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LSE：SUPD

2019 Annual Report

Sunplus Technology Co., Ltd. Prepared by
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PLEASE READ FOLLOWING NOTICE
BEFORE USING THIS REPORT

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

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

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

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

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http://www.londonstockexchange.com

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I. LETTER TO SHAREHOLDERS

BUSINESS REPORT

2019 Business Results

Sunplus consolidated net operating revenue totaled NT$5,512 million and the gross profit were NT$2,375 million in 2019. While R&D expense totaled NT$1,481 million and the G&A expenses were NT$498 million, marketing expense were NT$263 million, Operating profit was NT$132 million in 2019. Including total non-operating net income NT$112million, the profit before tax were NT$244 million. Excluding the income tax expense NT$69 million, the net profit of the year totaled NT$175 million, attributable to owner of the Company were NT$15 million which the earning per share after tax for 2019 was NT$0.03.

The net sales from continuing operations in 2019 decline 9.30% compared to the same period last year. The gross profit margin is about 43% compared with the previous year 's 40%, a slight increase. 2019 operating net profit increased by 246.72% compared to 2018.

Off-line income decreased from 294 million yuan in 2018 to 112 million yuan in 2019, mainly due to the recognition of profits of 171 million yuan by the company in 2018.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2019, Including the difference between the conversion of financial statements of foreign operating institutions, Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income, determine the number of reassessments of the welfare plan, the shareholding of related enterprises recognized by equity method, the total net profit and loss for other consolidated losses in 2019 is NT$102 million. Total after 2019 net profit, the total consolidated profit and loss in 2018 was NT$73 million, the consolidated profit and loss was attributed to the loss of NT$77 million by the owner of the company.

PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

Sunplus technology mergers and acquisitions of major individuals, including Sunplus Technology, Generplus Technology, SunplusIT Technology, Jumplux Technology, and mainland subsidiary.

Sunplus is currently focuses on the development, in addition to Automotive Infotainment System (Display Audio), advanced driver assistance system (ADAS) automotive chip products and systems platform, has been launched with advanced driving support system function (ADAS) of the wafer platform products, and car information entertainment system (Display Audio), BoomBox, SoundBar, portable entertainment systems and other products. It also introduces the intelligent computing chip Plus1 for AioT applications, and also provides IP authorization such as high-speed interface, data converter and analog.

With the popularity of smart phones, the convenience of getting on the car and the car infotainment system, the system has quickly become the standard equipment for the new car. It is expected that the COVID-19 epidemic will drag down global consumption, and the growth momentum of the system may be slightly affected. It is still the main source of growth and revenue for Lingyang Technology.

The revolutionary breakthrough of the intelligent computing chip Plus1 greatly reduces the research and development threshold of Edge Computing. It will be the best solution for a small number of diverse AIoT new applications, and related applications will become increasingly popular in the future.

Generalplus Technology focuses on consumer electronics chips, product line includes voice, multimedia, and MCU chips, Product development market leadership. The main application products include interactive toys, education and learning, driving Recorder, Sports DV, Gaming Keyboard and Wireless Charging. In 2019, a 16-bit DSP high-sound quality sound synthesis platform integrating a touch unit and a high-resolution PWM broadcasting device will be launched. In terms of multimedia products, we developed a 32-bit SoC handheld open application platform, including image processing, visual processing, and voice processing, combined with deep learning algorithms, which can be used for educational learning, driving records, sports photography, aerial photography and other applications. For MCU, develop 32-bit Cortex-M0 sine wave drive motor control chip. In terms of wireless charging, launched a 15W solution, integrated high and low voltage components and passed WPC EPP certification.

Sunplus Innovation Technology focuses on computer peripheral application chip development, including human-machine interface device chips, network camera chips, optical sensors, RF wireless transmission chips, remote control ICs, and more. About 70% of the sales in 2019 will come from PC-related cameras, mouse keyboards, and storage chips, and about 30% will come from high-speed cameras, rear-drive lenses, new retail and remote control chips. 2020 will continue the application of machine vision intelligent imaging applications and expand applications in non-PC applications.

In response to the growing demand for automotive electronics and high-speed storage, Jumplux Technology has developed ASICs with system customers. In 2019, the RISC-V is adopted as the core car regulation USB Media Hub IC SPD126, and UFS Bridge IC SPD215, the former supports USB Type-C PD2.0 and WPC wireless charging, and the latter can be used for large-capacity USB flash drives or solid state drives.

Subsidiaries in China include Shanghai Sunplus, Sunplus prof-tek, Sunmedia, Sunplus-EHUE and Sunplus APP. Mainly to support the company's mainland customers in the company's engineering services and business promotion.

External competition, regulations, and overall economic environment

Sunplus Technology focuses on the development of niche-type automotive wafers and intelligent computing chips, continuing its leading position in the audio-visual market, and is beneficial to the competitiveness of automotive audio-visual systems, vehicle-adaptive driving assistance systems, and AIoT Edge Computing.

Generplus Technology 2019 due to the closure of the US Toys R Us, the change in sales channels, affecting the number of new products; and the Sino-US trade war, weakening the mainland market demand; resulting in a decline in revenue and profits. Looking ahead to 2020, we will continue to bet on more R & D resources, develop new products, and respond to market changes .

In addition to continuing to develop in a more integrated direction, Sunplus Innovation Technology is also Actively develop non-PC smart imaging products to establish a foundation for growth and profitability.

Jumplux Technology continues to invest in the development of automotive USB Media Hub and UFS bridge IC, and will build a RISC-V 64-bit development platform and IP.

Looking ahead to 2020, the haze of the US-China trade war is still going on, and a COVID-19 epidemic will be added in the first quarter, which will drag down international economic growth. The company will pay close attention to changes in the international economic environment, adjust the pace of product research and development in a timely manner, and meet market demands.

Future company development strategy

Sunplus Technology includes all of the merged individuals of the Group, will continue to deepen the core competitiveness of various fields, efforts to expand the market, Improve product value and observe market trends, adjust and optimize product lines and investments,
Improve industry and industry performance, at the same time actively investing in advanced technology, open up

new products and markets, reserve a new wave of growth momentum.
Expect to continue to increase profits, return the long-term support of shareholders.

All the best,
Chairman & CEO,

II. COMPANY PROFILE

2.1 Foundation of Sunplus

Sunplus was founded in August 3rd 1990 in Hsinchu, Taiwan.

2.2 Milestones

For the formation of the Company's share capital, please refer to pages 63-66 of this annual report.
Please refer to pages 284 to 295 of this annual report on the relationship between the Company and the investment enterprises.

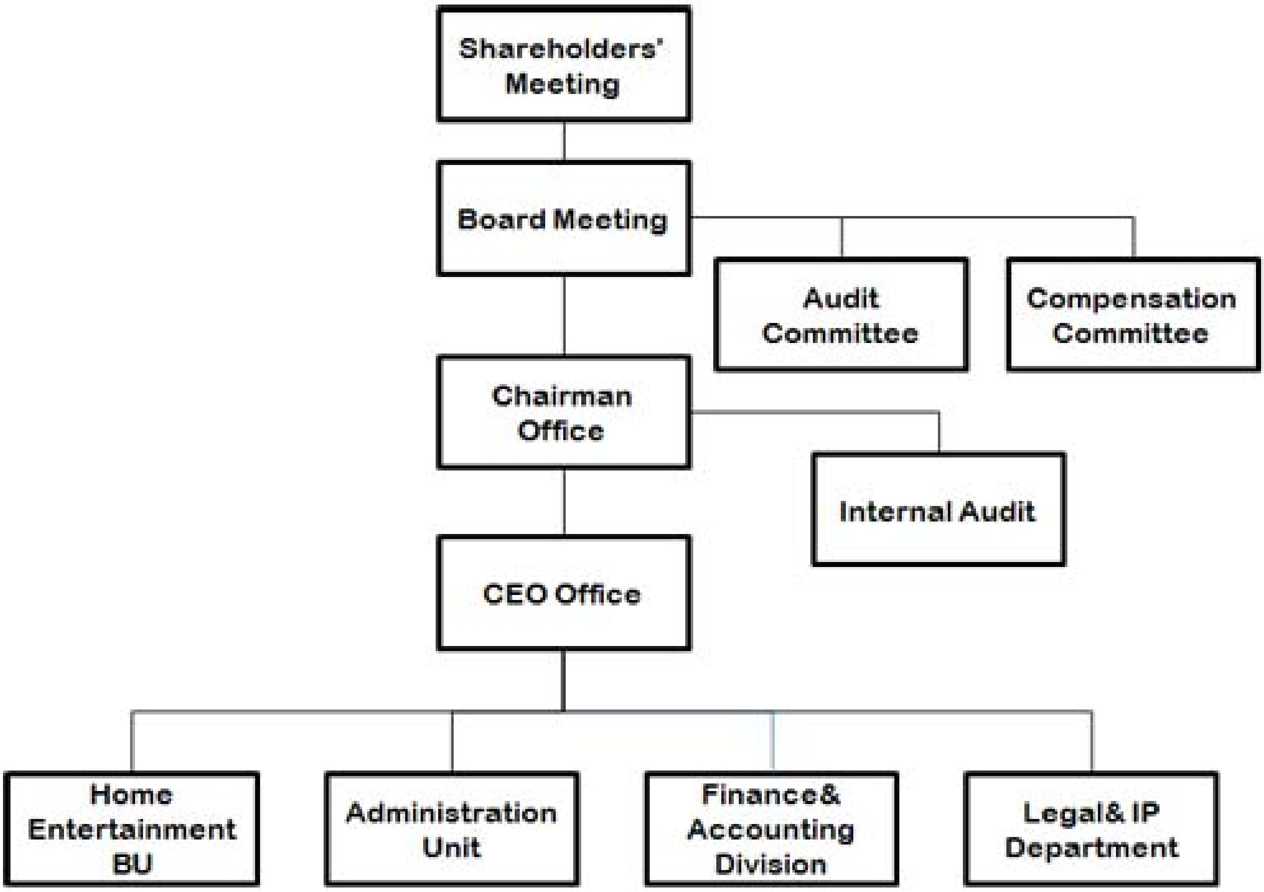
August 1990	Sunplus Technology was founded
May 1993	Obtained approval from the SIPA to move into Hsinchu Science Park
October 1993	Moved into Hsinchu Science Park
September 1994	Company started in-house wafer circuit probe testing
December 1995	Groundbreaking for the construction of Sunplus' office building,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

