

**Sunplus Technology Company Limited
and Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Sunplus Technology Company Limited and its subsidiaries as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$3,697,500 thousand and NT\$3,639,758 thousand, respectively, representing 25% and 24%, respectively, of the consolidated total assets, and the combined total liabilities were NT\$172,974 thousand and NT\$136,715 thousand, respectively, representing 5% and 4%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2022 and 2021, the amounts of combined comprehensive income were NT\$260,182 thousand and NT\$206,750 thousand, respectively, representing 31% and 43%, respectively, of the consolidated total comprehensive income (loss). For the nine months ended September 30, 2022 and 2021, the amounts of combined comprehensive income were NT\$207,642 thousand and NT\$475,551 thousand, respectively, representing 23% and 39%, respectively, of the consolidated total comprehensive income. As disclosed in Note 13 to the consolidated financial statements, as of September 30, 2022 and 2021, the investments accounted for using the equity

method amounted to NT\$931,791 thousand and NT\$942,275 thousand, respectively. For the three months ended September 30, 2022 and 2021, the share of profit of associates accounted for using the equity method amounted to NT\$5,849 thousand and NT\$17,371 thousand, respectively. For the nine months ended September 30, 2022 and 2021, the share of profit of associates accounted for using the equity method amounted to NT\$14,080 thousand and NT\$38,979 thousand, respectively. These investment amounts disclosed in the consolidated financial statements were based on these associates' unreviewed financial statements for the same reporting periods as those of the Company.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Sunplus Technology Company Limited and its subsidiaries as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Tung-Hui Yeh and Ya-Yun Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 6 and 33)	\$ 4,222,438	28	\$ 4,835,568	30	\$ 4,112,802	28
Financial assets at fair value through profit or loss - current (Notes 7 and 33)	609,295	4	1,671,234	10	1,473,464	10
Notes receivable and trade receivables, net (Notes 9, 24, 33 and 34)	1,099,530	8	1,285,944	8	1,329,528	9
Other receivables (Notes 9, 33 and 34)	145,442	1	67,770	-	54,229	-
Inventories (Note 10)	2,261,844	15	1,467,713	9	1,291,431	9
Non-current assets held for sale (Note 11)	-	-	108,504	1	-	-
Other financial assets - current (Notes 18, 33 and 35)	47,411	-	76,765	-	50,373	-
Other current assets (Notes 18 and 34)	109,272	1	136,271	1	110,603	1
Total current assets	<u>8,495,232</u>	<u>57</u>	<u>9,649,769</u>	<u>59</u>	<u>8,422,430</u>	<u>57</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 33)	1,519,794	10	1,729,632	11	1,520,697	10
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 33)	283,355	2	216,256	1	256,966	2
Investments accounted for using the equity method (Note 13)	931,791	6	949,897	6	942,275	6
Property, plant and equipment (Notes 14 and 35)	1,981,185	13	1,936,640	12	1,910,959	13
Right-of-use assets (Note 15)	205,769	2	213,324	1	216,712	2
Investment properties (Note 16)	920,695	6	948,038	6	957,187	6
Intangible assets (Note 17)	271,775	2	326,919	2	343,520	2
Deferred tax assets (Notes 4 and 26)	43,032	-	38,066	-	29,951	-
Net defined benefit assets - non-current (Notes 4 and 22)	4,553	-	4,553	-	4,440	-
Other financial assets - non-current (Notes 18, 33 and 35)	197,546	1	234,555	1	232,576	2
Other non-current assets (Notes 18 and 33)	147,917	1	129,750	1	39,041	-
Total non-current assets	<u>6,507,412</u>	<u>43</u>	<u>6,727,630</u>	<u>41</u>	<u>6,454,324</u>	<u>43</u>
TOTAL	<u>\$ 15,002,644</u>	<u>100</u>	<u>\$ 16,377,399</u>	<u>100</u>	<u>\$ 14,876,754</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19, 33 and 35)	\$ 145,575	1	\$ 143,773	1	\$ 188,364	2
Contract liabilities - current (Note 24)	43,340	-	30,109	-	22,747	-
Accounts payables (Notes 20 and 33)	524,229	4	924,523	6	611,427	4
Current tax liabilities (Notes 4 and 26)	105,207	1	254,071	1	179,643	1
Lease liabilities - current (Notes 15 and 33)	12,759	-	12,166	-	12,353	-
Deferred revenue - current (Notes 21 and 29)	1,706	-	1,883	-	1,643	-
Current portion of long-term borrowings (Notes 19, 33 and 35)	66,667	-	46,000	-	100,000	1
Other current liabilities (Note 21)	1,094,940	7	1,433,513	9	1,061,589	7
Total current liabilities	<u>1,994,423</u>	<u>13</u>	<u>2,846,038</u>	<u>17</u>	<u>2,177,766</u>	<u>15</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19, 33 and 35)	633,333	4	384,000	3	330,000	2
Lease liabilities - non-current (Notes 15 and 33)	201,238	1	207,912	1	210,647	2
Deferred revenue - non-current (Notes 21 and 29)	56,418	1	55,978	-	56,165	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	17,094	-	19,712	-	33,414	-
Guarantee deposits (Note 33)	279,225	2	263,745	2	249,972	2
Other non-current liabilities (Note 21)	23,300	-	20,918	-	22,938	-
Total non-current liabilities	<u>1,210,608</u>	<u>8</u>	<u>952,265</u>	<u>6</u>	<u>903,136</u>	<u>6</u>
Total liabilities	<u>3,205,031</u>	<u>21</u>	<u>3,798,303</u>	<u>23</u>	<u>3,080,902</u>	<u>21</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23 and 31)						
Share capital						
Ordinary shares	5,919,949	39	5,919,949	36	5,919,949	40
Capital surplus	1,174,293	8	1,223,544	7	1,119,365	7
Retained earnings						
Legal reserve	1,870,234	12	1,745,279	11	1,745,279	12
Special reserve	239,203	2	261,078	1	261,078	2
Unappropriated earnings (accumulated deficit)	383,485	3	1,249,574	8	804,808	5
Total retained earnings	<u>2,492,922</u>	<u>17</u>	<u>3,255,931</u>	<u>20</u>	<u>2,811,165</u>	<u>19</u>
Equity directly associated with non-current assets held for sale	-	-	21,517	-	-	-
Other equity	(134,456)	(1)	(239,203)	(1)	(272,100)	(2)
Treasury shares	(63,401)	-	(63,401)	-	(63,401)	-
Total equity attributable to owners of the Company	9,389,307	63	10,118,337	62	9,514,978	64
NON-CONTROLLING INTERESTS (Notes 12, 23 and 31)	<u>2,408,306</u>	<u>16</u>	<u>2,460,759</u>	<u>15</u>	<u>2,280,874</u>	<u>15</u>
Total equity	<u>11,797,613</u>	<u>79</u>	<u>12,579,096</u>	<u>77</u>	<u>11,795,852</u>	<u>79</u>
TOTAL	<u>\$ 15,002,644</u>	<u>100</u>	<u>\$ 16,377,399</u>	<u>100</u>	<u>\$ 14,876,754</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 10, 2022)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING								
REVENUE (Notes 24 and 34)	\$ 1,437,262	100	\$ 2,132,253	100	\$ 5,536,370	100	\$ 5,932,491	100
OPERATING COSTS (Notes 10 and 25)	<u>787,410</u>	<u>55</u>	<u>981,690</u>	<u>46</u>	<u>2,698,465</u>	<u>49</u>	<u>2,859,842</u>	<u>48</u>
GROSS PROFIT	<u>649,852</u>	<u>45</u>	<u>1,150,563</u>	<u>54</u>	<u>2,837,905</u>	<u>51</u>	<u>3,072,649</u>	<u>52</u>
OPERATING EXPENSES (Notes 25 and 34)								
Selling and marketing expenses	58,509	4	97,196	5	201,351	3	272,669	4
General and administrative expenses	141,713	10	172,269	8	485,938	9	464,829	8
Research and development expenses	526,999	36	571,586	27	1,696,996	31	1,587,259	27
Expected credit loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73</u>	<u>-</u>
Total operating expenses	<u>727,221</u>	<u>50</u>	<u>841,051</u>	<u>40</u>	<u>2,384,285</u>	<u>43</u>	<u>2,324,830</u>	<u>39</u>
OTHER OPERATING INCOME AND EXPENSES	<u>(4)</u>	<u>-</u>	<u>90</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>(167)</u>	<u>-</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(77,373)</u>	<u>(5)</u>	<u>309,602</u>	<u>14</u>	<u>453,647</u>	<u>8</u>	<u>747,652</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 15, 25, 29 and 34)								
Interest income	9,075	-	5,802	-	24,485	-	18,470	-
Other income	84,150	6	59,961	3	153,850	3	155,845	2
Other gains and losses	96,988	7	175,788	8	307,044	6	524,363	9
Finance costs	(4,272)	-	(3,476)	-	(10,964)	-	(10,788)	-
Share of profit of associates	<u>5,849</u>	<u>-</u>	<u>17,371</u>	<u>1</u>	<u>14,080</u>	<u>-</u>	<u>38,979</u>	<u>1</u>
Total non-operating income and expenses	<u>191,790</u>	<u>13</u>	<u>255,446</u>	<u>12</u>	<u>488,495</u>	<u>9</u>	<u>726,869</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	114,417	8	565,048	26	942,142	17	1,474,521	25
INCOME TAX EXPENSE (Notes 4 and 26)	<u>28,571</u>	<u>2</u>	<u>91,437</u>	<u>4</u>	<u>187,854</u>	<u>3</u>	<u>243,491</u>	<u>4</u>
NET PROFIT FOR THE PERIOD	<u>85,846</u>	<u>6</u>	<u>473,611</u>	<u>22</u>	<u>754,288</u>	<u>14</u>	<u>1,231,030</u>	<u>21</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 24,721	2	\$ 6,632	1	\$ (20,393)	-	\$ 6,547	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(11,014)	(1)	5,424	-	(21,659)	(1)	24,304	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	76,620	5	(1,731)	-	178,077	3	(47,448)	(1)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	514	-	(404)	-	1,994	-	(1,342)	-
Other comprehensive income (loss) for the period, net of income tax	90,841	6	9,921	1	138,019	2	(17,939)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 176,687</u>	<u>12</u>	<u>\$ 483,532</u>	<u>23</u>	<u>\$ 892,307</u>	<u>16</u>	<u>\$ 1,213,091</u>	<u>20</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 19,921	1	\$ 301,815	14	\$ 346,505	6	\$ 804,786	14
Non-controlling interests	65,925	5	171,796	8	407,783	8	426,244	7
	<u>\$ 85,846</u>	<u>6</u>	<u>\$ 473,611</u>	<u>22</u>	<u>\$ 754,288</u>	<u>14</u>	<u>\$ 1,231,030</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 108,188	7	\$ 312,250	15	\$ 475,823	9	\$ 792,742	13
Non-controlling interests	68,499	5	171,282	8	416,484	7	420,349	7
	<u>\$ 176,687</u>	<u>12</u>	<u>\$ 483,532</u>	<u>23</u>	<u>\$ 892,307</u>	<u>16</u>	<u>\$ 1,213,091</u>	<u>20</u>
EARNINGS PER SHARE (Note 27)								
Basic	<u>\$ 0.03</u>		<u>\$ 0.51</u>		<u>\$ 0.59</u>		<u>\$ 1.37</u>	
Diluted	<u>\$ 0.03</u>		<u>\$ 0.51</u>		<u>\$ 0.59</u>		<u>\$ 1.37</u>	

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

(With Deloitte & Touche review report dated November 10, 2022)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company												Noncontrolling Interests	Total Equity
	Share Capital Issued and Outstanding		Retained Earnings					Other Equity		Treasury Shares	Total			
	(In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	(Accumulated Deficit) Unappropriated Earnings	Equity Directly Associated with Non-current Asset	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized (Loss) Gain from Investments in Equity Instruments Measured at Fair Value Through Other Comprehensive Income					
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 the 2020 earnings														
Legal reserve	-	-	-	32,889	-	(32,889)	-	-	-	-	-	-	-	
Special reserve reversed	-	-	-	-	(15,111)	15,111	-	-	-	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	(311,094)	-	-	-	-	(311,094)	-	(311,094)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	36,652	-	-	-	-	-	-	-	36,652	-	36,652	
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 interests in subsidiaries	-	-	488,571	-	-	-	-	-	-	-	488,571	(488,571)	-	
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	804,786	-	-	-	-	804,786	426,244	1,231,030	
Other comprehensive (loss) income for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	-	(44,440)	32,396	-	(12,044)	(5,895)	(17,939)	
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	804,786	-	(44,440)	32,396	-	792,742	420,349	1,213,091	
Adjustments of capital surplus for the Company cash dividends received by subsidiaries	-	-	1,871	-	-	-	-	-	-	-	1,871	-	1,871	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	743,858	743,858	
BALANCE AT SEPTEMBER 30, 2021	591,995	\$ 5,919,949	\$ 1,119,365	\$ 1,745,279	\$ 261,078	\$ 804,808	\$ -	\$ (272,463)	\$ 363	\$ (63,401)	\$ 9,514,978	\$ 2,280,874	\$ 11,795,852	
BALANCE AT JANUARY 1, 2022	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 the 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	-	-	(6,683)	-	-	-	(21,517)	-	-	-	(28,200)	-	(28,200)	
Issuance of share dividends from capital surplus	-	-	(37,888)	-	-	-	-	-	-	-	(37,888)	-	(37,888)	
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 interests in subsidiaries	-	-	(10,878)	-	-	-	-	-	-	-	(10,878)	10,878	-	
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	36,588	-	-	(36,588)	-	-	-	-	
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	346,505	-	-	-	-	346,505	407,783	754,288	
Other comprehensive income (loss) for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	171,370	(42,052)	-	129,318	8,701	138,019	
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	346,505	-	171,370	(42,052)	-	475,823	416,484	892,307	
Adjustments of capital surplus for the Company cash dividends received by subsidiaries	-	-	7,120	-	-	-	-	-	-	-	7,120	-	7,120	
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(479,815)	(479,815)	
BALANCE AT SEPTEMBER 30, 2022	591,995	\$ 5,919,949	\$ 1,174,293	\$ 1,870,234	\$ 239,203	\$ 383,485	\$ -	\$ (76,125)	\$ (58,331)	\$ (63,401)	\$ 9,389,307	\$ 2,408,306	\$ 11,797,613	

