

# **Sunplus Technology Company Limited**

**Financial Statements for the  
Years Ended December 31, 2021 and 2020 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 29, 2022

Notice to Readers

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

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

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(In Thousands of New Taiwan Dollars)**

	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Equity Directly Associated with Non-current Assets Held for Sale	Other Equity			Total Equity
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)		Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses from Investments in Equity Instruments at FVTOCI	Treasury Shares	
BALANCE AT JANUARY 1, 2020	591,995	\$ 5,919,949	\$ 594,432	\$ 1,942,388	\$ 308,452	\$ (262,261)	\$ -	\$ (218,780)	\$ (42,246)	\$ (63,401)	\$ 8,178,533
Appropriation of the 2019 earnings											
Legal reserve used to cover accumulated deficits	-	-	-	(229,998)	-	229,998	-	-	-	-	-
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	15,786	-	-	-	-	-	-	-	15,786
Issuance of cash dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	-	(177,598)
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	67,132	-	-	-	-	-	2,112	-	69,244
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	-	(183)
Net profit for the year ended December 31, 2020	-	-	-	-	-	323,403	-	-	-	-	323,403
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	6,846	-	(9,243)	5,907	-	3,510
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	330,249	-	(9,243)	5,907	-	326,913
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,068	-	-	-	-	-	-	-	1,068
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(1,172)	-	-	1,172	-	-
BALANCE AT DECEMBER 31, 2020	591,995	5,919,949	500,820	1,712,390	276,189	328,894	-	(228,023)	(33,055)	(63,401)	8,413,763
Appropriation of the 2020 earnings											
Legal reserve	-	-	-	32,889	-	(32,889)	-	-	-	-	-
Special reserve	-	-	-	-	(15,111)	15,111	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(311,093)	-	-	-	-	(311,093)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	153,013	-	-	-	-	-	-	-	153,013
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	91,451	-	-	-	-	-	1,022	-	92,473
Changes in percentage of ownership interest in subsidiaries	-	-	497,906	-	-	-	-	-	-	-	497,906
Net profit for the year ended December 31, 2021	-	-	-	-	-	1,182,785	-	-	-	-	1,182,785
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	1,188	-	(31,489)	117,920	-	87,619
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	1,183,973	-	(31,489)	117,920	-	1,270,404
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,871	-	-	-	-	-	-	-	1,871
Equity directly associated with non-current assets held for sale	-	-	(21,517)	-	-	-	21,517	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	65,578	-	-	(65,578)	-	-
BALANCE AT DECEMBER 31, 2021	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

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



# SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,183,218	\$ 323,905
Adjustments for:		
Depreciation expense	85,476	88,621
Amortization expense	90,302	51,838
Net (gain) loss on the fair value change of financial assets at FVTPL	(221,022)	17,474
Financial costs	9,338	6,352
Interest income	(955)	(691)
Dividend income	(67,142)	(6,243)
Share of profit of associates	(1,368,888)	(618,480)
Unrealized (realized) gain on the transactions with subsidiaries	1,096	2,410
Net loss (gain) on foreign currency exchange	1,492	(1,392)
Changes in operating assets and liabilities:		
Increase in trade receivables	(97,519)	(31,540)
Increase in other receivables	(18,754)	(6,199)
Increase in inventories	(233,501)	(26,966)
Increase in other current assets	(51,531)	(5,473)
Increase in net defined benefit assets	(113)	(3,277)
Increase in contract liabilities	5,505	2,216
Increase in trade payables	190,674	42,668
Increase in other current liabilities	257,288	56,699
Increase in net defined benefit liability	430	3,582
Cash used in operations	(234,606)	(104,496)
Interest received	1,092	583
Dividends received	517,746	209,690
Interest paid	(9,214)	(6,279)
Income tax paid	(433)	(502)
Net cash generated from operating activities	<u>274,585</u>	<u>98,996</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from financial assets at FVTOCI	-	2,628
Purchase of financial assets at FVTPL	(40,000)	(30,000)
Proceeds from the sale of financial assets at FVTPL	118,577	412,446
Acquisition of associates	(372,116)	(18,292)
Capital reduction of investee using the equity method	-	170,000
Acquisition of property, plant and equipment	(54,273)	(90,407)
Payments for intangible assets	(63,398)	(214,835)
Decrease in other financial assets	(28,190)	-
Increase in refundable deposits	(27)	(10)
Net cash generated from (used in) investing activities	<u>(439,427)</u>	<u>231,530</u>

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ (28,480)	\$ (25,584)
Proceeds from long-term borrowings	400,000	230,000
Repayments of long-term borrowings	(200,000)	-
Proceeds from guarantee deposits received	590	1,685
Refund of guarantee deposits received	(783)	(2,349)
Repayment of the principal portion of lease liabilities	(4,020)	(4,007)
Dividends paid to owners of the Company	(311,093)	(177,598)
Partial disposal of interests in subsidiaries without a loss of control	<u>108,953</u>	<u>101,014</u>
Net cash generated from (used in) financing activities	<u>(34,833)</u>	<u>123,161</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(3,386)</u>	<u>(746)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(203,061)	452,941
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>774,025</u>	<u>321,084</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 570,964</u>	<u>\$ 774,025</u>

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

(Concluded)

# SUNPLUS TECHNOLOGY COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Sunplus Technology Company Limited (the “Company”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: Liquid crystal display, microcontroller, multimedia, voice/music, and application-specific devices. The Company’s shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depository receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 20).

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 29, 2022.

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

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2022

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the 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. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</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
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, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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"

The 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 amendments also clarify 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 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 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.
- 4) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of Compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis for Preparation

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 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 twelve months after the reporting period
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Foreign currencies

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

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

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

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

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

1) Investment in subsidiaries

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

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

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

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and which is a subsidiary.



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

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

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

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

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

When the Company transacts with its associate (profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate and the jointly controlled entity that are not related to the Company.

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

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

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

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

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

j. Non-current assets held for sale

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

When the Group 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 Group 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 Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are attributed to the original acquisition cost.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, 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 28: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Revenue recognition

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

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

Revenue from the sale of goods

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

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

## Other income

Other income mainly comes from royalties.

### m. Leases

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

#### 1) The Company as lessor

All other leases are classified as operating leases.

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

#### 2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheet.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. The Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

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

### n. Government grants

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

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

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

o. 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, or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. 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.

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

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

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

### 3) Current and deferred tax for the period

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

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

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

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### Key Sources of Estimation Uncertainty

#### a. 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

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 377	\$ 392
Checking accounts and demand deposits	310,587	383,733
Cash equivalents		
Time deposits	<u>260,000</u>	<u>389,900</u>
	<u>\$ 570,964</u>	<u>\$ 774,025</u>

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

	<u>December 31</u>	
	2021	2020
Bank balance	0.001%-0.35%	0.001%-0.41%

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

	<u>December 31</u>	
	2021	2020
<u>Financial assets at fair value through profit of loss (FVTPL) - current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 87,633	\$ 134,832
Listed shares	<u>66,000</u>	<u>69,090</u>
	<u>\$ 153,633</u>	<u>\$ 203,922</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Unlisted shares	\$ 515,261	\$ 311,021
Mutual funds	<u>-</u>	<u>14,849</u>
	<u>\$ 515,261</u>	<u>\$ 325,870</u>

## 8. TRADE RECEIVABLE, NET

	<u>December 31</u>	
	2021	2020
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	<u>\$ 268,597</u>	<u>\$ 172,035</u>

## Trade receivables

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

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

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

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

### December 31, 2021

	<b>Not Overdue</b>
Expected credit loss rate	-
Gross carrying amount	\$ 268,597
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 268,597</u>

### December 31, 2020

	<b>Not Overdue</b>
Expected credit loss rate	-
Gross carrying amount	\$ 172,035
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 172,035</u>

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

	<b>2021</b>	<b>2020</b>
Balance at January 1 and December 31	<u>\$ -</u>	<u>\$ -</u>

## 9. INVENTORIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Finished goods	\$ 123,892	\$ 83,183
Work in progress	195,671	159,392
Raw materials	<u>214,668</u>	<u>58,155</u>
	<u>\$ 534,231</u>	<u>\$ 300,730</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 were \$867,208 thousand and \$686,069 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2021 and 2020 were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Inventory (write-downs) reversed	\$ 7,109	\$ (3,319)
Income from scrap sales	<u>55</u>	<u>38</u>
	<u>\$ 7,164</u>	<u>\$ (3,281)</u>

The reversals of previous write-downs for the year ended December 31, 2021 resulted from reduced inventories.

## 10. NON-CURRENT ASSETS HELD FOR SALE

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

In December 2021, the Company's board of directors resolved to dispose of 8,000,000 shares of the associate company - iCatch Technology Co., Ltd. and entered into the "shares should be sold contract" agreement. The disposal was completed in January 2022. No impairment loss should be recognized when the carrying amount of the investment accounted for using the equity method of \$108,504 thousand was reclassified as non-current assets held for sale.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Investments in subsidiaries	\$ 7,433,243	\$ 5,714,093
Investments in associates	<u>788,777</u>	<u>591,590</u>
	<u>\$ 8,222,020</u>	<u>\$ 6,305,683</u>

a. Investments in subsidiaries

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Listed companies		
Sunplus Innovation Technology	\$ 1,286,616	\$ 746,919
Generalplus Technology Corp.	848,020	713,447
Non-listed Company		
Ventureplus Group Inc.	1,594,626	1,460,438
Sunplus Venture Capital Co., Ltd.	1,068,483	870,199
Lin Shin Investment Co., Ltd.	1,057,567	771,853
Russell Holdings Limited	698,927	552,847
Award Glory Ltd.	465,117	268,500
Sunext Technology Co., Ltd.	254,472	211,723
Wei-Young Investment Inc.	102,854	59,391
Sunplus mMobile Inc.	29,226	29,406
Sunplus mMedia Inc.	23,259	23,327
Sunplus Management Consulting	3,383	3,578
Magic Sky Limited	668	2,435
Sunplus Technology (H.K.)	<u>25</u>	<u>30</u>
	<u>\$ 7,433,243</u>	<u>\$ 5,714,093</u>
Investment impairment using equity method (accounted for current liability)		
Jumplux Technology Co., Ltd.	<u>\$ 18,737</u>	<u>\$ 10,042</u>

Except for Sunplus Management Consulting, investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been audited. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Sunplus Management Consulting which have not been audited.

Sunplus mMobile Inc. considered its business' future development and concluded that it has no plan to continue operation. On January 19, 2022, Sunplus mMobile Inc.'s board of directors resolved to dispose of the proposed dissolution and completed the process of dissolution on February 7, 2022.

