

**Sunplus Technology Company Limited
and Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sunplus Technology Company Limited

By

CHOU-CHYE HUANG
Chairman

March 15, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Occurrence of Revenue from Specific Customers

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sunplus Technology Company Limited and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Sunplus Technology Company Limited and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within Sunplus Technology Company Limited and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of Sunplus Technology Company Limited and its subsidiaries audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2023

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

ASSETS	2022		2021	
	Amount	%	Amount	%
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 (Note 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 (Note 19)	\$ 42,000	-	\$ 143,773	1
Contract liabilities - current (Note 24)	53,462	1	30,109	-
Accounts payable (Note 20)	420,335	3	924,523	6
Current tax liabilities (Notes 4 and 26)	145,222	1	254,071	1
Lease liabilities - current (Notes 4 and 15)	13,071	-	12,166	-
Deferred revenue - current (Notes 4, 21 and 29)	1,921	-	1,883	-
Current portion of long-term bank borrowings (Note 19)	-	-	46,000	-
Other current liabilities (Note 21)	1,063,701	7	1,433,513	9
Total current liabilities	1,739,712	12	2,846,038	17
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 35)	1,000,000	7	384,000	3
Lease liabilities - non-current (Notes 4 and 15)	197,690	1	207,912	1
Deferred revenue - non-current (Notes 4, 21 and 29)	54,905	-	55,978	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	18,277	-	19,712	-
Guarantee deposits	268,638	2	263,745	2
Other liabilities (Note 21)	6,597	-	20,918	-
Total non-current liabilities	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 (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 23):				
Remeasurement of defined benefit plans	26,374	-	1,501	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

	2022		2021	
	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (5,975)	-	\$ 89,921	1
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(22,533)	-	27,450	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 23):				
Exchange differences on translation of the financial statements of foreign operations	114,760	2	(33,290)	-
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>768</u>	<u>-</u>	<u>(269)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>113,394</u>	<u>2</u>	<u>85,313</u>	<u>1</u>
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 loss (profits) of associates	15,299	(34,623)
(Gain) loss on disposal of property, plant and equipment	(16)	171
Loss on disposal of intangible assets	4,220	-
Gain on disposal of subsidiaries	(71,274)	-
Gain on disposal of associates	(449,000)	-
Impairment loss recognized on financial assets	6,826	-
Impairment loss recognized on non-financial assets	460	-
Unrealized (gain) loss on transactions with associates	(1,256)	1,228
Net loss (gain) on foreign currency exchange	4,039	(3,969)
Gain on lease modification	-	(4)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable and trade receivables	385,513	(84,354)
Increase in other receivables	(41,613)	(34,623)
Increase in inventories	(779,094)	(606,663)
Decrease (increase) in other current assets	3,623	(14,040)
Increase in net defined benefits assets - non-current	(27,440)	(113)
Increase in contract liabilities	23,197	3,928
(Decrease) increase in accounts payables	(499,962)	476,960
Decrease in deferred revenue	(1,916)	(1,881)
(Decrease) increase in other current liabilities	(321,727)	652,317
Increase (decrease) in net defined benefits liabilities - non-current	<u>24,939</u>	<u>(39,106)</u>
Cash (used in) generated from operations	(125,327)	1,937,720
Interest received	36,777	26,970
Dividends received	134,419	141,273
Interest paid	(19,915)	(14,161)
Income tax paid	<u>(341,684)</u>	<u>(216,352)</u>
Net cash (used in) generated from operating activities	<u>(315,730)</u>	<u>1,875,450</u>

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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 INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (127,510)	\$ (58,583)
Proceeds from the sale of financial assets at fair value through other comprehensive income	44,259	123,882
Purchase of financial assets at fair value through profit or loss	(1,475,697)	(2,399,006)
Proceeds from the sale of financial assets at fair value through profit or loss	2,414,358	1,824,231
Acquisition of associates	-	(174,000)
Proceeds from disposal of associates	535,987	-
Proceeds from disposal of subsidiaries	83,827	-
Payments for property, plant and equipment	(267,590)	(122,866)
Proceeds from the disposal of property, plant and equipment	352	182
Increase in refundable deposits	(3,228)	(96,719)
Decrease in refundable deposits	761	1,421
Payments for intangible assets	(62,958)	(159,316)
Decrease on other financial assets	<u>39,812</u>	<u>86,445</u>
Net cash generated from (used in) investing activities	<u>1,182,373</u>	<u>(974,329)</u>
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)

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

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

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

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

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

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

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

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

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

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

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

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

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

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

f. Inventories

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

g. Investments in associates

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

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

m. Non-current assets held for sale

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

When the Company is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

o. Provisions

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

p. Revenue recognition

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

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

1) Revenue from the sale of goods

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

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

2) Other

Other income mainly comes from software development and royalties.

q. Lease

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

1) The Company as lessor

All leases are classified as operating leases.

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

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

2) The Company as lessee

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

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

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

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

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

any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Company requested the lessor for rent subsidy as a direct subsidy of the Covid-19 to change the lease payments. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of the rent subsidy and, therefore, does not assess whether the rent subsidy are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss as a deduction of expenses of variable lease payments.

r. Borrowing costs

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

s. Government grants

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

u. Share-based payment arrangements

Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that

are expected to ultimately vest, with a corresponding increase in non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

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

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

v. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which The Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

	<u>December 31</u>	
	2022	2021
<u>Financial assets at FVTPL - current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Domestic and foreign investments		
- Mutual funds	\$ 503,173	\$ 1,199,486
- Unlisted shares	116,049	241,558
- Listed shares	<u>58,795</u>	<u>230,190</u>
	<u>\$ 678,017</u>	<u>\$ 1,671,234</u>

Financial assets at FVTPL - non-current

Financial assets classified as at FVTPL		
Non-derivative financial assets		
Domestic and foreign investments		
- Limited Partnership	\$ 773,718	\$ 436,013
- Unlisted shares	717,861	1,116,150
- Listed shares	33,390	43,200
Hybrid financial assets		
Domestic and foreign investments		
- Unlisted convertible bonds	<u>-</u>	<u>134,269</u>
	<u>\$ 1,524,969</u>	<u>\$ 1,729,632</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

9. TRADE RECEIVABLE AND OTHER RECEIVABLE

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

Trade receivable

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

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

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

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

December 31, 2022

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

December 31, 2021

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

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

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

Other receivable

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

10. INVENTORIES

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

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

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

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

11. NON-CURRENT ASSETS HELD FOR SALE

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

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

12. SUBSIDIARIES

a. The subsidiaries included in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		Note	
			2022	2021		
Sunplus	Sunplus Management Consulting Inc. ("Sunplus Management Consulting")	Management	100.00	100.00	-	
	Ventureplus Group Inc. ("Ventureplus Group")	Investment	100.00	100.00	-	
	Sunplus Technology (H.K.) Co., Ltd. ("Sunplus Technology (H.K.)")	International trade	100.00	100.00	-	
	Sunplus Venture Capital Co., Ltd. ("Sunplus Venture")	Investment	100.00	100.00	-	
	Lin Shin Investment Co., Ltd. ("Lin Shin Investment")	Investment	100.00	100.00	-	
	Sunplus mMobile Inc. ("Sunplus mMobile")	Design of ICs	100.00	100.00	Sunplus mMobile considered its business' future development and concluded that it has no plan to continue operation. The board of directors resolved to dispose dissolution on January 19, 2022 and completed the dissolution on February 28, 2022.	
	Sunext Technology Co., Ltd. ("Sunext Technology")	Design of ICs	100.00	92.55	-	
	Sunplus Innovation Technology Inc. ("Sunplus Innovation Technology")	Design of ICs	50.49	51.34	-	
	Generalplus Technology Inc. ("Generalplus Technology")	Design of ICs	34.30	34.30	Sunplus and its subsidiaries owned 47.99% of the equity in Generalplus Technology and the Company had controlling interest over Generalplus Technology; the investee is included in the consolidated financial statements.	
	Wei-Young Investment Inc. ("Wei-Young Investment")	Investment	100.00	100.00	-	
	Russell Holdings Limited ("Russell")	Investment	100.00	100.00	-	
	Magic Sky Limited ("Magic Sky")	Investment	-	100.00	The disposed of Magic Sky was completed on June 22, 2022.	
	Sunplus mMedia Inc. ("Sunplus mMedia")	Design of ICs	89.76	89.76	-	
Ventureplus Group	Award Glory Ltd. ("Award Glory")	Investment	100.00	100.00	-	
	Jumplus Technology Co., Ltd. ("Jumplus Technology")	Design of ICs	55.00	55.00	-	
	Ventureplus Mauritius Inc. ("Ventureplus Mauritius")	Investment	100.00	100.00	-	
	Ventureplus Cayman Inc. ("Ventureplus Cayman")	Investment	100.00	100.00	-	
	Ventureplus Cayman	Sunplus App Technology Co., Ltd. ("Sunplus App")	Sale of electronic components and information management and education	35.90	35.90	Sunplus' subsidiaries held 97.44% of the equity in Sunplus App.
		Sunplus Prof-tek Technology (Shenzhen) Co., Ltd. ("Sunplus Prof-tek (Shenzhen)")	Development of computer software, system integration services and building rental and property management	100.00	100.00	-
		Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai")	Development of computer software, system integration services and building rental	100.00	100.00	-
		SunMedia Technology Co., Ltd. ("SunMedia")	Development of computer software, system integration services and building rental	100.00	100.00	-
	Sunplus Shanghai	Beijing Sunplus-EHue Tech Co., Ltd. ("Beijing Sunplus-EHue")	Development of computer software, system integration services and building rental	100.00	100.00	-
		Jsilicon Technology Co., Ltd. ("Jsilicon Technology")	Software Development and IC Design	-	100.00	The liquidation of Jsilicon Technology was completed on August 30, 2022.
Chongqing CQPlus1 Technology Co., Ltd. ("Chongqing CQPlus1")		Software Development and IC Design	67.50	56.67	-	
Sunplus Prof-tek (Shenzhen)	Chongqing CQPlus1	Software Development and IC Design	32.50	43.33	Sunplus' subsidiaries held 100% of the equity in Chongqing CQPlus1.	

