

Stock code : 2401



**SUNPLUS TECHNOLOGY CO., LTD.
2023 ANNUAL GENERAL SHAREHOLDERS' MEETING**

MEETING Handbook
(Translation in English–Original in Chinese)

Date: June 13, 2023
Place: Newton Hall, Science Park Life Hub,
No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan
Convening method: Entity shareholders meeting

Please Read the Following Notice Before Using the Meeting Agenda

Readers are advised that the original version is in Chinese. If there is any conflict between the English version and the Chinese one or any difference in the interpretation of the two versions, the Chinese language report shall prevail.

In addition, certain of our financial information have been published in accordance with requirements of the Republic of China Securities and Futures Commission and are presented in conformity with accounting principles generally accepted in the Republic of China. Readers should be cautioned that these accounting principles differ in many material respects from accounting principles generally accepted in other countries.

Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

The materials and information provided on this meeting agenda have been issued by Sunplus and are posted solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities issued by us or otherwise.

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Sunplus Technology Co., Ltd.
2023 Annual General Shareholders' Meeting
Meeting Procedure

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

Sunplus Technology Co., Ltd.
2023 Annual General Shareholders' Meeting
Meeting Agenda

1. Convening method: Entity shareholders meeting
2. Time: 9:00a.m., June 13, 2023 (Tuesday)
3. Place: Newton Hall, Science Park Life Hub
No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan
(Hsinchu Science Industrial Park Science and Technology Living Hall)
4. Chairman: Chou-Chye Huang, Chairman of the Board of Directors
5. Chairman's Address
6. Report Items
 - i. 2022 Business Report.
 - ii. Audit Committee's Review Report.
 - iii. Report on 2022 employees' compensation and remuneration to directors.
 - iv. Report on Share Exchange Conversion between the Company and Sunext Technology Co., Ltd..
7. Recognition Items
 - i. Adoption of the 2022 Business Report and Financial Statements.
 - ii. Adoption of the Proposal for Distribution of 2022 Profits.
8. Discussion Items
 - i. Adoption of cash distribution from capital surplus.
 - ii. Amendment to the Operational Procedures for Loaning of Company Funds.
 - iii. To release the Prohibition on Directors from Participation in Competitive Business.
9. Extemporary Motions
10. Meeting Adjourned

REPORT ITEMS

(1) 2022 Business Report

Explanatory Notes:

The 2022 Business Report is attached hereto as ANNEX 1 (See pages 09 to 10 for details).

(2) Audit Committee's Review Report

Explanatory Notes:

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

(3) Report on 2022 employees' compensation and remuneration to directors.

Explanatory Notes:

- (1) Handle in accordance with the Company's "Salary and Compensation Committee Organization Rules" and "Articles of Incorporation".
- (2) The Company intends to allocate NT\$2,216,337 for employees' remuneration and NT\$3,324,504 for directors' remuneration in 2022, all in cash.

(4) Report on Share Exchange Conversion between the Company and Sunext Technology Co., Ltd..

Explanatory Notes:

Pursuant to Article 7, Item 2 of the Business Mergers and Acquisitions Act, the Company shall submit reports for matters of the implementation of the share swap case between the Company itself and its subsidiary, Sunext Technology Co., LTD. Please refer to the appendix 3 of this manual (See pages 12 for details).

RECOGNITION ITEMS

(1) Adoption of the 2022 Business Report and Financial Statements.

(Proposed by the Board of Directors)

Explanatory Notes:

1. Sunplus' 2022 Financial Statements were audited by independent auditors and approved by the Company's audit committee and Board Meeting on 2023/03/15.
2. The 2022 Business Report, the Independent Auditors' Report and Financial Statements are attached hereto as ANNEX 1 (see pages 09 to 10) and ANNEX 4 to 5 (see pages 13 to 30).

Resolution:

(2) Adoption of the Proposal for Distribution of 2022 Profits.

(Proposed by the Board of Directors)

Explanatory Notes:

1. After the Company's 2022 net profit after tax, due to the disposal of equity instrument investments measured at fair value through other comprehensive gains and losses, the accumulated gains and losses were directly transferred to retained earnings with an increase of NT\$36,587,894, and the remeasurement of the defined benefit plan was recognized as an increase of NT\$26,534,272 in retained earnings. After appropriating the statutory surplus reserve of NT\$27,902,069 and the reversal of special surplus reserve of NT\$58,520,579 in accordance with the law, it plans to distribute cash for ordinary shares with the surplus available for distribution for the year 2022. The dividend per share is NT\$0.523, which amounts to NT\$309,613,343. Cash dividends are paid up to NT\$ (rounded up below NT\$), and the total amount of the abnormal amount is included in the Company's other income. The remaining undistributed surplus of NT\$417,810 will be retained for distribution in future years.
2. After this case is approved by the shareholders' meeting of this year (2023), it is proposed to authorize the chairman of the board to set a separate payment base date for processing.
3. If the Company changes its share capital afterwards, which affects the number of shares outstanding, and consequently changes the shareholder's dividend rate, it is proposed to authorize the chairman of the board to adjust it.
4. Please refer to Attachment 6 of this manual for the surplus distribution table for the year 2022 (see page 31 for details).

Resolution:

DISCUSSION ITEMS

(1) Adoption of cash distribution from capital surplus.

(Proposed by the Board of Directors)

Explanatory Notes:

A. The company intends to allocate the capital reserve of NT\$45,583,609 from the share capital premium arising from the issuance of shares due to the company acquisitions and mergers to shareholders in accordance with the shares held in the shareholder register on the base date of the capital reserve distribution of cash, NT\$0.077 in cash per share, and the distribution will be up to NTD (rounded down below NTD)), and the total amount of abnormal items is included in other income of the company.

B. Once this case has been passed through the resolution of the (2023) annual general meeting of shareholders, it is proposed to authorize the chairman of the board to set a separate allotment base date for handling.

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

Resolution:

(2) Amendment to the Operational Procedures for Loaning of Company Funds.

