Fancy Ltd.	Investment	N/A
Giant Kingdom Ltd.	Investment	N/A
Giant Rock Inc.	Investment	N/A
Chongqing Shuangxin Technology Co., Ltd.	Software development and integrated circuit design	China branch
Worldplus Holdings L.L.C.	Investment Business	N/A
Lingyao Technology (Shenzhen) Co., Ltd.	Software development, rental business and property management	China branch

### 9.1.4 Directors, Supervisors, and Presidents of Affiliated Companies

December 31, 2022

Company	Title	Name	Shareholding	
			Amount	Ownership(%)
Sunplus Technology (HK) Co., Ltd.	Chairman Director	Sunplus Technology	HK\$11,075,000 (Note 1)	100% (Note 1)
		Chou-Chye Huang (repr.) Ming-Cheng Hsieh	- -	- -
Lin Shih Investment Co., Ltd.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	70,000,000 -	100% -
Russell Holdings Limited	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	US\$30,185,000 (Note 1) -	100% (Note 1) -
Sunplus Venture Capital Co., Ltd.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	83,000,000 -	100% -
Ventureplus Group Inc.	Chairman	Ventureplus Group Inc.	RMB37,900,000 AND US74,605,000 (Note 1)	100% (Note 1) -
		Chou-Chye Huang (repr.)	-	-
Ventureplus Mauritius Inc.	Chairman	Ventureplus Group Inc.	RMB37,900,000 AND US74,605,000 (Note 1)	100% (Note 1) -
		Chou-Chye Huang (repr.)	-	-
Ventureplus Cayman Inc.	Chairman	Ventureplus Mauritius Inc.	RMB37,900,000 AND US74,605,000 (Note 1)	100% (Note 1) -
		Chou-Chye Huang (repr.)	-	-
Shanghai Sunplus Technology Co., Ltd.	Chairman Director & President Director Supervisor	Ventureplus Cayman Inc.	US\$17,655,000 (Note 1)	100% (Note 1)
		Chou-Chye Huang (repr.)	-	-
		Zai-De Wang	-	-
		Tang-Yi Huang Shu-Lan Wang	- -	- -
Sunext Technology Co., Ltd.	Director & President Supervisor	Sunplus Technology	63,487,100	99.96% (Note 2)
		Chou-Chye Huang (repr.) Wayne Shen	- -	- -
Sunplus Management Consulting Inc.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	500,000 -	100% -
WeiYing Investment Co., Ltd.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	5,400,000 -	100% -
Generalplus Technology Inc.	Chairman Director & President Director Director Independent Director Independent Director Independent Director	Sunplus Technology Chou-Chye Huang (repr.)	37,324,304 -	34.30% -
		Chia,I-Hsing	18,305	0.01%
		Shan,Wei-Heng	-	-
		Shi-Hao Liu	-	-
		Chia-Ming Chai	-	-
		Nai-Shin Lai	-	-
		Jing-Min Chen	-	-
Generalplus International (Samoa) Inc.	Director	Generalplus International Inc. Chou-Chye Huang (repr.)	US\$19,090,000 (Note 1)-	100% (Note 1)-

Company	Title	Name	Shareholding	
			Amount	Ownership(%)
Generalplus (Mauritius) Inc.	Director	Generalplus International (Samoa) Inc. Chou-Chye Huang (repr.)	US\$19,090,000 (Note 1)-	100% (Note 1) -
Generalplus Technology (Shenzhen) Co.,Ltd.	Director Director & President Director	Generalplus (Mauritius) Inc. Chou-Chye Huang (repr.) Chia,I-Hsing Liu,Chien-I	US\$18,700,000 (Note 1) - - -	100% (Note 1)- - - -
Sunplus Mmobile Inc.	Liquidator	Sunplus Technology Chou-Chye Huang (repr.)	16,240,000 -	100% -
Sunplus Innovatipn Technology Inc.	Chairman Director Director & President Director Independent Director Independent Director Independent Director	Sunplus Technology Chou-Chye Huang (repr.) Chiu, Chi-Ying Kung, Chih-Hao Huang, Hung-Wen Chen,Chao-Ting Wang, Ting Hung Hsieh, Chia-Ying	29,265,751 - - 2,480,473 - - - -	50.03% - - 4.24% - - - -
Sunplus Mmedia Inc.	Director & President Director Director Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Chen, Mei-Chuan Shu-Lan Wang Goldplus Inc	22,440,723 - - - 650,185	89.76% - - - 2.60%
Generalplus Technology (Hong Kong) Co.,Ltd	Director	Generalplus (Mauritius) Inc. Repr. & President: Chia,I-Hsing	US\$390,000 (Note 1)-	100% (Note 1) -
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	Chairman Chairman President Supervisor	Chou-Chye Huang (repr.) Chou-Chye Huang (repr.) Huang, Tang-I Shu-Lan Wang	- - - -	- - - -
Sunmedia Technology Co., Ltd.	Chairman President Supervisor	Ventureplus Cayman Inc. Chou-Chye Huang (repr.) Chang, Cheng-Tsai Shu-Lan Wang	US\$20,000,000 (Note 1) - - -	100% (Note 1) - - -
Beijing Sunplus App Technology Co., Ltd.	Chairman Director Supervisor Director	Ventureplus Cayman Inc. Chang, Cheng-Tsai(repr.) Liu, Yu-Lun Shu-Lan Wang Lo, Ya-Fei	RMB10,000,000 AND USD586,000 (Note 1) - - - RMB 438,000	35.90% (Note 1) - - - 1.12%
Beijing Sunplus-Ehue Tech Co., Ltd.	Chairman President Director Director Supervisor	Ventureplus Cayman Inc. Chou-Chye Huang (repr.) Chang, Cheng-Tsai Wayne Shen Shu-Lan Wang Chiu, Chi-Ying	RMB27,000,000 (Note 1)- - - - -	100% (Note 1)- - - - -
Jumplx Technology Co., Ltd.	Chairman & President Director Director	Sunplus Technology Chou-Chye Huang (repr.) Shu-Lan Wang Chen, Mei-Chuan	13,200,000 - - -	55.00% - - -