(Continued)

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

(Concluded)

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

b. Subsidiary excluded from the consolidated financial statements

Company name	The Voting Ratio of Non-controlling Equity	
	2022	2021
Generalplus Technology	52.01%	52.01%
Sunplus Innovation Technology	42.62%	41.64%

Refer to attachment 7 for registered countries and company information:

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

The summarized financial information below represents amounts before intragroup eliminations.

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

(Continued)

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

a. Investments in associates

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

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

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

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

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

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

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Company

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost										
Balance at January 1, 2022	\$ 2,316,438	\$ 189,846	\$ 26,865	\$ 626,345	\$ 4,578	\$ 308,499	\$ 1,208	\$ 29,029	\$ 43,517	\$ 3,546,325
Additions	-	5,873	2,395	169,552	-	36,316	-	37	24,090	238,263
Reductions	-	(7,692)	-	(48,094)	-	(13,062)	(170)	(238)	-	(69,256)
Reclassified	-	-	5,845	31,547	-	5,130	-	-	(42,522)	-
Consolidated changes	-	-	-	(614)	-	(55)	-	-	-	(669)
Effect of exchange rate changes	16,086	4,878	571	431	57	2,199	4	(3,275)	(763)	20,188
Balance at December 31, 2022	\$ 2,332,524	\$ 192,905	\$ 35,676	\$ 779,167	\$ 4,635	\$ 339,027	\$ 1,042	\$ 25,553	\$ 24,322	\$ 3,734,851
Accumulated depreciation										
Balance at January 1, 2022	\$ 639,674	\$ 166,576	\$ 11,899	\$ 535,876	\$ 3,762	\$ 225,712	\$ 1,081	\$ 25,105	\$ -	\$ 1,609,685
Depreciation expense	51,345	9,257	6,071	151,018	217	38,381	401	660	-	257,350
Reductions	-	(7,692)	-	(47,935)	-	(12,885)	(170)	(238)	-	(68,920)
Consolidated changes	-	-	-	(171)	-	(28)	-	-	-	(199)
Effect of exchange rate changes	2,522	2,734	(255)	1,949	51	1,797	(347)	(1,785)	-	6,666
Balance at December 31, 2022	\$ 693,541	\$ 170,875	\$ 17,715	\$ 640,737	\$ 4,030	\$ 252,977	\$ 965	\$ 23,742	\$ -	\$ 1,804,582
Carrying amount at December 31, 2022	\$ 1,638,983	\$ 22,030	\$ 17,961	\$ 138,430	\$ 605	\$ 86,050	\$ 77	\$ 1,811	\$ 24,322	\$ 1,930,269

(Continued)

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

(Concluded)

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

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 192,049	\$ 197,819
Buildings	6,762	14,464
Transportation equipment	<u>3,300</u>	<u>1,041</u>
	<u>\$ 202,111</u>	<u>\$ 213,324</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 3,926</u>	<u>\$ 2,549</u>
Depreciation charge for right-of-use assets		
Land	\$ 6,671	\$ 6,734
Buildings	7,666	8,020
Transportation equipment	<u>767</u>	<u>438</u>
	<u>\$ 15,104</u>	<u>\$ 15,192</u>

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

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

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	2.390%	2.390%
Buildings	1.575%-5.000%	1.575%-5.000%
Transportation equipment	1.175%-1.625%	1.175%

c. Material lease-in activities and terms

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

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

d. Other lease information

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

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

16. INVESTMENT PROPERTIES

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

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

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

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

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

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

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

	December 31	
	2022	2021
Fair value	\$ 43,674	\$ 44,220

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

	December 31	
	2022	2021
Fair value	\$ 1,208,169	\$ 1,153,471

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

	December 31	
	2022	2021
Fair value	\$ 2,240,661	\$ 2,225,361

17. INTANGIBLE ASSETS

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

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

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

An analysis of depreciation by function

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

18. OTHER ASSETS

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

- a. Refer to Note 29 for information on restricted assets.
- b. Worldplus (Shenzhen) made time deposit of RMB\$1,000 thousand at banks on December 31, 2022; Worldplus (Shenzhen), Beijing Sunplus-EHue, Generalplus Shenzhen, made time deposit of RMB\$11,700 thousand at banks on December 31, 2021. The period of time deposit is 6 months to 1 year, and interest can be charged at a certain interest rate during the deposit period.
- c. Sunplus Shanghai, Worldplus (Shenzhen) and Generalplus Shenzhen made certificates of deposit of RMB\$48,720 thousand and RMB\$51,000 at the bank on December 31, 2022, and 2021, respectively. The deposit period of the certificates of deposit is 2 to 3 years and 1 to 3 years respectively, and interest can be charged at a certain interest rate during the deposit period.
- d. Refer to Note 35 for information on pledged time deposits.
- e. Refer to Note 36 for information on refundable deposits.
- f. The amount of prepayments is Generalplus Technology signed a production capacity cooperation agreement with the supplier, and the prepayment paid in accordance with the contract will be offset in 5 years when the production capacity conditions in the contract are met.

19. BORROWINGS

Short-term borrowings

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

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

Long-term borrowings

The borrowings of the Company were as follows:

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

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

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

20. ACCOUNTS PAYABLE

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

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

21. OTHER LIABILITIES

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

(Continued)

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

(Concluded)

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

Movements in net defined benefit liabilities were as follows:

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

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

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

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

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

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

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

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

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

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

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

23. EQUITY

a. Share capital

1) Ordinary shares:

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

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

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

2) Global depositary receipts

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

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

b. Capital surplus

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

- 1) When Sunplus has no deficit, such capital surplus may be distributed as cash dividends, or may be transferred to share capital once a year and within a certain percentage of Sunplus' capital surplus.
 - 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- c. Retained earnings and dividends policy

The shareholders' meeting resolved the Sunplus' Articles of Association on June 8, 2022. Under the dividends policy as set forth in the amended Articles, when the Sunplus makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, though this limitation is not applicable when the legal reserve has reached the total capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Sunplus' board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, the ratio of earnings for distribution and the ratio of the shareholders' cash dividends may depend on the current year. The actual profit and capital status shall be adjusted by the resolution of the shareholders in their meeting. The total number of shareholders' dividends based on the annual surplus shall be distributed at the rate of not less than 10% of the newly added distributable surplus for the year but shall not be distributed when the annual surplus is less than 1% of the paid-in capital. The aforementioned cash dividends shall not be less than 10% of the total dividends to be distributed to shareholders.