(Proposed by the Board of Directors)

Explanatory Notes:

In order to meet the operational needs of the company, the relevant provisions of the articles of "Operational Procedures for Loaning Funds to Others" have been revised. Please refer to Attachment 7 of this manual for the comparison table of revisions (see pages 32 to 34 for details), and submit it to the shareholders' meeting for approval.

Resolution:

(3) To release the Prohibition on Directors from Participation in Competitive Business.

(Proposed by the Board of Directors)

Explanatory Notes:

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

(2) The director of the Company intends to lift the restriction of competition due to the business needs or the investment or operation of other companies with the same or similar business scope as the Company's business scope and acts as a director or manager. Please refer to Attachment 8 of this manual for the list of newly added persons who have concurrently held positions in other companies (see page 35 for details). Submit to the shareholders meeting for approval.

Resolution:

TEMPORARY MOTION

MEETING ADJOURNED

BUSINESS REPORT

2022 Business Results

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

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

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

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2022, including the difference between the conversion of financial statements of foreign operating institutions, unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income, determine the number of reassessments of the welfare plan, the shareholding of related enterprises recognized by equity method, the total net after-tax other comprehensive profit and loss in 2022 is NT\$113 million. The total consolidated profit and loss in 2022 was NT\$784 million, the consolidated profit and loss was attributed to NT\$326 million by the owner of the Company.

PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

Sunplus technology mergers and acquisitions of major individuals, including Sunplus Technology, Generplus Technology, Sunplus Innovation Technology, Jumplux Technology, and mainland subsidiaries.

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

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

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

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

Subsidiaries in China include Shanghai Sunplus, Sunplus Prof-tek Technology (Shenzhen), Sunmedia, CQPlus1 (Chongqing), Sunplus-EHUE and Sunplus APP. Mainly to support the Company's mainland customers in the Company's engineering services and business promotion.

EXTERNAL COMPETITION, REGULATIONS, AND OVERALL ECONOMIC ENVIRONMENT

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

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

Future company development strategy

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

Chairman of the Board:

Manager:

Accountant:

REPORT BY AUDIT COMMITTEE

Sunplus' Board has prepared and submitted the 2022 business report, Financial statements and Earnings distribution proposals, etc. The CPAs of Deloitte & Touche were retained to audit those financial statements and have submitted the audit report. The above-mentioned business report, financial statement and surplus distribution proposal have been reviewed by this audit committee. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Law, the Committee hereby submits this report.

Please check

Sincerely

To Sunplus Technology 2023 Annual Shareholders' Meeting

Audit Committee Convenor: Tse-Jen Huang

March 15, 2023

SUNPLUS TECHNOLOGY CO. LTD
REPORT OF SHARE SWAP BETWEEN THE COMPANY AND SUNEXT TECHNOLOGY CO. LTD

- (1) Pursuant to article 7, item 2 of the business mergers and acquisitions Act, the Company shall submit reports for matters of the implementation of the share swap case between the Company itself and its subsidiary, Sunext technology co., ltd, hereinafter referred to as Sunext.
- (2) To simplify shareholding structure and improve the Group's operating performance, on July 7, 2022, the board of directors of the Company and Sunext approved to proceed share swap in accordance with the share swap contract agreed by both parties and Article 30 and relative provisions of the business mergers and acquisitions Act. The Company paid Sunext's shareholders, other than the Company's shareholders, with cash to acquire all of the issued shares of Sunext so that Sunext became a 100% subsidiary of the Company. The consideration for each ordinary share of Sunext obtained by the Company is NT\$4.0976 in cash. The base date for share swap is August 31, 2022.

ACCOUNTANT AUDIT REPORT

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in Sunplus Technology Company Limited's financial statements for the year ended December 31, 2022 is as follows:

Occurrence of Revenue from Specific Customers

Integrated circuit chip sales accounted for 94% of Sunplus Technology Company Limited's total revenue. Among them revenue declined in 2022, some of the customers whose revenue has grown significantly and significant amount carry a higher risk related to the occurrence of sales revenue. Therefore, we considered the occurrence of revenue as a key audit matter. For detailed disclosure of revenue, refer to Notes 4 and 21 to the accompanying consolidated financial statements.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

obtained up to the date of our auditors' report. However, future events or conditions may cause Sunplus Technology Company Limited to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 247,016	2	\$ 570,964	5
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	15,480	-	153,633	1
Trade receivables, net (Notes 4, 5, 8, 21 and 29)	184,390	2	268,597	2
Other receivables (Notes 4, 23 and 29)	83,819	1	32,111	-
Inventories (Notes 4 and 9)	973,340	9	534,231	5
Non-current assets held for sale (Notes 4 and 10)	-	-	108,504	1
Other financial assets - current (Notes 15 and 25)	43,610	-	25,940	-
Other current assets (Note 15)	<u>53,505</u>	<u>1</u>	<u>87,962</u>	<u>1</u>
Total current assets	<u>1,601,160</u>	<u>15</u>	<u>1,781,942</u>	<u>15</u>
NON-CURRENT ASSETS				
Financial assets at FVTPL - non-current (Notes 4 and 7)	276,006	3	515,261	5
Investments accounted for using the equity method (Notes 4, 10 and 11)	7,971,850	72	8,222,020	70
Property, plant and equipment (Notes 4, 12, 29 and 30)	744,972	7	726,737	6
Right-of-use assets (Notes 4 and 13)	163,350	1	165,563	2
Intangible assets (Notes 4 and 14)	187,370	2	244,238	2
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	31,993	-	4,553	-
Other financial assets- non-current (Notes 15 and 30)	10,500	-	8,350	-
Other non-current assets (Note 15)	<u>9,095</u>	<u>-</u>	<u>7,973</u>	<u>-</u>
Total non-current assets	<u>9,397,621</u>	<u>85</u>	<u>9,897,180</u>	<u>85</u>
TOTAL	<u>\$ 10,998,781</u>	<u>100</u>	<u>\$ 11,679,122</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 21)	\$ 14,027	-	\$ 11,094	-
Accounts payable (Note 17 and 29)	172,086	2	294,804	3
Lease liabilities - current (Notes 4 and 13)	5,169	-	4,074	-
Current portion of long-term bank borrowings (Note 16)	-	-	46,000	-
Other current liabilities (Notes 11, 18 and 29)	<u>327,805</u>	<u>3</u>	<u>590,373</u>	<u>5</u>
Total current liabilities	<u>519,087</u>	<u>5</u>	<u>946,345</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	1,000,000	9	384,000	3
Lease liabilities - non-current (Notes 4 and 13)	165,077	2	166,801	1
Guarantee deposits	46,820	-	53,649	1
Other liabilities (Note 18)	<u>5,709</u>	<u>-</u>	<u>9,990</u>	<u>-</u>
Total non-current liabilities	<u>1,217,606</u>	<u>11</u>	<u>614,440</u>	<u>5</u>
Total liabilities	<u>1,736,693</u>	<u>16</u>	<u>1,560,785</u>	<u>13</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 20)				
Ordinary shares	<u>5,919,949</u>	<u>54</u>	<u>5,919,949</u>	<u>51</u>
Capital surplus	<u>1,197,373</u>	<u>11</u>	<u>1,223,544</u>	<u>11</u>
Retained earnings				
Legal reserve	1,870,234	17	1,745,279	15
Special reserve	239,203	2	261,078	2
Unappropriated earnings	<u>279,413</u>	<u>3</u>	<u>1,249,574</u>	<u>11</u>
Total retained earnings	<u>2,388,850</u>	<u>22</u>	<u>3,255,931</u>	<u>28</u>
Equity directly associated with non-current assets held for sale	-	-	21,517	-
Other equity	<u>(180,683)</u>	<u>(2)</u>	<u>(239,203)</u>	<u>(2)</u>
Treasury shares	<u>(63,401)</u>	<u>(1)</u>	<u>(63,401)</u>	<u>(1)</u>
Total equity	<u>9,262,088</u>	<u>84</u>	<u>10,118,337</u>	<u>87</u>
TOTAL	<u>\$ 10,998,781</u>	<u>100</u>	<u>\$ 11,679,122</u>	<u>100</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