Refer to Note 32 for the detail list of investments in subsidiaries.

The percentage subsidiaries' ownerships and voting right held by the Company:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Listed companies		
Sunplus Innovation Technology	51%	58%
Generalplus Technology Corp.	34%	34%

(Continued)

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Non-listed Company		
Ventureplus Group Inc.	100%	100%
Sunplus Venture Capital Co., Ltd.	100%	100%
Lin Shin Investment Co., Ltd.	100%	100%
Russell Holdings Limited	100%	100%
Award Glory Ltd.	100%	100%
Sunext Technology Co., Ltd.	93%	93%
Wei-Young Investment Inc.	100%	100%
Sunplus mMobile Inc.	100%	100%
Sunplus mMedia Inc.	90%	90%
Sunplus Management Consulting	100%	100%
Magic Sky Limited	100%	100%
Sunplus Technology (H.K.)	100%	100%
Jumplux Technology	55%	55%
		(Concluded)

b. Investments in associates

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Associates		
Global View Co., Ltd.	\$ 342,742	\$ 346,011
iCatch Technology Inc.	251,001	245,579
AkiraNet Co., Ltd.	<u>195,034</u>	<u>-</u>
	<u>\$ 788,777</u>	<u>\$ 591,590</u>

	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Name of Associate</b>		
Global View Co., Ltd.	13%	13%
iCatch Technology Inc.	15%	29%
AkiraNet Co., Ltd.	35%	-

Refer to Table 5 “Information on Investees” for the nature of activities, principal places of business and countries of incorporation of the associates.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Global View Co., Ltd.	<u>\$ 313,131</u>	<u>\$ 317,657</u>
iCatch Technology Inc.	<u>\$ 1,103,576</u>	<u>\$ 471,089</u>

All the associates are accounted for using the equity method.

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Total assets	<u>\$ 4,121,497</u>	<u>\$ 2,469,233</u>
Total liabilities	<u>\$ 612,850</u>	<u>\$ 293,030</u>
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Revenue	<u>\$ 1,379,578</u>	<u>\$ 913,065</u>
Profit (Loss) for the period	<u>\$ 129,792</u>	<u>\$ (44,765)</u>
Comprehensive income	<u>\$ 431,519</u>	<u>\$ 388,663</u>
Share of profits of associates accounted for using the equity method	<u>\$ 29,747</u>	<u>\$ 26,402</u>

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' audited financial statements audited by the auditors. .

## 12. PROPERTY, PLANT AND EQUIPMENT

### Assets used by the Company

	<b>Buildings</b>	<b>Auxiliary Equipment</b>	<b>Machinery and Equipment</b>	<b>Testing Equipment</b>	<b>Furniture and Fixtures</b>	<b>Prepayments for Equipment and Construction in Process</b>	<b>Total</b>
<u>2021</u>							
<u>Cost</u>							
Balance at January 1, 2021	\$ 969,645	\$ 27,733	\$ 4,644	\$ 136,722	\$ 69,286	\$ -	\$ 1,208,030
Additions	-	2,200	-	43,274	34,074	26,429	105,977
Disposals	-	(7,244)	(1,144)	(51,649)	(2,076)	-	(62,113)
Balance at December 31, 2021	<u>\$ 969,645</u>	<u>\$ 22,689</u>	<u>\$ 3,500</u>	<u>\$ 128,347</u>	<u>\$ 101,284</u>	<u>\$ 26,429</u>	<u>\$ 1,251,894</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	\$ 382,111	\$ 15,336	\$ 2,628	\$ 87,956	\$ 19,445	\$ -	\$ 507,476
Depreciation expense	19,729	3,501	923	33,794	21,847	-	79,794
Disposals	-	(7,244)	(1,144)	(51,649)	(2,076)	-	(62,113)
Balance at December 31, 2021	<u>\$ 401,840</u>	<u>\$ 11,593</u>	<u>\$ 2,407</u>	<u>\$ 70,101</u>	<u>\$ 39,216</u>	<u>\$ -</u>	<u>\$ 525,157</u>
Carrying amount at December 31, 2021	<u>\$ 567,805</u>	<u>\$ 11,096</u>	<u>\$ 1,093</u>	<u>\$ 58,246</u>	<u>\$ 62,068</u>	<u>\$ 26,429</u>	<u>\$ 726,737</u>
<u>2020</u>							
<u>Cost</u>							
Balance at January 1, 2020	\$ 969,205	\$ 27,073	\$ 4,644	\$ 95,832	\$ 36,770	\$ 969	\$ 1,134,493
Additions	440	2,847	-	51,326	35,767	4,304	94,684
Disposals	-	(6,260)	-	(10,436)	(4,451)	-	(21,147)
Reclassified	-	4,073	-	-	1,200	(5,273)	-
Balance at December 31, 2020	<u>\$ 969,645</u>	<u>\$ 27,733</u>	<u>\$ 4,644</u>	<u>\$ 136,722</u>	<u>\$ 69,286</u>	<u>\$ -</u>	<u>\$ 1,208,030</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ 362,383	\$ 17,523	\$ 1,467	\$ 54,731	\$ 9,683	\$ -	\$ 445,787
Depreciation expense	19,728	4,073	1,161	43,661	14,213	-	82,836
Disposals	-	(6,260)	-	(10,436)	(4,451)	-	(21,147)
Balance at December 31, 2020	<u>\$ 382,111</u>	<u>\$ 15,336</u>	<u>\$ 2,628</u>	<u>\$ 87,956</u>	<u>\$ 19,445</u>	<u>\$ -</u>	<u>\$ 507,476</u>
Carrying amount at December 31, 2020	<u>\$ 587,534</u>	<u>\$ 12,397</u>	<u>\$ 2,016</u>	<u>\$ 48,766</u>	<u>\$ 49,841</u>	<u>\$ -</u>	<u>\$ 700,544</u>

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

Buildings	35-56 years
Auxiliary equipment	4-11 years
Machinery and equipment	4 years
Testing equipment	1-4 years
Furniture and fixtures	2-5 years

Refer to Note 30 for the carrying amounts of property, plant and equipment that had been pledged by the Company to secure borrowings.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31</u>	
	2021	2020
<u>Carrying amount</u>		
Land	<u>\$ 165,563</u>	<u>\$ 173,774</u>
	<b><u>For the Year Ended December 31</u></b>	
	2021	2020
Depreciation charge for right-of-use assets		
Land	<u>\$ 5,682</u>	<u>\$ 5,785</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease or impairment of right-of-use assets during the year ended December 31, 2020 and 2021.

#### b. Lease liabilities

	<u>December 31</u>	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 4,074</u>	<u>\$ 4,105</u>
Non-current	<u>\$ 166,801</u>	<u>\$ 173,319</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	2021	2020
Land	2.39%	2.39%

c. Material lease-in activities and terms

The Company leases land and buildings located in the ROC for the use of plants and offices has a lease terms of 20 years. The lease agreement specifies that lease payments will be adjusted on the basis of changes in the announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Company did not enter into significant lease contracts for the years ended December 31, 2020 and 2021. Because of the market conditions severely affected by COVID-19 in 2020, the Company requested the lessor for rent subsidy. The lessor agreed to provide unconditional 20% rent reduction from January 1 to September 30, 2020. The Group recognized in profit or loss the impact of rent concessions of \$832 thousand (presented in a deduction of expenses of variable lease payments) for January 1 to September 30, 2020.

d. Other lease information

	2021	2020
Expenses relating to short-term leases	\$ 5,200	\$ 320
Expenses relating to low-value asset leases	\$ 425	\$ 444
Total cash outflow for leases	\$ 13,794	\$ 9,070

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, thus, did not recognize right-of-use assets and lease liabilities for these leases.

#### 14. INTANGIBLE ASSETS

	<b>For the Year Ended December 31, 2021</b>			
	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1	\$ 497,620	\$ 5,802	\$ 97,099	\$ 600,521
Additions	84,184	6,886	-	91,070
Disposals	(11,536)	(3,087)	-	(14,623)
Balance at December 31	<u>\$ 570,268</u>	<u>\$ 9,601</u>	<u>\$ 97,099</u>	<u>\$ 676,968</u>
<u>Accumulated amortization</u>				
Balance at January 1	\$ 145,457	\$ 3,359	\$ 75,522	\$ 224,338
Amortization expense	88,018	2,284	-	90,302
Disposals	(11,536)	(3,087)	-	(14,623)
Balance at December 31	<u>\$ 221,939</u>	<u>\$ 2,556</u>	<u>\$ 75,522</u>	<u>\$ 300,017</u>
<u>Accumulated deficit</u>				
Balance at December 31	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ 132,713</u>
Carrying amount at December 31, 2020	<u>\$ 237,193</u>	<u>\$ 7,045</u>	<u>\$ -</u>	<u>\$ 244,238</u>



**For the Year Ended December 31, 2020**

	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1	\$ 332,160	\$ 8,206	\$ 97,099	\$ 437,465
Additions	206,484	2,566	-	209,050
Disposals	<u>(41,024)</u>	<u>(4,970)</u>	<u>-</u>	<u>(45,994)</u>
Balance at December 31	<u>\$ 497,620</u>	<u>\$ 5,802</u>	<u>\$ 97,099</u>	<u>\$ 600,521</u>
<u>Accumulated amortization</u>				
Balance at January 1	\$ 137,420	\$ 5,552	\$ 75,522	\$ 218,494
Amortization expense	49,061	2,777	-	51,838
Disposals	<u>(41,024)</u>	<u>(4,970)</u>	<u>-</u>	<u>(45,994)</u>
Balance at December 31	<u>\$ 145,457</u>	<u>\$ 3,359</u>	<u>\$ 75,522</u>	<u>\$ 224,338</u>
<u>Accumulated deficit</u>				
Balance at December 31	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ 132,713</u>
Carrying amount at December 31, 2020	<u>\$ 241,027</u>	<u>\$ 2,443</u>	<u>\$ -</u>	<u>\$ 243,470</u>

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

Technology license fees	2-10 years
Software	1-5 years
Patents	18 years

An analysis of the amortization by function:

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Manufacturing expenses	\$ 24	\$ -
General and administrative expenses	1,477	2,089
Research and development expenses	<u>88,801</u>	<u>49,749</u>
	<u>\$ 90,302</u>	<u>\$ 51,838</u>

**15. OTHER ASSETS**

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Current</u>		
Other financial assets		
Restricted assets (a)	<u>\$ 25,940</u>	<u>\$ 44,201</u>

(Continued)

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Other assets		
Prepayments	\$ 38,613	\$ 3,786
Prepayments for EDA tools	16,622	14,981
Prepaid technical licensing fee	7,636	18,032
Others	<u>25,091</u>	<u>10,028</u>
	<u>\$ 87,962</u>	<u>\$ 46,827</u>
<u>Non-current</u>		
Other financial assets		
Pledged time deposits (b)	<u>\$ 8,350</u>	<u>\$ 6,100</u>
Other assets		
Refundable deposits	\$ 173	\$ 146
Others	<u>7,800</u>	<u>7,800</u>
	<u>\$ 7,973</u>	<u>\$ 7,946</u>
		(Concluded)

- a. Refer to Note 25 for information on restricted assets.
- b. Refer to Note 30 for information on pledged time deposits.