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

(With Deloitte & Touche review report dated November 10, 2022)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 942,142	\$ 1,474,521
Adjustments for:		
Depreciation expense	248,207	209,531
Amortization expense	107,474	97,366
Expected credit loss recognized on trade receivables	-	73
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	289,354	(520,899)
Financial costs	10,964	10,788
Interest income	(24,485)	(18,470)
Dividend income	(37,040)	(36,633)
Compensation costs of share - based payments	98,378	53,736
Share of profit of associates	(14,080)	(38,979)
(Gain) loss on disposal of property, plant and equipment	(27)	171
Gain on disposal of subsidiaries	(71,274)	-
Gain on disposal of associates	(449,000)	-
Impairment loss recognized on financial assets	3,903	-
Impairment loss recognized on non-financial assets	4,680	-
Unrealized (gain) loss on transactions with associates	(942)	1,541
Net loss on foreign currency exchange	590	1,978
Gain on lease modification	-	(4)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable and trade receivables	227,527	(127,728)
Increase in other receivables	(64,574)	(28,659)
Increase in inventories	(794,282)	(430,381)
Increase in prepayments for purchases	-	(22,837)
Decrease (increase) in other current assets	14,827	(2,207)
Increase (decrease) in contract liabilities	12,844	(3,434)
(Decrease) increase in accounts payable	(414,451)	161,439
Decrease in deferred revenue	(1,440)	(45,866)
(Decrease) increase in other current liabilities	(330,702)	235,956
Decrease in defined benefit liabilities	(2,618)	(26,905)
Cash (used in) generated from operations	(244,025)	944,098
Interest received	24,721	21,378
Dividends received	129,335	84,038
Interest paid	(10,593)	(11,676)
Income tax paid	(341,684)	(215,900)
Net cash (used in) generated from operating activities	(442,246)	821,938
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(127,574)	(58,583)
Proceeds from sale of financial assets at fair value through other comprehensive income	44,258	-
Purchase of financial assets at fair value through profit or loss	(1,318,550)	(2,063,602)
Proceeds from sale of financial assets at fair value through profit or loss	2,328,799	1,580,039
Disposal (acquisition) of associates	535,987	(174,000)
Disposal of subsidiaries	83,827	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
Payments for property, plant and equipment	\$ (268,356)	\$ (87,327)
Proceeds from the disposal of property, plant and equipment	346	182
Increase in refundable deposits	(1,666)	(5,307)
Decrease in refundable deposits	704	975
Payments for intangible assets	(68,194)	(96,435)
Decrease in other financial assets	<u>74,207</u>	<u>237,264</u>
Net cash generated from (used in) investing activities	<u>1,283,788</u>	<u>(666,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,802	-
Repayments of short-term borrowings	-	(126,830)
Proceeds from long-term borrowings	500,000	200,000
Repayments of long-term borrowings	(230,000)	-
Proceeds from guarantee deposits received	23,999	29,721
Refund of guarantee deposits received	(27,698)	(7,731)
Repayment of the principal portion of lease liabilities	(7,706)	(9,956)
Increase in other non-current liabilities	1,761	2,156
Dividends paid to owners of the Company	(1,176,870)	(309,223)
Dividends for 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>(19,385)</u>	<u>957,614</u>
Net cash (used in) generated from financing activities	<u>(1,492,095)</u>	<u>560,732</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>37,423</u>	<u>(3,556)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(613,130)	712,320
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,835,568</u>	<u>3,400,482</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,222,438</u>	<u>\$ 4,112,802</u>

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

(With Deloitte & Touche review report dated November 10, 2022)

(Concluded)

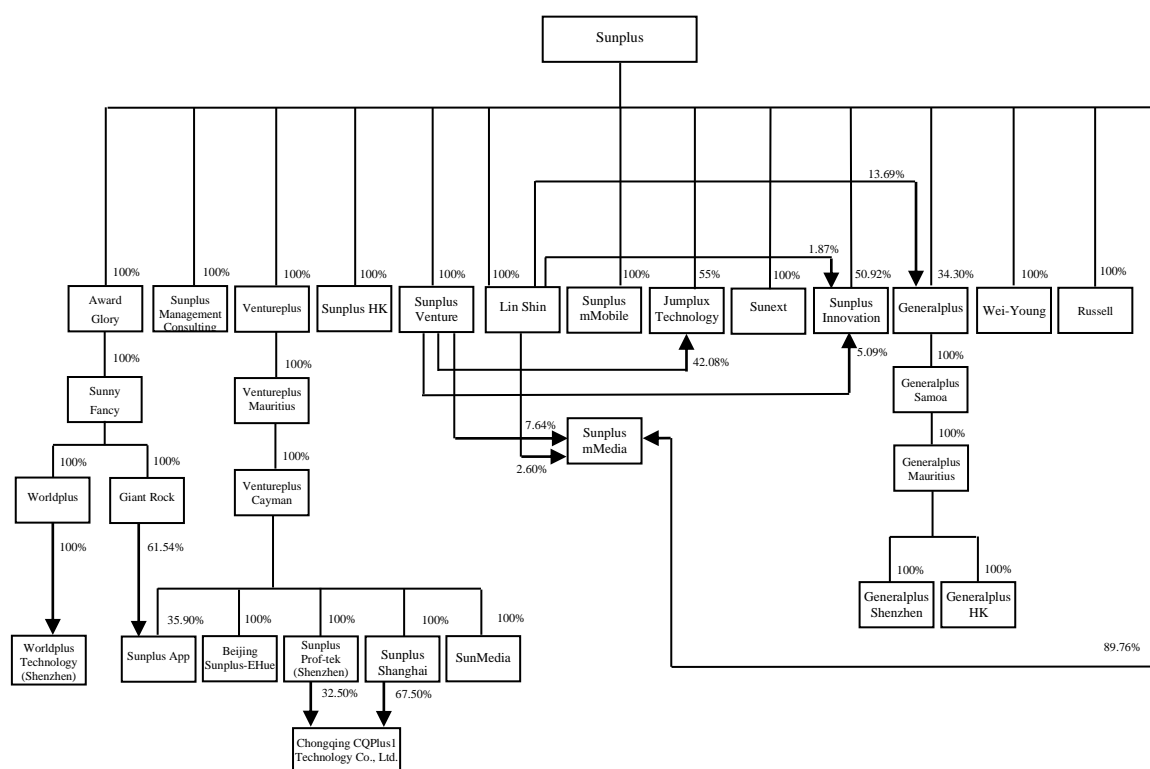
SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Sunplus Technology Company Limited (“Sunplus”) was established in August 1990. It researches, develops, designs, tests and sells high quality and 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 products. 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 (refer to Note 23).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the “Company”) as of September 30, 2022.



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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by Sunplus’ board of directors and authorized for issue on November 10, 2022.

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 accounting policies.

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

New IFRSs	Effective Date Announced by IASB
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 are 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.

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 of 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.

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 of 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, biological assets excluding bearer plants which are measured at fair value less costs to sell, 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 an 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 an asset or liability.

c. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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 interests of the Company 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 Sunplus.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Company accounts for all amounts 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.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of the cost on initial recognition of an investment in an associate.

See Note 12 and Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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 recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in 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. Refer to the consolidated financial statements with critical accounting judgments and key sources of estimation uncertainty for the year ended December 31, 2021.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 5,138	\$ 4,927	\$ 5,151
Checking accounts and demand deposits	1,220,406	1,710,989	1,061,872
Cash equivalents			
Time deposits in banks	<u>2,996,894</u>	<u>3,119,652</u>	<u>3,045,779</u>
	<u>\$ 4,222,438</u>	<u>\$ 4,835,568</u>	<u>\$ 4,112,802</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Bank balances	0.001%-3.950%	0.001%-2.100%	0.001%-2.250%

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>			
Financial assets classified as at FVTPL			
Non-derivative financial assets			
Domestic and foreign investments			
- Mutual funds	\$ 380,562	\$ 1,199,486	\$ 1,106,356
- Unlisted shares	115,379	241,558	126,208
- Listed shares	<u>113,354</u>	<u>230,190</u>	<u>240,900</u>
	<u>\$ 609,295</u>	<u>\$ 1,671,234</u>	<u>\$ 1,473,464</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	\$ 795,644	\$ 436,013	\$ 421,991
- Unlisted shares	689,590	1,116,150	901,260
- Listed shares	34,560	43,200	43,650
- Mutual funds	-	-	14,546
Hybrid financial assets			
Domestic and foreign investments			
- Unlisted convertible bonds	<u>-</u>	<u>134,269</u>	<u>139,250</u>
	<u>\$ 1,519,794</u>	<u>\$ 1,729,632</u>	<u>\$ 1,520,697</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Non-current</u>			
Domestic and foreign investments			
Unlisted shares	\$ 278,572	\$ 206,194	\$ 160,112
Listed shares	<u>4,783</u>	<u>10,062</u>	<u>96,854</u>
	<u>\$ 283,355</u>	<u>\$ 216,256</u>	<u>\$ 256,966</u>

9. NOTES RECEIVABLE, TRADE RECEIVABLES, AND OTHER RECEIVABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ _____ -	\$ _____ -	\$ _____ 29
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	1,099,530	1,285,944	1,329,538
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>(39)</u>
	<u>1,099,530</u>	<u>1,285,944</u>	<u>1,329,499</u>
	<u>\$ 1,099,530</u>	<u>\$ 1,285,944</u>	<u>\$ 1,329,528</u>

Trade receivables

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 applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, the forecast direction of economic conditions at the reporting date. 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 information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. 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:

September 30, 2022

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	\$ 1,097,877	\$ 1,653	\$ -	\$ -	\$ -	\$ 1,099,530
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 1,097,877</u>	<u>\$ 1,653</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,099,530</u>

December 31, 2021

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	\$ 1,285,944	\$ -	\$ -	\$ -	\$ -	\$ 1,285,944
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-
Amortized cost	<u>\$ 1,285,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,285,944</u>

September 30, 2021

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	\$ 1,329,499	\$ -	\$ -	\$ -	\$ 39	\$ 1,329,538
Loss allowance (Lifetime ECLs)	-	-	-	-	(39)	(39)
Amortized cost	<u>\$ 1,329,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,329,499</u>

Movements of the allowance for impairment loss recognized on notes receivable and trade receivables are as follows:

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ -	\$ 103
Add: Net remeasurement of loss allowance	-	73
Less: Amounts written off	-	(136)
Foreign exchange gains and losses	-	(1)
Balance at September 30	<u>\$ -</u>	<u>\$ 39</u>

Other receivables

	September 30, 2022	December 31, 2021	September 30, 2021
Tax refund receivables	\$ 68,021	\$ 24,260	\$ 26,424
Interest receivables	6,700	6,936	5,532
Others	<u>70,721</u>	<u>36,574</u>	<u>22,273</u>
	<u>\$ 145,442</u>	<u>\$ 67,770</u>	<u>\$ 54,229</u>

10. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 626,360	\$ 536,293	\$ 386,749
Work in progress	925,263	446,127	504,426
Raw materials	<u>710,221</u>	<u>485,293</u>	<u>400,256</u>
	<u>\$ 2,261,844</u>	<u>\$ 1,467,713</u>	<u>\$ 1,291,431</u>

The cost of inventories recognized as cost of goods sold for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021 were \$765,155 thousand, \$959,952 thousand, \$2,626,714 thousand and \$2,795,818 thousand, respectively.