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

III. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

March 31st, 2020

Department	Job Description
Chairman Office	(1) Engaging the strategic alliances (2) Planning and executing investment plans (3) Arranging Board of Directors Meetings (4) The planning, promotion and implementation of the Company's integrity management
CEO Office	(1) Establishing company’s operational strategies, and goals (2) Auditing and improving the operating performances (3) Communicating with investors, public and media (4) Executing and managing the strategic alliances (5) Managing strategic investments
Internal Auditor	(1) Executing internal auditing plan as routine (2) Auditing subsidiaries regularly (3) Auditing special cases (4) Re-certification auditing of self-examination (5) Establishing the internal control system
Home Entertainment Business Unit	(1) Developing world-class audio and video solutions (2) Managing sales channels and distributors and providing customer services (3) Marketing and expanding business worldwide (4) Conducting production, material control, International trading affairs (5) Developing and handling quality assurance system (6) Planning new products and engaging cutting-edge technologies (7) Maintaining testing software and facility
Administration Unit	(1) Total Management, Plant Management, Procurement, Occupational safety, Environmental Protection and Administrative Services (2) Managing human resources and personnel (3) Establishing corporate information service to upgrade the productivity (4) Automating of business process to be more competitive (5) Consulting for management to making business decisions
Finance & Accounting Division	(1) Managing finance & accounting affairs (2) Arranging annual shareholders’ meeting
Legal & IP Department	(1) Coordinating the legal and IP affairs (2) Controlling the project procedures and design documents (3) Conserving company confidential documents (4) Purchasing, maintaining librarianship (5) Conducting contracts & IP management

3.2 Directors, and Management

3.2.1 Directors& Supervisors

April 14th, 2020/Unit: shares

Title	Name	Date Elected	Initial Date Elected	Term of Office	Share holding When Elected		Current Shareholding		Spouse & Minor Shareholding		Educational Background	Positions Currently held in Other Companies (Note 2)
					Amount	%	Amount	%	Amount	%		
Chairman & CEO	**Chou-Chye Huang**	2018.06.11	1990.07.09	3 years	92,737,817	15.67	92,737,817	15.67	1,370,993	0.23	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	Note 1
Director	**Wen-Shiung Jan**	2018.06.11	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	MBA, International Business, National Taiwan University, Taiwan	**Supervisor**: Mildex Optical Inc., Hi-Yes Group., E-Pin Optical Inc. **Director**: Ability Enterprise, Panjit, GenkiTek, OPALS **Independent Director**: Ko Ja (Cayman), Biostar **Chairman**: iCatch **Chairman**: ECSC Inc.
Director	Global View Co., Ltd.,	2018.06.11	1990.07.09	3 years	10,038,049	1.70	10,038,049	1.70	0	0.00	-	**Chairman**: RADIANT INNOVATION INC. **Chairman**: British Cayman Islands GLOBAL VIEW CO.,LTD **Director**: NVTEK
Director	**Wen-Ren Su** (Global View Co., Ltd., Representative of Legal Entity)	2018.06.11	1990.07.09	3 years	0	0.00	0	0.00	0	0.00	B.S., Accounting, Chinese Culture University	**Director & President:** Global View, **Director:** Beijing Global View, **Independent Director:** Well Shin Technology Co., Ltd. **Supervisor:** NVTEK
Director	**Wei-Min Lin**	2018.06.11	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	M.S., Accountancy, Jinan University, China	**CPA Auditor** of Wei-Min Lin Accounting Firm **Independent Director**: Fu-Shin holding Cayman
Independent Director	**Che-Ho Wei**	2018.06.11	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	Ph.D., Electronic Engineering, University of Washington, Seattle, USA	**Independent Director & Compensation Committee**: Genesis Photonics Inc., **Director**: Unizyx Holding Corporation, Arcadyan Technology, MXIC **Chairman :** NIIEPA NCTU, Department of Electronic Engineering, Adjunct Professor
Independent Director	**Tse-Jen Huang**	2018.06.11	2015.06.12	3 years	0	0.00	0	0.00	0	0.00	EMBA, National Taiwan University of Science and Technology	**CPA and Head** of Shengxin CO., CPAs **Independent Director & Compensation Committee**: GenMont, Sunfon
Independent Director	**Yao-Ching Hsu**	2018.06.11	2015.06.12	3 years	0	0.00	0	0.00	0	0.00	M.S., Laws, Cornell University, USA	**Charged lawyer** of Yuan Qing Patent and Trademark Office **Supervisor:** Xiyinlina Prevention Foundation

Note1:
Chairman: Generalplus, Russell Holdings Co., Ltd.,Venturplus Group Inc., Venturplus Mauritius Inc., Venturplus Cayman Inc., Shanghai Sunplus, Sunplus Technology (HK), Sunplus Venture Capital, Lin Shih Investment, Weiying Investment, Sunplus Management Consulting, Generalplus International (SAMOA)Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), , Sunplus Prof-tek, Sunmedia, Sunplus APP, Ytrip Technology , Magic Sky Limited, , Award Glory Ltd., Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Zhu Ming Teaching Foundation, Zhu Ming Academic Foundation, Jumplux, Chongqing Shuangxin Technology, NVTEK, GlintMed.

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

President: Worldplus Holdings L.L.C

Director: Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Inc., iCatch, Global View Co., Ltd., Zhu Ming Foundation.

Note 2: The chairman of the company and the general manager or equivalent (the top manager) are the same person, are relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should (More than half of the directors have not served as employees or managers, etc.):
The chairman of the company also serves as the chief executive officer. To improve business efficiency and decision-making execution, the company has the following specific measures.

1. Of the seven members of the board of directors, except for the chairman, the remaining six directors are not part-time employees or managers.
2. Independent directors can fully discuss and make recommendations for the board of directors in each functional committee to implement corporate governance.

3.2.2 Directors and Supervisors' Qualifications and Independence Analysis

April 14th, 2020

Criteria / Name (Note 1)	With over 5 years of working experience and one of the following professional requirements			Independent Status (Note 2)												Numbers of other public companies concurrently serving as an independent director
	An instructor of higher position in a department of commerce, law, finance, accounting, or other departments related to the Company's business in a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the Company's business	With an experience in commerce, law, finance, accounting or other specialties necessary to the Company's business	1	2	3	4	5	6	7	8	9	10	11	12	
Chou-Chye Huang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Wen-Shiung Jan			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Wen-Ren Su (Global View Co., Ltd., Representative of Legal Entity)			✓	✓	✓		✓		✓	✓	✓	✓	✓	✓		1
Wei-Min Lin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Che-Ho Wei	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tse-Jen Huang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Yao-Ching Hsu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: The amount of columns depends on the actual circumstance.

Note 2: "✓" indicates the directors and supervisors meeting any of the following criteria during the term of office and two years before being elected.

(1) Not an employee of the company or its affiliates.

(2) Not a director or supervisor of the company or its affiliates. (However, if the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, it is not limited.)

(3) Not the shareholder (with its relatives or under others' names) who holds more than 1% shareholding of the total issued shares or ranked as the Top 10 shareholders.

(4) Not a manager listed in (1) or a spouse, relative within the second parent, or direct blood relative within the third parent, etc.

(5) Directors who do not directly hold more than 5% of the total issued shares of the company, the top five shareholders, or a legal person shareholder who appoints a representative as a company director or supervisor according to Article 27, paragraph 1 or 2, of the company law, Supervisor or Employee (However, if the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, it is not limited to this).

(6) More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if it is a company or its parent company, subsidiary or a child of the same parent company) (The independent directors established by the company in accordance with

this law or local national laws shall not be limited to this).

(7) Directors (directors), supervisors (supervisors) or employees (but in the case of the company and its parent company) of other companies or organizations that are not the same person or spouse with the company 's chairman, general manager or equivalent. Independent directors set up by a subsidiary company or a subsidiary of the same parent company in accordance with this law or local national laws shall not be limited to this).

(8) Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of shares in specific companies or institutions that do not have financial or business dealings with the company (but specific companies or institutions that hold issued shares in the company) If the total number is more than 20% but not more than 50%, and the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, it is not limited to this).

(9) Professionals, sole proprietorships, partnerships, companies or institutions that do not provide audits for companies or related companies or have business, legal, financial, accounting and other related services whose cumulative amount of remuneration in recent two years has not exceeded NT $ 500,000 Business owners, partners, directors (directors), supervisors (supervisors), managers and their spouses. However, members of the Remuneration and Compensation Committee, Public Takeover Review Committee, or M & A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited.

(10) There is no kinship relationship with other directors within the scope of spouse or second parent.

(11) There is no one of the circumstances in Article 30 of the Company Law.

(12) There is no Article 27 of the Company Law which stipulates that the government, legal person or its representative shall be elected.