## 16. BORROWINGS

- a. Short-term borrowings

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
<u>Unsecured borrowings</u>		
Bank loans	\$ _____	<u>\$ 28,480</u>

The effective interest rate interval for bank loans was 0.870% per annum as of December 31, 2020, respectively.

- b. Long-term borrowings

The borrowings of the Company were as follows:

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Loans on credit	\$ 430,000	\$ 230,000
Less: Current portion	<u>(46,000)</u>	<u>(25,000)</u>
Long-term borrowings - non-current	<u>\$ 384,000</u>	<u>\$ 205,000</u>

The intervals of effective borrowing rate as of December 31, 2021 and 2020 was 1.220%-1.250% and 1.250%-1.320%.

In addition, in accordance with the provisions of the loan contract, the Company's financial statements for the year ended 2021 are subject to current ratio, debt ratio, interest coverage ratio, etc., but they are not included in the examination of default items. The Company's financial ratios are in compliance with the contract requirements.

## 17. ACCOUNTS AND NOTES PAYABLE

	<u>December 31</u>	
	2021	2020
<u>Accounts payable</u>		
Payable - operating	\$ 294,804	\$ 104,991

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

## 18. OTHER LIABILITIES

	<u>December 31</u>	
	2021	2020
<u>Current</u>		
Other liabilities		
Payables for royalties	\$ 251,042	\$ 57,304
Payables for salaries or bonuses	119,128	113,919
Payable on machinery and equipment	61,579	8,005
Payables for employees' compensation and remuneration of directors	30,339	8,292
Investment impairment using equity method	18,737	10,042
Payables for purchase of intangible assets	14,715	2,827
Other payables to related party	14,658	525
Refund liabilities (Note 21)	9,849	14,833
Labor/health insurance	9,605	8,413
Others	<u>60,721</u>	<u>35,237</u>
	<u>\$ 590,373</u>	<u>\$ 259,397</u>
Deferred revenue		
Arising from government grants (Note 25)	<u>\$ -</u>	<u>\$ 44,201</u>
<u>Non-current</u>		
Payables for purchase of intangible assets	\$ 6,920	\$ 1,532
Payable on machinery and equipment	<u>3,070</u>	<u>4,940</u>
	<u>\$ 9,990</u>	<u>\$ 6,472</u>

## 19. RETIREMENT BENEFIT PLANS

### Defined contribution plan

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

### Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. According to the letter of Zhuhuanzi No. 1100000728 issued by the Hsinchu Science Park Administration of the Ministry of Science and Technology, the Company ceased its retirement fund contribution temporarily from January 1, 2021 to December 31, 2021.

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Present value of funded defined benefit obligation	\$ 162,318	\$ 166,657
Fair value of plan assets	<u>(166,871)</u>	<u>(171,097)</u>
Net defined benefit assets	<u>\$ (4,553)</u>	<u>\$ (4,440)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	<b>Present Value of Funded Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Liabilities (Assets) Arising from Defined Benefit Obligation</b>
Balance at January 1, 2020	\$ <u>173,083</u>	\$ <u>174,246</u>	\$ <u>(1,163)</u>
Service cost			
Current service cost	563	-	563
Interest expense (income)	<u>1,731</u>	<u>1,757</u>	<u>(26)</u>
Recognized in profit or loss	<u>2,294</u>	<u>1,757</u>	<u>537</u>
			(Continued)

	<b>Present Value of Funded Defined Benefit Obligation</b>	<b>Fair Value of Plan Assets</b>	<b>Net Liabilities (Assets) Arising from Defined Benefit Obligation</b>
Remeasurement			
Return on plan assets	\$ -	\$ 5,187	\$ (5,187)
Actuarial (gain) loss-changes in financial assumptions	4,422	-	4,422
Adjustment on actuarial (gain) loss-experience adjustment	<u>(2,817)</u>	<u>-</u>	<u>(2,817)</u>
Recognized in other comprehensive income	<u>1,605</u>	<u>5,187</u>	<u>(3,582)</u>
Contributions from employer	<u>-</u>	<u>232</u>	<u>(232)</u>
Benefits paid	<u>(10,325)</u>	<u>(10,325)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 166,657</u>	<u>\$ 171,097</u>	<u>\$ (4,440)</u>
Balance at January 1, 2021	<u>\$ 166,657</u>	<u>\$ 171,097</u>	<u>\$ (4,440)</u>
Service cost			
Current service cost	350	-	350
Interest expense (income)	<u>1,250</u>	<u>1,283</u>	<u>(33)</u>
Recognized in profit or loss	<u>1,600</u>	<u>1,283</u>	<u>317</u>
Remeasurement			
Return on plan assets	-	1,759	(1,759)
Actuarial (gain) loss-changes in financial assumptions	4,154	-	4,154
Adjustment on actuarial (gain) loss-experience adjustment	<u>(2,825)</u>	<u>-</u>	<u>(2,825)</u>
Recognized in other comprehensive income	<u>1,329</u>	<u>1,759</u>	<u>(430)</u>
Contributions from employer	<u>-</u>	<u>-</u>	<u>-</u>
Benefits paid	<u>(7,268)</u>	<u>(7,268)</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 162,318</u>	<u>\$ 166,871</u>	<u>\$ (4,553)</u> (Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 49	\$ 89
Selling and marketing expenses	8	8
General and administrative expenses	100	178
Research and development expenses	<u>160</u>	<u>262</u>
	<u>\$ 317</u>	<u>\$ 537</u>

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

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	4.00%	4.00%
Resignation rate	0%-28%	0%-28%

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Discount rate(s)		
0.25% increase	<u>\$ (4,154)</u>	<u>\$ (4,422)</u>
0.25% decrease	<u>\$ 4,315</u>	<u>\$ 4,598</u>
Expected rate(s) of salary increase		
1% increase	<u>\$ 17,682</u>	<u>\$ 18,742</u>
1% decrease	<u>\$ (15,554)</u>	<u>\$ (16,422)</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
The expected contributions to the plan for the next year	<u>\$ -</u>	<u>\$ -</u>
The average duration of the defined benefit obligation	12 years	13 years

## 20. EQUITY

### a. Share capital

#### 1) Ordinary shares:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</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 of shares)	<u>591,995</u>	<u>591,995</u>
Shares issued and fully paid	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

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

Of the Company's authorized shares, 80,000 thousand shares have been reserved for the issuance of convertible bonds and employee share options.

#### 2) Global depositary receipts

In March 2001, The Company issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand ordinary shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (ticker: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2021, the outstanding 175 thousand units of GDRs represented 350 thousand ordinary shares.

### b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of 2021 and 2020 for each component of capital surplus was as follows:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
From the issuance of ordinary shares	\$ 18,497	\$ 18,497
From the acquisition of a subsidiary	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	298,767	207,316
<u>Used to offset a deficit only</u>		
From treasury share transactions	48,178	46,307
Changes in percentage of ownership interests in subsidiaries (2)	497,906	-
Changes in net equity of associates accounted for using the equity method	<u>202,773</u>	<u>71,277</u>
	<u>\$ 1,223,544</u>	<u>\$ 500,820</u>

- 1) When the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

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

c. Retained earnings and dividends policy

The board of directors meeting proposed to amend the company's articles of association on March 29, 2022. Under the dividends policy as set forth in the amended Articles, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit. However, this limitation is not applicable when the legal reserve has reached the total capital. Setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, the ratio of earnings to provide distribution and the ratio of shareholders' cash dividends may depend on the current year. The actual profit and capital status shall be adjusted by the resolution of the shareholders' meeting. The total number of shareholders' dividends distributed by 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 if it is less than 1% of the paid-in capital. The aforementioned cash dividends shall not be less than 10% of the total dividends to be distributed to shareholders.

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet should be allocated from unappropriated retained earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 22-g.

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

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meeting on July 20, 2021 and June 12, 2020, as follows:

	<b>For Year 2020</b>	<b>For Year 2019</b>
Legal reserve	<u>\$ 32,889</u>	<u>\$ -</u>
Legal reserve deficits compensated	<u>\$ -</u>	<u>\$ 229,998</u>
Special reserve reversed	<u>\$ 15,111</u>	<u>\$ 32,263</u>
Cash dividend	<u>\$ 311,093</u>	<u>\$ -</u>
Cash dividend per share (NT\$)	\$ 0.5255	\$ -



The Company's shareholders also proposed in the shareholders' meeting on June 12, 2020 to issue cash dividends from capital surplus of \$177,598 thousand.

The earnings distribution proposal for 2021 in the board of directors meeting proposed on March 29, 2022 as follows:

	<b>For the Year 2021</b>
Legal reserve	\$ 124,955
Special reserve reversed	<u>\$ 21,875</u>
Cash dividend	<u>\$ 1,146,102</u>
Cash dividend per share (NT\$)	\$ 1.936

The appropriation of earnings for proposed in the Corporation's board of directors on March 29, 2022 to proposed cash dividends from capital surplus of \$37,888 thousand.