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

	2022		2021	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,374,542	100	\$ 1,520,142	100
OPERATING COSTS (Notes 9, 22 and 29)	<u>918,272</u>	<u>67</u>	<u>867,208</u>	<u>57</u>
GROSS PROFIT	<u>456,270</u>	<u>33</u>	<u>652,934</u>	<u>43</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	98,693	7	234,095	15
General and administrative expenses	210,047	15	202,318	13
Research and development expenses	<u>1,034,676</u>	<u>75</u>	<u>829,631</u>	<u>55</u>
Total operating expenses	<u>1,343,416</u>	<u>97</u>	<u>1,266,044</u>	<u>83</u>
LOSS FROM OPERATIONS	<u>(887,146)</u>	<u>(64)</u>	<u>(613,110)</u>	<u>(40)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Interest income	1,585	-	955	-
Other income	183,754	13	183,753	12
Other gains and losses	362,436	26	252,070	17
Finance costs	(13,975)	(1)	(9,338)	(1)
Share of profit or loss of subsidiaries and associates	<u>569,439</u>	<u>42</u>	<u>1,368,888</u>	<u>90</u>
Total non-operating income and expenses	<u>1,103,239</u>	<u>80</u>	<u>1,796,328</u>	<u>118</u>
PROFIT BEFORE INCOME TAX	216,093	16	1,183,218	78
INCOME TAX EXPENSE (Notes 4 and 23)	<u>194</u>	<u>-</u>	<u>433</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>215,899</u>	<u>16</u>	<u>1,182,785</u>	<u>78</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit plans	27,762	2	430	-
Share of other comprehensive (loss) income of subsidiaries and associates accounted for using equity method	(29,155)	(2)	118,678	8
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

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

	2022		2021	
	Amount	%	Amount	%
Exchange differences on translation of the financial statements of foreign operations	81,686	6	(18,998)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>29,332</u>	<u>2</u>	<u>(12,491)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>109,625</u>	<u>8</u>	<u>87,619</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 325,524</u>	<u>24</u>	<u>\$ 1,270,404</u>	<u>84</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 0.37</u>		<u>\$ 2.01</u>	
Diluted earnings per share	<u>\$ 0.37</u>		<u>\$ 2.01</u>	

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Equity Directly Associated with Non-current Assets Held for Sale	Other Equity			Total Equity
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings		Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses from Investments in Equity Instruments at FVTOCI	Treasury Shares	
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
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	32,889	-	(32,889)	-	-	-	-	-
Special reserve reversed	-	-	-	-	(15,111)	15,111	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(311,093)	-	-	-	-	(311,093)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	153,013	-	-	-	-	-	-	-	153,013
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	91,451	-	-	-	-	-	1,022	-	92,473
Changes in percentage of ownership interest in subsidiaries	-	-	497,906	-	-	-	-	-	-	-	497,906
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,182,785	-	-	-	-	1,182,785
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	1,188	-	(31,489)	117,920	-	87,619
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,183,973	-	(31,489)	117,920	-	1,270,404
Adjustments to capital surplus for the Company cash dividends received by subsidiaries	-	-	1,871	-	-	-	-	-	-	-	1,871
Equity directly associated with non-current assets held for sale	-	-	(21,517)	-	-	-	21,517	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	65,578	-	-	(65,578)	-	-
BALANCE AT DECEMBER 31, 2021	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
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)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	27,879	-	-	-	(21,517)	-	-	-	6,362
Issuance of share dividends from capital surplus	-	-	(37,888)	-	-	-	-	-	-	-	(37,888)
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	-	12,017	-	-	12,017
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	(922)	-	-	-	-	-	-	-	(922)
Changes in percentage of ownership interest in subsidiaries	-	-	(22,360)	-	-	-	-	-	-	-	(22,360)
Net profit for the year ended December 31, 2022	-	-	-	-	-	215,899	-	-	-	-	215,899
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	26,534	-	111,018	(27,927)	-	109,625
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	242,433	-	111,018	(27,927)	-	325,524
Adjustments to capital surplus for the Company cash dividends received by subsidiaries	-	-	7,120	-	-	-	-	-	-	-	7,120
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	36,588	-	-	(36,588)	-	-
BALANCE AT DECEMBER 31, 2022	591,995	\$ 5,919,949	\$ 1,197,373	\$ 1,870,234	\$ 239,203	\$ 279,413	\$ -	\$ (136,477)	\$ (44,206)	\$ (63,401)	\$ 9,262,088