3.2.3 Major Shareholders of Sunplus' Shareholders as Legal Entities

a) Global View's Top 10 Shareholders

April 14th, 2020

Shareholder	Holding
Sunplus Technology	13.06%
HSBC as trustee for Bank of Singapore	9.20%
Jhih-Yuan Chou	5.61%
Kai Tian Investment Co., Ltd	5.07%
Citi bank as trustee for First Securities (HK)	3.31%
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	2.58%
Meng-Huei Lin	2.47%
Shuhui Chen	2.47%
Yunlong Huang	2.09%
Yi Jiang Nan Co., Ltd.	2.04%

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

Shareholder	Major Shareholders	Holding
HSBC as trustee for Bank of Singapore	Not Applicable	-
Kai Tian Investment Co., Ltd	Bing Huang Shi	50%
	Yi Ye Wu	50%
Citi bank as trustee for First Securities (HK)	Not Applicable	-
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	Not Applicable	-
Yi Jiang Nan Co., Ltd.	Jiaxi Huang	27%
	Jiaqi Huang	26%

3.2.4 Management Team

April 12th, 2019/Unit: shares

Title	Country of Citizenship	Name	Gender	Effective Date	Current Shareholding		Spouse's & Minor's Shareholding		Use the Name of Others to Hold Shares		Educational Background	Positions Currently held in Other Companies (Note 5)	With Spouse or Two Parents Relationship Manager			Remarks
					Amount	%	Amount	%	Amount	%			Job Title	Name	Relationship	
Chairman & CEO	Republic of China	Chou-Chye Huang	male	1990.07.09	92,737,817	15.67	1,370,993	0.23	0	0.00	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	**Note:1**	-	-	-	**Note:6**
Vice President	Republic of China	Wayne Shen	male	2005.12.01	969,558	0.16	0	0.00	0	0.00	EMBA, Technology Management, National Chiao-Tung University, Taiwan	**Note:2**	-	-	-	
Assistant VP	Republic of China	Alex Chang	male	2013.07.01	0	0.00	0	0.00	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	**Note:3**	-	-	-	
Assistant VP	Republic of China	Jason Lin	male	2013.11.01	146,111	0.02	8,637	0.00	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	**Note:4**	-	-	-	
Assistant VP	Republic of China	Michael Su	male	2018.03.15			0	0.00	0	0.00	Master of Electrical Engineering, University of Southern California, USA	-				
Director of Finance & Accounting Division	Republic of China	Shu-Chen Cheng	female	2013.03.01	36,067	0.01	0	0.00	0	0.00	Bachelor, Accounting, Tunghai University, Taiwan	**Note:5**	-	-	-	

Note 1

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

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

Director: Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Inc., iCatch, Global View Co., Ltd., Zhu Ming Foundation.

President: Worldplus Holdings L.L.C

Note 2

Director: Sunplus mMobile, Sunplus Innovation Technology, Beijing Sunplus-Ehue Tech Co., Ltd., Sunplus mMedia,
Supervisor: Jumplux, Sunext.

Note 3

AVP: iCatch, Sunext, Jumplux, , Shanghai Sunplus, Chongqing Shuangxin Technology.
Director: Rudong Core Electronic Technology.

Note 4

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

Note 5

Manager: Sunext, Jumplux.
Supervisor: Rudong Core Electronic Technology.
Director: GenkiTek.

Note 6

When the general manager or equivalent (the top manager) and the chairman are the same person, are relatives such as spouse or one parent, they should disclose the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors More than half of the directors have not served as employees or managers, etc.) related information:
The chairman of the company also serves as the chief executive officer. To improve operational efficiency and decision-making execution, the company currently has the following specific measures:
1. Among the seven members of the board of directors, except for the chairman, the remaining six directors are not part-time employees or managers.
2. Independent directors can fully discuss and make recommendations for the board of directors in each functional committee to implement corporate governance.

3.2.5 Remuneration to Directors, Presidents, and Vice Presidents

a) Remuneration to Directors

Units: NT$, shares

Title	Name (Note 1)	Remuneration to Directors								(A)+(B)+(C)+(D) %of Net Income (Note 10)		Remuneration to Directors who hold a Concurrent Post in the Company								(A)+(B)+(C)+(D)+(E)+(F)+(G) % of Net Income (Note 10)		Receive remuneration from non-subsidiary reinvestment business or parent company (Note 11)
		Salary (A) (Note 2)		Pension (B)		Bonus from Profit Distribution (C) (Note 3)		Allowance (D) (Note 4)				Salary, Bonus, etc. (E) (Note 5)		Pension (F)		Employee Bonus from Profit Distribution (G) (Note 6)						
		Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus		Consolidated Subsidiaries (Note 7)		Sunplus	Consolidated Subsidiaries	
																Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
Chairman	Chou-Chye Huang	-	-	-	-			868,000	924,000	5.67	6.04	5,625,126	5,625,126	91,848	91,848	-	-	-	-	43.01	43.38	4,242,507
Director	Wen-Shiung Jan																					
Director	Global View **Wen-Ren Su** Representative of Legal Entity																					
Director	**Wei-Min Lin**																					
Independent Director	**Che-Ho Wei**							1,314,000	1,314,000	8.58	8.58	-	-	-	-	-	-	-	-	8.58	8.58	-
Independent Director	**Tse-Jen Huang**																					
Independent Director	**Yao-Ching Hsu**																					

1. Please state the policy, system, standards and structure of independent directors' remuneration payment, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.
According to one of Article 18 of the company's articles of association, "when the directors of the company perform the duties of the company, the company may pay remuneration regardless of the company's business profits and losses. The remuneration is authorized by the board of directors to negotiate with the industry's usual level. Remuneration is distributed in accordance with the provisions of Article 29 of this Constitution. "
To measure the company's current operating scale and to consider the company's current operating conditions, the company's policies and regulations for the payment of independent directors' remuneration have a positive relationship with operating performance and future risks assumed. The payment of the sole director's remuneration shall be reported to the board of directors for resolution after the approval of the remuneration committee.
2. In addition to the disclosures in the above table, the directors of the company in the most recent year have received remuneration for providing services to all companies in the financial report (such as serving as consultants for non-employees): none.

Remuneration Class

Remuneration to Directors	Names of Directors			
	The total amount of the first four remuneration (A)+(B)+(C)+(D)		The total amount of the first seven remuneration (A)+(B)+(C)+(D)+(E)+(F)+(G)	
	Sunplus (Note 8)	Consolidated Subsidiaries (Note 9) H	Sunplus (Note 8)	All companies in the financial report (I) (Note 9)
Under NT$1,000,000	Chou-Chye Huang, Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu	Chou-Chye Huang, Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu	Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu	Global View, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu
NT$1,000,000~NT$2,000,000 (Not included)				Wen-Ren Su
NT$2,000,000~NT$3,500,000 (Not included)				Wen-Shiung Jan
NT$3,500,000~NT$5,000,000 (Not included)				
NT$5,000,000~NT$10,000,000 (Not included)			Chou-Chye Huang	Chou-Chye Huang
NT$10,000,000~NT$15,000,000 (Not included)				
NT$15,000,000~NT$30,000,000 (Not included)				
NT$30,000,000~NT$50,000,000 (Not included)				
NT$50,000,000~NT$100,000,000 (Not included)				
More than 100,000,000				
Total	8	8	8	8

Note 1: The names of directors should be listed separately (legal shareholders should separately list the names and representatives of legal shareholders), and the general directors and independent directors should be listed separately, and the amount of each payment should be disclosed in a summary manner. If the director also serves as the general manager or deputy general manager, this table and the following table (3-1), or the following tables (3-2-1) and (3-2-2).

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

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

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

Note 5: It indicates the salaries, allowances, pensions, severance pay, bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or other employees). If the Company provides a house, car/other transportation, or other allowances to directors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.
And the salary fee recognized by IFRS 2 "Share Fundamental Contribution", including obtaining employee stock vouchers, restrictions on employee rights of new shares and participation in cash replenishment of shares and so on, should also be included in the remuneration.
The company's Chairman Huang and the chief executive officer are equipped with official car, and are provided with drivers to pay the relevant remuneration of NT$462,000.

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

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

Note 8: It indicates the numbers of directors classified by the amount of their remuneration paid by Sunplus. The amount of remuneration paid to juridical-person shareholders shall be distributed equally to each representative, and then they shall also be classified according to the amount. If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".

Note 9: It indicates the numbers of directors classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".

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

Note 11: a. This column should clearly list the amount of remuneration received by the company's directors from reinvested businesses other than subsidiaries or the parent company (if not, please fill in "none").
b. If the directors of the company receive remuneration from a subsidiary's reinvestment business or parent company, the remuneration received by the company's directors from a subsidiary's reinvestment business or parent company shall be included in column I of the remuneration scale and The field name is changed to "Parent company and all reinvestment businesses".
c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution fees received by the directors of the company as directors, supervisors or managers of non-subsidiary investment companies or parent companies.

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

b) Remuneration to Management Team

Unit: NT$, shares

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Reward, Allowance, etc. (C) (Note 3)		Bonus from Profit Distribution (D) (Note 4)				(A)+(B)+(C) +(D) % on Net Income (Note 8)		Receive remuneration from non-subsidiary reinvestment business or parent company (Note 9)
		Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus		Consolidated Subsidiaries (Note 5)		Sunplus	Consolidated Subsidiaries (Note 5)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO VP	Chou-Chye Huang Wayne Shen	8,030,554	8,030,554	268,608	268,608	1,488,772	1,488,772	0	0	0	0	63.93	63.93	25,000

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

Remuneration to Management	Names of Presidents and Vice Presidents	
	Sunplus (Note 6)	All companies in the financial report (E) (Note 7)
Under NT$1,000,000		
NT$1,000,000~NT$2,000,000		
NT$2,000,000~NT$3,500,000		
NT$3,500,000~NT$5,000,000	Wayne Shen	Wayne Shen
NT$5,000,000~NT$10,000,000	Chou-Chye Huang	Chou-Chye Huang
NT$10,000,000~NT$15,000,000		
NT$15,000,000~NT$30,000,000		
NT$30,000,000~NT$50,000,000		
NT$50,000,000~NT$100,000,000		
More than NT$100,000,000		
Total	2	2

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

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

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

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

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

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

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

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

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

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

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

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

c) **Employee Bonus Granted to Management Team** April 14th, 2020

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

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

1. Analysis for remuneration paid as % net income

Remuneration	2017		2018	
	Amount	% of Net income(Loss)	Amount	% of Net income (Loss)
Director Supervisor Management	12,296,000	218.93%	12,235,000	79.92%

2. The remuneration is fair compared to peers and the compensations are based on the operation performance of company and individuals.