The cost of inventories recognized as costs of goods sold for the three months ended and nine months ended September 30, 2022 and 2021 are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Inventory write-downs	\$ (103,188)	\$ (4,438)	\$ (145,530)	\$ (642)
Income from scrap sales	<u>6</u>	<u>22</u>	<u>73</u>	<u>58</u>
	<u>\$ (103,182)</u>	<u>\$ (4,416)</u>	<u>\$ (145,457)</u>	<u>\$ (584)</u>

11. NON-CURRENT ASSETS HELD FOR SALE

	December 31, 2021
Non-current assets held for sale	\$ 108,504

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

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Sunplus	Sunplus Management Consulting Inc. ("Sunplus Management Consulting")	Management	100.00	100.00	100.00	-
	Ventureplus Group Inc. ("Ventureplus Group")	Investment	100.00	100.00	100.00	-
	Sunplus Technology (H.K.) Co., Ltd. ("Sunplus Technology (H.K.)")	International trade	100.00	100.00	100.00	-
	Sunplus Venture Capital Co., Ltd. ("Sunplus Venture")	Investment	100.00	100.00	100.00	-
	Lin Shin Investment Co., Ltd. ("Lin Shin")	Investment	100.00	100.00	100.00	-

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note	
			September 30, 2022	December 31, 2021	September 30, 2021		
Sunplus	Sunplus mMobile Inc. ("Sunplus mMobile")	Design of ICs	100.00	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")	Design of ICs	100.00	92.55	92.55	-	
	Sunplus Innovation Technology Inc. ("Sunplus Innovation")	Design of ICs	50.92	51.34	58.21	-	
	Generalplus Technology Inc. ("Generalplus")	Design of ICs	34.30	34.30	34.30	Sunplus and its subsidiaries held a 47.99% stake in Generalplus and the Company had controlling interest over Generalplus; the investee is included in the consolidated financial statements.	
	Wei-Young Investment Inc. ("Wei-Young Investment")	Investment	100.00	100.00	100.00	-	
	Russell Holdings Limited ("Russell")	Investment	100.00	100.00	100.00	-	
	Magic Sky Limited ("Magic Sky")	Investment	-	100.00	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	89.76	-	
	Award Glory Ltd. ("Award Glory")	Investment	100.00	100.00	100.00	-	
	Jumplus Technology Co., Ltd. ("Jumplus Technology")	Design of ICs	55.00	55.00	55.00	-	
	Ventureplus Group	Ventureplus Mauritius Inc. ("Ventureplus Mauritius")	Investment	100.00	100.00	100.00	-
	Ventureplus Mauritius	Ventureplus Cayman Inc. ("Ventureplus Cayman")	Investment	100.00	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	35.90	Sunplus and its subsidiaries held 97.44% of the equity in Sunplus App Technology.
Sunplus Shanghai	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd. ("Sunplus Prof-tek Technology (Shenzhen)")	Development of computer software, system integration services and building rental and property management	100.00	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	100.00	-	
	SunMedia Technology Co., Ltd. ("SunMedia")	Development of computer software, system integration services and building rental	100.00	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	100.00	-	
	Jsilicon Technology Co., Ltd. ("Jsilicon Technology")	Software Development and IC Design	-	100.00	100.00	The liquidation of Jsilicon Technology was completed on August 30, 2022.	
Sunplus Prof-tek (Shenzhen)	Chongqing CQPlus1 Technology Co., Ltd. ("Chongqing CQPlus1 Technology")	Software Development and IC Design	67.50	56.67	56.67	-	
Sunplus Venture	Chongqing CQPlus1 Technology	Software Development and IC Design	32.50	43.33	43.33	Sunplus' subsidiaries held 100% equity in Chongqing CQPlus1 Technology	
Lin Shin	Jumplus Technology	Design of ICs	42.08	42.08	42.08	Sunplus and its subsidiaries held 97.08% of the equity in Jumplus Technology.	
	Sunplus mMedia	Design of ICs	7.64	7.64	7.64	Sunplus and its subsidiaries held 100% equity in Sunplus mMedia.	
	Sunplus Innovation	Design of ICs	5.09	5.13	5.17	Sunplus and its subsidiaries held 57.88% equity in Sunplus Innovation.	
	GenkiTek Technology Co., Ltd. ("GenkiTek Technology")	Software development	-	62.50	62.50	The disposed of GenkiTek Technology was completed on June 20, 2022.	
Generalplus	Generalplus	Design of ICs	13.69	13.69	13.69	Sunplus and its subsidiaries held a 47.99% stake in Generalplus and the Company had controlling interest over Generalplus; the investee is included in the consolidated financial statements.	
	Sunplus mMedia	Design of ICs	2.60	2.60	2.60	Sunplus and its subsidiaries held 100% equity in Sunplus mMedia.	
	Sunplus Innovation	Design of ICs	1.87	1.89	1.90	Sunplus and its subsidiaries held 57.88% equity in Sunplus Innovation.	
Generalplus Samoa	Generalplus International (Samoa) Inc. ("Generalplus Samoa")	Investment	100.00	100.00	100.00	-	
Generalplus Samoa	Generalplus (Mauritius) Inc. ("Generalplus Mauritius")	Investment	100.00	100.00	100.00	-	

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
Generalplus Mauritius	Generalplus Technology (Shenzhen) Co. ("Generalplus Shenzhen")	Design of ICs, after sales service and marketing research	100.00	100.00	100.00	-
	Generalplus HK Co., Ltd. ("Generalplus H.K.")	Sales	100.00	100.00	100.00	-
Award Glory	Sunny Fancy Ltd. ("Sunny Fancy")	Investment	100.00	100.00	100.00	-
Sunny Fancy	Giant Kingdom Ltd. ("Giant Kingdom")	Investment	-	100.00	100.00	The cancellation of Giant Kingdom was completed on September 5, 2022.
	Giant Rock Inc. ("Giant Rock")	Investment	100.00	100.00	100.00	-
	Worldplus Holdings L.L.C. ("Worldplus")	Investment	100.00	100.00	100.00	-
Giant Best Ltd. ("Giant Best")		Investment	-	100.00	100.00	The cancellation of Giant Best was completed on September 5, 2022.
Giank Rock	Sunplus App Technology	Sale of electronic components and information management and education	61.54	61.54	61.54	Sunplus' subsidiaries held 97.44% stake in Sunplus App.
Worldplus	Worldplus Technology (Shenzhen)Co., Ltd. ("Worldplus (Shenzhen)")	Software development and property management	100.00	100.00	100.00	-

(Concluded)

The financial statements as of and for the nine months ended September 30, 2022 and 2021 of the above subsidiaries, except those of Generalplus, Sunplus Innovation, Sunplus mMobile, Ventureplus Group, Ventureplus Mauritius and Ventureplus Cayman and non-significant subsidiaries Sunplus Shanghai and Sunplus Prof-tek Technology (Shenzhen), were not reviewed.

b. Subsidiaries excluded from the consolidated financial statements

The Voting Ratio of Non-controlling Equity

	September 30, 2022	December 31, 2021	September 30, 2021
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Company name

Generalplus	52.01%	52.01%	52.01%
Sunplus Innovation	42.12%	41.64%	41.14%

Refer to Table 6 for information on country of registration and principal business activities.

Company Name	Profit Attributed to Non-controlling Interests				Non-controlling Interests		
	For the Three Months Ended		For the Nine Months Ended		September 30, 2022	December 31, 2021	September 30, 2021
	September 30 2022	2021	September 30 2022	2021			
Generalplus	\$ 60,589	\$ 114,804	\$ 288,738	\$ 256,364	\$ 1,318,715	\$ 1,326,915	\$ 1,239,220
Sunplus Innovation	4,882	60,218	122,404	172,720	1,096,000	1,116,703	1,023,301

The summarized financial information below represents amounts before intragroup eliminations.

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 5,270,655	\$ 6,105,300	\$ 5,473,007
Non-current assets	908,012	902,454	796,246
Current liabilities	1,100,294	1,729,822	1,353,970
Non-current liabilities	<u>205,674</u>	<u>196,591</u>	<u>195,990</u>
Equity	<u>\$ 4,872,699</u>	<u>\$ 5,081,341</u>	<u>\$ 4,719,293</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
Equity attributable to:			
Owners of the Company	\$ 2,457,984	\$ 2,637,723	\$ 2,456,772
Non-controlling interests	<u>2,414,715</u>	<u>2,443,618</u>	<u>2,262,521</u>
	<u>\$ 4,872,699</u>	<u>\$ 5,081,341</u>	<u>\$ 4,719,293</u> (Concluded)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Operating revenue	<u>\$ 896,952</u>	<u>\$ 1,566,237</u>	<u>\$ 3,872,490</u>	<u>\$ 4,455,150</u>
Net income	\$ 128,047	\$ 375,935	\$ 848,864	\$ 978,415
Other comprehensive income (loss)	<u>4,947</u>	<u>(485)</u>	<u>16,722</u>	<u>(12,122)</u>
Total other comprehensive income	<u>\$ 132,994</u>	<u>\$ 375,450</u>	<u>\$ 865,586</u>	<u>\$ 966,293</u>
Equity attributable to:				
Owners of the Company	\$ 62,576	\$ 200,913	\$ 437,722	\$ 549,331
Non-controlling interests	<u>65,471</u>	<u>175,022</u>	<u>411,142</u>	<u>429,084</u>
	<u>\$ 128,047</u>	<u>\$ 375,935</u>	<u>\$ 848,864</u>	<u>\$ 978,415</u>
Total other comprehensive income attributable to:				
Owners of the Company	\$ 64,950	\$ 200,945	\$ 445,746	\$ 543,105
Non-controlling interests	<u>68,044</u>	<u>174,505</u>	<u>419,840</u>	<u>423,188</u>
	<u>\$ 132,994</u>	<u>\$ 375,450</u>	<u>\$ 865,586</u>	<u>\$ 966,293</u>

	For the Nine Months Ended September 30	
	2022	2021
Cash flows		
Operating activities	\$ 211,281	\$ 924,828
Investing activities	639,334	(557,710)
Financing activities	(1,244,011)	288,956
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>11,985</u>	<u>(986)</u>
Net cash (outflow) inflow	<u>\$ (381,411)</u>	<u>\$ 655,088</u>
Dividends paid to non-controlling interests	<u>\$ (557,998)</u>	<u>\$ (283,972)</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2022	December 31, 2021	September 30, 2021
Investments in associates	<u>\$ 931,791</u>	<u>\$ 949,897</u>	<u>\$ 942,275</u>
Associates			
iCatch Technology Inc. (“iCatch Technology”)	\$ 355,370	\$ 343,423	\$ 336,634
Global View Co., Ltd. (“Global View”)	319,353	342,742	336,622
AkiraNET Company (“AkiraNET”)	182,123	195,034	199,004
AutoSys Co., Ltd.	73,647	67,084	68,291
GlintMed Innovation Co., Ltd. (“GlintMed Innovation”)	<u>1,298</u>	<u>1,614</u>	<u>1,724</u>
	<u>\$ 931,791</u>	<u>\$ 949,897</u>	<u>\$ 942,275</u>

Name of associate	September 30, 2022	December 31, 2021	September 30, 2021
iCatch Technology	20%	21%	34%
Global View	13%	13%	13%
AkiraNET	26%	35%	35%
AutoSys Co., Ltd.	16%	16%	16%
GlintMed Innovation Co., Ltd.	25%	25%	25%

Refer to Table 6 following these notes to the 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	September 30, 2022	December 31, 2021	September 30, 2021
iCatch Technology	<u>\$ 824,977</u>	<u>\$ 1,475,899</u>	<u>\$ 1,634,504</u>
Global View	<u>\$ 241,946</u>	<u>\$ 313,131</u>	<u>\$ 323,006</u>

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

For the nine months ended September 30, 2022 and 2021, the equity method of investment and the company’s share of profit and loss and other comprehensive profit and loss are calculated based on financial statements which have not been reviewed.

14. PROPERTY, PLANT AND EQUIPMENT

	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	-	1,787	2,395	151,782	-	28,030	-	-	20,308	204,302
Disposals	-	(4,472)	-	(4,420)	-	(1,732)	(170)	(37)	-	(10,831)
Reclassified	-	-	5,845	28,127	-	-	-	-	(37,392)	(3,420)
Consolidated changes	-	-	-	(614)	-	(55)	-	-	-	(669)
Effect of exchange rate changes	<u>32,423</u>	<u>7,946</u>	<u>(10,112)</u>	<u>12,129</u>	<u>113</u>	<u>4,101</u>	<u>5</u>	<u>(4,798)</u>	<u>(764)</u>	<u>41,043</u>
Balance at September 30, 2022	<u>\$ 2,348,861</u>	<u>\$ 195,107</u>	<u>\$ 24,993</u>	<u>\$ 813,349</u>	<u>\$ 4,691</u>	<u>\$ 338,843</u>	<u>\$ 1,043</u>	<u>\$ 24,194</u>	<u>\$ 25,669</u>	<u>\$ 3,776,750</u>

(Continued)

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<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
Additions	38,549	7,419	4,528	103,339	163	28,090	303	507	-	182,898
Disposals	-	(4,472)	-	(4,265)	-	(1,568)	(170)	(37)	-	(10,512)
Consolidated changes	-	-	-	(171)	-	(28)	-	-	-	(199)
Effect of exchange rate changes	5,426	4,863	(5,624)	8,311	103	3,517	(261)	(2,642)	-	13,693
Balance at September 30, 2022	<u>\$ 683,649</u>	<u>\$ 174,386</u>	<u>\$ 10,803</u>	<u>\$ 643,090</u>	<u>\$ 4,028</u>	<u>\$ 255,723</u>	<u>\$ 953</u>	<u>\$ 22,933</u>	<u>\$ -</u>	<u>\$ 1,795,565</u>
Carrying amount at										
September 30, 2022	<u>\$ 1,665,212</u>	<u>\$ 20,721</u>	<u>\$ 14,190</u>	<u>\$ 170,259</u>	<u>\$ 663</u>	<u>\$ 83,120</u>	<u>\$ 90</u>	<u>\$ 1,261</u>	<u>\$ 25,669</u>	<u>\$ 1,981,185</u>
Balance at December 31, 2021 and January 1, 2022	<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>
<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	-	808	8,440	62,989	-	34,391	74	1,362	1,800	109,864
Disposals	-	(420)	(3,850)	(22,796)	-	(5,060)	-	(356)	-	(32,482)
Reclassified	(39,852)	12,686	-	-	-	1,053	-	(985)	(68)	(27,166)
Effect of exchange rate changes	(18,760)	858	(8,159)	6,070	(63)	(2,126)	(1,747)	(654)	-	(24,575)
Balance at September 30, 2021	<u>\$ 2,306,636</u>	<u>\$ 198,430</u>	<u>\$ 17,920</u>	<u>\$ 685,380</u>	<u>\$ 4,544</u>	<u>\$ 297,019</u>	<u>\$ 1,450</u>	<u>\$ 23,513</u>	<u>\$ 18,888</u>	<u>\$ 3,553,780</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
Additions	39,252	13,910	2,397	66,561	339	22,463	315	468	-	145,705
Disposals	-	(403)	(3,850)	(22,520)	-	(5,000)	-	(356)	-	(32,129)
Reclassified	(27,072)	7,690	-	-	-	-	-	-	-	(19,382)
Effect of exchange rate changes	(3,095)	(532)	(4,182)	2,952	(56)	(1,924)	(587)	(836)	-	(8,260)
Balance at September 30, 2021	<u>\$ 675,421</u>	<u>\$ 170,807</u>	<u>\$ 6,977</u>	<u>\$ 594,657</u>	<u>\$ 3,677</u>	<u>\$ 218,333</u>	<u>\$ 1,413</u>	<u>\$ 21,536</u>	<u>\$ -</u>	<u>\$ 1,642,821</u>
Carrying amount at										
September 30, 2021	<u>\$ 1,681,215</u>	<u>\$ 27,623</u>	<u>\$ 10,943</u>	<u>\$ 90,723</u>	<u>\$ 867</u>	<u>\$ 78,686</u>	<u>\$ 37</u>	<u>\$ 1,977</u>	<u>\$ 18,888</u>	<u>\$ 1,910,959</u>

(Concluded)

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their 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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount</u>			
Land	\$ 193,717	\$ 197,819	\$ 199,480
Buildings	8,392	14,464	16,083
Transportation equipment	<u>3,660</u>	<u>1,041</u>	<u>1,149</u>
	<u>\$ 205,769</u>	<u>\$ 213,324</u>	<u>\$ 216,712</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets			\$ 3,926	\$ 2,549
Depreciation charge for right-of-use assets				
Land	\$ 1,667	\$ 1,671	\$ 5,003	\$ 5,074
Buildings	1,854	2,008	5,873	6,082
Transportation equipment	<u>191</u>	<u>108</u>	<u>407</u>	<u>330</u>
	<u>\$ 3,712</u>	<u>\$ 3,787</u>	<u>\$ 11,283</u>	<u>\$ 11,486</u>

Except for the depreciation expense above, the Company's right-of-use assets did not experience significant sublease and impairment from January 1 to September 30, 2022 and 2021.