The appropriation of earnings for 2021 is subject to resolution in the shareholders' meeting to be held on June 8, 2022.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Beginning at January 1	\$ 276,189	\$ 308,452
Special reserve reversed	<u>(15,111)</u>	<u>(32,263)</u>
Balance at December 31	<u>\$ 261,078</u>	<u>\$ 276,189</u>

e. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (228,023)	\$ (218,780)
Recognized		
Exchange differences on translating the financial statements of foreign operations	(18,998)	(19,314)
Share of exchange differences of associates accounted for using the equity method	(12,491)	20,354
Reclassification adjustments		
Disposal of foreign operations	<u>-</u>	<u>(10,283)</u>
Balance at December 31	<u>\$ (259,512)</u>	<u>\$ (228,023)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Balance at January 1	\$ (33,055)	\$ (42,246)
Current		
Unrealized gains	-	42
Share from associates accounted for using the equity method	117,920	5,865
Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal	(65,578)	1,172
Disposal of partial interests in subsidiaries	<u>1,022</u>	<u>2,112</u>
Balance at December 31	<u>\$ 20,309</u>	<u>\$ (33,055)</u>

f. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares as of January 1, 2020	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as December 31, 2020	<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 Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

	<b>Number of Shares Held (In Thousand)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>December 31, 2021</u>			
Lin Shin Investment Co., Ltd	3,560	<u>\$ 63,401</u>	<u>\$ 138,306</u>
<u>December 31, 2020</u>			
Lin Shin Investment Co., Ltd	3,560	<u>\$ 63,401</u>	<u>\$ 65,148</u>

Under the Securities and Exchange Act, The Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

## 21. REVENUE

	<u>For the Year Ended December 31</u>	
	2021	2020
Revenue from the sale of goods	\$ 1,449,034	\$ 1,099,471
Other	<u>71,108</u>	<u>69,189</u>
	<u>\$ 1,520,142</u>	<u>\$ 1,168,660</u>

### a. Contract information

#### Revenue from the sale of goods

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

#### Other

Other income mainly comes from software development and royalties.

### b. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Trade receivables (Note 9)	<u>\$ 268,597</u>	<u>\$ 172,035</u>	<u>\$ 141,845</u>
Contract liabilities - current	<u>\$ 11,094</u>	<u>\$ 5,589</u>	<u>\$ 3,373</u>

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

### c. Disaggregation of revenue

	<u>Reportable Segments</u>	
	<u>Direct Sales</u>	
	2021	2020
<u>Primary geographical markets</u>		
Asia	\$ 1,243,478	\$ 970,145
Taiwan	231,604	137,590
Others	<u>45,060</u>	<u>60,925</u>
	<u>\$ 1,520,142</u>	<u>\$ 1,168,660</u>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 1,516,210	\$ 1,162,170
Satisfied over time	<u>3,932</u>	<u>6,490</u>
	<u>\$ 1,520,142</u>	<u>\$ 1,168,660</u>

## 22. NET PROFIT

Net profit included the following items:

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Bank deposits	\$ 940	\$ 691
Other	<u>15</u>	<u>-</u>
	<u>\$ 955</u>	<u>\$ 691</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Rental income	\$ 34,541	\$ 27,840
Government grant income (Note 25)	70,121	21,034
Dividend income	67,142	6,243
Others	<u>11,949</u>	<u>5,030</u>
	<u>\$ 183,753</u>	<u>\$ 60,147</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Service income of management support	\$ 33,598	\$ 27,619
Net (loss) gain on financial assets and liabilities		
Net (loss) gain on financial assets designated as at FVTPL (Note 7)	221,022	(17,474)
Net foreign exchange loss	<u>(2,550)</u>	<u>(6,789)</u>
	<u>\$ 252,070</u>	<u>\$ 3,356</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank loans	\$ 4,958	\$ 1,102
Interest on lease liabilities	4,173	4,310
Other financial costs	<u>207</u>	<u>940</u>
	<u>\$ 9,338</u>	<u>\$ 6,352</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
An analysis of depreciation by function		
Operating costs	\$ 3,215	\$ 3,689
Operating expenses	<u>82,261</u>	<u>84,932</u>
	<u>\$ 85,476</u>	<u>\$ 88,621</u>
An analysis of amortization by function		
Operating costs	\$ 24	\$ -
Operating expenses	<u>90,278</u>	<u>51,838</u>
	<u>\$ 90,302</u>	<u>\$ 51,838</u>

f. Employee benefit expense

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Short-term benefits	\$ <u>538,743</u>	\$ <u>495,427</u>
Post-employment benefits		
Defined contribution plans	21,946	20,672
Defined benefit plans (Note 19)	<u>316</u>	<u>537</u>
	<u>22,262</u>	<u>21,209</u>
Other employee benefits	<u>14,872</u>	<u>13,186</u>
Total employee benefit expense	<u>\$ 575,877</u>	<u>\$ 529,822</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 35,643	\$ 41,104
Operating expenses	<u>540,234</u>	<u>488,718</u>
	<u>\$ 575,877</u>	<u>\$ 529,822</u>

g. Employees' compensation and remuneration of directors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Company's board of directors on March 29, 2022 and March 29, 2021, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 12,136	\$ -	\$ 3,317	\$ -
Remuneration of directors	18,203	-	4,975	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

The Company convened a board of directors on April 22, 2020, and decided that the actual allotment amount for compensation of employees and director compensation is different from the recognized amount in the annual consolidated financial report. The difference is adjusted to the profit and loss for 2020.

	<b>For Year 2019</b>	
	<b>Compensation of Employees</b>	<b>Remuneration of Directors and Supervisors</b>
Amounts approved in the board of directors' meeting	<u>\$ -</u>	<u>\$ -</u>
Amounts recognized in the annual financial statements	<u>\$ 206</u>	<u>\$ 309</u>

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on exchange rate changes

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Exchange rate gains	\$ 12,624	\$ 13,316
Exchange rate losses	<u>(15,174)</u>	<u>(20,105)</u>
Net loss	<u>\$ (2,550)</u>	<u>\$ (6,789)</u>

## 23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 433	\$ 502
Deferred tax		
In respect of the current year	<u>-</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 433</u>	<u>\$ 502</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit before tax	<u>\$ 1,183,218</u>	<u>\$ 323,905</u>
Income tax expense calculated at the statutory rate	\$ 236,644	\$ 64,781
Tax effect of adjusting items:		
Nondeductible expenses	(267,649)	(111,808)
Tax-exempt income	-	(4,207)
Temporary differences	(49,983)	2,125
Effects of consolidated income tax filing	<u>(36)</u>	<u>(34)</u>
Current income tax expense	(81,024)	(49,143)
Unrecognized investment credit	81,024	49,143
Foreign income tax expense	<u>433</u>	<u>502</u>
Income tax expense recognized in profit or loss	<u>\$ 433</u>	<u>\$ 502</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax assets		
Tax refund receivable (classified as other receivables)	<u>\$ 7</u>	<u>\$ 372</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Temporary differences			
Depreciation expense	\$ 2,880	\$ (1,471)	\$ 1,409
Exchange (losses) gains	(712)	1,949	1,237
Others	<u>317</u>	<u>(478)</u>	<u>(161)</u>
	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 2,485</u>

For the year ended December 31, 2020

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
Temporary differences			
Depreciation expense	\$ 3,792	\$ (912)	\$ 2,880
Exchange (gains) losses	(102)	(610)	(712)
Others	<u>(1,205)</u>	<u>1,522</u>	<u>317</u>
	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 2,485</u>

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Loss carryforwards		
Expiry in 2021	\$ -	\$ 322,509
Expiry in 2022	394,894	394,894
Expiry in 2023	1,144,831	1,144,831
Expiry in 2027	24,228	24,228
Expiry in 2029	329,899	329,899
Expiry in 2030	57,825	46,749
Expiry in 2031	<u>4,766</u>	<u>-</u>
	<u>\$ 1,956,443</u>	<u>\$ 2,263,110</u>
Deductible temporary differences	<u>\$ 64,832</u>	<u>\$ 74,332</u>

- e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2021:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 394,894	2022
1,144,831	2023
24,228	2027
329,899	2029
57,825	2030
<u>4,766</u>	2031
<u>\$ 1,956,443</u>	

- f. Income tax assessments

The income tax returns of the Company before 2019 have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Basic gain per share	<u>\$ 2.01</u>	<u>\$ 0.55</u>
Diluted earnings per share	<u>\$ 2.01</u>	<u>\$ 0.55</u>



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

Net profit for the year

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit for the year attributable to owners of the Company	\$ 1,182,785	\$ 323,403
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>\$ 1,182,785</u>	<u>\$ 323,403</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential ordinary shares:		
Employee bonuses	<u>          340</u>	<u>          181</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>588,775</u>	<u>588,616</u>

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

## 25. GOVERNMENT GRANTS

The Company applied for subsidy under the “Salary and Working Capital Subsidies for Difficult Businesses Affected by Serious Special Infectious Pneumonia” program of the Ministry of Economic Affairs in June 2020. The subsidy period is from April 2020 to June 2020 and the Group has received a subsidy of \$21,034 thousand. The total revenue recognized as other income amounted to \$21,034 thousand for the year ended December 31, 2020.

The Company applied for the AI on Chip R&D subsidy program from the Ministry of Economic Affairs, and the “Shared Intelligent Computing Chiplet Architecture R&D Program” was reviewed and approved on November 20, 2020. The approved subsidy amounted to \$115,356 thousand. As of December 31, 2021 and 2020, the accumulated subsidies received were \$70,139 thousand and \$44,201 thousand, respectively. The amounts of the recognized subsidy income were \$70,121 thousand and \$0. In addition, the Company has a special account for subsidies in accordance with regulations. The monthly withdrawal amount shall be withdrawn according to the monthly expenditure summary statement, and the withdrawal amount shall not be higher than the expenditure amount.

## 26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

For details about the equity transactions with non-controlling interest, refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2021.

## 27. CAPITAL MANAGEMENT

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

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

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

## 28. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 87,633	\$ -	\$ -	\$ 87,633
Domestic unlisted shares	-	-	515,261	515,261
Domestic listed shares	<u>66,000</u>	<u>-</u>	<u>-</u>	<u>66,000</u>
	<u>\$ 153,633</u>	<u>\$ -</u>	<u>\$ 515,261</u>	<u>\$ 668,894</u>

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 149,681	\$ -	\$ -	\$ 149,681
Domestic unlisted shares	<u>69,090</u>	<u>-</u>	<u>311,021</u>	<u>380,111</u>
	<u>\$ 218,771</u>	<u>\$ -</u>	<u>\$ 311,021</u>	<u>\$ 529,792</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, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2021	\$ 311,021	\$ -	\$ 311,021
Recognized in profit or loss	<u>204,240</u>	<u>-</u>	<u>204,240</u>
Balance at December 31, 2021	<u>\$ 515,261</u>	<u>\$ -</u>	<u>\$ 515,261</u>

For the year ended December 31, 2020

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2020	\$ 337,789	\$ 2,586	\$ 340,375
Recognized in profit or loss	45,197	-	45,197
Recognized in other comprehensive income	-	42	42
Transfer out of Level 3	(68,565)	-	(68,565)
Disposals and proceeds from return of capital of investments	<u>(3,400)</u>	<u>(2,628)</u>	<u>(6,028)</u>
Balance at December 31, 2020	<u>\$ 311,021</u>	<u>\$ -</u>	<u>\$ 311,021</u>

c. Categories of financial instruments

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)	\$ 668,894	\$ 529,792
Financial assets at amortized cost (i)	906,135	1,010,044
<u>Financial liabilities</u>		
Measured at amortized cost (ii)	778,453	418,753

i) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, other receivable, other financial assets and refundable deposits.

ii) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, trade payables, long-term loans due within one year and guarantee deposits.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

The carrying amounts of the Company's foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period, please refers to Note 31.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company sensitivity to a US\$1.00 and RMB1.00 increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis considers the currencies of USD and RMB in circulation, and adjusts the end-of-term conversion to exchange rate change of \$1.00. The sensitivity analysis covers cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, long-term and short-term loans, accounts payable, other accounts payable and deposit margins. A positive (negative) amount below indicates an increase (decrease) in pre-tax profit (loss) when the NTD strengthened (weakened) by 1% against the relevant currency at the end of the reporting period.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss	\$ 5,311	\$ (1,291)
	<b>RMB Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Profit or loss	\$ 3,441	\$ 3,036

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2021</b>	<b>2020</b>
Fair value interest rate risk		
Financial assets	\$ 268,350	\$ 396,000
Financial liabilities	170,875	205,904
Cash flow interest rate risk		
Financial assets	336,527	427,934
Financial liabilities	430,000	230,000

#### Sensitivity analysis

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

If interest rates increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by \$117 thousand and increased/decreased \$247 thousand, respectively.