3.3 Corporate Governance Implementation

3.3.1 BOD Meeting Status

8 meetings were held in 2019 (8 meetings by 11th BOD) (A), and the attendance of directors is as follow:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%) (Note 2)	Remarks
Chairman	Chou-Chye Huang	8	0	100	
Director	Wen-Shiung Jan	6	2	75	
Director	Representative of Legal Entity , Global View **Wen-Ren Su**	8	0	100	
Director	**Wei-Min Lin**	7	1	87.5	
Independent Director	**Che-Ho Wei**	8	0	100	
Independent Director	**Tse-Jen Huang**	8	0	100	
Independent Director	**Yao-Ching Hsu**	8	0	100	

Other information required to be disclosed:

1.The operation of the board if one of the following circumstances, should specify the date of the board, period, the contents of the motion, the opinions of all independent directors and the handling of opinions of independent directors:

(1)matters listed in Article 14-3 of the Securities Exchange Act

Board of Directors	The contents of the motion and follow-up	Article 14-3 of the Securities Exchange Act	Independence or objection
The Sixth Board of Directors of the Eleventh Session 108.01.22	1. The company's "Disposal Procedures for Obtaining or Disposing of Assets" revision discussion.	v	None
	Opinion of independent directors：None.		
	The Company's handling of the opinions of independent directors：None.		
	Resolution results: After the chairman asked all the attendees to pass the case without objection.		
The Seventh Session of the Eleventh Board of Directors 108.03.20	1. The company's "Endorsement Guarantee Operation Procedure" revision discussion. 2. The company's "Disbursement of Funds and Others' Operation Methods" revised discussion proposal.	v	Note
	Opinion of independent directors：None.		
	The Company's handling of the opinions of independent directors：None.		
	Resolution results: After the chairman asked all the attendees to pass the case without objection.		
The Tenth Board of Directors of the Eleventh Session 108.08.13	1. The discussion of directors' remuneration distribution in 2018.	v	None
	Opinion of independent directors：None.		
	The Company's handling of the opinions of independent directors：None.		
	Resolution results: (1) On the instruction of the chairman, Wei Zhe and the independent director shall act as the acting chairman. In addition to avoiding the general directors who did not participate in the discussion and voting according to law, the acting chairman shall consult all the independent directors present and pass the proposal on the remuneration of the general director without objection.		

	(2) In addition to evading independent directors who did not participate in the discussion and voting according to law, the chairman consulted all the general directors present, and passed the proposal of the independent directors without objection.		
The eleventh board of directors of the eleventh session 108.11.13	1. The discussion on the revision of the company's management measures.	v	None
	Opinion of independent directors：None.		
	The Company's handling of the opinions of independent directors：None.		
	Resolution results: After the chairman asked all the attendees to pass the case without objection.		
The 13th Board of Directors of the 11th Session 108.12.25	1. 2020 accountant appointment and independence assessment discussion.	v	None
	Opinion of independent directors：None.		
	The Company's handling of the opinions of independent directors：None.		
	Resolution results: After the chairman asked all the attendees to pass the case without objection.		

(2) Except for the foregoing, other board of directors who oppose or retain opinions and have a record or written statement by an independent director: None.

2. The implementation of the directors 'avoidance of the proposal of interest shall state the name of the director, the content of the proposal, the reason for the avoidance of interests and the situation of participation in voting—

A. On August 13, 2008, the board of directors discussed the "Discussion on the Distribution of Directors' Remuneration in 2007":

1. On the instruction of the chairman, Wei Zhe and the independent director shall act as the acting chairman. In addition to avoiding the general directors who did not participate in the discussion and voting according to law, the acting chairman consulted all the independent directors present and passed the proposal of the general director's remuneration without objection.

2. In addition to evading independent directors who did not participate in the discussion and voting according to law, the general directors who were consulted by the chairman in consultation with all the directors passed the proposal without objection on the remuneration of independent directors.

3. The listed OTC company should disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the board 's self (or peer) evaluation—

The company has passed the resolution of the board of directors on March 30, 109 to formulate the "board performance evaluation method", the relevant content of the method is as follows:

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

			evaluation.	3. The level of participation in the company's operations. 4. Internal relationship management and communication. 5. Professional and continuous education of directors. 6. Internal control. The measurement items of the performance evaluation of the functional committee should include at least the following five aspects: 1. The level of participation in the company's operations. 2. Cognition of functional committee responsibilities. 3. Improve the quality of functional committee decision-making. 4. Composition of functional committees and selection of members. 5. Internal control. The indicators for the performance evaluation of the board of directors and functional committees should be based on the company's operations and needs to determine the content that is suitable for the company's performance evaluation, and the remuneration committee should periodically review and make recommendations. The scoring standard is revised and adjusted according to the company's needs, and it can also be scored according to the weighting method of each measurement.

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

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

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

Note 2: (a) If a director or supervisor being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.
(b) If there is a re-election before year-end, the new directors and supervisors along with the original ones shall be disclosed, and the date of directors and supervisors being elected shall be stated. The actual rate of attendance shall be calculated according to the meetings held when they are at posts.

3.3.2 Audit Committee

The second session of the Audit Committee met for 8 times in 2019 (A), Independent directors are present as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%) (Note)	Remarks
Independent director	**Che-Ho Wei**	8	0	100.00	
Independent director	**Tse-Jen Huang**	8	0	100.00	
Independent director	**Yao-Ching Hsu**	8	0	100.00	

Other information required to be disclosed:
1.The operation of the Audit Committee is one of the following circumstances, should specify the date of the board, period, the contents of the motion, the results of the resolutions of the Audit Committee and the handling of the opinions of the Audit Committee.
(1) The matters listed in Article 14.5 of the Securities Exchange Act.
(2) Except for the foregoing, other unapproved by the Audit Committee, and more than two-thirds of all directors agreed to the matter.

The Audit Committee	The contents of the motion and follow-up	The matters listed in Article 14.5 of the Securities Exchange Act	unapproved by the Audit Committee, and more than two-thirds of all directors agreed to the matter
The 5th Audit Committee of the 2nd Session 108.01.22	1. The Company's "Procedure for Obtaining or Disposing of Assets" revision discussion.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		
The 6th Audit Committee of the 2nd Session 108.03.20	1. 2018 the report on the results of the internal control self-assessment report and the statement of the internal control system.	v	None
	2. Discussion on the revision of the company's "Endorsement Guarantee Procedure"	v	None
	3. The Company's "Discussion on the Operation of Fund Loan and Others" Discussion.	v	None
	4. Report on the status of budget implementation in the fourth quarter of 2018 and discussion of the 2018 financial statements.	V	None
	5. The discussion of consolidated financial statements in 2018.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		
The 10th Audit Committee of the Second Session 108.11.12	1. Discussion on the revision of the company's management measures.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		
The Second Session of the Twelfth Audit Committee 108.12.25	1. 2020 Accountant Appointment and Independence Assessment Discussion.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee：		

	All attendees agree to pass.

2. If there is any avoidance of motions in conflict of interest by Independent Director, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None.
3. The communication between the independent director and the internal audit manager and the accountant (should include the company's financial, business conditions to communicate matters, methods and results):
(1) The accountants of the Company made an assessment of the year 2019 on March 20, 2019, May 13, 2019, August 13, 2019, and November 12, 2019. Fourth quarter and the first to third quarters of 2019, the results of the combined financial report review or review will be communicated.
(2) The internal audit supervisors of the Company regularly report with the independent directors on the implementation of the internal audit plan and the implementation of the tracking report, for the implementation of the audit business and the results are fully communicated.
(3) The independent directors of the Company may at any time require the visa accountants to examine the financial statements (including the consolidated financial statements) and other relevant laws and regulations, report and communicate to independent directors.

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

3.3.3 Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Item	Implementation Status (Note 1)			Difference to "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"
	Y	N	Summary	
1. Formulation of its own corporate governance principles	V		Sunplus and its subsidiaries Generalplus for the establishment of a good corporate governance system, participate in the "Code of Practice for Corporate Governance of Listed OTC", the Company's Code of Corporate Governance Practices, and has been disclosed at the Public Information Observatory and the company's website. The rest of the subsidiaries has not formulated the related principles, however all of our rules and procedures are based on laws and regulations stipulated by authorities in charge.	No major Difference
2. Shareholding Structure and Shareholders' Rights	V			
1) The way handling shareholders' suggestions or disputes			(1) Sunplus and its subsidiaries Generalplus, Sunext and Sunplus Innovation Commission by the stock agency on behalf of the relevant business, and according to the law to establish a complete spokesman system. The Company and Generalplus and set up Investor Relations Responsible Personnel responsible for handling shareholder recommendations and disputes related matters. Unlisted Subsidiaries are responsible for handling shareholders' opinions, doubts and disputes.	No major Difference
2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders	V		(2) The Company and its subsidiaries Generalplus, and Sunplus Innovation through the shares of the agency, master and understand the structure of major shareholders, and regularly declare the directors and managers of equity changes, to master the ultimate controlling shareholder of the major shareholders and major shareholders. Other subsidiaries shares regularly view the register of members at the end of each month, to master the ultimate controlling shareholder of the major shareholders and major shareholders.	No major Difference
3) Risk management mechanism and fire wall between the Company and its affiliates	V		(3) The Company and Sunplus Innovation have a " Relational transaction processing", Generalplus has a "Group Business and Related Transactions", the remaining subsidiaries also have various management methods, for the relationship between the business transactions are clearly defined, to achieve risk control and firewall mechanisms.	No major Difference
4) Disclosure agreement to prohibit that those insiders may not take advantage of undisclosed information of which they have learned to engage in insider trading.	V		(4) The Company and its subsidiaries, Generalplus have formulated the "Internal Significant Information Disclosure and Prevention of Insider Trading Management Procedures" and "Integrity Management Procedures and Behavior Guide", and told the company insiders to strictly follow, it is forbidden for insiders to use the unlisted information on the market to buy and sell securities. Other subsidiaries advertise relevant laws and regulations to insiders from time to time.	No major Difference
3. Composition and Responsibilities of the BOD			(1)	
1) Board diversity policy	V		A. Article 20 of the Company's Code of Practice on Corporate Governance (the ability of the board of directors as a whole) has clearly defined the composition of the board of directors. In addition to being a director of a company manager, it is not appropriate to exceed one-third of the board of directors. Operational, operational and development needs to develop an appropriate diversification approach. The nomination and selection of the board of directors of the Company follows the requirements of the Articles of Association and adopts the nomination system for candidates. In addition to assessing the eligibility of each candidate's academic experience, it also complies with the "Director's Election Method" and the "Code of Corporate Governance" to ensure the directors. Diversity and independence of members. B. The current board of directors of the company has seven seats: (1) General directors: He holds a master's degree from the Institute of Electrical Engineering of Tsinghua University, a master's degree from the Institute of International Enterprise Management of the Taiwan University, a bachelor's degree in accounting from the Cultural University, and a Ph.D. in economics and taxation from Jinan University. (2) Independent directors: composed of members such as Dr. Motor of the University of Washington in Seattle, EMBA of the Institute of Finance and Finance of the Taiwan University of Science and Technology, and Master of Laws of Cornell University. (3) Those who are longer than leaders, operational judgment, management, crisis management, and have industrial knowledge and international market views include Huang Zhoujie, Zhan Wenxiong, and Shu Weiren; those who served as the chairman of the National Science Council are Wei Zhehe; those who are longer than financial accounting tax have Huang Zeren And Lin Weimin; who is longer than legal affairs, Xu Zhaoqing. C. The company has 14% of employees with employee status and 43% of independent directors. An independent director has a term of office of more than nine years, and the other two independent directors are appointed for a term of three to five years. One director is over 70 years old, one is 60 to 69 years old, and five are under 60 years old. The directors of each subsidiary also have different expertise in various fields, and indeed implement the policy of diversity of board members.	No major Difference
2) Other Functional Committees than Audit committee and Compensation Committee		V	(2) Sunplus and Genealplus have set up audit committee and compensation committee. The company shall set up other functional committee if needed anytime.	No major Difference
3) Whether the company has formulated the board performance evaluation method and its evaluation method, and conducts performance evaluation annually and regularly, and reports the results of the performance evaluation to the board of directors, and applies it to individual directors 'salary and nomination renewal.		V	(3) In the first quarter of 2009, the Company has passed the resolution of the Board of Directors and the Board of Directors to approve the "Board Performance Evaluation Method". Subsidiaries have not yet formulated a board performance evaluation method, but they do not regularly review the functions of the board. In the future, they will assess the feasibility of setting a board performance evaluation method based on the legal environment, company operating conditions and management needs.	No major Difference
4) Regular evaluation of external auditors' independency	V		(4) The company's accounting department conducts self-assessment of the independence of visa accountants once a year, and the assessed visa accountants meet the company's independence assessment standards (Note 2), and passed the resolution of the Audit Committee and the	No major Difference