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 216,093	\$ 1,183,218
Adjustments for:		
Depreciation expense	159,068	85,476
Amortization expense	96,271	90,302
Net loss (gain) on the fair value change of financial assets at FVTPL	176,260	(221,022)
Financial costs	13,975	9,338
Interest income	(1,585)	(955)
Dividend income	(75,900)	(67,142)
Share of profit of subsidiaries and associates	(569,439)	(1,368,888)
Gain on disposal of subsidiaries	(73,962)	-
Gain on disposal of associates	(449,000)	-
Impairment loss recognized on financial assets	6,826	-
Impairment loss recognized on non-financial assets	457	-
Unrealized (gain) loss on the transactions with subsidiaries and associates	(1,387)	1,096
Net (gain) loss on foreign currency exchange	(8,090)	1,492
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	80,598	(97,519)
Increase in other receivables	(6,983)	(18,754)
Increase in inventories	(439,109)	(233,501)
Decrease (increase) in other current assets	20,108	(51,531)
Increase in net defined benefit assets - non-current	(27,440)	(113)
Increase in contract liabilities	2,933	5,505
(Decrease) increase in trade payables	(122,442)	190,674
(Decrease) increase in other current liabilities	(197,570)	257,288
Increase in net defined benefit liabilities - non-current	27,762	430
Cash used in operations	(1,172,556)	(234,606)
Interest received	1,589	1,092
Dividends received	991,848	517,746
Interest paid	(13,124)	(9,214)
Income tax paid	(194)	(433)
Net cash (used in) generated from operating activities	<u>(192,437)</u>	<u>274,585</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of financial assets at FVTOCI	33,539	-
Purchase of financial assets at FVTPL	(82,393)	(40,000)
Proceeds from the sale of financial assets at FVTPL	197,611	118,577
Acquisition of Investments accounted for using equity method	(19,294)	(372,116)
Proceeds from disposal of subsidiaries	86,000	-
Proceeds from disposal of associates	535,987	-
Payments for property, plant and equipment	(205,872)	(54,273)
Increase in refundable deposits	(1,180)	(59)
Decrease in refundable deposits	57	32

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2022	2021
Payments for intangible assets	(44,516)	(63,398)
Increase in other financial assets	<u>(19,820)</u>	<u>(28,190)</u>
Net cash generated from (used in) investing activities	<u>480,119</u>	<u>(439,427)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(28,480)
Proceeds from long-term borrowings	1,000,000	400,000
Repayments of long-term borrowings	(430,000)	(200,000)
Proceeds from guarantee deposits received	-	590
Refund of guarantee deposits received	(11,071)	(783)
Repayment of the principal portion of lease liabilities	(4,408)	(4,020)
Cash dividends paid	(1,183,990)	(311,093)
Partial disposal of interests in subsidiaries without a loss of control	<u>-</u>	<u>108,953</u>
Net cash used in financing activities	<u>(629,469)</u>	<u>(34,833)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>17,839</u>	<u>(3,386)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(323,948)	(203,061)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>570,964</u>	<u>774,025</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 247,016</u>	<u>\$ 570,964</u>

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

(Concluded)

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Sunplus Technology Company Limited and its subsidiaries as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in Sunplus Technology Company Limited and its subsidiaries' consolidated financial statements for the year ended December 31, 2022 is as follows:

Occurrence of Revenue from Specific Customers

Integrated circuit chip sales accounted for 94% of Sunplus Technology Company Limited and its subsidiaries' total revenue. Among them revenue declined in 2022, some of the customers whose revenue has grown significantly and significant amount carry a higher risk related to the occurrence of sales revenue. Therefore, we considered the occurrence of revenue as a key audit matter. For detailed disclosure of revenue, refer to Notes 4 and 24 to the accompanying consolidated financial statements.

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

1. We obtained an understanding of the related internal control and operating procedures in the Company's sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the related internal control and operating procedures.

2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormalities and confirmed that sales revenue did occur .

Other Matter

We have also audited the parent company only financial statements of Sunplus Technology Company Limited as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing Sunplus Technology Company Limited and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sunplus Technology Company Limited and its subsidiaries to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

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

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity			Total	Non-controlling Interests	Total Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Equity Directly Associated with Non-current Assets Held for Sale	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares			
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE AT JANUARY 1, 2021	591,995	\$ 5,919,949	\$ 500,820	\$ 1,712,390	\$ 276,189	\$ 328,894	\$ -	\$ (228,023)	\$ (33,055)	\$ (63,401)	\$ 8,413,763	\$ 1,605,238	\$ 10,019,001
Appropriation of 2020 earnings													
Legal reserve	-	-	-	32,889	-	(32,889)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	(15,111)	15,111	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(311,093)	-	-	-	-	(311,093)	-	(311,093)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	153,013	-	-	-	-	-	-	-	153,013	-	153,013
Issuance of cash dividends from capital surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	91,451	-	-	-	-	-	1,022	-	92,473	-	92,473
Changes in percentage of ownership interest in subsidiaries	-	-	497,906	-	-	-	-	-	-	-	497,906	(497,906)	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,182,785	-	-	-	-	1,182,785	573,457	1,756,242
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	1,188	-	(31,489)	117,920	-	87,619	(2,306)	85,313
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,183,973	-	(31,489)	117,920	-	1,270,404	571,151	1,841,555
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	1,871	-	-	-	-	-	-	-	1,871	-	1,871
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	782,276	782,276
Equity directly associated with non-current assets held for sale	-	-	(21,517)	-	-	-	21,517	-	-	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	65,578	-	-	(65,578)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	591,995	5,919,949	1,223,544	1,745,279	261,078	1,249,574	21,517	(259,512)	20,309	(63,401)	10,118,337	2,460,759	12,579,096
Appropriation of 2021 earnings													
Legal reserve	-	-	-	124,955	-	(124,955)	-	-	-	-	-	-	-
Special reserve reversed	-	-	-	-	(21,875)	21,875	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,146,102)	-	-	-	-	(1,146,102)	-	(1,146,102)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	27,879	-	-	-	(21,517)	-	-	-	6,362	-	6,362
Issuance of cash dividends from capital surplus	-	-	(37,888)	-	-	-	-	-	-	-	(37,888)	-	(37,888)
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	-	12,017	-	-	12,017	-	12,017
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	(922)	-	-	-	-	-	-	-	(922)	-	(922)
Changes in percentage of ownership interest in subsidiaries	-	-	(22,360)	-	-	-	-	-	-	-	(22,360)	22,360	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	215,899	-	-	-	-	215,899	454,558	670,457
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	26,534	-	111,018	(27,927)	-	109,625	3,769	113,394
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	242,433	-	111,018	(27,927)	-	325,524	458,327	783,851
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	7,120	-	-	-	-	-	-	-	7,120	-	7,120
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(468,606)	(468,606)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	36,588	-	-	(36,588)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	591,995	\$ 5,919,949	\$ 1,197,373	\$ 1,870,234	\$ 239,203	\$ 279,413	\$ -	\$ (136,477)	\$ (44,206)	\$ (63,401)	\$ 9,262,088	\$ 2,472,840	\$ 11,734,928