#### c) Other price risk

The Company was exposed to price risk through its investments in financial assets at FVTPL and FVTOCI. The Company does not actively trade these investments.

The sensitivity analyses below was determined based on the exposure to price risks of financial assets at FVTPL and FVTOCI at the end of the reporting period.

If the prices of financial assets at FVTPL had been 1% higher/lower, the post-tax other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by \$6,689 and \$5,298 thousand, respectively.

#### 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following:

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

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

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

The Company's concentration of credit risk of 91% and 91% in total trade receivables as of December 31, 2021 and 2020, 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, 2021 and 2020, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

#### a) Liquidity and interest rate risk tables

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

#### December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 126,986	\$ 244,909	\$ 8,534	\$ -	\$ -
Lease liabilities	678	1,355	6,098	32,522	204,690
Variable in interest rate liability	221	-	46,000	384,000	-
Fixed interest rate liabilities	-	-	-	<u>3,826</u>	<u>49,823</u>
	<u>\$ 127,885</u>	<u>\$ 246,264</u>	<u>\$ 60,632</u>	<u>\$ 420,348</u>	<u>\$ 254,513</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 8,131</u>	<u>\$ 32,522</u>	<u>\$ 40,652</u>	<u>\$ 40,652</u>	<u>\$ 31,901</u>	<u>\$ 91,485</u>

December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing Lease liabilities	\$ 85,741	\$ 57,237	\$ -	\$ -	\$ -
Variable interest rate liability	693	1,386	6,239	33,271	215,006
Fixed interest rate liabilities	96	-	25,000	205,000	-
	<u>28,481</u>	<u>-</u>	<u>-</u>	<u>3,236</u>	<u>52,046</u>
	<u>\$ 115,011</u>	<u>\$ 58,623</u>	<u>\$ 31,239</u>	<u>\$ 241,507</u>	<u>\$ 267,052</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 8,318</u>	<u>\$ 33,271</u>	<u>\$ 41,589</u>	<u>\$ 41,589</u>	<u>\$ 34,232</u>	<u>\$ 97,596</u>

b) Financing facilities

	<u>December 31</u>	
	<b>2021</b>	<b>2020</b>
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	\$ 455,938	\$ 302,681
Amount unused	<u>1,956,078</u>	<u>2,703,095</u>
	<u>\$ 2,412,016</u>	<u>\$ 3,005,776</u>

**29. TRANSACTIONS WITH RELATED PARTIES**

a. Name and relationship of related parties

<u>Related Party Name</u>	<u>Related Party Category</u>
iCatch Technology Ltd.	Associate
Autosys(TW) Co., Ltd.	Associate (Note 1)
Jumplux Technology Co., Ltd.	Subsidiary
Generalplus Technology Inc.	Subsidiary
Sunext Technology Co., Ltd.	Subsidiary
Sunplus Innovation Technology Inc.	Subsidiary
Sunplus mMedia Inc.	Subsidiary
Sunplus Venture Capital Co., Ltd.	Subsidiary
Chongqing CQPlus1 Technology Co., Ltd.	Subsidiary
Sunplus Pro-tek (shenzhen) Co., Ltd.	Subsidiary
Sun Media Technology Co., Ltd.	Subsidiary

Note 1: It is a subsidiary of Autosys Co., Ltd. which is the Company's associate.

b. Sales of goods

Account Item	Related Party Type	For the Year Ended December 31	
		2021	2020
Sales of goods	Subsidiaries	\$ 12,042	\$ 8,105
	Associates	<u>12,973</u>	<u>15,033</u>
		<u>\$ 25,015</u>	<u>\$ 23,138</u>

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

c. Purchases of goods

Account Item	Related Party	For the Year Ended December 31	
		2021	2020
Purchases of goods	Subsidiaries	<u>\$ 16,681</u>	<u>\$ 60</u>

Purchases were made at market prices and discounted to reflect the quantity of goods purchased and the relationships between the parties.

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

Account Item	Related Party	For the Year Ended December 31	
		2021	2020
Trade receivables	Subsidiaries	\$ 3,153	\$ 1,404
	Associates	<u>1,112</u>	<u>1,343</u>
		<u>\$ 4,265</u>	<u>\$ 2,747</u>
Other receivable	Subsidiaries	\$ 2,711	\$ 1,937
	Associates	<u>529</u>	<u>243</u>
		<u>\$ 3,240</u>	<u>\$ 2,180</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

e. Payables from related parties

Account Item	Related Party	For the Year Ended December 31	
		2021	2020
Other payables	Subsidiaries	<u>\$ 14,658</u>	<u>\$ 525</u>
Prepaid materials	Subsidiaries	<u>\$ 38,613</u>	<u>\$ -</u>

f. Acquisition of property, plant and equipment

Related Party	For the Year Ended December 31	
	2021	2020
Subsidiaries	<u>\$ 43</u>	<u>\$ 12</u>



g. Other transactions with related parties

Account Item	Related Party Type	For the Year Ended December 31	
		2021	2020
Manufacturing expenses	Subsidiaries	\$ <u>22,292</u>	\$ <u>2,346</u>
Operating expenses	Subsidiaries	\$ <u>13,174</u>	\$ <u>35</u>
Non-operating income and expenses	Subsidiaries Associates	\$ 20,753 <u>9,489</u>	\$ 23,483 <u>4,504</u>
		\$ <u>30,242</u>	\$ <u>27,987</u>

Miscellaneous expenses between the Company and the related parties were negotiated and were thus not comparable with those in the market.

Administrative support services price and support services price between the Company and the related parties were negotiated and were thus not comparable with those in the market.

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

h. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 16,892	\$ 11,681
Post-employment benefits	<u>269</u>	<u>269</u>
	\$ <u>17,161</u>	\$ <u>11,950</u>

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

### 30. PLEDGED OR MORTGAGED ASSETS

The following assets were mortgaged or pledged as collateral for bank borrowings and leased land:

	December 31	
	2021	2020
Buildings, net	\$ 556,931	\$ 576,333
Pledged time deposits (classified to other financial assets - non-current)	<u>8,350</u>	<u>6,100</u>
	\$ <u>565,281</u>	\$ <u>582,433</u>

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

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

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,793	27.680	\$ 381,790
CNY	416	4.344	1,807
JPY	188	0.241	45
GBP	3	37.300	112
HKD	9	3.549	32
Nonmonetary items subsidiaries accounted for using equity method			
USD	25,274	27.680	699,584
HKD	7	3.549	25
<u>Financial liabilities</u>			
Monetary items			
USD	19,104	27.680	528,799
CNY	3,857	4.344	16,755

December 31, 2020

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,468	28.4800	\$ 184,209
CNY	664	4.3770	2,906
JPY	188	0.2763	52
GBP	8	38.9000	311
HKD	3	3.6730	11
Nonmonetary items subsidiaries accounted for using equity method			
USD	19,497	28.4800	555,275
HKD	8	3.6730	29
<u>Financial liabilities</u>			
Monetary items			
USD	5,177	28.4800	147,441
CNY	3,700	4.3770	16,195

For the years ended December 31, 2021 and 2020, (realized and unrealized) net foreign exchange losses were NT\$2,550 thousand and NT\$6,789 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

### 32. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees and b. Information on investees:

- 1) Financings provided: Table 1
- 2) Endorsement/guarantee provided: Table 2
- 3) Marketable securities held: Table 3
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: No.
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
- 9) Trading in derivative instruments: No.

b. Information on investees:

- 1) Information on investee: Table 4

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 5)

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 6)

Except for Table 1 to Table 6, there's no further information about other significant transactions.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(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 Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	\$ 12,275	\$ -	\$ -	1.80%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 59,870 (Note 9)	\$ 59,870 (Note 9)
1	Sunplus Technology (Shanghai) Co., Ltd.	Chongqing CQPlus1 Technology Co., Ltd.	Receivables from related parties	Yes	60,816	60,816	-	1.80%	Note 1	-	Note 3	-	-	-	359,219 (Note 10)	359,219 (Note 10)
1	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	131,672	131,189	131,189	1.80%	Note 1	-	Note 4	-	-	-	359,219 (Note 10)	359,219 (Note 10)
2	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	242,548	235,280	235,280	-	Note 1	-	Note 5	-	-	-	559,142 (Note 11)	559,142 (Note 11)
3	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	158,064	29,064	29,064	0.52%	Note 1	-	Note 6	-	-	-	427,393 (Note 12)	427,393 (Note 12)
4	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	37,045	-	-	1.80%	Note 1	-	Note 7	-	-	-	73,140 (Note 13)	73,140 (Note 13)
5	Lin Shin Investments co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	153,780	99,648	99,648	0.52%	Note 1	-	Note 8	-	-	-	478,349 (Note 14)	478,349 (Note 14)

Note 1: Short-term financing.

Note 2: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus APP Technology.

Note 3: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Chongqing CQPlus1 Technology Co., Ltd.

Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 5: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 6: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 7: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

Note 8: Lin Shin Investments Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 9: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% Sunplus Technology (Shanghai) Co., Ltd.'s net equity as of its latest financial statement.