			Board of Directors on December 25, 2019. Each subsidiary will assess the independence of the visa accountant at the end of the year, and the appointment of the accountant in the resolution of the board of directors.	
4. Whether the listed OTC company is equipped with qualified and appropriate number of corporate governance personnel, and designated corporate governance directors, responsible for corporate governance related matters (including but not limited to providing directors and supervisors with the necessary information to perform business, assisting directors and supervisors to comply with laws and (According to the law, handle matters related to the meetings of the board of directors and shareholders 'meetings, produce the minutes of the board of directors and shareholders' meetings, etc.)?	V		The company's business execution focus in 2019: (1) To consolidate the agenda of the meeting for the board of directors and the committee, specify the convening matters, and send the convening notice to the directors or members seven days before the meeting, and provide sufficient meeting materials so that the participants can truly understand the relevant information of the proposal; When directors or committee members or the legal persons of their representatives are interested, they should also be reminded that their interests should be avoided. (2) Responsible for issuing major messages or announcements of important resolutions after the day of the board meeting and the shareholders' meeting to ensure the legality and correctness of the disclosed information, so as to protect the investor's transaction information parity (3) Change registration of various operations of the company. (4) Evaluate and purchase the "Director and Manager Liability Insurance" of the appropriate insurance amount and complete the insurance coverage, and report the underwriting content to the board of directors. (5) Irregularly provide relevant training information for directors, reminding them to complete the relevant hours of training and completing the relevant declarations in accordance with the "Key Points for the Implementation of Director and Supervisor Training for Listed OTC Companies". (6) Irregularly provide members of the board of directors with information on new ordinances or amendments related to directors' execution of businesses, corporate governance or business operations. (7) Review the compliance status of corporate governance evaluation indicators item by item each year, and propose improvement plans and corresponding measures for the unscored indicators. (8) According to the needs of directors, provide company business or financial and other operational information to maintain smooth communication and communication between directors and business executives.	No major Difference
5. Communication channel with Stakeholders (Including but not limited to shareholders, employees, customers and suppliers)	V		Sunplus and its subsidiaries maintain good relations with stakeholders including banks, suppliers, and other relevant parties. Sunplus, with a principle of honesty, provides sufficient information about the Company’s operations and defends the Company’s lawful rights and interests. The interests of the company's stakeholders are concerned about issues and communication methods (Note 3) The Company and Lingtong Technology have set up stakeholder areas on the company's website. The remaining subsidiaries also provide detailed contact information on the company's website. Interested parties can contact the phone, letter, fax and email at any time if necessary.	No major Difference
6. Engaging professional shareholder services agent to handle shareholders meeting matters	V		Sunplus, Generalplus, Sunplus Innovation Technology : China Trust Commercial Bank Corporate Trust Operation and service Department Sunext: SinoPac Securities Corporate Trust Operation and service Department	No major Difference
7. Information Disclosure 1) Establishment of corporate website to disclose information regarding the Company’s financials, business, and corporate governance status 2) Other information disclosure channels (ex. English website, appointing responsible people to handle information collection and disclosure, appointing spokesman, webcasting investors conference) 3) Whether the company announces and declares the annual financial report within two months after the end of the fiscal year, and announces and declares the first, second, and third quarter financial reports and the monthly operating situation within the prescribed period.	 V V	 V	(1) Sunplus and Genealplus have established bilingual corporate website, managed by relevant departments to disclose Company’s financials, business, and corporate governance status. Sunplus Innovation also have established bilingual corporate website to disclose the business and product information. (2) Sunplus and its subsidiaries have established English website. Sunplus, Generalplus, and Sunplus Innovation Technology have assigned spokesperson, acting spokesperson and designated specialists to disclose and collect the company’s information. Other subsidiaries are responsible for the collection and disclosure of company information, there is currently no speaker yet. (3) Although the company and its subsidiaries did not announce and declare the annual financial report within two months after the end of the fiscal year, they still announced and declared the annual financial report and the first, second, and third quarter financial reports and the monthly operating situation before the deadline specified by the decree.	 No major Difference No major Difference
8. Other important information to facilitate better understanding of the Company’s corporate governance (such as human rights, employee rights, employee wellness, community participation, social contribution, community service, investor relations, supplier relations, shareholders’ rights, customer relations, the implementation of risk management policies and risk evaluation measures, the implementation of consumers/customers protection policies, and purchasing insurance for directors and supervisors.):	V		(1) Employee rights: Sunplus and its subsidiaries have made and followed the internal management procedures regarding employee rights under the regulations of the Labor Standards Act and Gender Equality in Employment Act. (2) Employee wellness: Sunplus and its subsidiaries have made and followed the internal management procedures regarding employee wellness. (3) Investor relations: Sunplus and its subsidiaries have set a investor relations professionals to communicate with investors and disclose the operations and financials. (4) Supplier relations: Sunplus and its subsidiaries have good relationship with suppliers and manage the supply chains efficiently. (5) Stakeholders: Sunplus and its subsidiaries respect all stakeholders and have established the channels to communicate with stakeholders. (6) Directors and supervisors' training: The company and its subsidiaries encourage directors and supervisors to participate in continuing education courses. The company announces the status of directors' training at the public information observatory. (7) Implementation of risk management policies and risk evaluation measures: Internal rules and procedures are based on laws and regulations stipulated by authorities in charge (8) Customer: Sunplus and its subsidiaries provide best service to Customers based on internal rules and procedures (9) Sunplus and Generalplus have taken liability insurance for directors and supervisors with respect to liabilities resulting from exercising their duties in Sunplus and subsidiaries.	No major Difference

9. Please review the results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in recent years, and to give priority to matters and measures that have not yet been improved: The improvement of 2019 years is as follows: (1) The company has disclosed in the annual report the handling of the implementation of the integrity management policy for the year. (2) The independent directors of the company have completed the training in accordance with the hours specified in the "Implementation Points for Directors and Supervisors of Listed OTC Companies. (3) The company has disclosed on the company's website and annual report the protection measures for employees' personal safety and working environment and their implementation. The other part has not been improved, and will be actively studied for improvement.	

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

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

Sunplus Technology
Accountant Independence Assessment Criteria

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

Note 3: The company's stakeholders pay attention to issues and communication methods:

Stakeholder	Concerns	Communication route	Communication frequen	Related records
Staff	Salary, benefits, education, occupational health and safety	Staff communication meeting	Once every six months	Meeting record
		High-level supervisor mailbox	Irregular	E-mail
		Employee welfare committee	Irregular	announcement
		Labor Retirement Reserves Supervision Committee	Once per season	Meeting record
		Internal promotion: E-mail, posters, electronic bulletin board	Irregular	E-mail, posters, announcements
		Employee performance interview	2 times a year	Performance and Future Development Analysis
client	Customer appeal	Customer complaints	Customer complaint case	Notes / Quality Assurance / Customer Appeal System
	Customer satisfaction	customer satisfaction survey	2 times a year	Notes/Quality Insurance/Customer Satisfaction Survey System Foreign document control
	Product quality and hazardous substance requirements	mail	Irregular	Notes / Quality Assurance / Customer Appeal System
Agent	Bad quarters inventory	Bad quarters inventory	Quarterly	GPM system
Outsourcing factory	Green product requirements	GPM system	Report deadlines, new product releases, new specification requirements	Notes / Quality Assurance / Audit Management System
	Supplier management approach	Outsourcing factory audit: For the new outsourcing factory, it will join the company before joining	When the new outsourcing factory joins the company's supply chain	Notes / Quality Assurance / Audit Management System
	Supplier management approach	Outsourcing factory assessment: for the quality / environmental assessment of existing outsourcing plants	1 time a year	Notes / Quality Assurance Department / Instrument Calibration
supplier	Instrument calibration	Annual calibration plan	Monthly schedule	Management System
Government agencies	Compliance	Document round trip	Irregular	Official document
	Green environmental compliance	Official website announcement	Irregular	Website download
	Technology Exchange	Meeting, E-mail	Irregular	E-mail, poster

3.3.4 Disclosure of Operations of the Company’s Compensation Committee:

1. **Qualifications and Independence Analysis**

Status(Note 1)	Name	With over 5 years of working experience and one of the following professional requirements			Independent Status (Note 2)										Numbers of other public companies concurrently serving on compensation committee	Remark
		An instructor of higher position in a department of commerce, law, finance, accounting, or other departments related to the Company’s business in a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the Company’s business	With an experience in commerce, law, finance, accounting or other specialties necessary to the Company’s business	1	2	3	4	5	6	7	8	9	10		
Independent Director	**Che-Ho Wei**	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	**Tse-Jen Huang**		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	**Yao-Ching Hsu**		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: The Status is identified by director, independent director and other.