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 882,350	\$ 2,058,327
Adjustments for:		
Depreciation expense	344,059	278,515
Amortization expense	139,283	133,228
Expected credit loss recognized on trade receivables	-	34
Net loss (gain) on fair value change of financial assets at FVTPL	262,869	(837,439)
Finance costs	17,139	14,161
Interest income	(38,307)	(25,466)
Dividend income	(117,124)	(91,022)
Compensation costs of share-based payments	109,586	92,154
Share of profits of associates	15,299	(34,623)
(Gain) loss on disposal of property, plant and equipment	(16)	171
Loss on disposal of intangible assets	4,220	-
Gain on disposal of subsidiaries	(71,274)	-
Gain on disposal of associates	(449,000)	-
Impairment loss recognized on financial assets	6,826	-
Impairment loss recognized on non-financial assets	460	-
Unrealized (gain) loss on transactions with associates	(1,256)	1,228
Net loss (gain) on foreign currency exchange	4,039	(3,969)
Gain on lease modification	-	(4)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable and trade receivables	385,513	(84,354)
Increase in other receivables	(41,613)	(34,623)
Increase in inventories	(779,094)	(606,663)
Decrease (increase) in other current assets	3,623	(14,040)
Increase in net defined benefits assets - non-current	(27,440)	(113)
Increase in contract liabilities	23,197	3,928
(Decrease) increase in accounts payables	(499,962)	476,960
Decrease in deferred revenue	(1,916)	(1,881)
(Decrease) increase in other current liabilities	(321,727)	652,317
Increase (decrease) in net defined benefits liabilities - non-current	<u>24,939</u>	<u>(39,106)</u>
Cash (used in) generated from operations	(125,327)	1,937,720
Interest received	36,777	26,970
Dividends received	134,419	141,273
Interest paid	(19,915)	(14,161)
Income tax paid	<u>(341,684)</u>	<u>(216,352)</u>
Net cash (used in) generated from operating activities	<u>(315,730)</u>	<u>1,875,450</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(127,510)	(58,583)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY CO. LTD
Earnings distribution table
2022

ITEMS	AMOUNT (NT\$)
Undistributed surplus at the beginning of the period	391,958
Net profit after tax in 2022	215,898,519
Disposal of equity at fair value through other comprehensive profit or loss	
Instrument investment, accumulated profits and losses are directly transferred to retained earnings	36,587,894
Defined benefit plan re-measurement recognized in retained earnings	26,534,272
Appropriation of legal reserve	(27,902,069)
Special reserve reversed	58,520,579
Distributable surplus for the current period	310,031,153
Assign items:	
Shareholder dividends-cash dividends on ordinary shares (NT\$ 0.523 per share)	(309,613,343)
Undistributed surplus at the end of the period	417,810

Description:

1. Due to the disposal of equity instrument investments measured at fair value through other comprehensive gains and losses, the accumulated gains and losses were directly transferred to retained earnings, an increase of NT\$36,587,894, and the re-measurement of the defined benefit plan was recognized as an increase of NT\$26,534,272 in retained earnings.
2. Shareholder Dividends - Cash dividends for ordinary shares are NT\$0.523 per share, totaling NT\$309,613,343. The cash dividends are distributed up to NT\$ (rounded down below NT\$), and the total amount of any odds and ends is included in other income of the company.
3. Once this case is proposed and passed through the resolution of the (2023) Annual General Meeting of Shareholders, it is proposed to authorize the chairman to make a decision on the base date of dividend distribution.
4. The Company will affect the number of outstanding shares due to changes in its share capital, which will result in the occurrence of the dividend rate for shareholders. If there is any change, please authorize the chairman to adjust it.

Chairman of the board:

Manager:

Accountant:

Sunplus Technology Co., Ltd.

Comparison Table of Amendments to the Operational Procedures for Loaning Funds to Others