Note 10: Sunplus Technology (Shanghai) Co., Ltd. and the loans are all foreign companies whose parent company directly and indirectly holds 100% of the voting shares. When the 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 11: Russell Holdings Ltd. 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 12: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital Co., Ltd.'s net equity as of its latest financial statements.

Note 13: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of Sunplus Prof-tek Technology (Shenzhen)'s net equity as of its latest financial statement.

Note 14: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shin Investments Co., Ltd.'s net equity as of its latest financial statement.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2021

(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)	The Company	Chongqing CQPlus1 Technology Co., Ltd.	3 (Note 3)	\$1,011,834 (Note 4)	\$ 65,400	\$ 65,160	\$ -	\$ -	0.68	\$2,023,667 (Note 5)	Yes	No	Yes
0 (Note 1)	The Company	Sunplus APP Technology	3 (Note 3)	1,011,834 (Note 4)	61,512	-	-	-	-	2,023,667 (Note 5)	Yes	No	Yes
1 (Note 2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 3)	419,356 (Note 6)	167,160	55,360	-	-	10.01	419,356 (Note 6)	No	No	Yes
3	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	3 (Note 3)	59,870 (Note 7)	43,290	-	-	-	-	119,740 (Note 8)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: The Company 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 Holdings Ltd. 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.

Note 7: Sunplus Technology (Shanghai) Co., Ltd 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 8: Sunplus Technology (Shanghai) Co., Ltd. guarantee amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

## MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2021

(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, 2021				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Yuanta USD Money Market USD	-	Financial assets at FVTPL - current	99	\$ 29,157	-	\$ 29,157	Note 3
	Taishin ESG Emerging Markets Bond Fund	-	Financial assets at FVTPL - current	972	8,913	-	8,913	Note 3
	PineBridge Global ESG Quantitative Bond Fund	-	Financial assets at FVTPL - current	2,894	29,500	-	29,500	Note 3
	Taishin 1699 Money Market	-	Financial assets at FVTPL - current	1,467	20,063	-	20,063	Note 3
	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	1,200	66,000	-	66,000	Note 2
	Triknight Capital Corporation	-	Financial assets at FVTPL - non-current	29,285	515,261	5	515,261	Note 1
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	-	-	-	Note 1
Lin Shin Investment Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at FVTPL - current	101	10,908	-	10,908	Note 2
	UPI Semiconductor Corp.	-	Financial assets at FVTPL - current	180	164,738	-	164,738	Note 4
	A-Spine Asia Co., Ltd.	-	Financial assets at FVTPL - current	197	7,520	-	7,520	Note 1
	Enterex International Limited - Convertible Bonds	-	Financial assets at FVTPL - current	30	-	-	-	Note 1
	Yong Feng Yu Inc.	-	Financial assets at FVTPL - current	393	19,728	-	19,728	Note 2
	Evergreen Aviation Technologies Corporation	-	Financial assets at FVTPL - current	1,100	69,300	-	69,300	Note 1
	Genius Vision Digital Co., Ltd.	-	Financial assets at FVTPL - non-current	300	-	4	-	Note 1
	Sanjet Technology Corporation	-	Financial assets at FVTPL - non-current	8	-	-	-	Note 1
	Lead Sun Corporation	-	Financial assets at FVTPL - non-current	1,000	28,481	12	28,481	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets at FVTPL - non-current	53	474	-	474	Note 1
	AIII CO., Ltd.	-	Financial assets at FVTPL - non-current	29	431	-	431	Note 1
	GEMFOR Leading Financial Solution Provider Fund	-	Financial assets at FVTPL - non-current	13	216	-	216	Note 1
	Sunplus Technology Co., Ltd.	Parent company	Financial assets at FVTOCI - non-current	3,560	138,306	1	138,306	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at FVTOCI - non-current	33	2,840	-	2,840	Note 1
Russell Holdings Limited	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

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	Ortega InfoSystem, Inc.	-	Financial assets at FVTPL - non-current	2,557	\$ -	-	\$ -	Note 1
	Innobrige International Inc.	-	Financial assets at FVTPL - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at FVTPL - non-current	1,250	-	1	-	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at FVTPL - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at FVTPL - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	14,531	2	14,531	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	100,129	6	100,129	Note 1
	Intudo Ventures III, L.P.	-	Financial assets at FVTPL - non-current	-	4,152	1	4,152	Note 1
	Gigajot Technology, Inc - Convertible Bonds	-	Financial assets at FVTPL - non-current	-	134,269	-	134,269	Note 1
	Gigajot Technology, Inc	-	Financial assets at FVTPL - non-current	1	10,380	-	10,380	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	3,686	13	3,686	Note 1
	EYs3d Microelectronics, Inc.	-	Financial assets at FVTOCI - non-current	1,190	13,840	2	13,840	Note 1
	Sunplus Venture Capital Co., Ltd.	Charles Schwab - Money Fund	-	Financial assets at FVTPL - current	-	1,880	-	1,880
Taiwan Mask Corp.		-	Financial assets at FVTPL - current	108	11,664	-	11,664	Note 2
eWave System, Inc.		-	Financial assets at FVTPL - non-current	1,833	-	22	-	Note 1
VenGlobal International Fund		-	Financial assets at FVTPL - non-current	1	-	-	-	Note 1
Book4u Company Limited		-	Financial assets at FVTPL - non-current	9	-	-	-	Note 1
Sanjet Technology Corp.		-	Financial assets at FVTPL - non-current	49	-	-	-	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	-	5	-	Note 1
CYBERON Corporation		-	Financial assets at FVTPL - non-current	865	32,330	8	32,330	Note 1
Grand Fortune Venture Capital Co., Ltd.		-	Financial assets at FVTPL - non-current	4,000	61,886	7	61,886	Note 1
Huijia Health Life Technology		-	Financial assets at FVTPL - non-current	1,049	740	5	740	Note 1
San Neng Group Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	900	43,200	1	43,200	Note 2	
Raynergy Tek Inc.	-	Financial assets at FVTPL - non-current	5,691	43,134	15	43,134	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Fuyou Venture Capital Limited Partnership	-	Financial assets at FVTPL - non-current	3,500	\$ 36,676	10	\$ 36,676	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at FVTPL - non-current	-	111,623	2	111,623	Note 1
	TIEF Fund LP	-	Financial assets at FVTPL - non-current	-	36,572	7	36,572	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	63,080	8	63,080	Note 1
	Promise Technology Inc.	-	Financial assets at FVTOCI - non-current	962	10,062	-	10,062	Note 1
	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	1,247	89,486	4	89,486	Note 4
	Qun-Kin Venture Capital	-	Financial assets at FVTOCI - non-current	3,000	21,139	6	21,139	Note 1
	Neuchips Corporation	-	Financial assets at FVTOCI - non-current	2,100	54,250	4	54,250	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,564	3,000	4	3,000	Note 1
Wei-Young Investment Inc.	UMC Co., Ltd.	-	Financial assets at FVTPL - current	500	32,500	-	32,500	Note 2
	Nova Technology Corp.	-	Financial assets at FVTPL - current	50	8,450	-	8,450	Note 2
	Everlight Electronic Co., Ltd.	-	Financial assets at FVTPL - current	500	26,350	-	26,350	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	Chipbond Technology Corporation	-	Financial assets at FVTPL - current	200	13,340	-	13,340	Note 2
	GF Live Treasury Currency B	-	Financial assets at FVTPL - current	9,200	40,314	-	40,314	Note 3
	GF Type Money Market Fund B	-	Financial assets at FVTPL - current	5,251	22,871	-	22,871	Note 3
	Ready Sun Investment Group Fund	-	Financial assets at FVTPL - non-current	-	40,769	16	40,769	Note 1
	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	88,984	3	88,984	Note 1
Generalplus Technology Inc.	Yuanta De-Li Money Market Fund	-	Financial assets at FVTPL - current	4,684	77,149	-	77,149	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at FVTPL - current	8,702	110,322	-	110,322	Note 3
	Yuata De-Bao Money Market Fund	-	Financial assets at FVTPL - current	23,108	280,299	-	280,299	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL - current	3,933	60,097	-	60,097	Note 3
	Fuh Hwa You Li Money Market Fund	-	Financial assets at FVTPL - current	6,658	90,532	-	90,532	Note 3
	Taishin Ta-Chong Money Market Fund	-	Financial assets at FVTPL - current	9,765	140,136	-	140,136	Note 3
	Taishin 1699 Money Market Fund	-	Financial assets at FVTPL - current	5,877	80,384	-	80,384	Note 3
	Fuh Hwa Money Market Fund	-	Financial assets at FVTPL - current	6,869	100,053	-	100,053	Note 3
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at FVTPL - current	6,318	100,014	-	100,014	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	182	-	1	-	Note 1
	Magic Sky Limited	GTA Co., Ltd.	-	Financial assets at FVTPL - non-current	1,413	-	-	-
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	362,314	-	362,314	Note 1

(Continued)



Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunext Technology Co., Ltd. Jsilicon Technology Co., Ltd. (Ru Dong)	Evergeen Steel Co., Ltd.	-	Financial assets at FVTPL - current	750	\$ 41,250	-	\$ 41,250	Note 2
	GF Live Treasury Currency B	-	Financial assets at FVTPL - current	580	2,587	-	2,587	Note 3
	GF Every Day The Red Haired Type Money Market Fund B	-	Financial assets at FVTPL - current	580	2,591	-	2,591	Note 3
	GF Purse Money Market Fund A	-	Financial assets at FVTPL - current	599	2,623	-	2,623	Note 3

Note 1: The market value was based on the carrying amount as of December 31 2021.

Note 2: The market value was based on the closing price as of December 31, 2021.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2021.