Note 2: “✓” indicates the directors and supervisors meeting any of the following criteria during the term of office and two years before being elected.

(1) Not an employee of the company or its affiliates.

(2) Directors and supervisors of non-company or related companies (but if the company and its parent company, subsidiary or subsidiary of the same parent company are independent directors established by this law or local state laws and regulations, they are not limited to this).

(3) Not the shareholder (with its relatives or under others’ names) who holds more than 1% shareholding of the total issued shares or ranked as the Top 10 shareholders.

(4) Not a manager listed in (1) or a spouse, relative within the second parent, or direct blood relative within the third parent, etc.

(5) Directors, supervisors or directors of corporate shareholders who do not directly hold more than 5% of the company's total issued shares, hold the top five shares, or appoint representatives to act as company directors or supervisors in accordance with Article 27, paragraph 1 or 2, of the Company Law Employee (but if the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations are concurrently held by each other, it is not limited to this).

(6) More than half of the shares that are not on the board of directors of the company or have voting rights are the directors, supervisors or employees of other companies controlled by the same person (but if it is the company or its parent company, subsidiary or subsidiary of the same parent company according to this (The independent directors established by the law or local national laws and regulations are mutually concurrent, not limited to this).

(7) Directors (directors), supervisors (supervisors) or employees of other companies or institutions that are not the same person or spouse with the company's chairman, general manager or equivalent, but if the company and its parent company, subsidiary Or independent directors set up by subsidiaries of the same parent company in accordance with this law or local national laws shall not be limited to this).

(8) Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a particular company or institution that does not have financial or business dealings with the company The above does not exceed 50%, and the independent directors established by the company and its parent company, subsidiary company or subsidiary of the same parent company in accordance with this law or local national laws and regulations concurrently serve each other.

(9) Professionals, sole proprietorships, partnerships, companies or institutions that do not provide audits for companies or related companies or business, legal, financial, accounting and other related services that do not exceed NT $ 500,000 in cumulative compensation in the past two years Business owners, partners, directors (directors), supervisors (supervisors), managers and their spouses. However, members of the Salary and Compensation Committee, Public Acquisition Review Committee, or M & A Special Committee that perform their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Corporate M & A Act are not limited to this.

(10) There is not one of the circumstances in Article 30 of the Company Law.

2. **Operation**

1. BOD appointed three independent director to be members of compensation committee.
2. The term of office is 3 years from June 11th 2018. The fourth salary remuneration committee of the 2019th meeting meets four times(A), membership qualifications and attendance are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(B/A) (%) (Note)	Remarks
Convener	**Che-Ho Wei** i	4	0	100	
Member	**Tse-Jen Huang**	4	0	100	
Member	**Yao-Ching Hsu**	4	0	100	
Other information required to be disclosed: 1. The BOD has adopted the proposal by compensation committee without dissent 2. The participated members have approved the resolutions by compensation committee. without dissent					

Note 3: (a) If the member being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.
(b) If there is a re-appointment before year-end, the new member along with the original ones shall be disclosed, and the date of member being appointed shall be stated. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

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

Item	Implementation Status (Note 1)			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Y	N	Summary (Note 2)	
1. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies based on the principle of materiality? (Note 3).	V		The company and its subsidiaries conduct risk assessments on environmental, social and corporate governance issues related to operations through the operation of various management systems. The latest risk assessment date of the company was June 28, 2019.	No major Difference
2. Does the company set up a full-time (part-time) unit that promotes corporate social responsibility, and the board of directors authorizes the senior management to handle it, and reports the handling situation to the board of directors.	V		In order to improve the management of corporate social responsibility, the company sets up a part-time unit that promotes corporate social responsibility. It is responsible for the proposal and implementation of corporate social responsibility policies, systems, or related management policies and specific promotion plans, and regularly reports to the board of directors. The last time the company reported to the board of directors was on December 25, 2019. Although each subsidiary has not set up a full-time (part-time) unit to promote social responsibility, it has spared no effort in environmental protection and related social responsibility activities.	No major Difference
3. Environmental issues (1) Whether the company establishes an appropriate environmental management system according to its industrial characteristics.	V		(1) The company and its subsidiaries attach great importance to environmental management. At present, the company has passed ISO14001, ISO45001 and TOSHMS environmental protection and occupational safety and health management system certification, and the system operation is performed by the chief auditor of each management system at a standard that is superior to the management system. management. The company and Generalplus Technology have set up occupational safety and health special units and management personnel in accordance with the provisions of the Occupational Safety and Health Law to implement statutory occupational safety and health management.	No major Difference
(2) Whether the company is committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load.			(2) The company and its subsidiaries have announced paperless operations and the use of power-saving lamps and water-saving appliances, and at the same time implementing the policy of turning off lights and saving water. And through the optimization of factory facilities operating system and actively promote various waste reduction activities, increase the operational efficiency of the factory affairs system and reduce the impact on the environment; the company and its subsidiaries comply with relevant environmental protection laws, actively respond to resource recovery and classification, and promote Use various recycled materials and packaging materials for reuse to reduce the impact on the environment.	No major Difference
(3) Whether the company assesses the potential risks and opportunities of climate change to the company now and in the future, and adopts measures to deal with climate-related issues.			(3) The IC design industry is located in the upstream of the semiconductor industry. The company and its subsidiaries have no relevant manufacturing procedures. If the substantial risks caused by climate change should be caused only by the increase in electricity and water demand for air conditioning and office lighting Increased costs, but through the optimization of factory facilities and operating systems to reduce energy consumption and environmental impact; the company and its subsidiaries continue to promote semiconductor high-end process technology and practice Moore's Law in order to save chip The consumption of energy, in turn, drives the use of electrical energy in downstream consumer electronics terminal products. In product design, provide more energy-saving solutions to increase product adoption.	No major Difference
(4) Does the company count greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water and other waste management.			(4) According to the ISO14064 standard, the company uses the 100th year of the Republic of China as the base year for inventory, and conducts self-inspection of greenhouse gas emissions every year. The environmental safety and health management policies formulated by the company include the contents of "controlling risks, preventing disasters" and "energy saving, waste reduction and sustainable environment".	No major Difference
4. Social issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		(1) The company and its subsidiaries abide by labor-related laws and regulations and formulate relevant work rules to protect employees 'rights and provide information for employees to understand their rights and interests.	No major Difference
(2) Whether the company has formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits), and appropriately reflected the operating performance or results in employee compensation.	V		(2) The company's compensation and benefits are positioned to be better than the market average, to provide competitive salary and compensation to attract talents, and to encourage existing employees and stabilize excellent talents. The company and its subsidiaries provide a leave-giving system that is superior to the law, such as special days off the law, 10 days of paid sick leave per year, and 19 national holidays and anniversaries. In accordance with the "Organization Guidelines for Employee Welfare Committees" promulgated by the Labor Commission, the Company invites various departments to appoint members to form Employee Welfare Committees to coordinate the company's welfare committee funds and promote various welfare measures. The provision ratio has always been 0.15% of revenue (the highest statutory ratio), so that the Fu Committee can plan more diverse and interesting welfare projects. The overall rewards paid by the company and its subsidiaries each year will be determined based on the company's overall operating goals, annual profitability, and employee performance and investment levels. Before July of each year, the company	No major Difference

			will measure the overall salary level of the same industry in the market and the employees' personal performance, future development and other relevant principles, and appropriately adjust the salary for colleagues. Annual employee compensation must be approved by the board of directors and reported at the shareholders ’meeting, and disclosed in the company ’s annual report.	
(3) Whether the company provides a safe and healthy working environment for employees, and regularly implement safety and health education for employees.	V		(3) The company and its subsidiaries provide facilities and environments that are superior to occupational safety and health laws and regulations. Set up special organizations and personnel in accordance with the law, implement environmental safety and health management related matters, and pass ISO14001, ISO45001 and TOSHMS environmental and occupational safety and health management systems. The workplace is automatically inspected regularly to ensure the safety of employees, the environment and equipment. And provide regular health checks that are better than the legal requirements. Provide a good environment for employee career development, provide a variety of education and training programs.	No major Difference
(4) Whether the company has established an effective career development training program for employees.	V		(4) The human resources department of the company and its subsidiaries has a complete training plan for the development of colleagues ’careers, so as to ensure that colleagues can perform their duties in existing positions and learn the necessary skills for promotion.	No major Difference
(5) Whether the company complies with relevant regulations and international standards on customer health and safety, customer privacy, marketing and labeling of products and services, and formulates relevant consumer protection policies and appeal procedures.	V		(5) The marketing and labeling of products and services by the company and its subsidiaries follow the local regulations and international standards of the company's customers and suppliers.	No major Difference
(6) Whether the company has formulated supplier management policies, requiring suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation.	V		(6) The company and its subsidiaries have long been aware of the environmental and social responsibility of the supply chain, and the requirements for suppliers are not limited to performance and quality. Colleagues in relevant departments regularly audit and liaise with suppliers to ensure that suppliers' environmental protection, occupational safety and health or labor human rights and other issues comply with relevant standards and maintain their due standards. If the supplier does not meet the regulations, it needs to improve and meet the standard within the specified time. If it cannot be improved, it will find other suppliers who can meet the expectations of the ethical and environmental standards of the company and its subsidiaries.	No major Difference
5. Does the company make reference to internationally-used report preparation standards or guidelines to prepare corporate social responsibility reports and other reports that disclose the company's non-financial information? Whether the pre-report report obtained the confidence or assurance opinion of the third-party verification unit.	V		The company compiles and publishes the "Corporate Social Responsibility Report" in accordance with the Global Reporting Initiative 2017 new version of the GRI Standards (GRI Sustainability Reporting Standards, GRI Standards) to disclose to stakeholders the operating performance outside of finance, including corporate governance, green processes With environmentally friendly management measures, employee occupational safety software and hardware equipment updates, employee education and training, welfare policies and social welfare implementation results, it demonstrates the corporate vision and mission of sustainable operation. The publication media is the official website and the Taiwan Stock Exchange Open Information Observatory, where both shareholders and stakeholders can conveniently and quickly obtain transparent non-financial performance information. The previous report has not obtained the confidence or assurance opinions of the third-party verification unit. Although each subsidiary has not prepared a corporate social responsibility report, it has spared no effort in environmental protection and related social responsibility activities in the company's senior management policies.	No major Difference
6. If the company has its own corporate social responsibility code based on the "Code of Practice for Corporate Social Responsibility of Listed Companies", please state the difference between its operation and the established code: The company has formulated the "Corporate Social Responsibility Code", which has internal regulations governing related issues such as sustainable management, environmental protection, employee rights, social welfare and related information disclosure. Each subsidiary has not clearly formulated a corporate social responsibility policy, but related issues such as sustainable management, environmental protection, employee rights, social welfare, and related information disclosure are all regulated by internal systems. In order to fulfill corporate social responsibilities, the company and its subsidiaries will make occasional contributions to environmental protection, social contribution, social services, social welfare, consumer rights, human rights, safety and health and other social responsibility activities.				
9. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices (1) Sunplus and the subsidiaries for the professional IC design company, IC research and development and design based, department of non-polluting industries, there is no environmental pollution situation. (2) Sunplus and its subsidiaries are actively involved in relevant activities related to social welfare from time to time. (3) Based on the concept of professional services, the Company and its subsidiaries have formulated the relevant guidelines for the implementation of the relevant customers, in order to seek the fastest solution to customer questions. (4) Sunplus and its subsidiaries are responsible for the management of the Company's employees in accordance with the Labor Standards Act, and by hand to deal with the work of employees, to protect its basic rights and interests. (5) The company and its subsidiaries refer to occupational safety and health related laws and regulations to handle safety and health work to ensure workers' health and safety. (6) The company implements workplace and worker health and safety care through ISO45001 international occupational safety and health management system and TOSHMS Taiwan occupational safety and health management system.				