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

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

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

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

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

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

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

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

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

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

d. Special reserve

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

e. Other equity items

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

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

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

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

f. Non-controlling interests

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

g. Treasury shares

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

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

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

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

24. REVENUE

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

a. Contract information

Revenue from the sale of goods

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

Other income

Other income mainly comes from software development and royalties.

b. Contract balances

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

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

c. Disaggregation of revenue

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

25. NET PROFIT

Net profit included the following items:

a. Interest income

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

b. Other income

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

c. Other gains and losses

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

d. Finance costs

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

e. Depreciation and amortization

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

f. Operating expenses directly related to investment properties

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

g. Employee benefit expense

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

h. Employees' compensation and remuneration of directors and supervisors

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

Accrual rate

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

Amount

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

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

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

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

- i. Gain or loss on exchange rate changes

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

26. INCOME TAXES

- a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

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

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

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

(Continued)

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

b. Current tax assets and liabilities

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

c. Deferred tax assets

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

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

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

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

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

- e. Unused loss carryforwards and tax-exemptions

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

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

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

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

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

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

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

Unused Amount	Expiry Year
\$ 159,490	2023
31,147	2024
<u>975</u>	2025
<u>\$ 191,612</u>	

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

Unused Amount	Expiry Year
\$ 30,658	2023
29,360	2024
27,164	2025
11,155	2026
9,369	2027
57,427	2028
25,045	2029
335	2030
76	2031
<u>110</u>	2032
<u>\$ 190,699</u>	

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

Unused Amount	Expiry Year
\$ 26,285	2026
54,597	2027
72,893	2028
36,467	2029
27,989	2030
<u>15,584</u>	2031
<u>\$ 233,815</u>	

f. Income tax assessments

The income tax returns of Generalplus Technology, Sunplus Innovation Technology, Sunext Technology, Jumplux Technology, Lin Shin Investment, Sunplus Venture Capital, Sunplus mMedia, Wei-Young Investment and Sunplus Management Consulting through 2020; Sunplus and Sunplus mMobile through 2021 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic gain per share	\$ <u>0.37</u>	\$ <u>2.01</u>
Diluted earnings per share	\$ <u>0.37</u>	\$ <u>2.01</u>

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

Net profit for the year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	\$ 215,899	\$ 1,182,787
Effect of potentially dilutive ordinary shares		
Bonuses for employees	<u> -</u>	<u> -</u>
Earnings used in the computation of diluted EPS from continuing operations	\$ <u>215,899</u>	\$ <u>1,182,787</u>

The weighted average number of ordinary shares outstanding (in thousand shares) is as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential ordinary shares:		
Bonuses issued to employees	<u> 184</u>	<u> 340</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>588,619</u>	<u>588,775</u>

Sunplus may settle the compensation of employees in cash or shares; therefore, Sunplus assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. SHARE-BASED PAYMENT ARRANGEMENTS

a. Restricted shares for employees

In the shareholders' meeting of Sunplus Innovation Technology on June 22, 2020, the shareholders approved a restricted share plan for employees with a total amount of \$20,000 thousand, consisting of 2,000 thousand shares. The aforementioned resolution was declared effectively by the FSC on October 12, 2020.

The first and second restricted share plans were approved by the board of directors of Sunplus Innovation Technology on October 28, 2020 and September 6, 2021. The total amounts both of the two shares was \$10,000 thousand, consisting of 1,000 thousand shares and the issuing price of each share was NT\$0. Sunplus Innovation Technology has set October 28, 2020 and September 6, 2021 as the grant dates, and November 5, 2020 and September 7, 2021 as the record dates of capital increase. The amounts of the fair value of the granted shares were \$75.26 and \$163.50 per share.

After the restricted shares are allocated to employees in accordance with the Sunplus Innovation Technology's regulations, and they are still working after the expiration of the following vested terms while they meet the performance conditions, the proportions of vested shares are as follows:

- 1) Those who served in Sunplus Innovation Technology for a year after the grant date with recent personal performance rating before the expiration date reaches the top 35% (included) of Sunplus Innovation Technology, will receive 50% of the number of allocated shares.
- 2) Those who served in Sunplus Innovation Technology for two year after the grant date with recent personal performance rating before the expiration date reaches the top 35% (included) of Sunplus Innovation Technology, will receive 50% of the number of allocated shares.

When the employee fails to meet the vesting conditions:

- 1) Resignation (voluntary resignation/retirement/layoff/dismissal): The employee that has not fulfilled the vesting conditions will be deemed to have not met the vesting conditions from the day of resignation. Sunplus Innovation Technology will buy back and cancel the employee's restricted shares at the original issuing price according to the laws.
- 2) Unpaid leave: The employee that has not fulfilled the vesting conditions will be restored to the rights and interests from the date of reinstatement, but the vesting period shall be deferred according to the period of unpaid leave.
- 3) Death: The employee that has not fulfilled the vesting conditions will be deemed to have not met the vesting conditions from the day of death. Sunplus Innovation Technology will buy back and cancel the employee's restricted shares at the original issuing price according to the laws.
- 4) Occupational injury:
 - a) Those who are unable to continue their employment due to occupational injury and have not fulfilled the vesting conditions shall still fulfill the vesting conditions according to regulation 3) Death.
 - b) Death due to occupational injury may cause the employee not fulfilling the vesting conditions which shall be fulfilled by the heirs from the day of the death of the inherited employee according to regulation 3) Death.
- 5) Transfer employment: If an employee is requested to transfer to an affiliate company or other company (except transferring to a subsidiary), the restricted shares shall be proceed according to the regulation of "Resignation". However, due to Sunplus Innovation Technology's operation need, employees for those who were assigned by Sunplus Innovation Technology to be transferred to Sunplus Innovation Technology's affiliates or other companies will not be affected.
- 6) Employees or their heirs shall receive the transferred shares according to the trust agreement.
- 7) Share dividends and cash dividends that have been allocated to employees who have not fulfilled the vesting conditions during the vesting period shall not be returned.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- 1) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 2) The employees holding these shares are not entitled to receive cash dividends and share dividends.
- 3) Employees should immediately place the restricted shares under the trust or custody after the issuance of restricted shares. They shall not request the trustee or custodian to return the restricted shares for any reason before the vesting conditions are fulfilled.

Other agreements were as follow:

Sunplus Innovation Technology shall act on behalf of employees to negotiate with trust institutions or custodian institutions. It may include but not limited to negotiate, sign, revise, extend, cancel and terminate the trust contracts or custody contracts and instructions for the delivery, use and disposal of trust or custody property during the period of trust or custody.

Information on employee restricted share was as follows:

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
	Number of Options (In Thousands of Units)	Number of Options (In Thousands of Units)
Outstanding shares at January 1	1,495	1,000
Shares granted	-	1,000
Shares vested	(955)	(495)
Shares forfeited	<u>-</u>	<u>(10)</u>
Outstanding shares at December 31	<u><u>540</u></u>	<u><u>1,495</u></u>

Compensation costs recognized were \$109,586 thousand and \$90,453 thousand for the year ended December 31, 2022 and 2021, respectively.

b. Capital Increase by Cash Reserved for Employees

The board of directors of Sunplus Innovation Technology resolved on June 2, 2021 to process the initial cash capital increase before the OTC to reserve 506 thousand shares for employees to subscribe. The grant date was July 15, 2021, and the total number of subscribed shares was 486 thousand shares. The above ordinary share issuance reserved for employee option's fair value was priced using the Black-Scholes evaluation model, and the inputs to the model are as follows:

	July, 2021
Grant-date share price(NT\$)	\$ 156.90
Exercise price(NT\$)	\$ 160.00
Expected volatility	52.57%
Expected life(in days)	8
Risk-free interest rate	0.35%
Fair value of option(NT\$)	\$ 3.50

Capital increase by cash reserved for compensation of employees costs recognized was \$1,701 thousand for the year ended December 31, 2021.

29. GOVERNMENT GRANTS

In August 2013, SunMedia received a government grant amounting to RMB\$16,390 thousand (\$79,213 thousand) for the purchase of land on which to build a plant. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset. The total revenue recognized as profit for the years ended December 31, 2022 and 2021 was \$1,610 thousand and \$1,580 thousand, respectively.

Sunplus applied for the AI on Chip R&D subsidy program from the Ministry of Economic Affairs, and the “Shared Intelligent Computing Chiplet Architecture R&D Program” was reviewed and approved on November 20, 2020. The approved subsidy amounted to \$115,356 thousand. As of December 31, 2022 and 2021, the accumulated subsidies received were \$113,706 thousand and \$70,139 thousand, respectively. The amounts of the recognized subsidy income were \$43,516 thousand and \$70,121 thousand. In addition, Sunplus has a special account for subsidies in accordance with regulations. The monthly withdrawal amount shall be withdrawn according to the monthly expenditure summary statement, and the withdrawal amount shall not be higher than the expenditure amount.

30. LIQUIDATION AND DISPOSAL OF SUBSIDIARIES

Liquidation of subsidiaries

a. Analysis of assets and liabilities from liquidation

The Company completed the liquidation of its subsidiaries, Jsilicon Technology, Giant Kingdom and Giant Best on August 30 and September 5, 2022, respectively. Giant Best has finished the incorporation registration; however, the payment has not yet remitted yet.

	Jsilicon Technology	Giant Kingdom
Current assets		
Cash and cash equivalents	\$ 28,228	\$ 216
Net assets disposed of	<u>\$ 28,228</u>	<u>\$ 216</u>

b. Gain (loss) on liquidation of subsidiaries

	Jsilicon Technology	Giant Kingdom
Consideration received	\$ 28,228	\$ 216
Net assets disposed of	<u>(28,228)</u>	<u>(216)</u>
Gain (loss) on disposals	<u>\$ -</u>	<u>\$ -</u>

c. Net cash inflow on liquidation of subsidiaries

	Jsilicon Technology	Giant Kingdom
Consideration received in cash and cash equivalents	\$ 28,228	\$ 216
Less: Cash and cash equivalent balances disposal of	<u>(28,228)</u>	<u>(216)</u>
	<u>\$ -</u>	<u>\$ -</u>

Disposal of subsidiaries

a. Analysis of assets and liabilities from disposal

The Company completed the disposal of its subsidiaries, GenKi Tek Technology on June 20, 2022 and Magic Sky on June 22, 2022, respectively.