Note 4: The market value was based on the average quoted price as of December 31, 2021.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES  
 DECEMBER 31, 2021  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,229,704 (US\$ 74,605 RMB\$ 37,900)	\$ 2,229,704 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,594,626	\$ 131,327	\$ 119,643	Subsidiary
	Award Glory Ltd.	Belize	Investment	269,167 (US\$ 7,072 RMB\$ 16,900)	217,421 (US\$ 5,642 RMB\$ 14,100)	9,567	100	465,117	171,513	171,513	Subsidiary (Note 2)
	Global View Co., Ltd.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	342,742	124,020	16,200	Investee
	Lin Shin Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	1,057,566	288,886	287,015	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	848,020	658,713	225,942	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	829,982	829,982	83,000	100	1,068,483	68,681	68,681	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	374,161	382,894	29,266	51	1,286,617	635,438	353,104	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	835,521 (US\$ 30,185)	695,045 (US\$ 25,110)	30,185	100	698,927	36,469	36,469	Subsidiary (Note 2)
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	127,345	207,345	12,735	15	251,001	137,496	26,556	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	983,237	58,778	93	254,472	46,189	42,749	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,259	(76)	(68)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,383	(195)	(195)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	39,305 (HK\$ 11,075)	39,905 (HK\$ 11,075)	11,075	100	25	(4)	(4)	Subsidiary
	Magic Sky Limited	Samoa	Investment	286,211 (US\$ 10,340)	283,443 (US\$ 10,240)	-	100	668	(4,494)	(4,494)	Subsidiary (Note 2)
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,226	(180)	(180)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	102,854	48,312	48,312	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	(18,737)	(16,992)	(9,346)	Subsidiary
	AkiraNET Co., Ltd.	Taipei, Taiwan	Information software service	174,000	-	17,400	35	195,034	(37,608)	(13,009)	Investee
	Lin Shin Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	339,625	658,713	90,150
Sunplus Innovation Technology Inc.		Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	45,021	635,438	12,784	Subsidiary
iCatch Technology, Inc.		Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	20,749	137,496	1,825	Investee
Sunplus mMedia Inc.		Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,338	(76)	(2)	Subsidiary
GlintMed Innovation Co., Ltd.		Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	807	(2,055)	(257)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	(14,335)	(16,992)	(7,150)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	60,588	57,388	2,924	5	129,521	635,438	34,629	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	4	71,673	137,496	6,307	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	425	(76)	(6)	Subsidiary
	GenkiTek Technology Co., Ltd.	Taipei, Taiwan	Software development	20,000	20,000	2,000	63	6,389	(13,807)	(8,629)	Subsidiary
	GlintMed Innovation Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	807	(2,055)	(257)	Investee
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	69,200 (US\$ 2,500)	69,200 (US\$ 2,500)	5,000	16	67,084	(16,873)	(2,742)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,229,704 (US\$ 74,605 RMB\$ 37,900)	2,229,704 (US\$ 74,605 RMB\$ 37,900)	-	100	1,606,308	131,326	131,326	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,229,704 (US\$ 74,605 RMB\$ 37,900)	2,229,704 (US\$ 74,605 RMB\$ 37,900)	-	100	1,606,288	131,327	131,327	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	528,411 (US\$ 19,090)	528,411 (US\$ 19,090)	19,090	100	507,747	18,043	18,043	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	528,411 (US\$ 19,090)	528,411 (US\$ 19,090)	19,090	100	513,353	18,043	18,043	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Inc.	Hong Kong	Sales	10,795 (US\$ 390)	10,795 (US\$ 390)	-	100	513,353	18,043	18,043	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2021	December 31, 2020	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	\$ 269,167 (US\$ 7,072 RMB\$ 16,900)	\$ 217,421 (US\$ 5,642 RMB\$ 14,100)	9,567	100	\$ 465,118	\$ 171,513	\$ 171,513	Subsidiary (Note 2)
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	21,369 (US\$ 772)	21,369 (US\$ 772)	772	100	266	(35)	(35)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	148,150 (US\$ 2,700 RMB\$ 16,900)	96,404 (US\$ 1,270 RMB\$ 14,100)	3,335	100	365,673	176,540	176,540	Subsidiary (Note 2)
	Worldplus Holdings L.L.C.	America	Investment	99,648 (US\$ 3,600)	99,648 (US\$ 3,600)	-	-	99,179	(3,659)	(4,992)	Subsidiary
	Giant Best Ltd.	Seychelles	Investment	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2021.

Note 2: The amount of remittances in this period has not completed registration of capital changes.

Note 3: The establishment registration has been completed at the end of December 2021, but the actual remittance has not been completed yet.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental	\$ 476,096 (US\$ 17,200)	Note 1	\$ 488,690 (US\$ 17,655)	\$ -	\$ -	\$ 488,690 (US\$ 17,655)	100%	\$ 145,202	\$ 145,202	\$ 598,698	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental	892,680 (US\$ 32,250)	Note 1	892,680 (US\$ 32,250)	-	-	892,680 (US\$ 32,250)	100%	(13,670)	(13,670)	731,403	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental	553,600 (US\$ 20,000)	Note 1	553,600 (US\$ 20,000)	-	-	553,600 (US\$ 20,000)	100%	26,627	26,627	219,820	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	169,416 (RMB\$ 39,000)	Note 1	112,657 (US\$ 586 RMB\$ 22,200)	51,529 (RMB\$ 11,800)	-	163,916 (US\$ 586 RMB\$ 34,000)	97%	(51,821)	(49,968)	3,655	-
Beijing Sunplus-EHue Tech Co., Ltd.	Development of computer software, system integration services and building rental	117,288 (RMB\$ 27,000)	Note 1	117,288 (RMB\$ 27,000)	-	-	117,288 (RMB\$ 27,000)	100%	(557)	(557)	50,883	-
JSilicon Technology Co., Ltd. (Ru Dong)	Development of computer software, system integration services	86,880 (RMB\$ 20,000)	Note 3	-	-	-	-	100%	406	406	27,524	-
Worldplus Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	82,705 (RMB\$ 19,039)	Note 5	99,648 (US\$ 3,600)	-	-	99,648 (US\$ 3,600)	100%	(3,695)	(4,992)	99,179	-
Chongqing CQPlus1 Technology Co., Ltd.	Development of computer software, system integration services	130,320 (RMB\$ 30,000)	Note 4	-	-	-	-	100%	(18,172)	(18,172)	62,396	-

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,484,095 (US\$ 79,872 RMB 62,900 )	\$ 2,485,167 (US\$ 80,052 RMB 62,000 )	\$ 6,071,003

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 34,867 (US\$ 1,260 )	\$ 34,867 (US\$ 1,260 )	\$ 641,090

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 517,616 (US\$ 18,700)	Note 1	\$ 517,616 (US\$ 18,700)	\$ -	\$ -	\$ 517,616 (US\$ 18,700)	100%	\$ 13,279	\$ 13,279	\$ 502,822	\$ -

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 517,616 (US\$ 18,700 )	\$ 517,616 (US\$ 18,700 )	\$ 1,500,760

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 Technology (Shanghai) Co., Ltd.'s indirect investment in a company located in mainland China.

Note 4: Sunplus Technology (Shanghai) and Sunplus Prof-tek (Shenzhen) Technology Co., Ltd. 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 Sanneng Group Holding Company in mainland China, Sanneng Appliances (Wuxi) Co., Ltd.

Note 7: The original foreign currency was derived from the exchange rate on December 31, 2021.

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED****INFORMATION OF MAJOR SHAREHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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.

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**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Amount</b>
Cash	
Cash in banks	
Currency deposits	\$ 218,583
Time deposits (Note 1)	268,350
Foreign deposits (Note 2)	117,944
Cash on hand (Note 3)	<u>377</u>
	605,254
Less: Restricted assets	<u>34,290</u>
 Total	 <u>\$ 570,964</u>

Note 1: NTD Time deposits, interest rates at 0.31%-0.76%.

Note 2: Including US\$4,195 thousand @27.68, HKD\$2 thousand @3.549, GBP0.3 thousand @37.30, JPY43 thousand @0.2405 and RMB412 thousand @4.344.

Note 3: Including NTD100 thousand, HKD\$7 thousand @3.549, JPY145 thousand @0.2405, US\$4 thousand @27.68, EUR0.3 thousand @31.32, GBP2 thousand @37.30 and RMB4 thousand @4.344.



## SUNPLUS TECHNOLOGY COMPANY LIMITED

## STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2021

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

Item	Units (Thousand)	Cost	Fair Value		Note
			Unit Price	Amount	
Beneficiary certificates of the mutual funds					
Yuanta USD Money Market USD	99	\$ 31,975	10.6846	\$ 29,157	Note 1
Taishin ESG Emerging Markets Bond Fund	972	9,716	9.1734	8,913	Note 1
Taishin 1699 Money Market	1,467	20,019	13.6786	20,063	Note 1
Pine Bridge Global ESG Quantitative Bond Fund	2,894	30,000	10.1936	29,500	Note 1
Marvest Series 1 Fund	-	46,745	-	-	Note 2
				<u>87,633</u>	
Domestic unlisted shares					
Triknight Capital Corporation	29,285	292,850	17.59	515,261	Note 2
Domestic listed shares					
Evergreen Steel Co., Ltd.	1,200	42,000	55.00	66,000	Note 3
Less: Current assets				<u>(153,633)</u>	
				<u>\$ 515,261</u>	

Note 1: The market value was based on the net asset value of the fund as of December 31, 2021.

Note 2: The market value was based on the carrying amount as of December 31 2021.

Note 3: The market value was based on the average quoted price as of December 31, 2021.

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF TRADE RECEIVABLES, NET****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
Trade receivable from related parties	
iCatch Technology Ltd.	\$ 1,112
Generalplus Technology Inc.	1,190
Jumplx Technology Co., Ltd.	1,835
Others (Note)	<u>128</u>
	<u>4,265</u>
Trade receivable from unrelated parties	
Client A	113,508
Client B	96,038
Client C	18,734
Client D	16,344
Others (Note)	<u>19,708</u>
	<u>264,332</u>
 Total	 <u>\$ 268,597</u>

Note: The amount of individual clients that is included in others does not exceed 5% of the account balance.