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

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

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

3.3.6 Implementation of Ethical Corporate Management

Sunplus discloses financial reports according to the regulations of the government.

In order to enhance transparency and protect shareholders’ rights and interests, Sunplus announces financial results and business information on TSE and Sunplus’ websites regularly.

The situation and reasons for the implementation of integrity management and the difference with the listed company's code of integrity management

Item	Implementation Status (Note 1)			Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and reasons
	Y	N	Summary	
1. Promulgation ethical corporate management principles 1) Has the company formulated the integrity management policy approved by the board of directors, and stated in the regulations and external documents the policies and practices of integrity management, and the board and senior management's commitment to actively implement the management policy.	V		(1) The Company and Generalplus Technology have established the "Integrity Management Operation Procedures and Behavior Guidelines" approved by the Board of Directors as a policy and practice for expressing integrity management, and the commitment of the Board and management to actively implement the operation policies. The company and Lingtong Technology will also publicly disclose the "Integrity Management Operation Procedures and Behavior Guide" and its related specifications at public information observatories and the company's website. The remaining subsidiaries uphold the business philosophy of "integrity", "creative", "quality", and "service", formulate various management systems and methods within the company, and implement and review them from time to time.	No major Difference
2) Whether the company has established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and formulates a plan to prevent dishonesty, and at least covers the "good faith management of listed companies "Code" Article 7, Paragraph 2, Prevention Measures.	V		(2) The company and Generalplus Technology have set up "integrity business operation procedures and behavior guidelines", which clearly prohibits the provision or acceptance of improper benefits. The company also has a "whistleblowing system", and Generalplus's official website has an online "whistleblowing system" to encourage the reporting of any illegal or violations of the Code of Ethical Conduct or Code of Integrity. In addition, the company still requires colleagues with highly sensitive job management, production centers, business and information units to sign a "corruption commitment"; when signing an annual dealer contract with customers, they also sign a "declaration of integrity behavior"; According to the annual transaction amount, the relevant suppliers shall sign the "Certificate of Integrity". The rest of the subsidiaries have specified the reporting and punishment system for employees ’integrity behaviors in the“ Work Rules ”, and through the effective implementation of internal control system to reduce the risk of dishonesty behaviors and take preventive effect.	No major Difference
3) Does the company clearly specify the operating procedures, behavior guidelines, disciplinary punishment and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan.	V		(3) The company and Generalplus Technology have respectively set up a "whistleblowing system", "employee ethical code of conduct", "director and manager's code of ethical behavior", "handling methods for reporting illegal and unethical or dishonest conduct" and "Integrity Management Operation Procedures and Conduct Guidelines", clearly stipulate the relevant operation procedures and behavior guidelines for preventing dishonest behaviors. For colleagues to inquire at any time, we will also provide relevant promotion for new employees through education courses. For any suspected violations of business ethics and confirmed cases, the violators will be subject to severe disciplinary measures including termination of employment or business relationships, and appropriate legal action will be taken in due course. Subsidiary's "Work Rules" set out to prohibit dishonesty, punishment and appeal system for violations of regulations.	No major Difference
2. Implement integrity management (1) Whether the company evaluates the integrity records of the counterparties, and specifies the terms of integrity behavior in the contract signed with the counterparties.	V		(1) The "Integrity Operation Procedures and Behavior Guide" of the company and Generalplus Technology clearly states that when signing a contract, it should fully understand the other party's integrity management status and incorporate the company's integrity management policy into the contract terms. In addition, when the company signed an annual distributor contract with customers since 2006, it also signed a "Certificate of Integrity"; the relevant suppliers, who defined the annual transaction amount, also signed a "Certificate of Integrity". The remaining subsidiaries carefully evaluate the legality of the counterparties through customer credit evaluation and supplier management operations to avoid dishonest business activities.	No major Difference
(2) Does the company set up a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonest behaviors and supervision and implementation. (3) Does the company formulate a policy to prevent conflicts of interest, provide appropriate reporting channels, and implement them. (4) Whether the company has established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit formulates the relevant audit plan based on the assessment results of the risk of dishonesty, and checks the compliance with the plan to prevent dishonesty, Or entrust an accountant to perform the audit. (5) Does the company regularly organize internal and external education and training on integrity management.	V V V V		(2) To improve the management of integrity management, the company and Generalplus Technology have appointed the chairman's office as the special unit for promoting enterprise integrity management, responsible for formulating and promoting integrity management policies and prevention plans. The dedicated unit regularly reports to the board of directors on the implementation status in December. The last time the company reported to the board of directors was on December 25, 2008. The remaining subsidiaries actively promote the corporate integrity management concept from top to bottom. In the future, they will set up promotion units according to the actual situation of the company and report to the board of directors regularly. In 2008, the company's integrity management policies and plans to prevent dishonesty and supervision and implementation: 1. Promote integrity policy The company has set up an honesty policy advocacy zone to promote honesty management policies to employees and implement core values and business philosophy based on honesty. Newcomer training promotes the company ’s integrity policy and conducts tests to ensure that the newcomer understands the company ’s integrity policy. A total of 32 people visited in 2008, about 14 hours and 40 minutes. 2. The contract stipulates the integrity management clause When the company signed a distributor agreement in 2008 with its customers, it signed a "Certificate of Integrity" together with its suppliers. According to the definition of annual transaction amount, the relevant suppliers also signed a "Certificate of Integrity". 3. Sign a declaration of integrity	No major Difference

			The company requires colleagues in the management, production center, business and information units with high sensitivity in their duties to sign the "Corruption Commitment Letter". A total of 11 copies were signed in 2019. 4. Establish a convenient reporting channel The company has a "whistleblowing system" that clearly defines the reporting procedures and confidentiality mechanism, and encourages internal and external personnel to report any illegal or violation of the Code of Ethical Conduct or Code of Integrity Management. " As of the end of 2008, no letter of report was received. (3) The communication channel between the employees of the company and its subsidiaries and the management level is unblocked, and if any problems are found, they can be reported to the management level. In addition, the departments responsible for the integrity of business-related matters are responsible for handling related matters in accordance with their duties and laws to prevent conflicts of interest and provide appropriate statements about pipeline operations. (4) The company, Generalplus Technology and Sunplus Innovation Technology have established an effective accounting system and internal control system for the implementation of integrity management. Internal auditors regularly check the implementation of the internal control system and implement the self-inspection system to ensure The effectiveness of the internal control system shall serve as the basis for issuing the internal control system statement and shall be reported to the board of directors for approval. The parent company has prepared and implemented an annual audit plan for its subsidiaries based on risk analysis. The company and Generalplus Technology have set up "integrity management operation procedures and behavior guidelines". The built-in integrity management is in the corporate culture and is advertised at various meetings from time to time. In the internal announcement, it also promotes the integrity management operation procedures and behavior guidelines to the company's employees, and implements the company's core values and management philosophy based on integrity. In 2008, the company proclaimed the company's integrity policy to new employees and conducted tests. The remaining subsidiaries implement opportunity education in their daily business, and will organize education and training in the future according to the company's practical situation. (5) The company and Generalplus Technology have set up "integrity management operation procedures and behavior guidelines". The built-in integrity management is in the corporate culture and is advertised at various meetings from time to time. In the internal announcement, it also promotes the integrity management operation procedures and behavior guidelines to the company's employees, and implements the company's core values and management philosophy based on integrity. In 2008, the company proclaimed the company's integrity policy to new employees and conducted tests. The remaining subsidiaries implement opportunity education in their daily business, and will organize education and training in the future according to the company's practical situation.	 No major Difference No major Difference No major Difference
3. Operation of the company's whistleblowing system (1) Whether the company has set a specific reporting and reward system, and established a convenient reporting channel, and assigned appropriate personnel for the acceptance of the reported object. (2)Has the company established the standard operating procedures for the investigation of the complaint, follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism? (3) Whether the company has taken measures to protect the whistleblowers from improper disposal due to the whistleblowing.	 V V V		(1) The company has a "whistleblowing system", Generalplus Technology has "handling methods for reporting cases of illegal and unethical or dishonesty", and the remaining subsidiaries have "employee complaint methods". The company and its subsidiaries Appropriate persons in charge will be assigned to deal with them, as a convenient reporting channel for employees to report. (2) The company and its subsidiaries all have relevant methods for reporting and appealing, which specify the procedures for reporting, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality principles. (3) The procedures for the protection of whistleblowers are clearly stipulated in the relevant reporting and appeal measures of the company and its subsidiaries.	 No major Difference No major Difference No major Difference
4. Strengthen information disclosure (1) Whether the company disclosed the content of its integrity management code and promoted its effectiveness on its website and public information observatory.	V		The company and Generalplus Technology have placed relevant regulations on integrity management on the company's internal website for colleagues to inquire at any time. The company's external websites and public information observatories place annual reports and corporate social responsibility reports, which also fully disclose relevant policy requirements and information on honest operation.	No major Difference
5. If the company has its own code of integrity management in accordance with the "Code of Integrity Management of Listed OTC Companies", please state the difference between its operation and the code: The company and its subsidiaries and various manufacturers and organizations cooperate in accordance with the principle of integrity management.				
6. Other important information that helps to understand the company's integrity management and operation situation: (such as the company reviewing and revising its integrity management code and other situations) The company and its subsidiaries take honesty as the foundation, and strive for the integrity of all employees and are responsible to investors, customers and the society. The company has a mailbox for complaints and reports. If employees find any violation of the principle of good faith or harm to the reputation of the company, they can complain or report through the Internet. In addition, the company and its subsidiaries and the relevant manufacturers and partners are mostly long-term cooperation, and clearly set a contract, set up relevant full-time personnel to participate, and maintain a long-term stable cooperative relationship.				