	Magic Sky	GenKiTek Technology
Current assets		
Cash and cash equivalents	\$ 21	\$ 2,352
Other current assets	-	557
Inventories	-	151
Other receivables	-	1
Non-current assets		
Property, plant and equipment	-	470
Intangible assets	-	3,257
Right-of-use assets	-	108
Refundable deposits	-	121
Current liabilities		
Payables	-	(952)
Lease liabilities	-	(115)
Other current liabilities	<u>-</u>	<u>(1,330)</u>
Net assets disposed of	<u>\$ 21</u>	<u>\$ 4,620</u>

b. Gain (loss) on disposal of subsidiaries

	Magic Sky	GenKiTek Technology
Consideration received	\$ 86,000	\$ 200
Net assets disposal of	(21)	(4,620)
Reclassification of other comprehensive income in respect of the subsidiaries	(12,017)	-
Non-controlling interests	<u>-</u>	<u>1,732</u>
Gain (loss) on disposals	<u>\$ 73,962</u>	<u>\$ (2,688)</u>

c. Net cash inflow (outflow) on disposal of subsidiaries

	Magic Sky	GenKiTek Technology
Consideration received in cash and cash equivalents	\$ 86,000	\$ 200
Less: Cash and cash equivalent balances disposal of	<u>(21)</u>	<u>(2,352)</u>
	<u>\$ 85,979</u>	<u>\$ (2,152)</u>

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In August 2021, Giant Rock subscribed for the cash capital increase of Sunplus APP, increasing its controlling interest from 96.32% to 97.44%.

In July 2021, Sunplus disposed of its 683 thousand shares in Sunplus Innovation Technology. The Company at a percentage different from its existing ownership percentage for the cash capital increase equity, resulting in a decrease in the overall shareholding ratio from 65.94% to 58.86%.

In November 2021, Sunplus Innovation Technology had vested restricted shares, resulting in a decrease in the overall shareholding ratio from 58.86% to 58.36%.

In August 2022, Sunplus and Sunext Technology had acquired the shares of Sunext Technology from Sunext Technology's non-controlling interest by cash consideration, resulting in an increase in the overall shareholding ratio from 92.55% to 100.00%.

In September 2022, Sunplus Innovation Technology vested restricted shares, resulting in a decrease in the overall shareholding ratio from 58.36% to 57.88%.

In November 2022, Sunplus Innovation Technology vested restricted shares, resulting in a decrease in the overall shareholding ratio from 57.88% to 57.38%.

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

2022

	Sunplus Innovation Technology	Sunext Technology
Cash consideration paid	\$ -	\$(19,384)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred (from) to non-controlling interests	<u>(22,360)</u>	<u>18,462</u>
Differences recognized from equity transactions	<u>\$ (22,360)</u>	<u>\$ (922)</u>

	Sunplus Innovation Technology	Sunext Technology	Total
<u>Line items adjusted for equity transactions</u>			
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ (22,360)	\$ -	\$ (22,360)
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>-</u>	<u>(922)</u>	<u>(922)</u>
	<u>\$ (22,360)</u>	<u>\$ (922)</u>	<u>\$ (23,282)</u>

2021

	Sunplus Innovation Technology	Sunplus App
Cash consideration paid	\$ 1,066,567	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(474,417)	(1,771)
Reattribution of other equity from non-controlling interests		
Unrealized loss on financial assets at FVTOCI	<u>(1,022)</u>	<u>-</u>
Differences recognized from equity transactions	<u>\$ 591,128</u>	<u>\$ (1,771)</u>

	Sunplus Innovation Technology Inc.	Sunplus App	Total
<u>Line items adjusted for equity transactions</u>			
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ 499,677	\$ (1,771)	\$ 497,906
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>91,451</u>	<u>-</u>	<u>91,451</u>
	<u>\$ 591,128</u>	<u>\$ (1,771)</u>	<u>\$ 589,357</u>

32. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity) attributable to owners of the Company.

The Company is not subject to any externally imposed capital requirements.

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management of the Company considers that the fair values of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 503,173	\$ -	\$ -	\$ 503,173
Domestic listed shares	92,185	-	-	92,185
Domestic/foreign unlisted shares	85,218	-	748,692	833,910
Limited partnership	<u>-</u>	<u>-</u>	<u>773,718</u>	<u>773,718</u>
	<u>\$ 680,576</u>	<u>\$ -</u>	<u>\$ 1,522,410</u>	<u>\$ 2,202,986</u>

Financial assets at FVTOCI

Domestic listed shares	\$ 28,957	\$ -	\$ -	\$ 28,957
Domestic/foreign unlisted shares	-	-	262,258	262,258
Domestic private listed shares	<u>-</u>	<u>-</u>	<u>4,340</u>	<u>4,340</u>
	<u>\$ 28,957</u>	<u>\$ -</u>	<u>\$ 266,598</u>	<u>\$ 295,555</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 1,199,486	\$ -	\$ -	\$ 1,199,486
Domestic/foreign unlisted shares	164,738	-	1,192,970	1,357,708
Domestic/foreign listed shares	273,390	-	-	273,390
Securities listed in the ROC and other countries - CB	-	-	134,269	134,269
Limited partnership	<u>-</u>	<u>-</u>	<u>436,013</u>	<u>436,013</u>
	<u>\$ 1,637,614</u>	<u>\$ -</u>	<u>\$ 1,763,252</u>	<u>\$ 3,400,866</u>

Financial assets at FVTOCI

Domestic private listed shares	\$ -	\$ -	\$ 10,062	\$ 10,062
Domestic/foreign unlisted shares	<u>89,486</u>	<u>-</u>	<u>116,708</u>	<u>206,194</u>
	<u>\$ 89,486</u>	<u>\$ -</u>	<u>\$ 126,770</u>	<u>\$ 216,256</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the Year Ended December 31, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2022	\$ 1,763,252	\$ 126,770	\$ 1,890,022
Recognized in profit or loss	(170,998)	-	(170,998)
Recognized in other comprehensive income	-	10,296	10,296
Purchases	318,693	127,573	446,266
Disposals	(358,485)	-	(358,485)
Transfer out of Level 3	(69,300)	-	(69,300)
Effect of exchange rate changes	<u>39,248</u>	<u>1,959</u>	<u>41,207</u>
Balance at December 31, 2022	<u>\$ 1,522,410</u>	<u>\$ 266,598</u>	<u>\$ 1,789,008</u>

For the Year Ended December 31, 2021

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2021	\$ 1,073,957	\$ 78,699	\$ 1,152,656
Recognized in profit or loss	499,001	-	499,001
Recognized in other comprehensive income	-	(9,837)	(9,837)
Reclassified	(10,438)	-	(10,438)
Purchases	264,321	58,584	322,905
Disposals	(10,592)	-	(10,592)
Transfer out of Level 3	(48,600)	-	(48,600)
Effect of exchange rate changes	<u>(4,397)</u>	<u>(676)</u>	<u>(5,073)</u>
Balance at December 31, 2021	<u>\$ 1,763,252</u>	<u>\$ 126,770</u>	<u>\$ 1,890,022</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

- a) The fair values of unlisted equity securities – domestic and foreign were determined using the market approach. The significant unobservable inputs used are listed in the table below. An increase in the price-to-book ratio or price-sales ratio or a decrease in the discount for lack of marketability used in isolation would result in increases in fair value.

	December 31	
	2022	2021
Price-to-book ratio	0.745-4.230	2.220-3.490
Price-to-sales ratio	0.788-4.570	0.910-2.850
Discount for lack of marketability	10%-30%	10%-20%

- b) The fair values of unlisted shares and limited partnership were determined using the asset-based approach. The Company assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Company assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.
- c) The fair values of unlisted shares were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or a decrease in the weighted average cost of capital (WACC) or discount for lack of marketability used in isolation would result in increases in fair value.

	December 31	
	2022	2021
Long-term revenue growth ratio	2.00%	2.00%
Weighted average cost of capital ratio	8.646%	8.879%
Discount for lack of marketability	30%	30%

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

	December 31	
	2022	2021
Discount for lack of marketability	54.8%	29.8%

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)	\$ 2,202,986	\$ 3,400,866
Financial assets at amortized cost (1)	5,844,587	6,599,715
Financial assets at (FVTOCI)		
Equity instruments	295,555	216,256
<u>Financial liabilities</u>		
Measured at amortized cost (2)	1,730,973	1,762,041

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables, other receivables, other financial assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, accounts payable, current portion of long-term bank borrowings, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included mutual funds equity and debt investments, convertible notes, trade receivables, accounts payable, borrowings and lease liability. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reported quarterly to the Company's risk management committee.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

a) Foreign currency risk

A part of the Company's cash flows is in foreign currency, and the use by management of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

For exchange risk management, each foreign-currency item of net assets and liabilities is reviewed regularly. In addition, before obtaining foreign loans, the Company considers the cost of the hedging instrument and the hedging period.