The other part of the land use right in China is because the above-ground buildings are subleased by business lease, The related right-of-use assets are presented as investment properties. As set out in Note 16.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount</u>			
Current	\$ 12,759	\$ 12,166	\$ 12,353
Non-current	<u>\$ 201,238</u>	<u>\$ 207,912</u>	<u>\$ 210,647</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	2.390%	2.390%	2.390%
Buildings	1.575%-5.000%	1.575%-5.000%	1.575%-5.000%
Transportation equipment	1.175%-1.625%	1.175%	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. The lease contract for land located in the ROC and the lease terms is 20 years. The lease agreement specifies that lease payments will be adjusted on the basis of changes in announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Company has no significant new lease contracts from January 1 to September 30, 2022 and 2021.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ <u>1,292</u>	\$ <u>2,824</u>	\$ <u>5,266</u>	\$ <u>7,899</u>
Expenses relating to low-value asset leases	\$ <u>99</u>	\$ <u>106</u>	\$ <u>316</u>	\$ <u>321</u>
Total cash outflow for leases			\$ <u>17,072</u>	\$ <u>21,302</u>

16. INVESTMENT PROPERTIES

	Completed Investment Properties	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2022	\$ 1,426,446	\$ 101,764	\$ 1,528,210
Effect of exchange rate changes	<u>41,334</u>	<u>3,022</u>	<u>44,356</u>
Balance at September 30, 2022	\$ <u>1,467,780</u>	\$ <u>104,786</u>	\$ <u>1,572,566</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 572,824	\$ 7,348	\$ 580,172
Depreciation expense	52,133	1,893	54,026
Effect of exchange rate differences	<u>17,436</u>	<u>237</u>	<u>17,673</u>
Balance at September 30, 2022	\$ <u>642,393</u>	\$ <u>9,478</u>	\$ <u>651,871</u>
Net balance at September 30, 2022	\$ <u>825,387</u>	\$ <u>95,308</u>	\$ <u>920,695</u>
Net balance at December 31, 2021 and January 1, 2022	\$ <u>853,622</u>	\$ <u>94,416</u>	\$ <u>948,038</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 changes	<u>(42,320)</u>	<u>(2,714)</u>	<u>(45,034)</u>
Balance at September 30, 2021	\$ <u>1,413,950</u>	\$ <u>100,850</u>	\$ <u>1,514,800</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	\$ 509,133	\$ 4,950	\$ 514,083
Depreciation expense	50,527	1,813	52,340
Reclassified	19,381	1,060	20,441
Effect of exchange rate differences	<u>(28,096)</u>	<u>(1,155)</u>	<u>(29,251)</u>
Balance at September 30, 2021	\$ <u>550,945</u>	\$ <u>6,668</u>	\$ <u>557,613</u>
Net balance at September 30, 2021	\$ <u>863,005</u>	\$ <u>94,182</u>	\$ <u>957,187</u>

The right-of-use assets in the investment properties are the use right of land signed by the Company and is subletter by 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 does not have the right of first refusal at the end of the lease period.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 196,595	\$ 231,116	\$ 211,940
Year 2	134,468	142,276	136,606
Year 3	<u>113,980</u>	<u>98,722</u>	<u>94,418</u>
	<u>\$ 445,043</u>	<u>\$ 472,114</u>	<u>\$ 442,964</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 2021 and 2020 was determined on the basis of valuations carried out on December 31, 2021 and 2020 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value	\$ 44,220	\$ 44,220	\$ 45,471

The fair value of investment properties were valued by independent valutors; the Company assessed and determined that the fair values as of December 31, 2021 and 2020 were still valid as of September 30, 2022 and 2021, respectively.

The fair value of the investment properties of SunMedia assessed in 2021 and 2020 was determined on the basis of valuations carried out on December 31, 2021 and 2020 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value	\$ 1,153,471	\$ 1,153,471	\$ 1,192,093

The fair value of investment properties was valued by independent valutors; the Company assessed and determined that the fair values reported as of December 31, 2021 and 2020 were still valid as of September 30, 2022 and 2021, respectively.

The fair value of the investment properties of Sunplus Shanghai, assessed in 2021 and 2020 was determined on the basis of valuations carried out on December 31, 2021 and 2020 by Suzhou Feng-Zheng 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:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value	\$ 2,225,361	\$ 2,225,361	\$ 2,374,398

The fair value of investment properties was valued by independent valuers; the Company assessed and determined that the fair values reported as of December 31, 2021 and 2020 were still valid as of September 30, 2022 and 2021, respectively.

17. INTANGIBLE ASSETS

	Technology License Fees	Software	Patents	Goodwill	Total
<u>Cost</u>					
Balance at January 1, 2022	\$ 1,074,594	\$ 348,196	\$ 116,496	\$ 30,596	\$ 1,569,882
Additions	39,383	20,553	-	-	59,936
Disposals	(1,533)	(1,049)	-	-	(2,582)
Consolidated changes	(4,000)	(16)	(2,000)	-	(6,016)
Effect of exchange rate changes	894	931	8	-	1,833
Balance at September 30, 2022	<u>\$ 1,109,338</u>	<u>\$ 368,615</u>	<u>\$ 114,504</u>	<u>\$ 30,596</u>	<u>\$ 1,623,053</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2022	\$ 698,474	\$ 323,912	\$ 87,864	\$ -	\$ 1,110,250
Amortization expense	85,691	20,837	946	-	107,474
Disposals	(1,533)	(1,049)	-	-	(2,582)
Consolidated changes	(2,033)	(14)	(712)	-	(2,759)
Effect of exchange rate changes	730	704	5	-	1,439
Balance at September 30, 2022	<u>\$ 781,329</u>	<u>\$ 344,390</u>	<u>\$ 88,103</u>	<u>\$ -</u>	<u>\$ 1,213,822</u>
<u>Accumulated impairment</u>					
Balance at January 1, 2022	\$ 111,136	\$ -	\$ 21,577	\$ -	\$ 132,713
Impairment losses	4,680	-	-	-	4,680
Effect of exchange rate changes	63	-	-	-	63
Balance at September 30, 2022	<u>\$ 115,879</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 137,456</u>
Net balance at September 30, 2022	<u>\$ 212,130</u>	<u>\$ 24,225</u>	<u>\$ 4,824</u>	<u>\$ 30,596</u>	<u>\$ 271,775</u>
Net balance at December 31, 2021 and January 1, 2022	<u>\$ 264,984</u>	<u>\$ 24,284</u>	<u>\$ 7,055</u>	<u>\$ 30,596</u>	<u>\$ 326,919</u>
<u>Cost</u>					
Balance at January 1, 2021	\$ 986,612	\$ 325,261	\$ 116,498	\$ 30,596	\$ 1,458,967
Additions	88,997	23,595	-	-	112,592
Disposals	-	(388)	-	-	(388)
Effect of exchange rate changes	(499)	(502)	(4)	-	(1,005)
Balance at September 30, 2021	<u>\$ 1,075,110</u>	<u>\$ 347,966</u>	<u>\$ 116,494</u>	<u>\$ 30,596</u>	<u>\$ 1,570,166</u>

(Continued)

	Technology License Fees	Software	Patents	Goodwill	Total
<u>Accumulated amortization</u>					
Balance at January 1, 2021	\$ 607,530	\$ 304,045	\$ 86,088	\$ -	\$ 997,663
Amortization expense	78,618	17,415	1,333	-	97,366
Disposals	-	(388)	-	-	(388)
Effect of exchange rate changes	(349)	(355)	(4)	-	(708)
Balance at September 30, 2021	<u>\$ 685,799</u>	<u>\$ 320,717</u>	<u>\$ 87,417</u>	<u>\$ -</u>	<u>\$ 1,093,933</u>
<u>Accumulated impairment</u>					
Balance at January 1 and September 30, 2021	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Net balance at September 30, 2021	<u>\$ 278,175</u>	<u>\$ 27,249</u>	<u>\$ 7,500</u>	<u>\$ 30,596</u>	<u>\$ 343,520</u>

(Concluded)

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 amortization by function

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2022	2021	2022	2021
Operating costs	\$ 35	\$ 1	\$ 106	\$ 1
Selling and marketing expenses	16	52	16	93
General and administrative expenses	1,000	945	2,809	2,848
Research and development expenses	<u>32,185</u>	<u>32,869</u>	<u>104,543</u>	<u>94,424</u>
	<u>\$ 33,236</u>	<u>\$ 33,867</u>	<u>\$ 107,474</u>	<u>\$ 97,366</u>

18. OTHER ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Other financial assets			
Restricted assets (a)	\$ 33,992	\$ 25,940	\$ 4
Time deposits (b)	<u>13,419</u>	<u>50,825</u>	<u>50,369</u>
	<u>\$ 47,411</u>	<u>\$ 76,765</u>	<u>\$ 50,373</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
Other assets			
Prepayments for EDA tools	\$ 37,187	\$ 23,579	\$ 37,762
Prepaid technical licensing fee	5,768	7,636	14,947
Others	<u>66,317</u>	<u>105,056</u>	<u>57,894</u>
	<u>\$ 109,272</u>	<u>\$ 136,271</u>	<u>\$ 110,603</u>
<u>Non-current</u>			
Other financial assets			
Time deposits (c)	\$ 182,141	\$ 221,544	\$ 219,555
Pledged time deposits (d)	<u>15,405</u>	<u>13,011</u>	<u>13,021</u>
	<u>\$ 197,546</u>	<u>\$ 234,555</u>	<u>\$ 232,576</u>
Other assets			
Refundable deposits (e)	\$ 114,082	\$ 99,113	\$ 8,404
Prepayments for purchases (f)	26,035	22,837	22,837
Other	<u>7,800</u>	<u>7,800</u>	<u>7,800</u>
	<u>\$ 147,917</u>	<u>\$ 129,750</u>	<u>\$ 39,041</u>

(Concluded)

- a. Refer to Note 29 for information on restricted assets.
- b. Worldplus (Shenzhen) made time deposit of RMB3,000 thousand at banks on September 30, 2022; Worldplus (Shenzhen), Beijing Sunplus-EHue, Generalplus Shenzhen, made time deposit of RMB11,700 thousand at banks on December 31, 2021; Generaplus Shenzhen, Worldplus (Shenzhen) and Beijing Sunplus-EHue. made time deposit of RMB11,700 thousand at banks on September 30, 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\$40,720 thousand, RMB\$51,000 thousand and RMB\$51,000 thousand at the bank on September 30, 2022, December 31, 2021 and September 30, 2021, respectively. The deposit period of the certificates of deposit is 1 to 3 years, 1 to 3 years and 2 to 3 years and interest can be charged at a certain interest rate during the deposit period.
- d. Refer to Note 35 for information on pledge time deposits.
- e. Refer to Note 36 for information on refundable deposits.
- f. The amount of prepayments is 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

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 145,575</u>	<u>\$ 143,773</u>	<u>\$ 188,364</u>

The effective interest rate intervals for bank loans as of September 30, 2022, December 31, 2021 and September 30, 2021 were 1.995%-4.810%, 0.700%-1.745% and 0.650%-1.745% per annum, respectively.

b. Long-term borrowings

The borrowings of the Company are as follows:

	Maturity Date	Significant Covenant	September 30, 2022	December 31, 2021	September 30, 2021
<u>Floating rate borrowings</u>					
Unsecured bank borrowings	2025.08.21	Repayable quarterly from November 2021 in 11 installments	\$ 200,000	\$ 200,000	\$ 400,000
Unsecured bank borrowings	2025.09.02	Repayable semiannually from October 2022 in 3 installments	500,000	230,000	30,000
Less: Matured within 1 year			<u>(66,667)</u>	<u>(46,000)</u>	<u>(100,000)</u>
Long-term borrowings			<u>\$ 633,333</u>	<u>\$ 384,000</u>	<u>\$ 330,000</u>

The intervals of effective annual rates as of September 30, 2022, December 31, 2021 and September 30, 2021 were 1.625%, 1.220%-1.250% and 1.220%-1.320%, 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. The Company was in compliance with these financial ratio requirements.