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**STATEMENT OF INVENTORIES**

**DECEMBER 31, 2021**

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

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Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 123,892	\$ 231,873
Work in progress	195,671	381,060
Raw materials	<u>214,668</u>	<u>220,650</u>
Total	<u>\$ 534,231</u>	<u>\$ 833,583</u>

## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2021		Additions		Decreases		Increase (Decrease) Amount Evaluated by Equity Method			Fair Value Changes of Financial Assets at FVTOCI	Unrealized Losses from Investments In Equity Instruments at FVTOCI	Actuarial (Gain) Loss	Investment Impairment Using Equity Method (Accounted for Current Liability)	Balance, December 31, 2021			Note	
	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Investment Gain (Loss)	Exchange Differences Arising on Translation to the Presentation Currency	Transferred Capital Surplus					Shares (Thousand)	%	Amount		Net Assets Value
Global View Co., Ltd.	8,229	\$ 346,011	-	\$ -	-	\$ 46,908	\$ 16,200	\$ (514)	\$ 2	\$ 27,944	\$ -	\$ 7	\$ -	8,229	13	\$ 342,742	\$ 342,742	Note 1
Ventureplus Group Inc.	-	1,460,438	-	-	-	-	119,643	(10,245)	24,790	-	-	-	-	-	100	1,594,626	1,594,626	Note 1
Lin Shin Investment Co., Ltd.	70,000	771,853	-	-	-	66,290	287,015	(545)	24,803	40,952	-	(222)	-	70,000	100	1,057,566	1,057,566	Notes 1 and 3
Generalplus Technology Corp.	37,324	713,447	-	131	-	89,578	225,942	(1,366)	-	-	-	(556)	-	37,324	34	848,020	848,315	Note 1
Sunplus Venture Capital Co., Ltd.	83,000	870,199	-	-	-	-	68,681	-	64,618	64,508	-	477	-	83,000	100	1,068,483	1,068,483	Note 1
Sunplus Innovation Technology	29,949	746,919	-	-	683	257,137	353,104	-	442,004	(70)	1,022	775	-	29,266	51	1,286,617	1,286,616	Note 1
Russell Holdings Limited	24,660	552,847	5,075	143,603	-	-	36,469	(18,697)	119	(15,414)	-	-	-	29,735	100	698,927	698,927	Note 1
Sunext Technology Co., Ltd.	58,778	211,723	-	-	-	-	42,749	-	-	-	-	-	-	58,778	93	254,472	254,472	Note 1
iCatch Technology Inc.	20,735	245,579	-	1,257	8,000	110,989	26,556	-	88,972	-	-	(374)	-	12,735	15	251,001	200,729	Notes 1 and 4
Sunplus mMedia Inc.	22,441	23,327	-	-	-	-	(68)	-	-	-	-	-	-	22,441	90	23,259	10,597	Note 1
Wei-Young Investment Inc.	5,400	59,391	-	-	-	4,849	48,312	-	-	-	-	-	-	5,400	100	102,854	102,854	Note 1
Sunplus Management Consulting	500	3,578	-	-	-	-	(195)	-	-	-	-	-	-	500	100	3,383	3,383	Note 2
Sunplus Technology (H.K.)	11,075	30	-	-	-	-	(4)	(1)	-	-	-	-	-	11,075	100	25	25	Note 1
Magic Sky Limited	10,240	2,435	100	2,783	-	-	(4,494)	(56)	-	-	-	-	-	10,340	100	668	668	Note 1
Sunplus mMobile Inc.	16,240	29,406	-	-	-	-	(180)	-	-	-	-	-	-	16,240	100	29,226	29,226	Note 1
Award Glory Ltd.	7,707	268,500	1,860	51,730	-	-	171,513	(65)	(26,561)	-	-	-	-	9,567	100	465,117	465,117	Note 1
Jumplux Technology	13,200	(10,042)	-	-	-	-	(9,346)	-	-	-	-	651	18,737	13,200	55	-	(18,737)	Note 1
AkiraNET Co., Ltd.	-	-	17,400	174,000	-	-	(13,009)	-	34,043	-	-	-	-	17,400	35	195,034	195,034	-
<b>Total</b>		<u>\$ 6,295,641</u>		<u>\$ 373,504</u>		<u>\$ 575,751</u>	<u>\$ 1,368,888</u>	<u>\$ (31,489)</u>	<u>\$ 652,790</u>	<u>\$ 117,920</u>	<u>\$ 1,022</u>	<u>\$ 758</u>	<u>\$ 18,737</u>			<u>\$ 8,222,020</u>	<u>\$ 8,140,643</u>	

Note 1: The gains and losses of the investment and the net equity value are calculated according to the investees' financial statements which are audited by the accountant.

Note 2: The gains and losses of the investment and the net equity value are calculated according to the investees' financial statements which are unaudited by the accountant.

Note 3: The carrying amount and net value included deduction of the book value of the parent company's stock held by the subsidiary in the amount of \$138,306 thousand.

Note 4: The decrease of 8,000 shares was due to reclassification to non-current assets held for sale of \$108,504 thousand.

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND STATEMENT OF CHANGES IN  
ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS**

**DECEMBER 31, 2021**

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

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	<b>Land</b>
Cost	
Balance at January 1, 2021	\$ 185,344
Additions	<u>(2,529)</u>
Balance at December 31, 2021	<u>182,815</u>
Accumulated depreciation	
Balance at January 1, 2021	11,570
Depreciation	<u>5,682</u>
Balance at December 31, 2021	<u>17,252</u>
Carrying amount at December 31, 2021	<u>\$ 165,563</u>

## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF LONG-TERM BORROWINGS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Creditor	Balance End of Year	Period	Range of Interest Rates (%)	Financing Facilities	Repayment Method	Pledged or Mortgaged
Medium - to long-term credit borrowings						
Shanghai Commercial Bank	\$ 200,000	2020.08.21-2025.08.21	1.25	\$ 200,000	The loan is to be repaid quarterly-annually in 11 installments, with the first installment commencing in the third year after the first drawdown date.	-
Far Eastern International Bank	<u>230,000</u>	2020.10.13-2023.10.13	1.25	<u>500,000</u>	The loan is to be repaid semi-annually in 3 installments, with the first installment commencing in the twice year after the first drawdown date.	-
	430,000			<u>\$ 700,000</u>		
Less: Current portion	<u>46,000</u>					
	<u>\$ 384,000</u>					

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Supplier A	\$ 114,646
Supplier B	36,820
Supplier C	30,543
Supplier D	29,553
Supplier E	17,730
Supplier F	15,578
Others (Note)	<u>49,934</u>
Total	<u>\$ 294,804</u>

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF LEASE LIABILITIES****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Lease Term</b>	<b>Discount Rate</b>	<b>Amount</b>
Land	2015.08-2034.12	2.39%	\$ 78,203
Land	2002.06-2041.12	2.39%	66,323
Land	2021.01-2040.12	2.39%	26,349
Less: Lease liabilities - current			<u>(4,074)</u>
Lease liabilities -non-current			<u>\$ 166,801</u>



**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF NET REVENUE****FOR THE YEAR ENDED DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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<b>Item</b>	<b>Quantity</b>	<b>Unit</b>	<b>Amount</b>
Multimedia IC	22,332	Thousand	\$ 1,575,401
Other			<u>71,108</u>
			1,646,509
Sales allowance			<u>(126,367)</u>
			<u>\$ 1,520,142</u>

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF COST REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Raw material, beginning of year	\$ 58,155
Raw material purchased	678,311
Transferred to expenses	(1,187)
Raw materials, end of year	<u>(214,668)</u>
Raw materials used	520,611
Direct labor	7,956
Manufacturing expenses	<u>396,141</u>
Manufacturing costs	924,708
Work in progress, beginning of year	159,392
Transferred to expenses	(2,059)
Work in progress, end of year	<u>(195,671)</u>
Cost of finished goods	886,370
Finished goods, beginning of year	83,183
Finished goods purchased	22,174
Transferred to expenses	(627)
Finished goods, end of year	<u>(123,892)</u>
 Total	 <u>\$ 867,208</u>

**SUNPLUS TECHNOLOGY COMPANY LIMITED****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Selling and Marketing Expenses</b>	<b>General and Administrative Expenses</b>	<b>Research and Development Expenses</b>
Royalty	\$ 209,184	\$ -	\$ 2,252
Salary	6,252	86,276	358,600
Depreciation	441	27,795	54,025
Professional service fees	7	17,385	746
Amortization	-	1,477	88,801
Remuneration of directors	-	20,555	-
Design fee	-	-	77,802
Others (Note)	<u>18,211</u>	<u>48,830</u>	<u>247,405</u>
Total	<u>\$ 234,095</u>	<u>\$ 202,318</u>	<u>\$ 829,631</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

## SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION  
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2019  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	For the Year Ended December 31					
	2021			2020		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 29,812	\$ 451,128	\$ 480,940	\$ 34,585	\$ 421,803	\$ 456,388
Labor and health insurance	2,915	34,333	37,248	3,140	29,037	32,177
Pension	1,532	20,730	22,262	1,869	19,340	21,209
Remuneration of directors	-	20,555	20,555	-	6,862	6,862
Others	1,384	13,488	14,872	1,510	11,676	13,186
Total	<u>\$ 35,643</u>	<u>\$ 540,234</u>	<u>\$ 575,877</u>	<u>\$ 41,104</u>	<u>\$ 488,718</u>	<u>\$ 529,822</u>
Depreciation	<u>\$ 3,215</u>	<u>\$ 82,261</u>	<u>\$ 85,476</u>	<u>\$ 3,689</u>	<u>\$ 84,932</u>	<u>\$ 88,621</u>
Amortization	<u>\$ 24</u>	<u>\$ 90,278</u>	<u>\$ 90,302</u>	<u>\$ -</u>	<u>\$ 51,838</u>	<u>\$ 51,838</u>

Note 1: For the years ended December 31, 2021 and 2020, the Company had 344 and 324 employees on average, respectively, which included 6 directors who did not serve concurrently as employees for both years.

Note 2: Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

- 1) The average employee welfare expense for the current year is 1,643 thousand ("Total employee welfare expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who are not concurrent employees").  
 The average employee welfare expense for the current year is 1,645 thousand ("Total employee welfare expenses for the current year-Total directors' remuneration"/"Number of employees for the current year-Number of directors who are not concurrent employees").
- 2) The average employee salary expenses for the current year is 1,423 thousand (the total salary expenses for the current year/"the number of employees in the current year-the number of directors who are not part-time employees").  
 The average employee salary expenses for the current year is 1,435 thousand (the total salary expenses for the current year/"the number of employees in the current year-the number of directors who are not part-time employees").
- 3) Changes in the average employee salary expense adjustment (1)% ("Average employee salary expense for the current year-Average employee salary expense for the previous year"/Average employee salary expense for the previous year).
- 4) The Company has established an audit committee on 2015, and the remuneration of independent directors has been included in the remuneration of directors.
- 5) Compensation and Remuneration Policy.
  - a. Remuneration of directors is paid at prevailing rates according to the "Directors' Remuneration and Travel Allowance Policy of the Company". When the Company make a profit, the compensation and remuneration of directors is accrued and reviewed by the compensation committee and the board of directors according to the Company's compensation and remuneration policy. The compensation arrangement shall be reported in the shareholders' meeting.
  - b. The compensation and remuneration of the President and Vice Presidents of the Company is determined in accordance with the Company's Performance Management Policy. Executives' compensation packages are based on individual performance and their contribution to the Company's overall performance with benchmarking to market compensation surveys. The compensation committee shall review the KPIs and measurements, followed by performance appraisal, and consequently reward the executives with the approval of the board of directors.
  - c. The Company's remuneration policy takes into account the staff's professional seniority, work performance, goal achievement, major contributions, etc. The director of the center completes the performance appraisal, which is divided into excellent, good, competent, and qualitative comments for improvement, which are approved by the chief executive officer.