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were refer to Note 36.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company sensitivity to a US\$1.00 and RMB1.00 increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis considers the currencies of USD and RMB in circulation, and adjusts the end-of-term conversion to exchange rate change of \$1.00. The sensitivity analysis covers cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, long-term and short-term loans, accounts payable, other accounts payable and deposit margins. A negative number below indicates a decrease in post-tax profit associated with the New Taiwan dollar strengthening \$1.00 against USD and RMB. For a \$1.00 weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit, and the balances below would be positive.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 25,645	\$ (16,811)

	RMB Impact	
	For the Year Ended December 31	
	2022	2021

Profit or loss	\$ (11,905)	\$ 2,599
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b) Interest rate risk

The Company was exposed to interest rate risk because entities in the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 2,895,144	\$ 2,618,028
Financial liabilities	210,761	220,078
Cash flow interest rate risk		
Financial assets	1,806,101	2,523,929
Financial liabilities	1,042,000	573,773

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2022 and 2021 would increase/decrease by \$955 thousand and \$2,438 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the year ended December 31, 2022 and 2021 would have increased/decreased by \$22,030 thousand and \$34,009 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$2,956 thousand and \$2,163 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company is arising from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Company's concentration of credit risk of 60% and 68% in total trade receivables as of December 31, 2022 and 2021, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest risk rate tables

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 289,228	\$ 225,048	\$ 5,154	\$ 1	\$ -
Lease liabilities	1,529	3,204	14,237	41,782	236,250
Variable interest rate liabilities	1,072	42,000	-	1,000,000	-
Fixed interest rate liabilities	-	-	-	4,453	182,057
	<u>\$ 291,829</u>	<u>\$ 270,252</u>	<u>\$ 19,391</u>	<u>\$ 1,046,236</u>	<u>\$ 418,307</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 18,970</u>	<u>\$ 41,782</u>	<u>\$ 48,321</u>	<u>\$ 47,645</u>	<u>\$ 38,180</u>	<u>\$ 102,104</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 658,464	\$ 381,214	\$ 8,222	\$ -	\$ -
Lease liabilities	1,486	3,114	12,624	45,671	244,833
Variable interest rate liabilities	99,024	45,000	46,000	384,000	-
Fixed interest rate liabilities	-	-	-	4,972	183,713
	<u>\$ 758,974</u>	<u>\$ 429,328</u>	<u>\$ 66,846</u>	<u>\$ 434,643</u>	<u>\$ 428,546</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 17,224</u>	<u>\$ 45,671</u>	<u>\$ 48,109</u>	<u>\$ 48,109</u>	<u>\$ 39,358</u>	<u>\$ 109,257</u>

b) Financing facilities

	<u>December 31</u>	
	2022	2021
Unsecured bank overdraft facility, review annually and payable on demand		
Amount used	\$ 1,085,567	\$ 599,711
Amount unused	<u>3,790,209</u>	<u>3,871,132</u>
	<u>\$ 4,875,776</u>	<u>\$ 4,470,843</u>

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

a. Name and relationship of related parties

<u>Name</u>	<u>Relationship with the Company</u>
Beijing Golden Global View Co., Ltd.	Associate (Note)
iCatch Technology	Associate

Note: It is an associate of the Company; subsidiary of Global View.

b. Sales of goods

Line Items	Related Party Categories	<u>For the Year Ended December 31</u>	
		2022	2021
Sales	Associates	\$ <u>45,790</u>	\$ <u>50,363</u>

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

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

Account Item	Related Party	<u>December 31</u>	
		2022	2021
Trade receivables	Associates	\$ <u>6,134</u>	\$ <u>10,752</u>
Other receivables	Associates	\$ <u>535</u>	\$ <u>529</u>

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

d. Prepayments (excluding loans to related parties)

Line Item	Related Party Category	<u>December 31</u>	
		2022	2021
Other current assets	Associate	\$ <u>-</u>	\$ <u>189</u>

e. Other transactions with related parties

Account Item	Related Parties Types	<u>December 31</u>	
		2022	2021
Operating expenses	Associates	\$ <u>114</u>	\$ <u>297</u>
Non-operating income and expenses	Associates	\$ <u>12,934</u>	\$ <u>9,489</u>

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

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

f. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 143,591	\$ 84,551
Post-employment benefits	<u>1,200</u>	<u>1,465</u>
	<u>\$ 144,791</u>	<u>\$ 86,016</u>

The remuneration of directors and other key management personnel was determined by the Compensation Committee in accordance with individual performance and market trends.

35. PLEDGED OR MORTGAGED ASSETS

The following assets of the Company have been pledged or mortgaged as guarantees for endorsement, loan, purchase quota, leased land and customs clearance:

	December 31	
	2022	2021
Buildings, net	\$ 537,529	\$ 556,931
Pledged time deposits (classified as other financial assets - non-current)	<u>15,343</u>	<u>13,011</u>
	<u>\$ 552,872</u>	<u>\$ 569,942</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Long-term purchase contract:

Generalplus Technology signed a long-term supply contract with the supplier in December 2021. According to the contract agreed that supply quantity and price from January 1, 2022 to June 30, 2025. According to the contract, Generalplus has been paid USD\$3,456 thousand to the supplier as a guarantee to ensure the supply of production capacity. The contract stipulates that if fail to fulfill the agreed purchase quantity or supply quantity, the other party has the right to demand a certain amount of compensation.

37. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 46,195	30.710	\$ 1,418,648
JPY	6,762	0.232	1,569
CNY	910	4.408	4,011
HKD	111	3.938	437
GBP	3	37.090	111
EUR	1	32.720	33
Nonmonetary items			
CHF	541	33.205	17,953

Financial liabilities

Monetary items			
USD	20,550	30.710	631,091
JPY	1,181	0.232	274
CNY	12,815	4.408	56,489

December 31, 2021

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 65,245	27.680	\$ 1,805,982
JPY	9,108	0.241	2,195
CNY	1,258	4.344	5,465
HKD	150	3.549	532
GBP	3	37.300	112
EUR	1	31.320	31
Nonmonetary items			
CHF	595	30.175	17,953

Financial liabilities

Monetary items			
USD	48,434	27.680	1,340,653
JPY	417	0.241	100
CNY	3,857	4.344	16,755
HKD	14	3.549	50

For the years ended December 31, 2022 and 2021, (realized and unrealized) net foreign exchange losses were \$42,642 thousand and \$6,685 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

38. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees and b. Information on investees:
- 1) Financings provided: Table 1 (attached)
 - 2) Endorsement/guarantee provided: Table 2 (attached)
 - 3) Marketable securities held: Table 3 (attached)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
 - 9) Trading in derivative instruments: No.
 - 10) Intercompany relationships and significant intercompany transactions: Table 6 (attached)
- b. Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

Except for Table 1 to Table 10, there's no further information about other significant transactions.

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Company reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by sub segment and operating results for the years ended December 31, 2022 and 2021 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2022 and 2021 are shown in the accompanying consolidated balance sheets.

a. Segment revenues and results

The following was an analysis of the Company's operating revenue and results by reportable segment.

	Segment Revenue	
	For the Year Ended December 31	
	2022	2021
IC design	\$ 6,301,115	\$ 7,615,235
Income from lease of property, plant, and equipment	254,567	240,964
Other income	<u>150,026</u>	<u>104,632</u>
	<u>\$ 6,705,708</u>	<u>\$ 7,960,831</u>

b. Geographical information

The Company operates in two principal geographical areas - the Asia and Taiwan.