20. TRADE PAYABLES

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Accounts payable</u>			
Payables - operating	<u>\$ 524,229</u>	<u>\$ 924,523</u>	<u>\$ 611,427</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Other payables			
Payables for salaries or bonuses	\$ 536,288	\$ 643,524	\$ 564,178
Payables for employees' compensation and remuneration of directors	209,079	202,118	163,704
Refund liabilities (Note 24)	111,867	97,015	88,905
Labor/health insurance	37,294	33,524	31,455
Payables for royalties	31,363	259,185	77,544
Commissions payable	10,378	7,475	7,153
Payables for labor costs	7,821	8,389	6,789
Payables for purchase of intangible assets	3,969	14,715	9,074
Payables for purchases of equipment	2,655	61,665	30,542
Others	<u>144,226</u>	<u>105,903</u>	<u>82,245</u>
	<u>\$ 1,094,940</u>	<u>\$ 1,433,513</u>	<u>\$ 1,061,589</u>
Deferred revenue			
Government grants (Note 29)	<u>\$ 1,706</u>	<u>\$ 1,883</u>	<u>\$ 1,643</u>
<u>Non-current</u>			
Other payables			
Long-term payables	\$ 11,371	\$ 10,039	\$ 8,640
Payable for purchase of intangible assets	7,969	6,920	8,469
Payable for purchases of equipment	3,070	3,070	4,940
Decommissioning liabilities	<u>890</u>	<u>889</u>	<u>889</u>
	<u>\$ 23,300</u>	<u>\$ 20,918</u>	<u>\$ 22,938</u>
Deferred revenue			
Government grants (Note 29)	<u>\$ 56,418</u>	<u>\$ 55,978</u>	<u>\$ 56,165</u>

22. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Company's defined benefit retirement plans were \$135 thousand, \$256 thousand, \$406 thousand and \$883 thousand as of the three months ended September 30, 2022 and 2021 and nine months ended September 30, 2022 and 2021, respectively, and were calculated using the respective annual, actuarially determined pension cost discount rates as of December 31, 2021 and 2020.

23. EQUITY

a. Share capital

1) Ordinary shares:

	September 30, 2022	December 31, 2021	September 30, 2021
Shares authorized (in thousands of shares)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Value of authorized shares	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>591,995</u>	<u>591,995</u>	<u>591,995</u>
Shares issued and fully paid	<u>\$ 5,919,949</u>	<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 the Sunplus' authorized shares, 80,000 thousand shares were reserved for the issuance of subscription warrants, corporate bonds with warrants, or preferred shares with warrants.

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand ordinary shares that consist of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of September 30, 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.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)</u>			
Issuance of ordinary shares	\$ -	\$ 18,497	\$ 18,497
From business combinations	138,032	157,423	157,423
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	297,845	298,767	298,767
<u>May only be used to offset a deficit</u>			
From treasury share transactions	55,298	48,178	48,178
Changes in percentage of ownership interests in subsidiaries (b)	487,028	497,906	488,571
Changes in net equity of associates or joint ventures accounted for using the equity method	<u>196,090</u>	<u>202,773</u>	<u>107,929</u>
	<u>\$ 1,174,293</u>	<u>\$ 1,223,544</u>	<u>\$ 1,119,365</u>

- a) When the Company 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 the Company's capital surplus.
- b) 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 dividend 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, 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 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 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 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 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. 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 the amendment, refer to Note 25-h.

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 were approved by the shareholder in the shareholders' meeting on June 8, 2022 and July 20, 2021, as follows:

	For Year 2021	For Year 2020
Legal reserve	\$ 124,955	\$ 32,889
Special reserve reversed	<u>\$ 21,875</u>	<u>\$ 15,111</u>
Cash dividend	<u>\$ 1,146,102</u>	<u>\$ 311,094</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.

d. Special reserves

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 261,078	\$ 276,189
Special reserve reversed	<u>(21,875)</u>	<u>(15,111)</u>
Balance at September 30	<u>\$ 239,203</u>	<u>\$ 261,078</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ (259,512)	\$ (228,023)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	169,376	(43,098)
Share from associates accounted for using the equity method	1,994	(1,342)
Disposal of subsidiaries	<u>12,017</u>	<u>-</u>
Balance at September 30	<u>\$ (76,125)</u>	<u>\$ (272,463)</u>

2) Unrealized valuation gain/(loss) on financial assets at fair value through other comprehensive income (FVTOCI)

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 20,309	\$ (33,055)
Recognized for the period		
Unrealized (losses) gains	(20,393)	8,092
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(36,588)	-
Share from associates accounted for using equity method	(21,659)	24,304
Disposal of partial interests in subsidiaries	<u>-</u>	<u>1,022</u>
Balance at September 30	<u>\$ (58,331)</u>	<u>\$ 363</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 2,460,759	\$ 1,605,238
Attributable to non-controlling interests:		
Share of profit for the period	407,783	426,244
Exchange differences on translation foreign operations	8,701	(4,350)
Cash dividends from subsidiaries	(557,998)	(283,972)
Unrealized loss on financial assets at FVTOVI	-	(1,545)
Non-controlling interests from vested employee share options granted by Sunplus Innovation (Note 28)	98,378	53,736
Disposal of subsidiaries	(1,732)	16,480
(Decrease) increase in non-controlling interests	<u>(7,585)</u>	<u>469,043</u>
Balance at September 30	<u>\$ 2,408,306</u>	<u>\$ 2,280,874</u>

g. Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares as of January 1, 2021	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as September 30, 2021	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Number of shares as of January 1, 2022	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as September 30, 2022	<u>-</u>	<u>3,560</u>	<u>3,560</u>

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>September 30, 2022</u>			
Lin Shin	3,560	<u>\$ 63,401</u>	<u>\$ 80,100</u>
<u>December 31, 2021</u>			
Lin Shin	3,560	<u>\$ 63,401</u>	<u>\$ 138,306</u>
<u>September 30, 2021</u>			
Lin Shin	3,560	<u>\$ 63,401</u>	<u>\$ 128,338</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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from the sale of goods	\$ 1,324,394	\$ 2,048,655	\$ 5,221,558	\$ 5,685,040
Rental income from property	63,584	59,891	190,672	178,476
Others	<u>49,284</u>	<u>23,707</u>	<u>124,140</u>	<u>68,975</u>
	<u>\$ 1,437,262</u>	<u>\$ 2,132,253</u>	<u>\$ 5,536,370</u>	<u>\$ 5,932,491</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 come from software development and royalties.

b. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Notes receivable and trade receivables (Note 9)	<u>\$ 1,099,530</u>	<u>\$ 1,285,944</u>	<u>\$ 1,329,528</u>	<u>\$ 1,204,798</u>
Contract liabilities - current	<u>\$ 43,340</u>	<u>\$ 30,109</u>	<u>\$ 22,747</u>	<u>\$ 26,181</u>

c. Disaggregation of revenue

	Reportable Segments	
	Direct Sales	
	For the Nine Months Ended September 30	
	2022	2021
<u>Primary geographical markets</u>		
Asia	\$ 3,341,930	\$ 3,509,960
Taiwan	2,153,615	2,395,083
Others	<u>40,825</u>	<u>27,448</u>
	<u>\$ 5,536,370</u>	<u>\$ 5,932,491</u>

(Continued)

	Reportable Segments	
	Direct Sales	
	For the Nine Months Ended September 30	
	2022	2021
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 5,342,555	\$ 5,747,421
Satisfied over time	<u>193,815</u>	<u>185,070</u>
	<u>\$ 5,536,370</u>	<u>\$ 5,932,491</u>

(Concluded)

25. NET PROFIT

Net profit included the following items:

a. Interest income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Bank deposits	<u>\$ 9,075</u>	<u>\$ 5,802</u>	<u>\$ 24,485</u>

b. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Dividend income	\$ 35,212	\$ 16,799	\$ 37,040
Subsidy income (Note 29)	10,991	15,916	45,135	65,295
Others	<u>37,947</u>	<u>27,246</u>	<u>71,675</u>	<u>53,917</u>
	<u>\$ 84,150</u>	<u>\$ 59,961</u>	<u>\$ 153,850</u>	<u>\$ 155,845</u>

c. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Net gain (loss) on financial assets and liabilities			
Net gain (loss) on financial assets designated as at FVTPL	\$ 70,209	\$ 168,107	\$ (289,354)	\$ 520,899
Net foreign exchange gain (loss)	25,349	3,764	73,354	(7,343)
Gain on disposal of subsidiaries	-	-	71,274	-

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Gain on disposal of investments accounted for using equity method	\$ -	\$ -	\$ 449,000	\$ -
Impairment loss recognized on non-financial asset	-	-	(4,680)	-
Others	<u>1,430</u>	<u>3,917</u>	<u>7,450</u>	<u>10,807</u>
	<u>\$ 96,988</u>	<u>\$ 175,788</u>	<u>\$ 307,044</u>	<u>\$ 524,363</u>

(Concluded)

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 2,471	\$ 2,069	\$ 6,420	\$ 6,510
Interest on lease liabilities	1,271	1,314	3,835	4,003
Other finance costs	<u>530</u>	<u>93</u>	<u>709</u>	<u>275</u>
	<u>\$ 4,272</u>	<u>\$ 3,476</u>	<u>\$ 10,964</u>	<u>\$ 10,788</u>

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
An analysis of depreciation by function				
Operating costs	\$ 20,532	\$ 19,677	\$ 62,201	\$ 58,525
Operating expenses	<u>71,618</u>	<u>44,752</u>	<u>186,006</u>	<u>151,006</u>
	<u>\$ 92,150</u>	<u>\$ 64,429</u>	<u>\$ 248,207</u>	<u>\$ 209,531</u>
An analysis of amortization by function				
Operating costs	\$ 35	\$ 1	\$ 106	\$ 1
Operating expenses	<u>33,201</u>	<u>33,866</u>	<u>107,368</u>	<u>97,365</u>
	<u>\$ 33,236</u>	<u>\$ 33,867</u>	<u>\$ 107,474</u>	<u>\$ 97,366</u>

f. Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Direct operating expenses from investment properties that generate rental income	<u>\$ 22,255</u>	<u>\$ 21,548</u>	<u>\$ 75,751</u>	<u>\$ 63,834</u>

g. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term benefits	\$ 441,893	\$ 585,327	\$ 1,537,217	\$ 1,550,651
Post-employment benefits				
Defined contribution plans	12,085	11,859	32,369	35,494
Defined benefit plans (Note 22)	135	256	406	883
Share - based payments				
Equity - settled (Note 28)	27,752	25,890	98,378	53,736
Other employee benefits	<u>9,419</u>	<u>9,104</u>	<u>27,935</u>	<u>26,401</u>
Total employee benefits expense	<u>\$ 491,284</u>	<u>\$ 632,436</u>	<u>\$ 1,696,305</u>	<u>\$ 1,667,165</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 23,665	\$ 24,973	\$ 72,981	\$ 77,349
Operating expenses	<u>467,619</u>	<u>607,463</u>	<u>1,623,324</u>	<u>1,589,816</u>
	<u>\$ 491,284</u>	<u>\$ 632,436</u>	<u>\$ 1,696,305</u>	<u>\$ 1,667,165</u>

h. Compensation of employees and remuneration of directors

Sunplus resolved amendments to its Articles of Incorporation to distribute compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, compensation of employees, and remuneration to directors. However, when the company still has accumulated losses (including adjusting the undistributed surplus amount), it should reserve the compensation amount in advance. The employees' compensation and remuneration of directors for the nine months ended September 30, 2022 and 2021 were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2022	2021
Compensation of employees	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Compensation of employees	<u>\$ 205</u>	<u>\$ 3,096</u>	<u>\$ 3,556</u>	<u>\$ 8,258</u>
Remuneration of directors	<u>\$ 307</u>	<u>\$ 4,645</u>	<u>\$ 5,334</u>	<u>\$ 12,387</u>

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 the accounting estimate, and will be adjusted in next fiscal year.

The remuneration of employees and directors of the year 2021 and 2020 was approved by the board of directors on March 29, 2022 and March 29, 2021 as follows:

	For the Three Months Ended September 30, 2021		For the Nine Months Ended September 30, 2020	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Compensation of employees	\$ 12,136	\$ -	\$ 3,317	\$ -
Remuneration of directors	18,203	-	4,975	-

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated 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.

i. Gains or losses on exchange rate change

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Exchange rate gains	\$ 114,335	\$ 15,836	\$ 243,180	\$ 59,857
Exchange rate losses	<u>(88,986)</u>	<u>(12,072)</u>	<u>(169,826)</u>	<u>(67,200)</u>
Net gain (loss)	<u>\$ 25,349</u>	<u>\$ 3,764</u>	<u>\$ 73,354</u>	<u>\$ (7,343)</u>

26. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current year	\$ 29,071	\$ 87,990	\$ 194,133	\$ 243,682
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>(1,313)</u>	<u>(3,277)</u>
	29,071	87,990	192,820	240,405
Deferred tax				
In respect of the current year	<u>(500)</u>	<u>3,447</u>	<u>(4,966)</u>	<u>3,086</u>
Income tax expense recognized in profit or loss	<u>\$ 28,571</u>	<u>\$ 91,437</u>	<u>\$ 187,854</u>	<u>\$ 243,491</u>

b. Income tax assessments

The income tax returns of Generalplus through 2019; Sunplus Innovation, Sunext, Jumplux, Lin Shin, Sunplus Venture, Sunplus mMedia, Wei-Young 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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share	<u>\$ 0.03</u>	<u>\$ 0.51</u>	<u>\$ 0.59</u>	<u>\$ 1.37</u>
Diluted earnings per share	<u>\$ 0.03</u>	<u>\$ 0.51</u>	<u>\$ 0.59</u>	<u>\$ 1.37</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Profit for the period attributable to owners of the Company	\$ 19,921	\$ 301,815	\$ 346,505	\$ 804,786
Effect of potentially dilutive ordinary shares				
Bonuses to employees	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted EPS from continuing operations	<u>\$ 19,921</u>	<u>\$ 301,815</u>	<u>\$ 346,505</u>	<u>\$ 804,786</u>

Weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	588,435	588,435	588,435	588,435
Effect of potentially dilutive potential ordinary shares:				
Bonuses issued to employees	<u>158</u>	<u>229</u>	<u>271</u>	<u>307</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>588,593</u>	<u>588,664</u>	<u>588,706</u>	<u>588,742</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 will be 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 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 on October 28, 2020 and September 6, 2021. The total amount both of the two shares was \$10,000 thousand, consisting of 1,000 thousand shares and the issuing price of each share was \$0. Sunplus Innovation 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'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 the Company for a year after the grant date with recent personal performance rating before the expiration date reaches the top 35% (included) of the Company, will receive 50% of the number of allocated shares.
- 2) Those who served in the Company for two year after the grant date with recent personal performance rating before the expiration date reaches the top 35% (included) of the Company, 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. The Company 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. The Company 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’s operation need, employees for those who were assigned by Sunplus Innovation to be transferred to the company'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 follows:

Sunplus Innovation 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.