Article	Content		Reason for revision
	Before revision	After revision	
Article 4	<p>Operational Procedures for Loaning Funds</p> <p>(1)Due Diligence Any borrower, when applying for a loan from the Company, shall submit an application in writing with certain basic business information and financial data to the Company to check the funding credit. <u>The finance and accounting department of the Company</u> shall prepare a report for extending loans after checking the borrower's business information, financial data, liquidity to repay the debt, credibility, profitability, purpose of funding, the risk and impact towards the Company's operating risk, financial position and shareholders' equity.</p> <p>(2)Safeguards Provision Before extending the loans, the Board Meeting of the Company shall refer to the credit checking the reports prepared by the <u>finance and accounting division</u> and evaluate if the borrower shall provide promissory note, hypothecate the mortgage on the real estates or movables, and make warrants/guarantees in an amount equivalent to the loan as collateral for the funding. If the guarantee equivalent to the loan for the borrower is made by other person or enterprise, the Company shall check the regulations and limitation for making guarantees for others provided in the enterprise's article of incorporation.</p>	<p>Operational Procedures for Loaning Funds</p> <p>(1)Due Diligence Any borrower, when applying for a loan from the Company, shall submit an application in writing with certain basic business information and financial data to the Company to check the funding credit. <u>The department in charge in the Company</u> shall prepare a report for extending loans after checking the borrower's business information, financial data, liquidity to repay the debt, credibility, profitability, purpose of funding, the risk and impact towards the Company's operating risk, financial position and shareholders' equity.</p> <p>(2)Safeguards Provision Before extending the loans, the Board Meeting of the Company shall refer to the credit checking the reports prepared by the <u>department in charge in the Company</u> and evaluate if the borrower shall provide promissory note, hypothecate the mortgage on the real estates or movables, and make warrants/guarantees in an amount equivalent to the loan as collateral for the funding. If the guarantee equivalent to the loan for the borrower is made by other person or enterprise, the Company shall check the regulations and limitation for making guarantees for others provided in the enterprise's article of incorporation.</p>	In line with the revision of "The Procedures."

Article	Content		Reason for revision
	Before revision	After revision	
	<p>(3)Scope of Empowering The Company shall make the loans to the borrowers with good creditability and well-defined purpose of funding which evaluated by the <u>finance and accounting division</u> of the Company and the personnel in charge in the Company shall prepare the credit checking reports and condition for extending loans. The final decision to making the loans should be approved and signed by CEO and Chairman and resolved by Board Meeting.</p> <p>If extending loans is between the Company and its parent company or subsidiaries, or between its subsidiaries, the Chairman shall be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board Meeting, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. The authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except making loans to the foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>"Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Where a public company's financial reports are prepared according to the International</p>	<p>(3)Scope of Empowering The Company shall make the loans to the borrowers with good creditability and well-defined purpose of funding which evaluated by the <u>department in charge in the Company</u> and the personnel in charge in the Company shall prepare the credit checking reports and condition for extending loans. The final decision to making the loans should be approved and signed by CEO and Chairman and resolved by Board Meeting.</p> <p>If extending loans is between the Company and its parent company or subsidiaries, or between its subsidiaries, the Chairman shall be authorized, for a specific borrowing counterparty, within a certain monetary limit resolved by the Board Meeting, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down. The authorized limit on loans extended by the Company or any of its subsidiaries to any single entity shall not exceed 10% of the net worth on the most current financial statements of the lending company, except making loans to the foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p> <p>"Subsidiary" and "parent company" as referred to in these Regulations shall be as determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</p> <p>Where a public company's financial reports are prepared according to the International Financial Reporting Standards,</p>	

Article	Content		Reason for revision
	Before revision	After revision	
	<p>Financial Reporting Standards, "net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company has established the position of Independent Director, when it loans funds to others, it shall take into full consideration each Independent Director's opinions; meanwhile Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board Meeting.</p> <p>(4)Memorandum book for its fund-loaning activities</p> <p><u>The finance and accounting division of the Company</u> shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated. The Company's internal auditors shall audit the operational procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found.</p>	<p>"net worth" in these Regulations means the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Where the Company has established the position of Independent Director, when it loans funds to others, it shall take into full consideration each Independent Director's opinions; meanwhile Independent Directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board Meeting.</p> <p>(4)Memorandum book for its fund-loaning activities</p> <p><u>The department in charge in the Company</u> shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated. The Company's internal auditors shall audit the operational procedures for loaning funds to others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found.</p>	

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

SUNPLUS Director	Adjunct Company	Adjunct position
Wen-Shiung Jan	Champion Microelectronic CORP.	Independent Director
	HIYES INTERNATIONAL Co., Ltd.	Director

Articles of Incorporation of Sunplus Technology Co., Ltd.

Chapter 1 General

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

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

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

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

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

Chapter 2 Shares

Article 5: The company's capital is rated at NT\$120 million and divided into up to 120 million (including 80,000,000 shares warrants, special shares with warrants or corporate bonds with warrants The use of stock options), NT\$ per share, points issued. When the shares of the company are purchased by the company in accordance with the law, the authorized board of directors shall be authorized by law.

Article 5-1: Delete.

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

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

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

Article 8: Delete.

Article 9: Delete.

Article 10: Delete.

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

Chapter 3 Shareholders' Meeting

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

The convening of the general meeting shall be notified to all shareholders 30 days before the regular meeting and 15 days before the temporary meeting.

When the shareholders' meeting of the company is held, it may be held by video conference or other methods announced by the Ministry of Economic Affairs.

Article 13: When shareholders are unable to attend the shareholders meeting for any reason.

They shall draw up a power of attorney issued by the company, and entrust the agency according to Article 177 of the Corporations Act and the "Regulations on the Power of Attrition of the Public Issuance Companies to Attend Shareholders Meeting" promulgated by the competent authority. People attend.

Article 14: When the shareholders' meeting is held, the chairman of the board of directors shall be the chairperson. When the chairman of the board of directors is absent, the chairman of the board of directors shall appoint one person to act as the agent.

Article 15: The shareholders of the company shall have one voting right for each share held except for the case in which the shares as prescribed in Article 179 of the Company Law have no voting rights.

Article 16: Resolutions of the shareholders' meeting shall, except as otherwise provided by the company law. Be attended by shareholders representing more than half of the total number of shares outstanding, and shall be agreed upon by a majority of the voting rights of shareholders present. When the company convenes a shareholder meeting, Shareholders who elect to exercise their voting rights electronically and exercise voting rights electronically shall be deemed to be present in person, and relevant matters shall be handled in accordance with the provisions of the law.

Article 17: The resolutions of the shareholders' meeting shall be made into minutes, signed or sealed by the chairman, and the minutes shall be distributed to all shareholders within 20 days after the meeting. The distribution of the above-mentioned minutes shall be handled in accordance with the provisions of the company law. The record of the minutes of the minutes of the proceedings, the minutes of the minutes, the attendance book of the attending shareholders, and the power of attorney to attend shall be processed in accordance with Article 183 of the Company Law.