The Company's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Asia	\$ 4,025,105	\$ 4,715,325	\$ 1,848,012	\$ 1,962,374
Taiwan	2,638,008	3,187,987	1,423,109	1,462,547
Others	<u>42,595</u>	<u>57,519</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,705,708</u>	<u>\$ 7,960,831</u>	<u>\$ 3,271,121</u>	<u>\$ 3,424,921</u>

Non-current assets exclude financial instruments, deferred tax assets and other non-current assets.

c. Information about major customers

Single customers contributing 10% or more to the Company's revenue were as follows:

	For the Year Ended December 31	
	2022	2021
Customer A	\$ 1,026,125	\$ 1,304,206
Customer B	939,858	1,145,765
Customer C	Note	939,933

Note: The amount of revenue does not reach 10% of the Company's net revenue.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Sunplus Shanghai	Chongqing CQPlus1	Receivables from related parties	Yes	\$ 60,816	\$ -	\$ -	1.80%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 425,085 (Note 7)	\$ 425,085 (Note 7)
2	Sunplus Shanghai	Sun Media	Receivables from related parties	Yes	298,862	294,014	294,014	1.80%	Note 1	-	Note 3	-	-	-	425,085 (Note 7)	425,085 (Note 7)
3	Russell	Sun Media	Receivables from related parties	Yes	243,313	-	-	-	Note 1	-	Note 4	-	-	-	712,296 (Note 8)	712,296 (Note 8)
4	Sunplus Venture Capital	Sun Media	Receivables from related parties	Yes	50,969	50,672	50,672	3.80%	Note 1	-	Note 5	-	-	-	441,335 (Note 9)	441,335 (Note 9)
5	Lin Shin Investment	Sun Media	Receivables from related parties	Yes	163,460	110,556	110,556	3.80%	Note 1	-	Note 6	-	-	-	357,585 (Note 10)	357,585 (Note 10)

Note 1: Short-term financing.

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

Note 3: Sunplus Shanghai provided funds for the operating needs of SunMedia.

Note 4: Russell provided funds for the operating needs of SunMedia.

Note 5: Sunplus Venture Capital provided funds for the operating needs of SunMedia.

Note 6: Lin Shin Investment provided funds for the operating needs of SunMedia.

Note 7: Sunplus Shanghai and the loans are all foreign companies whose parent company directly and indirectly holds 100% of the voting shares. When the short-term financing funds need to be engaged in capital lending, the capital loan and the individual amount and total amount should not exceed the capital loan. The enterprise's net worth should not exceed to 60%, and its period should not exceed more than 2 years.

Note 8: Russell and the loans are all foreign companies whose parent company directly and indirectly holds 100% of the voting shares. When the short-term financing funds need to be engaged in capital lending, the capital loan and the individual amount and total amount should not exceed the capital loan. The enterprise's net worth should not exceed to 80%, and its period should not exceed more than 2 years.

Note 9: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital's net equity as of its latest financial statements.

Note 10: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shin Investment's net equity as of its latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

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

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Gua rantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus	Chongqing CQPlus1	3 (Note 3)	\$ 926,209 (Note 4)	\$ 67,590	\$ -	\$ -	\$ -	-	\$1,852,418 (Note 5)	Yes	No	Yes
1 (Note 2)	Russell	SunMedia	3 (Note 3)	534,222 (Note 6)	59,440	-	-	-	-	534,222 (Note 6)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: Sunplus and its subsidiaries jointly hold more than 50% of the ordinary shares of the endorsee.

Note 4: For each transaction entity, the guarantee amount should not exceed 10% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 5: The guarantee amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 6: Russell and the endorsement guaranty object are the parent company which holds 100% voting rights directly or indirectly. For each transaction entity, the guarantee amount should not exceed 60% of the endorsement/guarantee provider's net equity.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	300	\$ 15,480	-	\$ 15,480	Note 2
	Triknight Capital Corporation	-	Financial assets at FVTPL - non-current	40,842	269,823	5	269,823	Note 1
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	-	5	-	Note 1
	Vertex Growth II (SG) L.P.	-	Financial assets at FVTPL - non-current	-	3,644	-	3,644	Note 1
	AMED Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	2,539	-	2,539	Note 1
Lin Shin Investment	Arizon RFID Technology Co., Ltd.	-	Financial assets at FVTPL - current	370	28,701	-	28,701	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at FVTPL - current	65	2,130	-	2,130	Note 1
	Enterex International Limited - Convertible Bonds	-	Financial assets at FVTPL - current	30	-	-	-	Note 1
	Evergreen Aviation Technologies Corporation	-	Financial assets at FVTPL - current	1,050	85,218	-	85,218	Note 2
	Genius Vision Digital Inc.	-	Financial assets at FVTPL - non-current	300	-	1	-	Note 1
	Lead Sun Corporation	-	Financial assets at FVTPL - non-current	1,000	34,407	11	34,407	Note 1
	AI3 Co.	-	Financial assets at FVTPL - non-current	33	431	1	431	Note 1
	GEMFOR Leading Financial Solution Provider Fund	-	Financial assets at FVTPL - non-current	1	-	-	-	Note 1
	Sunplus	Parent company	Financial assets at FVTOCI - non-current	3,560	79,744	1	79,744	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at FVTOCI - non-current	33	2,860	-	2,860	Note 1
Russell	Synerchip Inc.	-	Financial assets at FVTPL - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at FVTPL - non-current	1,000	-	8	-	Note 1
	Ortega InfoSystem, Inc.	-	Financial assets at FVTPL - non-current	2,557	-	-	-	Note 1
	Innobrige International Inc.	-	Financial assets at FVTPL - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at FVTPL - non-current	1,250	-	1	-	Note 1
	Intudo Istimewa I, LLC	-	Financial assets at FVTPL - non-current	-	15,355	14	15,355	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell	Asia B2B on Line Inc.	-	Financial assets at FVTPL - non-current	1,000	\$ -	3	\$ -	Note 1
	AMED Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	15,863	2	15,863	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	191,335	6	191,335	Note 1
	Intudo Ventures III, L.P.	-	Financial assets at FVTPL - non-current	-	21,386	1	21,386	Note 1
	AMED Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	3,384	-	3,384	Note 1
	Intudo Istimewa II, LLC	-	Financial assets at FVTPL - non-current	-	15,355	7	15,355	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	2,369	13	2,369	Note 1
	eYs3d Microelectronics, Inc.	-	Financial assets at FVTOCI - non-current	1,190	15,172	2	15,172	Note 1
Sunplus Venture Capital	Jih Sun Vietnam Opportunity Fund	-	Financial assets at FVTPL - current	500	3,570	-	3,570	Note 3
	Fuyou Venture Capital Limited Partnership (private placement)	-	Financial assets at FVTPL - non-current	-	19,727	5	19,727	Note 1
	eWave System, Inc.	-	Financial assets at FVTPL - non-current	1,833	-	22	-	Note 1
	Book4u Company Limited	-	Financial assets at FVTPL - non-current	9	-	-	-	Note 1
	TGVest Capital Limited Partnership	-	Financial assets at FVTPL - non-current	-	51,922	5	51,922	Note 1
	Simple Act Inc.	-	Financial assets at FVTPL - non-current	1,900	-	10	-	Note 1
	Genius Vision Digital Co., Ltd.	-	Financial assets at FVTPL - non-current	375	-	1	-	Note 1
	Intelligo Technology Inc.	-	Financial assets at FVTPL - non-current	337	40,380	1	40,380	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at FVTPL - non-current	4,000	46,864	7	46,864	Note 1
	Huijia Health Life Technology	-	Financial assets at FVTPL - non-current	1,049	1,470	5	1,470	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	900	33,390	1	33,390	Note 2
	Raynergy Tek Inc.	-	Financial assets at FVTPL - non-current	5,691	37,330	12	37,330	Note 1
	Fuyou Venture Capital Limited Partnership	-	Financial assets at FVTPL - non-current	5,000	50,622	10	50,622	Note 1
CDIB Capital Growth Partners L.P.	-	Financial assets at FVTPL - non-current	-	100,765	2	100,765	Note 1	
TIEF Fund, L.P.	-	Financial assets at FVTPL - non-current	-	44,905	7	44,905	Note 1	
Pacific 8 Ventures Fund II, L.P.	-	Financial assets at FVTPL - non-current	-	5,519	2	5,519	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital	Cerulean Asset Management Co., Ltd.	-	Financial assets at FVTPL - non-current	-	\$ 15,011	16	\$ 15,011	Note 1
	CSVI Ventures, L.P.	-	Financial assets at FVTPL - non-current	-	29,139	2	29,139	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	111,827	8	111,827	Note 1
	Promise Technology Inc.	-	Financial assets at FVTOCI - non-current	962	4,340	1	4,340	Note 1
	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	602	28,957	2	28,957	Note 2
	Innorich Venture Capital Corp.	-	Financial assets at FVTOCI - non-current	3,000	20,518	6	20,518	Note 1
	Neuchips Inc. - Preference shares	-	Financial assets at FVTOCI - non-current	585	17,397	3	17,397	Note 1
	Neuchips Inc.	-	Financial assets at FVTOCI - non-current	2,100	62,449	3	62,449	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,564	1,610	4	1,610	Note 1
Wei-Young Investment Sunplus Shanghai	Feedback Technology Corp.	-	Financial assets at FVTPL - current	50	4,320	-	4,320	Note 2
	Ready Sun Investment Group Fund	-	Financial assets at FVTPL - non-current	-	41,012	16	41,012	Note 1
	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	2,200	63,349	3	63,349	Note 1
Generalplus Technology Sunplus Innovation Technology	Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - current	12,855	213,002	-	213,002	Note 3
	Yuata De-Bao Money Market Fund	-	Financial assets at FVTPL - current	23,108	281,956	-	281,956	Note 3
	Advanced Silicon SA	-	Financial assets at FVTOCI - non-current	1,000	17,953	10	17,953	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets at FVTOCI - non-current	2,000	-	8	-	Note 1
	PointGrab Ltd.	-	Financial assets at FVTOCI - non-current	453	-	1	-	Note 1
Chongqing CQPlus1	Vicoretek Co., Ltd.	-	Financial assets at FVTOCI - non-current	-	121,930	8	121,930	Note 1
Giant Rock	Xiamen Xm-plus Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	8,950	258,214	11	258,214	Note 1
Sunext Technology	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	200	10,320	-	10,320	Note 2
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - current	50	22,425	-	22,425	Note 2
	MediaTek Inc.	-	Financial assets at FVTPL - current	10	6,250	-	6,250	Note 2
	SinoPac ESG Global Digital Infrastructure Fund	-	Financial assets at FVTPL - current	500	4,645	-	4,645	Note 3

Note 1: The market value was based on the carrying amount as of December 31 2022.