- a. Information on employee restricted share was as follows:

	For the Nine Months Ended September 30	
	2022	2021
	Number of Options (In Thousands of Units)	Number of Options (In Thousands of Units)
Outstanding shares at January 1	1,495	1,000
Shares granted	-	1,000
Shares exercised	(471)	-
Shares forfeited	<u>-</u>	<u>(10)</u>
Outstanding shares at September 30	<u><u>1,024</u></u>	<u><u>1,990</u></u>

Compensation costs recognized were \$27,752 thousand, \$24,189 thousand, \$98,378 thousand and \$52,035 thousand for the year for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 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:

	July, 2021
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

The compensation cost of the capital increase by cash reserved for employees of Sunplus Innovation was \$1,701 thousand for the three months ended September 30, 2021 and for the nine months ended September 30, 2021.

29. GOVERNMENT GRANTS

In August 2013, SunMedia received a government grant amounting to RMB16,390 thousand (\$79,213 thousand) for the purchase of land on which to build a plant. This amount, which was recognized as deferred revenue, will be recognized in profit or loss over the useful life of the land. The total revenue recognized as profit were \$404 thousand, \$392 thousand, \$1,210 thousand and \$1,185 thousand for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, respectively.

Sunplus applied for the AI on Chip R&D subsidy program of 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 total subsidy amounted is \$115,356 thousand. As of September 30, 2022 and 2021, the accumulated subsidy received are \$104,131 thousand and \$44,201 thousand, and the income from the recognized subsidy is \$39,039 thousand and \$58,673 thousand for the nine months ended September 30, 2022 and 2021. In addition, Sunplus has a special account for subsidies in accordance with regulations, and the monthly withdrawal amount should 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 subsidiary, 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.

	Jsilicon Technology	Giant Kingdom
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		

	Jsilicon Technology	Giant Kingdom
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		

	Jsilicon Technology	Giant Kingdom
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 on June 20, 2022 and Magic Sky on June 22, 2022, respectively.

	Magic Sky	GenKiTek
Current assets		
Cash and cash equivalents	\$ 21	\$ 2,352
Other current assets	-	557
Inventories	-	151
Other receivables	-	1
Non-current assets		
Property, plant and equipment	-	470
Intangible assets	-	3,257
Right-of-use assets	-	108
Refundable deposits	-	121
Current liabilities		
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

	Magic Sky	GenKiTek
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

	Magic Sky	GenKiTek
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 2.28% shareholding in Sunplus Innovation. 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 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 had acquired the shares of Sunext from Sunext'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 vested restricted shares, resulting in a decrease in the overall shareholding ratio from 58.36% to 57.88%.

The above transactions were accounted for as equity transactions since the Company did not cease to have control over these subsidiaries.

For the nine months ended September 30, 2022

	Sunplus Innovation Technology	Sunext
Cash consideration paid	\$ -	\$ (19,385)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (from) to non-controlling interests	<u>(10,878)</u>	<u>922</u>
Differences recognized from equity transactions	<u>\$ (10,878)</u>	<u>\$ (18,463)</u>

For the nine months ended September 30, 2021

	Sunplus Innovation Technology	Sunplus App Technology
Cash consideration received	\$ 1,066,567	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(483,752)	(1,771)
Reattribution of other equity from non-controlling interests		
-Unrealized loss on financial assets at FVTOCI	<u>(1,022)</u>	<u>-</u>
Differences recognized from equity transactions	<u>\$ 581,793</u>	<u>\$ (1,771)</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 value of financial assets and financial liabilities that are not measured at fair value approximate their fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 380,562	\$ -	\$ -	\$ 380,562
Domestic/foreign listed shares	147,914	-	-	147,914
Domestic/foreign unlisted shares	80,399	-	724,570	804,969
Limited partnership	<u>-</u>	<u>-</u>	<u>795,644</u>	<u>795,644</u>
	<u>\$ 608,875</u>	<u>\$ -</u>	<u>\$ 1,520,214</u>	<u>\$ 2,129,089</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic/foreign unlisted shares	\$ 29,830	\$ -	\$ 248,742	\$ 278,572
Domestic private listed shares	<u>-</u>	<u>-</u>	<u>4,783</u>	<u>4,783</u>
	<u>\$ 29,830</u>	<u>\$ -</u>	<u>\$ 253,525</u>	<u>\$ 283,355</u>
				(Concluded)

December 31, 2021

	Level 1	Level 2	Level 3	Total
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 - convertible bonds	-	-	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>

September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 1,120,902	\$ -	\$ -	\$ 1,120,902
Domestic/foreign unlisted shares	119,228	-	908,240	1,027,468
Domestic/foreign listed shares	284,550	-	-	284,550
Securities unlisted in the ROC and other countries - convertible bonds	-	-	139,250	139,250
Limited partnership	<u>-</u>	<u>-</u>	<u>421,991</u>	<u>421,991</u>
	<u>\$ 1,524,680</u>	<u>\$ -</u>	<u>\$ 1,469,481</u>	<u>\$ 2,994,161</u>
				(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic/foreign listed shares	\$ 87,212	\$ -	\$ -	\$ 87,212
Domestic/foreign unlisted shares	60,730	-	99,382	160,112
Domestic private listed shares	<u>-</u>	<u>-</u>	<u>9,642</u>	<u>9,642</u>
	<u>\$ 147,942</u>	<u>\$ -</u>	<u>\$ 109,024</u>	<u>\$ 256,966</u> (Concluded)

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 nine months ended September 30, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2022	\$ 1,763,252	\$ 126,770	\$ 1,890,022
Recognized in profit or loss	(154,430)	-	(154,430)
Recognized in other comprehensive income	-	(4,905)	(4,905)
Purchases	330,132	127,574	457,706
Disposals and proceeds from return of capital of investments	(399,193)	-	(399,193)
Transfers out of Level 3	(69,300)	-	(69,300)
Effect of exchange rate changes	<u>49,753</u>	<u>4,086</u>	<u>53,839</u>
Balance at September 30, 2022	<u>\$ 1,520,214</u>	<u>\$ 253,525</u>	<u>\$ 1,773,739</u>

For the nine months ended September 30, 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	269,523	-	269,523
Recognized in other comprehensive income	-	(27,565)	(27,565)
Purchases	178,373	58,583	236,956
Disposals and proceeds from return of capital of investments	(500)	-	(500)
Transfers out of Level 3	(48,600)	-	(48,600)
Effect of exchange rate changes	<u>(3,272)</u>	<u>(693)</u>	<u>(3,965)</u>
Balance at September 30, 2021	<u>\$ 1,469,481</u>	<u>\$ 109,024</u>	<u>\$ 1,578,505</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.

	September 30, 2022	December 31, 2021	September 30, 2021
Price-to-book ratio	0.71-3.10	0.005-3.49	2.15-8.11
Price-to-sales ratio	0.84-2.79	0.91-2.85	1.45-11.28
Discount for lack of marketability	10%-20%	10%-20%	20%

- b) The fair values of unlisted shares and emerging market 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 and emerging market 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.

	September 30, 2022	December 31, 2021	September 30, 2021
Long-term revenue growth rates	2.00%	2.00%	2.00%
Weighted average cost of capital ratio	9.855%	8.879%	9.304%
Discount for lack of marketability	30.00%	30.00%	30.00%

- d) Domestic listed private equity investment refers to the transaction price of the listed company's shares in the active market, and uses the unobservable input value as discount for lack of marketability to determine the value of the evaluation target.

	September 30, 2022	December 31, 2021	September 30, 2021
Discount for lack of marketability	54.8%	29.8%	22.6%

c. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)	\$ 2,129,089	\$ 3,400,866	\$ 2,994,161
Financial assets at amortized cost (i)	5,826,449	6,599,715	5,787,912
Financial assets at (FVTOCI)			
Equity instruments	283,355	216,256	256,966
<u>Financial liabilities</u>			
Measured at amortized cost (ii)	1,649,029	1,762,041	1,479,763

- i) The balances include financial assets, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, other financial assets and refundable deposits.
 - ii) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, trade payables, current portion of long-term liabilities, long term loans and guarantee deposits.
- d. Financial risk management objectives and policies

The Company's major financial instruments include mutual funds, equity and debt investments, trade receivables, trade payables, borrowings and lease liabilities. 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 reports quarterly to the board of directors.

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 denominated in foreign currencies, and management's use of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

For exchange rate risk management, each foreign currency denominated 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.

For 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, refer to Note 37.

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, accounts payable, other accounts payable, long-term and short-term loans, other financial assets, 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 (negative).

	USD Impact	
	For the Nine Months Ended	
	September 30	
	2022	2021
Profit or loss	\$ (24,922)	\$(16,770)

	RMB Impact	
	For the Nine Months Ended	
	September 30	
	2022	2021
Profit or loss	\$ 4,098	\$ 446

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 appetites, 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 are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 2,049,759	\$ 2,618,028	\$ 2,527,028
Financial liabilities	213,997	220,078	223,000
Cash flow interest rate risk			
Financial assets	2,412,494	2,523,929	1,863,568
Financial liabilities	845,575	573,773	618,364

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole period. A 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.

Had interest rates increased/decreased by 0.125% and all other variables been held constant, the Company's post-tax profit would have increased/decreased by \$1,959 thousand, for the nine months ended September 30, 2022 and increased/decreased by \$1,557 thousand, for the nine months ended September 30, 2021.

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 nine months ended September 30, 2022 and 2021 would have increased/decreased by \$21,291 thousand and \$29,942 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the nine months ended September 30, 2022 and 2021 would have increased/decreased by \$2,834 thousand and \$2,570 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a 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 the failure to discharge an obligation by the counterparties and financial guarantees provided by the Company 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 consist 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 covers are purchased.

The Company's concentration of credit risk of 56%, 68% and 61% in total trade receivables as of September 30, 2022, December 31, 2021 and September 30, 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 September 30, 2022, December 31, 2021 and September 30, 2021, the Company had available unutilized overdraft and financing facilities set out below.

a) Liquidity and interest rate risk tables

The following table details the Company's remaining contractual maturities 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 include both interest and principal cash flows.

September 30, 2022

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 375,910	\$ 1,397,649	\$ 1,183	\$ -	\$ -
Lease liabilities	1,532	3,213	14,259	44,156	238,666
Variable interest rate liabilities	104,323	58,667	50,000	633,333	-
Fixed interest rate liabilities	-	-	-	4,417	257,467
	<u>\$ 481,765</u>	<u>\$ 1,459,529</u>	<u>\$ 65,442</u>	<u>\$ 681,906</u>	<u>\$ 496,133</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 19,004</u>	<u>\$ 44,156</u>	<u>\$ 48,321</u>	<u>\$ 48,152</u>	<u>\$ 38,180</u>	<u>\$ 104,013</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 658,464	\$ 381,214	\$ 8,222	\$ 40,492	\$ -
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>\$ 475,135</u>	<u>\$ 428,546</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
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>

September 30, 2021

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 399,240	\$ 278,656	\$ 5,912	\$ 41,255	\$ 1
Lease liabilities	1,486	3,366	12,926	47,302	247,238
Variable interest rate liabilities	140,636	-	148,000	330,000	-
Fixed interest rate liabilities	-	-	52,840	4,494	169,641
	<u>\$ 541,362</u>	<u>\$ 282,022</u>	<u>\$ 219,678</u>	<u>\$ 423,051</u>	<u>\$ 416,880</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	\$ <u>17,778</u>	\$ <u>47,302</u>	\$ <u>48,109</u>	\$ <u>48,109</u>	\$ <u>39,863</u>	\$ <u>111,157</u>

b) Financing facilities

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank overdraft facilities			
Amount used	\$ 979,505	\$ 599,711	\$ 662,565
Amount unused	<u>3,490,978</u>	<u>3,871,132</u>	<u>3,815,754</u>
	<u>\$ 4,470,483</u>	<u>\$ 4,470,843</u>	<u>\$ 4,478,319</u>

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between Sunplus 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
Global View	Associate
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 Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Sales	Associates	\$ <u>11,507</u>	\$ <u>10,772</u>	\$ <u>34,245</u>	\$ <u>39,146</u>

Sales price to related parties is based on cost and market price. The sales terms to related parties are similar to those with external customers.

c. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category	September 30, 2022	December 31, 2021	September 30, 2021
Trade receivables	Associates	\$ <u>11,696</u>	\$ <u>10,752</u>	\$ <u>10,514</u>
Other trade receivables	Associates	\$ <u>154</u>	\$ <u>529</u>	\$ <u>231</u>

There were no guarantees on outstanding receivables from related parties. For the nine months ended September 30, 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	September 30, 2022	December 31, 2021	September 30, 2021
Other current assets	Associates	<u>\$ 36</u>	<u>\$ 189</u>	<u>\$ -</u>

e. Other transactions with related parties

Account Item	Related Party Type	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Operating expenses	Associates	<u>\$ 27</u>	<u>\$ 48</u>	<u>\$ 88</u>	<u>\$ 247</u>
Non-operating revenue	Associates	<u>\$ 3,530</u>	<u>\$ 1,733</u>	<u>\$ 9,547</u>	<u>\$ 7,062</u>

The administrative support services price was negotiated between the Company and the related parties, and were thus not comparable with those in the market. There are no other available transactions to be compared with.