Chapter 4 Directors

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

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

In the aforementioned number of directors, there are three to five independent directors, and the nomination system for independent directors is adopted. The shareholders' committee selects candidates from the list of independent director candidates. The professional qualifications of the independent directors, shareholding, part-time restrictions, nomination and selection methods, and other matters that should be followed, in accordance with the relevant regulations of the securities regulatory authority

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

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

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

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

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

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

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

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

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

Article 24: This section is deleted

Chapter 5 Managers and Staff

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

the provisions of Article 29 of the company law.

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

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

Article 27: Delete.

Chapter 6 Final accounts

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

The former statement of accounts is legally announced.

Article 28-1: If the company is profitable for the year, it shall pay no less than 1 percent for the employee's compensation and no more than 1.5 percent for the director's compensation. However, when the company still has accumulated losses (including the adjustment of undistributed earnings), it should reserve the amount of compensation in advance.

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

Article 29: If the company has a surplus after the final accounting, it shall first allocate 10% of the statutory surplus reserve in addition to the legal income from the profit-making business and the loss in previous years, but the statutory surplus reserve has reached the total amount of capital. This is not the limit. In accordance with the law or the competent authority to provide or revoke special surplus reserves, the remaining surplus, together with the accumulated undistributed surplus in the previous period, is the dividend of the shareholders. The board of directors shall allocate a resolution to the shareholders' meeting for resolution after distribution. The ratio of the surplus provided by the Surplus to the cash dividends of the shareholders may be adjusted according to the resolutions of the shareholders meeting, depending on the actual profit and funding conditions of the year. The total shareholder dividends for the annual surplus distribution shall not be less than 10% of the newly added distributable surplus for the year, but may not be distributed if it is less than 1% of the paid-in capital. The aforementioned cash dividends shall not be less than 10% of the total dividends payable to shareholders.

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

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

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

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

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

The first revision was made on August 7, 1990.

The second revision was made on February 7, 1992.

The third amendment was made on June 12, 1993.
The fourth revision was made on July 30, 1994.
The fifth amendment was made on September 28, 1994.
The sixth amendment was made on June 14, 1995.
The seventh revision was made on May 25, 1996.
The eighth amendment was made on May 31, 1997.
The ninth revision was made on November 20, 1997.
The tenth revision was made on April 30, 1998.
The eleventh revision was made on June 7, 1999.
The twelfth revision was made on July 28, 1999.
The thirteenth revision was made on May 19, 2000.
The 14th revision was made on June 12, 2001.
The fifteenth revision was made on May 17, 2002.
The 16th revision was made on May 6, 2003.
The seventeenth revision was made on June 1, 2004.
The 18th revision was made on June 13, 2005.
The nineteenth revision was made on June 9, 2006.
The 20th revision was made on June 15, 2007.
The twenty-first revision was made on June 13, 2008.
The twenty-second revision was made on June 10, 2011.
The 23rd revision was made on June 18, 2012.
The 24th revision was made on June 11, 2014.
The 25th revision was made on June 12, 2015.
The 26th revision was made on June 13, 2016.
The 27th revision was made on June 12, 2020.
The 28th revision was made on June 8, 2022.

SUNPLUS TECHNOLOGY RULES OF SHAREHOLDERS' MEETING

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

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

Article 3 Attending shareholders should bring their attendance cards and hand in their attendance cards to sign in. If the sign-in card is handed over to the Company, it is deemed that the shareholders or proxies listed in the sign-in card have attended in person, and the Company is not responsible for identifying it; the video conference of the shareholders' meeting shall be held on the video conference platform of the shareholders' meeting 30 minutes before the start of the meeting. The shareholder who accepts the registration and completes the registration shall be deemed to have attended the shareholders' meeting in person.

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

Where a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one person can speak on the proposal. The exercise of its voting rights, is still calculated by its holdings of shares.

When the shareholders meeting is convened by videoconference, shareholders who wish to attend by videoconference shall register with the company two days before the shareholders meeting.

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

When the company holds a video-conference shareholders meeting, it is not subject to the restriction on the venue of the preceding paragraph.

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

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

Article 7 Has a meeting time, the Chairman shall declare a meeting, but no shareholders who represent more than half of the total number of issued shares are present, the chairman may announce a postponement of the meeting, the number of delays is limited to two times, the delay time shall not exceed one hour. Delayed two times still insufficient, the chairman must announce to cancel the meeting, and the Company shall also announce the cancellation of the shareholders meeting on the video conferencing platform.

But if more than one third of the total number of issued shares is present at the meeting, it shall also be a fake resolution in accordance with Paragraph 1 of Article 175 of the Company Law, but for the special provisions of the provisions of the company law, its resolution made, should be in accordance with the provisions of the company law. If the general meeting of shareholders is convened by video conference,

shareholders who wish to attend via video conference shall re-register with the company in accordance with Article 4.

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

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

If the shareholders meeting is convened by a person other than the board of directors who has the right to convene, apply the provisions of the preceding paragraph.

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

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

Article 9 If any shareholder proposes to count the number of people, the chairman may not accept it. When voting on a proposal, if the required number has been reached, the proposal will still be passed.

Article 10 When attending shareholders are speaking, they must first fill in the gist of the speech, attendance card number and name on the speech slip at the beginning, and the chairman will determine the order of their speeches. The attendees who only made speech slip and did not speak are considered as no speech, and the content of the statement is inconsistent with the speech slip, which is subject to the content of the statement. Shareholders who restrict their authority in the power of attorney or other methods, regardless of whether the company is aware of it or not, shall take the speeches or votes made by the proxy as the standard.

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

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

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

Shareholders speak in violation of the preceding paragraph or beyond the scope of the subject, the president may stop his statement. When one of the attending shareholders is delivering a speech, the other shareholders are subject to the consent of the president and the shareholders who speak and do not speak to interfere, otherwise the president shall stop the violator.