Note 2: The market value was based on the closing price as of December 31, 2022.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2022.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

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

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)			Ending Balance		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal (Note 4)	Number of Shares	Amount
Sunplus	iCatch Technology	Non-current assets held for sale	Egis Technology Inc.	-	8,000	\$ 108,504	-	\$ -	8,000	\$ 535,987	\$ 108,504	\$ 449,000	-	\$ -
Generalplus Technology	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	4,684	77,149	32,472	536,000	24,301	401,000	400,500	500	12,855	213,002
Sunplus Innovation Technology	Taishin Ta Chong Money Market Fund	Financial assets at FVTPL - current	-	-	9,765	140,136	-	-	9,765	140,365	140,000	365	-	-

Note 1: Marketable Securities in this table include shares, bonds, beneficiary certificates and derivative products.

Note 2: Fill in the two columns if marketable securities are accounted for using equity method.

Note 3: The accumulated amount of acquisition/disposal were calculated at costs or prices of at least NT\$300 million or 20% of the paid-in capital separately.

Note 4: Gain(loss) on disposal include gain(loss) on disposal of equity transfers directly related to non-current assets held for sale.

Note 5: Paid-in capital is the paid-in capital of the parent company Shares of issuers without par value or not NT\$10 per share are calculated according to 10% of total equity attributable to owners of the Company regarding the regulation on transaction amount of 20% of paid-in capital.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sunplus	Chongqing CQPlus1	Subsidiary	Purchases	\$ 158,275	16.16	Based on contract	Based on contract	Based on contract	\$ (15,580)	9.05	-

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
			Financial Statement Account Item	Amount	Terms	
Sunplus	Generalplus Technology	1	Sales	\$ 4,968	Note 1	0.07%
			Notes receivable and trade receivables	404	Note 1	-
			Other receivables	529	Note 1	-
			Non-operating income	521	Note 2	-
	Sunext Technology	1	Non-operating income	677	Note 2	0.01%
			Other receivables	246	Note 3	-
			Notes receivable and trade receivables	2	Note 1	-
	Sunplus Innovation Technology	1	Sales	103	Note 1	-
			Non-operating income	4,146	Note 2	0.06%
			Notes receivable and trade receivables	13	Note 1	-
			Other receivables	633	Note 3	-
	Jumplux Technology	1	Sales	9,698	Note 1	0.14%
			Non-operating income	6,386	Notes 2 and 4	0.10%
			Notes receivable and trade receivables	532	Note 1	-
Other receivables			1,317	Note 3	-	
Genki Tek Technology	1	Non-operating income	530	Note 2	-	
Chongqing CQPlus1	1	Cost of goods sold	168,850	Note 2	2.52%	
		Accounts payable	15,580	Note 1	0.10%	
		Other payables	1,122	Note 1	-	
		Other prepayments	9,292	Note 1	0.06%	
SunMedia	1	Research and development expenses	35,125	Note 2	0.52%	
		Other payables	9,831	Note 3	0.07%	
Sunplus Prof-tek (Shenzhen)	1	Research and development expenses	46,028	Note 2	0.69%	
		Other payables	12,060	Note 3	0.08%	
Sunplus Innovation Technology	SunMedia	2	Other payables	1,496	Note 3	0.01%
	Worldplus (Shenzhen)	2	Selling and marketing expenses	5,893	Note 2	0.09%
Generalplus Technology	Generalplus H.K.	2	Other payables	6,910	Note 3	0.05%
			Selling and marketing expenses	27,473	Note 2	0.41%
Generalplus Technology	Generalplus H.K.	2	Selling and marketing expenses	12,452	Note 1	0.19%
			Other payables	1,691	Note 2	0.01%
	Generalplus (Shenzhen)	2	Sales	19,851	Note 1	0.30%
			Research and development expenses	80,635	Note 1	1.20%
Sunplus Shanghai	SunMedia	2	Notes receivable and trade receivables	4,395	Note 2	0.03%
			Other payables	19,370	Note 2	0.13%
Sunplus Shanghai	SunMedia	2	Other payables	676	Note 3	-
			Research and development expenses	675	Note 2	0.01%

(Continued)

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Shanghai	Chongqing CQ Plus 1	2	Other payables	\$ 402	Note 3	-
			Research and development expenses	867	Note 2	0.01%
Sunplus Prof-tek (Shenzhen)	Worldplus (Shenzhen) Chongqing CQ Plus 1	2	Non-operating income	9,446	Note 2	0.14%
		2	Cost of goods sold	125	Note 2	-
Lin Shin Investment	SunMedia	2	Other receivables	110,724	Note 3	0.74%
			Interest revenue	2,074	Note 2	0.03%
Sunplus Venture Capital	SunMedia	2	Other receivables	50,707	Note 3	0.34%
			Interest revenue	226	Note 2	-
Beijing Sunplus-EHue	SunMedia	2	Sales	9,102	Note 1	0.14%
Sunplus App	Beijing Sunplus - EHue	2	General and administrative expenses	394	Note 2	-
			Prepaid expenses	17	Note 2	-
			Refundable deposits	34	Note 2	-

Note 1: The transactions were based on normal commercial prices and terms.

Note 2: The prices were based on negotiations; the payment period and related terms were not comparable to market terms.

Note 3: The transaction payment terms were similar to normal commercial terms.

Note 4: Lease transaction terms were based on negotiations, and were thus not comparable to market terms. The transactions between the Company and counterparty were made under normal terms.

Note 5: 1 - From parent company to subsidiary.