The pricing and payment terms of the lease contracts between the Company and the related parties are similar to those with external customers.

f. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 65,154	\$ 31,056	\$ 126,939	\$ 72,791
Post-employment benefits	<u>281</u>	<u>358</u>	<u>929</u>	<u>1,107</u>
	<u>\$ 65,435</u>	<u>\$ 31,414</u>	<u>\$ 127,868</u>	<u>\$ 73,898</u>

The remuneration to directors and other key management personnel was determined by the compensation committee in accordance with individual performance and the market trend.

35. PLEDGED OR MORTGAGED ASSETS

The following assets of the company have been pledged or mortgaged as endorsement guarantees, loans, purchase quotas and leased land for customs clearance:

	September 30, 2022	December 31, 2021	September 30, 2021
Buildings, net	\$ 542,380	\$ 556,931	\$ 561,782
Pledged time deposits (classified as other financial assets non-current)	<u>15,405</u>	<u>13,011</u>	<u>13,021</u>
	<u>\$ 557,785</u>	<u>\$ 569,942</u>	<u>\$ 574,803</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitment of Generalplus as of the end of the reporting period, excluding these disclosed in other note, were as follows:

- a. Long-term purchase contract: Generalplus 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 December 31, 2024. According to the contract, Generalplus has been paid USD3,456 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. SIGNIFICANT 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 foreign currencies and respective functional currencies were as follows:

September 30, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 45,639	31.7500	\$ 1,449,038
RMB	1,243	4.4730	5,560
JPY	12,569	0.2201	2,766
HKD	111	4.0440	449
GBP	3	35.5300	107
EUR	1	31.2600	31
Non-monetary items			
CHF	580	32.5200	17,953
<u>Financial liabilities</u>			
Monetary items			
USD	20,717	31.7500	657,765
RMB	5,341	4.4730	23,890
JPY	1,181	0.2201	260

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,245	27.6800	\$ 1,805,982
RMB	1,258	4.3440	5,465
JPY	9,108	0.2410	2,195
HKD	150	3.5490	532
GBP	3	37.3000	112
EUR	1	31.3200	31
Nonmonetary items			
CHF	595	30.1750	17,953

Financial liabilities

Monetary items			
USD	48,434	27.6800	1,340,653
RMB	3,857	4.3440	16,755
JPY	417	0.2410	100
HKD	14	3.5490	50

September 30, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,548	27.8500	\$ 1,296,362
RMB	1,273	4.3050	5,480
JPY	5,556	0.2490	1,383
HKD	150	3.5760	536
GBP	3	37.4600	112
EUR	1	32.3200	32
Non-monetary items			
CHF	481	29.8150	14,332

Financial liabilities

Monetary items			
USD	29,778	27.8500	829,317
RMB	1,719	4.3050	7,400
JPY	1,857	0.2490	462

The foreign currency exchange gains (losses) (realized and unrealized) amounted to \$25,349 thousand, \$3,764 thousand, \$73,354 thousand and \$(7,343) thousand for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, respectively. Due to the diversity of the Company's assets and liabilities denominated in foreign currencies, it is impractical to disclose foreign currency exchange gains and losses by each significant foreign currency other than those with significant influence.

38. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees and b. Information on investees:
- 1) Financings provided: Table 1 (attached)
 - 2) Endorsements/guarantees provided: Table 2 (attached)
 - 3) Marketable securities held: Table 3 (attached)
 - 4) Marketable securities acquired or 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: No.
 - 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 5 (attached)
 - 11) Information on investees: Table 6 (attached)
- 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 period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - 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 period 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 period 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 the information disclosed in Tables 1 to 9, there is 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 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 nine months ended September 30, 2022 and 2021 are shown in the accompanying consolidated statements of comprehensive income, and the assets by segment as of September 30, 2022, December 31, 2021 and September 30, 2021 are shown in the accompanying consolidated balance sheets for September 30, 2022, December 31, 2021 and September 30, 2021.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 CQPlus 1 Technology	Receivables from related parties	Yes	\$ 60,816	\$ -	\$ -	1.80%	Note 1	-	Note 2	\$ -	-	\$ -	\$ 396,147 (Note 7)	\$ 396,147 (Note 7)
2	Sunplus Shanghai	SunMedia	Receivables from related parties	Yes	164,159	157,450	157,450	1.80%	Note 1	-	Note 3	-	-	-	396,147 (Note 7)	396,147 (Note 7)
3	Russell	SunMedia	Receivables from related parties	Yes	243,313	215,900	215,900	-	Note 1	-	Note 4	-	-	-	559,142 (Note 8)	559,142 (Note 8)
4	Sunplus Venture	SunMedia	Receivables from related parties	Yes	31,206	4,763	4,763	2.83%	Note 1	-	Note 5	-	-	-	427,393 (Note 9)	427,393 (Note 9)
5	Lin Shin	SunMedia	Receivables from related parties	Yes	163,460	114,300	114,300	2.83%	Note 1	-	Note 6	-	-	-	478,349 (Note 10)	478,349 (Note 10)

Note 1: Short-term financing.

Note 2: Sunplus Shanghai provided funds for the operating needs of Chongqing CQPlus 1 Technology.

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 provided funds for the operating needs of SunMedia.

Note 6: Lin Shin 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'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's net equity as of its latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 Technology	3 (Note 3)	\$ 938,931 (Note 4)	\$ 67,590	\$ 67,095	\$ 67,095	\$ -	0.71%	\$ 1,877,861 (Note 5)	Yes	No	Yes
1 (Note 2)	Russell	SunMedia	3 (Note 3)	419,356 (Note 6)	59,440	-	-	-	-	419,356 (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 NINE MONTHS ENDED SEPTEMBER 30, 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	September 30, 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	\$ 15,990	-	\$ 15,990	Note 2
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	-	-	-	Note 1
	Vertex Growth II (SG) LP	-	Financial assets at FVTPL - non-current	-	3,946	-	3,946	Note 1
	Triknightr Capital Corporation	-	Financial assets at FVTPL - non-current	29,285	320,299	5	320,299	Note 1
Lin Shin	Evergreen Aviation Technologies Corporation	-	Financial assets at FVTPL - current	1,050	80,399	-	80,399	Note 2
	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	197	6,280	-	6,280	Note 1
	Enterex International Limited - Convertible Bonds	-	Financial assets at FVTPL - current	30	-	-	-	Note 2
	Genius Vision Digital Inc.	-	Financial assets at FVTPL - non-current	300	-	1	-	Note 2
	Lead Sun Corporation	-	Financial assets at FVTPL - non-current	1,000	29,280	11	29,280	Note 1
	AI3 Co.	-	Financial assets at FVTPL - non-current	29	431	-	431	Note 1
	GEMFOR Leading Financial Solution Provider Fund	-	Financial assets at FVTPL - non-current	13	216	-	216	Note 1
	Prime Rich International Co., Ltd. (Samoa)	-	Financial assets at FVTOCI - non-current	33	3,060	-	3,060	Note 1
	Sunplus	Parent Company	Financial assets at FVTOCI - non-current	3,560	80,100	1	80,100	Note 2
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
	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	-	16,488	2	16,488	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell	AMED Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	\$ 6,350	1	\$ 6,350	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	211,283	6	211,283	Note 1
	Intudo Ventures III, L.P.	-	Financial assets at FVTPL - non-current	-	22,622	1	22,622	Note 1
	Intudo Istimewa I, LLC	-	Financial assets at FVTPL - non-current	-	15,875	14	15,875	Note 1
	Intudo Istimewa II, LLC	-	Financial assets at FVTPL - non-current	-	15,875	7	15,875	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	2,818	13	2,818	Note 1
	Eys3d Microelectronics, Inc.	-	Financial assets at FVTOCI - non-current	1,190	15,875	2	15,875	Note 1
Sunplus Venture	Jih Sun Vietnam Opportunity Fund (NTD)	-	Financial assets at FVTPL - current	500	4,045	-	4,045	Note 3
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at FVTPL - non-current	4,000	45,413	7	45,413	Note 1
	eWave System, Inc.	-	Financial assets at FVTPL - non-current	1,833	-	22	-	Note 1
	Book4u Co., Ltd.	-	Financial assets at FVTPL - non-current	9	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at FVTPL - non-current	1,900	-	10	-	Note 1
	Genius Vision Digital Inc.	-	Financial assets at FVTPL - non-current	375	-	1	-	Note 1
	Huijia Health Life Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	1,049	1,620	5	1,620	Note 1
	Fuyou Venture Capital Limited Partnership	-	Financial assets at FVTPL - non-current	5,000	48,671	10	48,671	Note 1
	Fuyou Venture Capital Limited Partnership (private placement)	-	Financial assets at FVTPL - non-current	-	20,000	5	20,000	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	900	34,560	1	34,560	Note 2
	Pacific 8 Ventures Fund II, L.P.	-	Financial assets at FVTPL - non-current	-	6,090	-	6,090	Note 1
	Cerulean Asset Management Co., Ltd.	-	Financial assets at FVTPL - non-current	-	15,000	16	15,000	Note 1
	Intelligo Technology Inc.	-	Financial assets at FVTPL - non-current	337	40,380	1	40,380	Note 1
	Raynergy Tek Inc.	-	Financial assets at FVTPL - non-current	5,691	43,134	12	43,134	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at FVTPL - non-current	-	113,999	2	113,999	Note 1
TIEF Fund I, L.P.	-	Financial assets at FVTPL - non-current	-	50,485	7	50,485	Note 1	
Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	129,097	8	129,097	Note 1	
TGVest Capital Limited Partnership	-	Financial assets at FVTPL - non-current	-	48,739	5	48,739	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	602	\$ 29,830	2	\$ 29,830	Note 2
	Innorich Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	3,000	20,762	6	20,762	Note 1
	ProtectLife International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,564	1,950	4	1,950	Note 1
	Neuchips Inc.	-	Financial assets at FVTOCI - non-current	2,100	57,150	3	57,150	Note 1
	Neuchips Inc. - Preference shares	-	Financial assets at FVTOCI - non-current	585	21,822	-	21,822	Note 1
	Promise Technology Inc.	-	Financial assets at FVTOCI - non-current	962	4,783	1	4,783	Note 1
Wei-Young Investment	United Microelectronics Corporation	-	Financial assets at FVTPL - current	300	10,725	-	10,725	Note 2
	Global Mixed - mode Technology Inc.	-	Financial assets at FVTPL - current	50	6,050	-	6,050	Note 2
	Feedback Technology Corp.	-	Financial assets at FVTPL - current	231	17,972	-	17,972	Note 2
	MPI Corporation	-	Financial assets at FVTPL - current	200	16,540	-	16,540	Note 2
	Wholtech System Hitech Limited	-	Financial assets at FVTPL - current	38	1,645	-	1,645	Note 2
	Chime Ball Technology Co., Ltd.	-	Financial assets at FVTPL - current	150	5,490	-	5,490	Note 2
	Sports Gear Co., Ltd.	-	Financial assets at FVTPL - current	21	1,672	-	1,672	Note 2
Sunplus Shanghai	Ready Sun Investment Group Fund	-	Financial assets at FVTPL - non-current	-	41,843	16	41,843	Note 1
	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	46,906	2	46,906	Note 1
Generalplus Sunplus Innovation	Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - current	5,492	90,763	-	90,763	Note 3
	Yuanta De-Bao Money Market Fund	-	Financial assets at FVTPL - current	23,108	281,223	-	281,223	Note 3
	Advanced Silicon SA	-	Financial assets at FVTOCI - non-current	1,000	17,953	10	17,953	Note 1
	Advanced NuMicro Systems, Inc.	-	Financial assets at FVTOCI - non-current	2,000	-	8	-	Note 1
	PointGrab Ltd.	-	Financial assets at FVTOCI - non-current	453	-	1	-	Note 1
Giant Rock	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	191,192	11	191,192	Note 1
Sunext	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - current	50	21,100	-	21,100	Note 2
	MediaTek Inc.	-	Financial assets at FVTPL - current	10	5,510	-	5,510	Note 2
	Evergreen Steel Corporation	-	Financial assets at FVTPL - current	200	10,660	-	10,660	Note 2
	SinoPac ESG Global Digital Infrastructure Fund	-	Financial assets at FVTPL - current	500	4,530	-	4,530	Note 3
Chongqing CQPlus1 Technology	Vicoretek Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	107,352	8	107,352	Note 1

Note 1: The market value was based on the carrying amount as of September 30, 2022.

Note 2: The market value was based on the closing price as of September 30, 2022.

Note 3: The market value was based on the net asset value of the fund as of September 30, 2022.

Note 4: The market value was based on the average quoted price as of September 30, 2022.