If the shareholders meeting is convened by video conference, shareholders who participate in the video conference may ask questions in text on the shareholders meeting video conference platform after the chairman announces the meeting and before the meeting is closed. The number of questions for each proposal shall not exceed two times. Limited to 200 characters, the provisions of Article 10 and Items 1 to 5 of this Article are not applicable

Article 12 After the attending shareholders made a speech, the Chairman has to answer in person or appoint the relevant person to reply.

Article 13 For which is not categorized to motions, will not discuss or vote. When discussing the motion, the president has to suspend the discussion, If the chairman announces to vote on a proposal that has been declared to be closed, several proposals may be voted on at the same time, but they shall be voted on

separately.

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

Article 15 Unless otherwise stipulated in the company law and the company's articles of incorporation, the voting on the proposal shall be passed with the consent of more than half of the voting rights of the shareholders present.

Article 16 The scrutiny and counting personnel for voting on proposals shall be designated by the chairman, but the scrutiny personnel shall have the identity of shareholders. The voting results shall be reported and recorded.

If the shareholders' meeting is held by video conference, the Company shall immediately disclose the voting results of various proposals and election results on the shareholders' meeting video conference platform in accordance with regulations after the voting ends, and shall continue to disclose at least 15 minutes after the chairman announces the adjournment of the meeting.

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

Article 18 The company shall make audio or video recordings of the entire process of the shareholders' meeting and keep them for at least one year.

If the shareholders' meeting is held by video conference, the company shall keep records of shareholders' registration, sign-in, check-in, questioning, voting, and company vote counting results, etc., and record and video the entire process of the video conference continuously.

The company shall properly keep the materials and audio and video recordings in the preceding paragraph during the period of existence, and provide the audio and video recordings to the person entrusted to handle the video conferencing affairs for storage.

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

Shareholders should obey the president, the picketers, and the security officer. The chairman, picketer or security personnel may exclude those who obstruct the progress of the shareholders' meeting and refuse to comply after being stopped.

Article 20 While the meeting is in progress, the chairman may announce a break at his discretion.

Article 21 Before the chairman announces the adjournment of the meeting convened by video, due to natural disasters, accidents or other force majeure, the video conference platform or participation in the video conference is blocked for more than 30 minutes, the meeting shall be postponed or continue within five days, which does not apply to Article 182 of the Company Law.

Article 22 Matters not stipulated in these rules shall be handled in accordance with the provisions of the Company Law and other relevant laws and regulations.

Article 23 These rules will come into force after being passed by the shareholders' meeting, so do amendments.

“Operational Procedures for Loaning Funds to Others” of Sunplus Technology Company Limited (Before revision)

I. Subject

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

II. Content

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

- (1) Those have business relationship with the Company
- (2) Those need short-term financing funds “Short-term” herein in preceding paragraph means within 1 year.

Article2 Reasons for and conditions of extending loans

- (1) Extending loans to entities having business relationship with the Company shall be limited to the circumstances provided in 1st Paragraph of Article 3.
- (2) Extending loans to entities needing short-term financing funds shall be limited to the subsidiaries in which the Company directly or indirectly holds more than 20% of the voting shares.

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

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

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

(2) The aggregate amount for lending to the entity needing short-term financing funds shall not exceed 10% of the net worth of the Company, and the maximum amount for single loan shall not exceed 5% of the net worth of the Company.

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

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

Article4 Operational procedures for extending loans to others

(1) Due Diligence

Any borrower, when applying for a loan from the Company, shall submit an application with certain basic

business information and financial data to the Company to check the funding credit.

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

(2) Safeguards Provision

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

(3) Scope of Empowering

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

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

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

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

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

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

(4) Memorandum book for its fund-lending activities

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

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

(5) Disclosure of Financial Statements

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

(6) Remarks

The company's capital loan to the object originally complied with the provisions of Articles 1 and 2 of the Procedure, but subsequently did not comply with the provisions, or the amount of the loan balance exceeds the limit due to changes of calculating basis, the Company shall adopt the corrective proposal submitting to the Board of Directors and audit committee and complete the correction according to the time frame set out in the proposal.

Article5 Duration of loans and calculation of interest.

The term of each loan shall be based the request of the borrower, which shall not exceed one year. The interest rate shall not be lower than the Company's highest short-term bank borrowing rate at the time of lending.

If the Company has no short-term loan in the current period, the preceding interest rate shall be calculated at a rate equal to the Bank of Taiwan's one-year time deposit interest rate plus 0.3 percentage points at the 1st Day of the month of lending.

The interests shall be calculated and paid on a monthly basis, except which shall be adjusted accordingly in any special case approved by the Board Meeting.

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

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

When the loan is due or the borrower pays the loan before the due date, the borrower shall calculate the payable interests and pay the interests with the principal before the promissory note or object of mortgage may be rescinded and returned to the borrower or the mortgage registration may be cancelled.

When the loan becomes due, the borrower shall pay off the principal and interests. If the timely repayment could not be effected and extension of the term is needed, prior request is required to the Board Meeting for its approval. Each extension shall not exceed one month, and shall be limited to only one time.

Besides, the extended due date of loan shall not exceed the one year of limitation. If a loan is over-due and not repaid, the Company shall take further legal actions to dispose collaterals or pursue the guarantors for recovery.

Article7 Announcement and reporting procedures.

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

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

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

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

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

III. Extending loans of funds to others by subsidiaries

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

IV. Penalty for violating the procedure

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

V. Enactment and amendment

The company shall establish the audit committee in accordance with Securities and Exchange Act. Any amendment of Procedures and major transactions shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the audit committee. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures or transactions may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

When any amendment of the procedures is submitted for discussion by the board of directors pursuant to the first preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director has objections or reservations, it should be stated in the proceedings of the board of directors.

After approved by the audit committee and Board Meeting, the Procedures shall be enacted after proposed to and resolved by shareholders' meeting. If a director expresses objection and has a record or written statement, his objection shall be reported to the shareholders meeting for discussion. The same applies in case of amendment.

SHAREHOLDING OF DIRECTORS AND SUPERVISORS

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

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

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

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

The company has not issued free allotment shares this year, and the company does not need to announce the financial forecast for the year of 2023 according to regulations, so there is no need to disclose this information.

(End of this translation)