2 - Between subsidiaries.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
 DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus	Ventureplus Group	Belize	Investment	\$ 2,458,183 (US\$ 74,605 RMB\$ 37,900)	\$ 2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,678,364	\$ 66,904	\$ 43,992	Subsidiary
	Award Glory	Belize	Investment	291,676 (US\$ 7,072 RMB\$ 16,900)	291,676 (US\$ 7,072 RMB\$ 16,900)	9,567	100	368,974	(96,941)	(96,941)	Subsidiary
	Global View	New Taipei, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	318,969	100,898	13,180	Investee
	Lin Shin Investment	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	814,218	61,819	54,699	Subsidiary
	Generalplus Technology	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	847,758	579,378	198,729	Subsidiary
	Sunplus Venture Capital	Hsinchu, Taiwan	Investment	829,982	829,982	83,000	100	1,103,338	105,174	105,174	Subsidiary
	Sunplus Innovation Technology	Hsinchu, Taiwan	Design of ICs	273,941	374,161	29,266	50	1,165,423	373,317	191,037	Subsidiary
	Russell	Cayman Islands, British West Indies	Investment	926,981 (US\$ 30,185)	926,981 (US\$ 30,185)	30,185	100	890,371	111,666	111,666	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	127,345	127,345	12,735	13	282,913	69,940	8,740	Investee
	Sunext Technology	Hsinchu, Taiwan	Design of ICs	1,002,531	983,237	63,487	100	248,972	(25,890)	(23,872)	Subsidiary
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	22,667	(660)	(592)	Subsidiary
	Sunplus Management Consulting	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,193	(190)	(190)	Subsidiary
	Sunplus Technology (H.K.)	Kowloon Bay, Hong Kong	International trade	43,613 (HK\$ 11,075)	43,613 (HK\$ 11,075)	11,075	100	28	-	-	Subsidiary
	Magic Sky	Samoa	Investment	-	317,541 (US\$ 10,340)	-	-	-	(655)	(655)	Subsidiary (Note 4)
	Sunplus mMobile	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,043	(183)	(183)	Subsidiary (Note 6)
	Wei-Young Investment	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	38,159	(21,214)	(21,214)	Subsidiary
	Jumplux Technology	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	3,407	40,261	22,144	Subsidiary
	AkiraNET	Taipei, Taiwan	Information software service	174,000	174,000	17,400	26	156,053	(132,473)	(36,275)	Investee
	Lin Shin Investment	Generalplus Technology	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	339,468	579,378	79,292
Sunplus Innovation Technology		Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	40,570	373,317	7,015	Subsidiary
iCatch Technology		Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	23,230	69,640	821	Investee
Sunplus mMedia		Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,321	(660)	(17)	Subsidiary
GlintMed Innovation		Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	591	(1,726)	(216)	Investee
Sunplus Venture Capital	Jumplux Technology	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	2,607	40,261	16,942	Subsidiary
	Sunplus Innovation Technology	Hsinchu, Taiwan	Design of ICs	60,588	60,588	2,924	5	117,414	373,317	19,084	Subsidiary
	iCatch Technology	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	4	80,242	69,640	2,835	Investee
	Sunplus mMedia	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	375	(660)	(50)	Subsidiary
	GenkiTek Technology	Taipei, Taiwan	Software development	-	20,000	-	-	-	(5,602)	(3,501)	Subsidiary (Note 3)
GlintMed Innovation	Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	591	(1,726)	(216)	Investee	
Russell	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	76,775 (US\$ 2,500)	76,775 (US\$ 2,500)	5,000	16	70,200	(25,646)	(4,167)	Investee
Ventureplus Group	Ventureplus Mauritius	Mauritius	Investment	2,458,183 (US\$ 74,605 RMB\$ 37,900)	2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	1,712,958	66,904	66,904	Subsidiary
Ventureplus Mauritius	Ventureplus Cayman	Cayman Islands, British West Indies	Investment	2,458,183 (US\$ 74,605 RMB\$ 37,900)	2,458,183 (US\$ 74,605 RMB\$ 37,900)	-	100	1,712,936	66,902	66,902	Subsidiary
Generalplus Technology	Generalplus Samoa	Samoa	Investment	586,254 (US\$ 19,090)	586,254 (US\$ 19,090)	19,090	100	532,120	17,470	17,470	Subsidiary
Generalplus Samoa	Generalplus Mauritius	Mauritius	Investment	586,254 (US\$ 19,090)	586,254 (US\$ 19,090)	19,090	100	539,489	17,470	17,470	Subsidiary
Generalplus Mauritius	Generalplus H.K.	Hong Kong	Sales	11,977 (US\$ 390)	11,977 (US\$ 390)	-	100	11,565	(267)	(267)	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory	Sunny Fancy	Seychelles	Investment	\$ 291,676 (US\$ 7,072 RMB\$ 16,900)	\$ 291,676 (US\$ 7,072 RMB\$ 16,900)	9,567	100	\$ 368,975	\$ (96,941)	\$ (96,941)	Subsidiary
Sunny Fancy	Giant Kingdom	Seychelles	Investment	-	23,708 (US\$ 772)	-	-	-	(50)	(50)	Subsidiary (Note 5)
	Giant Rock	Anguilla	Investment	157,412 (US\$ 2,700 RMB\$ 16,900)	157,412 (US\$ 2,700 RMB\$ 16,900)	5,195	100	260,323	(105,387)	(105,387)	Subsidiary
	Worldplus	America	Investment	110,556 (US\$ 3,600)	110,556 (US\$ 3,600)	-	100	108,428	8,488	8,488	Subsidiary
	Giant Best	Seychelles	Investment	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2022.

Note 2: The cancellation of Giant Best was completed on September 5, 2022.

Note 3: The disposed of GenkiTek Technology was completed on June 20, 2022.

Note 4: The disposed of Magic Sky was completed on June 22, 2022.

Note 5: The cancellation of Giant Kingdom was completed on September 5, 2022.

Note 6: The dissolution of Sunplus mMobile was completed on February 28, 2022.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Sunplus Shanghai	Development of computer software, system integration services and building rental	\$ 528,212 (US\$ 17,200)	Note 1	\$ 542,185 (US\$ 17,655)	\$ -	\$ -	\$ 542,185 (US\$ 17,655)	100%	\$ 97,155	\$ 97,155	\$ 702,793	\$ -
Sunplus Prof-tek (Shenzhen)	Development of computer software, system integration services and building rental and property management	990,398 (US\$ 32,250)	Note 1	990,398 (US\$ 32,250)	-	-	990,398 (US\$ 32,250)	100%	(16,585)	(16,585)	732,496	-
SunMedia	Development of computer software, system integration services and building rental	614,200 (US\$ 20,000)	Note 1	614,200 (US\$ 20,000)	-	-	614,200 (US\$ 20,000)	100%	(14,300)	(14,300)	208,955	-
Sunplus App	Sale of electronic components and information management and education	171,912 (RMB\$ 39,000)	Note 1	167,868 (US\$ 586 RMB\$ 34,000)	-	-	167,868 (US\$ 586 RMB\$ 34,000)	97%	(1,394)	(1,394)	2,355	-
Beijing Sunplus-EHue	Development of computer software, system integration services and building rental	119,016 (RMB\$ 27,000)	Note 1	119,016 (RMB\$ 27,000)	-	-	119,016 (RMB\$ 27,000)	100%	995	995	52,624	-
JSilicon Technology	Development of computer software, IC design	-	Note 3	-	-	-	-	-	(146)	(146)	-	-
Worldplus (Shenzhen)	Software development, building rental and property management	83,924 (RMB\$ 19,039)	Note 5	110,556 (US\$ 3,600)	-	-	110,556 (US\$ 3,600)	100%	(9,820)	(8,488)	108,428	-
Chongqing CQPlus1	Development of computer software, IC design	176,320 (RMB\$ 40,000)	Note 4	-	-	-	-	100%	32,087	32,087	155,604	-

Accumulated Investment in Mainland China as of December 31, 2022 (Note 6)	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,730,132 (US\$ 79,872 RMB 62,900)	\$ 2,731,693 (US\$ 80,052 RMB 62,000)	\$ 5,557,253

Sunplus Venture Capital

Accumulated Investment in Mainland China as of December 31, 2022 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 94,802 (US\$ 3,087)	\$ 94,802 (US\$ 3,087)	\$ 662,003

Lin Shin Investment

Accumulated Investment in Mainland China as of December 31, 2022 (Note 8)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 28,591 (US\$ 931)	\$ 28,591 (US\$ 931)	\$ 536,377

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 574,277 (US\$ 18,700)	Note 1	\$ 574,277 (US\$ 18,700)	\$ -	\$ -	\$ 574,277 (US\$ 18,700)	100%	\$ 17,737	\$ 17,737	\$ 527,904	\$ -

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 574,277 (US\$ 18,700)	\$ 574,277 (US\$ 18,700)	\$ 1,500,071

Note 1: Indirect investment in a company located in mainland China through investment in a company located in a third country.

Note 2: Based on the reviewed financial statements of investees in the same period.

Note 3: Sunplus Shanghai's direct investment in a company located in mainland China and it was liquidated on August 30, 2022.

Note 4: Sunplus Shanghai and Sunplus pro-tek (Shenzhen) reinvested in a company located in mainland China.

Note 5: It is a company located in mainland China that acquired the investment of the third regional investment company on September 2, 2019.

Note 6: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Xiamen Xm-plus Technology Co., Ltd. in mainland China, and is included in the financial assets at FVTPL - non-current.

Note 7: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Sanneng Group Holding Company in mainland China, Sanneng Appliances (Wuxi) Co., Ltd. and CSVI Ventures, L.P, and is included in the financial assets at FVTPL - non-current.

Note 8: The investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs includes the investment business of Arizon RFID Technology Co., Ltd. in mainland China and is included in the financial assets at FVTPL - current..

Note 9: The original foreign currency was derived from the exchange rate on December 31, 2022.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars,)

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Notes/Trade Receivables (Payables)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Market Transactions	Ending Balance	%		
Generalplus Shenzhen	Development and processing services	\$ 80,635	13.83	Based on contract	Based on contract	Not comparable with market transactions	\$ 19,370	86.69	\$ -	NA
	Sales	19,851	0.63	Based on contract	Based on contract	Not comparable with market transactions	4,395	1.15	1,763	NA
Chongqing CQPlus1	Purchases	158,275	16.16	Based on contract	Based on contract	Not comparable with market transactions	(15,580)	100.00	(22,912)	NA
	Manufacturing expense	10,575	2.77	Based on contract	Based on contract	Not comparable with market transactions	(1,122)	4.78	-	NA
SunMedia	Development and processing services	35,428	2.64	Based on contract	Based on contract	Not comparable with market transactions	(9,829)	41.91	-	NA
Sunplus Prof-tek (Shenzhen)	Processing services	46,576	3.47	Based on contract	Based on contract	Not comparable with market transactions	(12,502)	53.31	-	NA

SUNPLUS TECHNOLOGY COMPANY LIMITED**INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Chou-chye, Huang	92,737,817	15.66

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.