(Conclude)

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 NINE MONTHS ENDED SEPTEMBER 30, 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	Number of Shares	Amount
Sunplus	iCatch Technology	Non-current assets held for sale	Egis Technology Inc.	-	8,000	\$ 108,504	-	\$ -	8,000	\$ 557,504	\$ 108,504	\$ 449,000	-	\$ -
Generalplus	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	4,684	77,149	23,839	393,000	23,031	380,000	379,487	513	5,492	90,763

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: 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

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
				Financial Statement Account Item	Amount	Terms	
0	Sunplus	Generalplus	1	Sales	\$ 4,323	Note 1	0.08%
				Notes and accounts receivable	801	Note 1	0.01%
				Non-operating income	10	Note 2	-
		Sunext	1	Other receivables	173	Note 3	-
				Non-operating income	394	Note 2	0.01%
		Sunplus Innovation	1	Sales	103	Note 1	-
				Non-operating income	2,275	Note 2	0.04%
				Other receivables	214	Note 3	-
		Jumplux Technology	1	Sales	5,478	Note 1	0.10%
				Non-operating income	4,706	Notes 2 and 4	0.09%
				Notes and accounts receivable	138	Note 1	-
				Other receivables	565	Note 3	-
				Non-operating income	530	Note 2	0.01%
				Cost of goods sold	214,059	Note 2	3.87%
		Congqing CQPlus1 Technology	1	Accounts payable	28,330	Note 1	0.19%
				Other accrued expenses	1,431	Note 1	-
				Other accrued expenses	9,363	Note 3	0.06%
				Research and development expenses	25,282	Note 2	0.46%
				Other accrued expenses	12,514	Note 3	0.08%
Research and development expenses	33,908			Note 2	0.61%		
Other receivables	43,481			Note 3	0.29%		
Other accrued expenses	1,434			Note 3	0.01%		
Marketing expenses	4,402			Note 2	0.08%		
Other accrued expenses	6,972			Note 3	0.05%		
Worldplus (Shenzhen)	2	Marketing expenses	20,588	Note 2	0.37%		
		Marketing expenses	10,714	Note 2	0.19%		
		Other accrued expenses	2,936	Note 3	0.02%		
		Sales	10,305	Note 1	0.19%		
		Research and development expenses	60,914	Note 2	1.10%		
Generalplus H.K.	2	Notes and accounts receivable	1,181	Note 3	0.01%		
		Other accrued expenses	44,502	Note 3	0.30%		
		Other accrued expenses	461	Note 3	-		
		Research and development expenses	455	Note 2	0.01%		
		Other receivables	157,450	Note 3	1.05%		
		Interest revenue	1,832	Note 2	0.03%		
		Non-operating income	7,112	Note 2	0.13%		
Sunplus Prof-tek Technology (Shenzhen)	2	Other receivables	114,420	Note 3	0.76%		
		Interest revenue	1,117	Note 2	0.02%		
3	Sunplus Shanghai	Congqing CQPlus1 Technology	2	Other accrued expenses	461	Note 3	-
				Research and development expenses	455	Note 2	0.01%
4	Sunplus Prof-tek Technology (Shenzhen)	Worldplus (Shenzhen)	2	Other receivables	157,450	Note 3	1.05%
				Interest revenue	1,832	Note 2	0.03%
5	Lin Shin	SunMedia	2	Other receivables	114,420	Note 3	0.76%
				Interest revenue	1,117	Note 2	0.02%

(Continued)

Item	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
6	Sunplus Venture	SunMedia	2	Other receivables	\$ 4,772	Note 3	0.03%
				Interest revenue	181	Note 2	-
7	Russell	SunMedia	2	Other receivables	215,900	Note 3	1.44%
8	Beijing Sunplus-EHue	SunMedia	2	Sales	6,839	Note 1	0.12%
				Notes and accounts receivable	2,279	Note 1	0.02%
9	Sunplus App	Beijing Sunplus - Eltue	2	Management expenses	296	Note 2	-
				Prepaid expenses	68	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 OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 SEPTEMBER 30, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus	Ventureplus Group	Belize	Investment	\$ 2,538,235 (US\$ 74,605 RMB\$ 37,900)	\$ 2,538,235 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,639,204	\$ 9,663	\$ (3,081)	Subsidiary
	Award Glory	Belize	Investment	300,130 (US\$ 7,072 RMB\$ 16,900)	300,130 (US\$ 7,072 RMB\$ 16,900)	9,567	100	292,702	(173,975)	(173,975)	Subsidiary
	Global View	New Taipei, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	319,353	90,979	11,884	Investee
	Lin Shin	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	803,561	51,160	44,040	Subsidiary
	Generalplus	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	842,712	555,119	555,119	Subsidiary
	Sunplus Venture	Hsinchu, Taiwan	Investment	829,982	829,982	83,000	100	1,126,089	132,414	132,414	Subsidiary
	Sunplus Innovation	Hsinchu, Taiwan	Design of ICs	273,941	374,161	29,266	51	1,135,134	293,745	150,747	Subsidiary
	Russell	Cayman Islands, British West Indies	Investment	958,374 (US\$ 30,185)	958,374 (US\$ 30,185)	30,185	100	939,205	130,416	130,416	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	127,345	127,345	12,735	15	259,776	83,132	10,806	Investee
	Sunext	Hsinchu, Taiwan	Design of ICs	1,002,531	983,237	63,487	100	245,211	(29,651)	(27,632)	Subsidiary
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	22,730	(589)	(529)	Subsidiary
	Sunplus Management Consulting	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,225	(157)	(157)	Subsidiary
	Sunplus Technology (H.K.)	Kowloon Bay, Hong Kong	International trade	44,787 (HK\$ 11,075)	44,787 (HK\$ 11,075)	11,075	100	29	-	-	Subsidiary
	Magic Sky	Samoa	Investment	-	328,295 (US\$ 10,340)	-	-	-	(655)	(655)	Subsidiary (Note 4)
	Sunplus mMobile	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,044	(182)	(182)	Subsidiary (Note 6)
	Wei-Young Investment	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	36,318	(23,055)	(23,055)	Subsidiary
	Jumplux Technology	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	(3,886)	27,001	14,850	Subsidiary
AkiraNET	Taipei, Taiwan	Information software service	174,000	174,000	17,400	26	182,123	(33,082)	(10,205)	Investee	
Lin Shin Investment	Generalplus	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	337,467	555,119	75,972	Subsidiary
	Sunplus Innovation	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	39,458	293,745	5,536	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	21,461	83,132	938	Investee
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,322	(589)	(15)	Subsidiary
	GlintMed Innovation	Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	649	(1,264)	(158)	Investee
Sunplus Venture	Jumplux Technology	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	(2,973)	27,001	11,362	Subsidiary
	Sunplus Innovation	Hsinchu, Taiwan	Design of ICs	60,588	60,588	2,924	5	114,388	293,745	15,059	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	4	74,133	83,132	3,239	Investee
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	380	(589)	(45)	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	649	(1,264)	(158)	Investee	
Russell	AutoSys Co., Ltd.	Cayman Islands, British West Indies	Investment	79,375 (US\$ 2,500)	79,375 (US\$ 2,500)	5,000	16	73,647	(13,940)	(2,261)	Investee
Ventureplus Group	Ventureplus Mauritius	Mauritius	Investment	2,538,235 (US\$ 74,605 RMB\$ 37,900)	2,538,235 (US\$ 74,605 RMB\$ 37,900)	-	100	1,663,629	9,663	9,663	Subsidiary
Ventureplus Mauritius	Ventureplus Cayman	Cayman Islands, British West Indies	Investment	2,538,235 (US\$ 74,605 RMB\$ 37,900)	2,538,235 (US\$ 74,605 RMB\$ 37,900)	-	100	1,663,606	9,660	9,660	Subsidiary
Generalplus	Generalplus Samoa	Samoa	Investment	606,108 (US\$ 19,090)	606,108 (US\$ 19,090)	19,090	100	539,232	15,882	15,882	Subsidiary
Generalplus Samoa	Generalplus Mauritius	Mauritius	Investment	606,108 (US\$ 19,090)	606,108 (US\$ 19,090)	19,090	100	545,958	15,882	15,882	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus Mauritius	Generalplus H.K.	Hong Kong	Sales	\$ 12,383 (US\$ 390)	\$ 12,383 (US\$ 390)	-	100	\$ 14,016	\$ 1,854	\$ 1,854	Subsidiary
Award Glory	Sunny Fancy	Seychelles	Investment	300,130 (US\$ 7,072 RMB\$ 16,900)	300,130 (US\$ 7,072 RMB\$ 16,900)	9,567	100	292,702	(173,975)	(173,975)	Subsidiary
Sunny Fancy	Giant Kingdom	Seychelles	Investment	-	24,511 (US\$ 772)	-	-	-	(50)	(50)	Subsidiary (Note 5)
	Giant Rock	Anguilla	Investment	161,319 (US\$ 2,700 RMB\$ 16,900)	161,319 (US\$ 2,700 RMB\$ 16,900)	5,195	100	193,522	(172,212)	(172,212)	Subsidiary
	Worldplus	America	Investment	106,992 (US\$ 3,600)	114,300 (US\$ 3,600)	-	100	98,949	(1,728)	(1,728)	Subsidiary
	Giant Best	Seychelles	Investment	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)

Note 1: The initial exchange rate was based on the exchange rate as of September 30, 2022.

Note 2: The cancellation of Giant Beat 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 NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise, U.S. Dollars and Renminbi in Thousands)

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 September 30, 2022	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow						
Sunplus Shanghai	Development of computer software, system integration services and building rental	\$ 546,100 (US\$ 17,200)	Note 1	\$ 560,546 (US\$ 17,655)	\$ -	\$ -	\$ 560,546 (US\$ 17,655)	100%	\$ 50,270	\$ 50,270 (Note 2)	\$ 660,244	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental and property management	1,023,938 (US\$ 32,250)	Note 1	1,023,938 (US\$ 32,250)	-	-	1,023,938 (US\$ 32,250)	100%	(13,677)	(13,677) (Note 2)	746,261	-
SunMedia Technology	Development of computer software, system integration services and building rental	635,000 (US\$ 20,000)	Note 1	635,000 (US\$ 20,000)	-	-	635,000 (US\$ 20,000)	100%	(27,775)	(27,775) (Note 3)	198,348	-
Sunplus App	Sale of electronic components and information management and education	174,447 (RMB 39,000)	Note 1	170,668 (US\$ 586 RMB 34,000)	-	-	170,668 (US\$ 586 RMB 34,000)	97%	(1,106)	(1,077) (Note 3)	2,675	-
Beijing Sunplus EHueTech	Development of computer software, system integration services and building rental	120,771 (RMB 27,000)	Note 1	120,771 (RMB 27,000)	-	-	120,771 (RMB 27,000)	100%	711	711 (Note 3)	53,112	-
JSilicon Technology	Development of computer software, system integration services	89,460 (RMB 20,000)	Note 4	-	-	-	-	-	(146)	(146) (Note 3)	-	-
Worldplus (Shenzhen)	Software development and property management	85,161 (RMB 19,039)	Note 6	114,300 (US\$ 3,600)	-	-	114,300 (US\$ 3,600)	100%	(730)	(1,728) (Note 3)	98,949	-
Chongqing CQPlus1 Technology	Development of computer software, system integration services	178,920 (RMB 40,000)	Note 5	-	-	-	-	100%	31,438	31,438 (Note 3)	140,864	-

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,817,288 (US\$ 79,872 RMB 62,900)	\$ 2,818,977 (US\$ 80,052 RMB 62,000)	\$ 5,633,584

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of September 30, 2022 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA (Note 8)	Limit on Investment
\$ 40,005 (US\$ 1,260)	\$ 40,005 (US\$ 1,260)	\$ 641,090

(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 September 30, 2022	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2022
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs after sales service and marketing research	\$ 593,725 (US\$ 18,700)	Note 1	\$ 593,725 (US\$ 18,700)	\$ -	\$ -	\$ 593,725 (US\$ 18,700)	100	\$ 14,028	\$ 14,028	\$ 531,922	\$ -

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 593,725 (US\$ 18,700)	\$ 593,725 (US\$ 18,700)	\$ 1,491,301

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: Based on the financial statements which had not been reviewed in the same period.

Note 4: Sunplus Shanghai's direct investment in a company located in mainland China and it was liquidated on August 30, 2022.

Note 5: Sunplus Shanghai and Sunplus pro-tek (Shenzhen) reinvested in a company located in mainland China.

Note 6: It is a company located in mainland China that acquired the investment of the third regional investment company on September 2, 2019.

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.

Note 8: The original foreign currency was derived from the exchange rate on September 30, 2021.

(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 NINE MONTHS ENDED SEPTEMBER 30, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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	\$ 60,914	12.85	Based on contract	Based on contract	Not comparable with market transactions	\$ 44,502	93.81	\$ -	NA
	Sales	10,305	0.39	Based on contract	Based on contract	Not comparable with market transactions	1,181	100.00	(1,120)	NA
Chongqing CQPlus1 Technology	Purchase	118,457	18.58	Price set based on orders	Net 45 days	Not significantly different from those of sales to third parties	(28,330)	100.00	(12,744)	NA
	Manufacturing expense	6,986	2.17	Price set based on orders	Net 45 days	Not significantly different from those of sales to third parties	(1,431)	6.14	-	NA
SunMedia	Development and processing services	25,282	2.36	Based on contract	Based on contract	Not comparable with market transactions	(9,363)	40.17	-	NA
Sunplus Prof-tek Technology (Shenzhen)	Processing services	33,908	3.17	Based on contract	Based on contract	Not comparable with market transactions	(12,514)	53.69	-	NA

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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 shareholder in this table is calculated by TDCC on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company which is not physical registration (including treasury shares) is more than 5%. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different or different due to the basis of preparation and calculation.

Note 2: If the above information is a shareholder's shareholding trust, the trustee will open a trust account to set up a separate account. As for shareholders who deal with the distribution of insider shares with a shareholding ratio of more than 10% in accordance with the Securities Exchange Act, their shareholdings include their shareholdings, including their delivery of trusts and shares that have the right to make decisions on trust property, etc. Refer to Market Observation Post System website.