Company	Title	Name	Shareholding	
			Amount	Ownership(%)
	Supervisor	Sunplus Venture	10,100,000	42.08%
Award Glory Ltd.		Sunplus Technology	US\$7,072,000 AND RMB16,900,000 (Note 1)-	100% (Note 1)- -
	Chairman	Chou-Chye Huang (repr.)		
Sunny Fancy Ltd.		Award Glory Ltd.	US\$7,072,000 AND RMB16,900,000 (Note 1)-	100% (Note 1)- -
	Chairman	Chou-Chye Huang (repr.)		
Giant Rock Inc.		Sunny Fancy Ltd.	US\$2,700,000 AND RMB16,900,000 (Note 1)-	100% (Note 1)- -
	Chairman	Chou-Chye Huang (repr.)		
Worldplus Holdings L.L.C.		Sunny Fancy Ltd.	US\$3,600,000 (Note 1)-	100% (Note 1)-
	Chairman	Chou-Chye Huang (repr.)		
Capella Microsystems Taiwan		Worldplus Holdings L.L.C.	RMB\$19,039,000 (Note 1)--	100% (Note 1)-
	Chairman President	Chou-Chye Huang (repr.) Tang-I, Huang	-	-
Chongqing CQPlus1 Technology Co., Ltd.		Shanghai Sunplus Technology Co., Ltd.	RMB27,000,000 (Note 1)-	67.80% (Note 1)-
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director & President	Chang, Cheng-Tsai	-	-
	Director	Kao, Min-Fu	-	-
	Supervisor	Shu-Lan Wang	-	-

Note 1: The invested company is not a joint stock company, so fill in the capital contribution amount and capital contribution ratio.

Note 2: Sunplus Technology Co., Ltd.'s shareholding ratio in Sunext Technology Co., Ltd. is calculated based on the number of ordinary shares issued by Sunext Technology Co., Ltd.

### 9.1.5 Operational Statement of Affiliated Companies

December 31, 2022 ; Unit: NT\$K, except EPS (NT\$)

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS
Sunplus Technology (HK) Co., Ltd.	43,613	28	0	28	0	0	0	Not Applicable
Goldplus Technology	700,000	900,435	6,473	893,962	96,676	46,890	61,819	0.88
Russell Holdings Limited	926,981	890,521	150	890,371	111,483	110,399	111,666	Not Applicable
Worldplus Holdings L.L.C.	110,556	108,428	0	108,428	10,216	10,216	10,216	Not Applicable
Sunplus Venture Capital Co., Ltd.	830,000	1,105,110	1,772	1,103,338	96,079	91,019	105,174	1.27
Capella Microsystems Taiwan	83,924	68,084	6,837	61,247	69,642	(3,531)	9,820	Not Applicable
Ventureplus Group Inc.	2,526,650	1,712,961	0	1,712,961	66,904	66,904	66,904	Not Applicable
Ventureplus Mauritius Inc.	2,526,656	1,712,958	0	1,712,958	66,902	66,902	66,904	Not Applicable
Ventureplus Cayman Inc.	2,526,661	1,712,936	0	1,712,936	66,765	66,463	66,902	Not Applicable
Shanghai Sunplus	528,212	758,259	49,785	708,474	171,207	96,195	97,155	Not Applicable

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS
Technology Co., Ltd.								
Sunext Technology Co., Ltd.	635,091	251,714	2,742	248,972	6,499	1,724	(25,890)	(0.41)
Sunplus Management Consulting Inc.	5,000	3,192	0	3,192	0	(205)	(190)	(0.38)
WeiYing Investment Co., Ltd.	54,000	38,329	170	38,159	4,417	(21,716)	(21,214)	(3.93)
Generalplus Technology Inc.	1,088,158	3,303,052	802,933	2,500,119	3,141,168	626,450	579,378	5.32
Generalplus International (Samoa) Inc.	586,254	532,120	0	532,120	18,043	17,470	17,470	Not Applicable
Generalplus (Mauritius) Inc.	586,254	539,489	0	539,489	18,043	17,470	17,470	Not Applicable
Generalplus Technology (Shenzhen) Co.,Ltd.	574,277	553,985	26,081	527,904	128,632	4,553	17,737	Not Applicable
Sunplus mMobile Inc.	162,400	29,213	170	29,043	0	(188)	(183)	(0.01)
Sunplus Innovation Technology Inc.	585,001	2,920,713	442,538	2,478,175	1,541,720	437,122	373,317	6.52
Generalplus Technology (Hong Kong) Co.,Ltd.	11,977	14,916	3,351	11,565	12,323	(619)	(267)	Not Applicable
Sunplus mMedia Inc.	250,000	5,152	70	5,082	18	(662)	(660)	(0.03)
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	990,398	762,677	24,937	737,740	117,189	(54,675)	(16,585)	Not Applicable
Sunmedia Technology Co., Ltd.	614,200	792,713	583,758	208,955	246,121	19,120	(14,300)	Not Applicable
Sunplus App Technology Co., Ltd.	171,912	2,449	32	2,417	62	(1,360)	(1,394)	Not Applicable
Beijing Sunplus-Ehue Tech Co., Ltd.	119,016	55,971	3,347	52,624	9,102	(6,057)	995	Not Applicable
Giant Rock Inc.	151,923	260,323	0	260,323	66,845	66,845	66,826	Not Applicable
Jumplux Technology Co., Ltd.	240,000	86,829	80,635	6,194	120,034	41,453	40,261	1.68
Sunny Fancy Ltd.	289,750	368,975	0	368,975	77,042	77,042	77,035	Not Applicable
Chongqing CQPlus1 Technology Co., Ltd	289,750	368,975	0	368,975	77,035	77,035	77,035	Not Applicable
Chongqing CQPlus1 Technology Co., Ltd	176,320	213,358	57,754	155,604	364,185	31,206	32,087	Not Applicable

Note: The financial information of the above-mentioned affiliated companies' operation overview is prepared using the International Financial Reporting Standards.

## 9.1.6 Consolidated Financial Statement of Sunplus Affiliates

### Relationship Statement of Consolidated Financial Statements

The Company's 2022 (as of January 1, 2022 to December 31, 2022) shall be included in the preparation of the Company's consolidated financial report in accordance with the Guidelines for the preparation of the consolidated financial report and relational report on the relationship between the business combination business report. In accordance with the International Financial Reporting Standards No. 10 should be included in the preparation of parent company consolidated financial report of the company are the same, and the relationship between the consolidated financial statements should be disclosed in the relevant information in the parent company's consolidated financial statements have been exposed, there is no further preparation of the relationship between the consolidated financial report.

Company Name: Sunplus Technology Co., Ltd

Person in charge: Chou-Chye Huang

March 15, 2023

## 9.2 Private Placement Securities

Not Applicable

## 9.3 Status of Sunplus Common Shares/GDRs Acquired, Disposed of, or Held by Subsidiaries

Unit: NT\$K, shares; %

Company	Capital	Source of Fund	% Owned by Sunplus	Transaction Date	Amount of Acquisition	Amount of Disposal	Investment Income/Loss	Balance (by the Date of this Report Printed)	Balance of Pledged Shares	Balance of Guarantee Provided by Sunplus	Balance of Financing Provided by Sunplus
Lin Shih Investment Co., Ltd.	700,000	Self-owned reserves	100%	90.12.25	3,870,196 shares 95,605,000	-	-	-	None	None	None
				91.07.02	967,549 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				92.07.13	483,774 shares Profits and Capital Surplus	-	-	-	None	None	None
				93.08.23	532,151 shares Profits and Capital Surplus	-	-	-	None	None	None
				94.08.23	290,614 Shares Profits and Capital Surplus	-	-	-	2005 Pledge and International Bills 2,503,705 Shares	None	None
				95.08.05	306,132 Shares Profits and Capital Surplus	-	-	-	2006 Pledge and International Bills 500,741 Shares	None	None

				96.03.26	-3,220,429 Shares Capital Reduction 32,204	-	-	-	None	None	None
				96.09.05	160,538 Shares Profits and Capital Surplus	-	-	-	2007 Pledge and International Bills 380,000 Shares	None	None
				97.09.08	169,471 Shares Profits and Capital Surplus	-	-	-	2008 Release pledge and I nternational B ills 3,384,446 S hares	None	None
				By the date of this report printed	-	-	-	3,559,996 Shares 63,401,000	None	None	None

#### 9.4 Special Notes

None

#### 9.5 Any Events Impact to Shareholders' Equity and Share Price

None



**Sunplus Technology Co., Ltd.**

Person in charge: Chou-Chye Huang

Published on April 24, 2023