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

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

The Company has a Code of Corporate Governance Practices, to protect the interests of shareholders, strengthen the functions of the board of directors, respect for the interests of stakeholders, to enhance the transparency of information, etc. are relevant norms, also for the Taiwan Stock Exchange Co., Ltd. for corporate governance review one by one to review the actual implementation of the assessment indicators, hoping to help companies gradually build a good corporate governance system, to enhance the effectiveness of corporate governance. The Company's corporate governance operation, please refer to this Annual Report, Corporate Governance Report III, Corporate Governance Operations (pages 21-51), for the Code of Corporate Governance Practices, please contact our website.

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

None

3.3.9 Internal Control System Execution Status and Information

a) Statement of Internal Control System

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

Date: **March 30th, 2020**

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during **January 1st – December 31st, 2019**:

Sunplus is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of Board of Directors and management team. Sunplus has established such a system aimed at providing reasonable assurance regarding achievement of objectives in the following categories: (a) effectiveness and efficiency of operations (including profitability, performance, and protection of assets), (b) reliability of financial reporting, and (c) compliance with applicable laws and regulations.

An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only reasonable assurance of accomplishment for the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment and circumstances. Nevertheless, Sunplus' internal control system contains self-monitoring mechanisms, and Sunplus takes corrective actions whenever a deficiency is identified.

Sunplus evaluates the design and operating effectiveness of our internal control system based on "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (a) control environment, (b) risk assessment, (c) control activities, (d) information and communication, and (e) monitoring. Each component further contains several items. Please refer to the Regulations for details.

Sunplus has evaluated the design and operating effectiveness of our internal control system according to the aforesaid criteria.

Based on the findings of the evaluation mentioned in the preceding paragraph, Sunplus believe that, during the **year 2019**, our internal control system (including the supervision and management of subsidiaries), as well as our internal control to monitor the achievement of our objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.

This statement is an integral part of Sunplus' annual report for the **year 2019** and prospectus, and would be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Article 20, 32, 171, and 174 of the "Securities and Exchange Law".

This statement has been passed by the Board of Directors Meeting held on **March 30th, 2020**, with all six attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Sunplus Technology Co., Ltd.

Chou-Chye Huang

Chou-Chye Huang
Chairman& CEO

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

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

3.3.12 Major Resolutions by the Shareholders’ Meetings and the Board of Directors Meetings

2019 The implementation of the resolution of the shareholders' meeting		
Date	**Decision Maker**	**Resolution matters and implementation**
2019.06.10	Shareholders' Meeting	1. To recognize the Company's 2018 annual business report and financial statements. Implementation of the situation: The relevant bibliography has been filed with the competent authority for filing and announcement in accordance with the relevant laws and regulations. 2. To recognize the Company's 2018 earnings distribution case. Implementation of the situation: No dividends allotted this year. 3. Through capital accumulation and cash. Implementation of the situation: Proposed on July 21, 2019 for distributing base date, August 09, 2019 is the date of payment (Distributary capital reserve of $.36 per share). 4. Approved the revision of the company's "procurement procedures for acquiring or disposing of assets". Implementation: Effective after the resolution of the shareholders' meeting. 5. Approved the revision of the company's "Endorsement Guarantee Procedure". Implementation: Effective after the resolution of the shareholders' meeting. 6. Approved the revision of the company's "Measures for Fund Loan and Others' Operation". Implementation: Effective after the resolution of the shareholders' meeting. 7. Approved the case of lifting the restriction on competition of directors of the company. Implementation: Effective after the resolution of the shareholders' meeting.

2019 and as of the date of publication of the annual report of the board of directors important matters			
Date	**Decision Maker**	**Case**	**Result**
2019.05.13	Board Meeting	1. Discussion on the consolidated financial statements for the first quarter of 2019.	After the chairman's consultation, all the attending directors passed the case without objection.
2019.08.13	Board Meeting	1. Discussion of the consolidated financial statements in the second quarter of 2019. 2. Discussion on the distribution of directors' remuneration in 2018.	After the chairman consulted all the directors present without objection, they passed the case. 1. On the instruction of the chairman, Wei Zhe and the independent director shall act as the acting chairman. In addition to avoiding the general directors who did not participate in the discussion and voting according to law, the acting chairman consulted all the independent directors present and passed the proposal of the general director's compensation without objection. 2. In addition to evading independent directors who did not participate in the discussion and voting according to

			law, the general directors who were consulted by the chairman in consultation with all the directors passed the proposal without objection on the remuneration of independent directors.
2019.11.13	Board Meeting	1. Discussion of the consolidated financial statements for the third quarter of 2019.	After the chairman consulted all the attending directors without objection, they passed the case.
2020.02.19	Board Meeting	1. The discussion on lifting the restriction on competition of managers of the company. 2. The 2009 general shareholders meeting and the acceptance of the shareholders' proposal discussion.	After the chairman consulted all the attending directors without objection, they passed the case.
2020.03.30	Board Meeting	1. The company's 2008 employee compensation and director compensation distribution discussion.	In this case, the employee compensation and director compensation are determined by the total compensation, but not the individual compensation, so there is no need to avoid interest. The case was approved by the chairman after consulting all the directors present without objection.
		2. Discussion of the consolidated financial statements for 2008. 3. Discussion of the 2008 business report. 4. The discussion of the 2008 loss allocation. 5. Handle the discussion of the capital reserve allocation cash. 6. Discussion on lifting the restriction on the competition of directors of the company. 7. Discussion on the revision of the 2009 regular meeting of shareholders.	After the chairman asked all the attendees to pass the case without objection.
2020.04.22	Board Meeting	1. Discussion on the adjustment of employees 'compensation and directors' compensation distribution in 2019.	In this case, the employee compensation and director compensation are determined by the total compensation, but not the individual compensation, so there is no need to avoid interest. The case was approved by the chairman after consulting all the directors present without objection.
		2. Discussion on the revision of the 2009 regular meeting of shareholders.	After the chairman consulted all the attending directors without objection, they passed the case.

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

None

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

None

3.4 Audit Fees

Audit Firm	Name of Auditor		Duration of auditing	Remarks
Deloitte & Touche	Zheng-Zhi Lin	Yu-Feng Huang	2019.01.01~2019.12.31	

Item / Amount		Audit fee	Non-audit fee	Total
1.	Under NT$2,000,000		✓	
2.	NT$2,000 ,000~ NT$4,000,000			
3.	NT$4,000,000 ~ NT$6,000,000	✓		
4.	NT$6,000,000 ~ NT$8,000,000			✓
5.	NT$8,000,000 ~ NT$10,000,000			
6.	Over NT$10,000,000			

3.4.1 Payment of visa accountants, visa accountants and their relationship between the firm's non-audit fees accounted for the proportion of the audit fee of more than one-fourth per cent, should disclose the amount of audit and non-audit fees and non-audit services: Not applicable.

3.4.2 Replacement of accounting firms and replacement of annual audit fees paid to replace the previous year's audit fee reductions, should disclose the reduction, proportion and reason of the audit public expense: Not applicable.

3.4.3 The audit fee is reduced by more than 15% over the previous year, should reduce the amount of audit fees, the proportion and reason: Not applicable.

3.5 Replacement of Auditors

3.5.1 About the former accountant

Change date	Approved by the board of directors on December 25, 2019		
Replace reason and explanation	Deloitte & Touche internal business transfer, since the from 2020 Zheng-Zhi Lin and Yu-Feng Huang accountants replaced Zheng-Zhi Lin and Mei-Zhen Cai accountants		
The description was terminated or not accepted by the appointor or accountant	litigant / situation	Accountant	Appointed person
	Proactively terminate the appointment	Not applicable	
	No longer accept (continue) appointment		

Opinions and Reasons for Examining Check Reports Other than Unqualified Opinions within the Latest Two Years	The 2019 and 2018 annual review reports of the central bank issued reservations. The relevant information of the investee companies whose main series was included in the financial statements and equity methods of the some non-substantial subsidiaries in the consolidated financial statements were based on the financial reports unaudited by the accountants during the same period. Recognize and expose.		
Is there any disagreement with the issuer	Yes		Accounting principles or practices
			Financial report disclosure
			Check the scope or steps
			Others
	No	✓	
	Instructions		
Other disclosures (The first to fourth heads of Article 10, paragraphs 6 to 7 should be disclosed)	No		

3.5.2 About Succession Accountant

Office name	Deloitte & Touche
Accountant's name	Zheng-Zhi Lin、Mei-Zhen Cai
Date of appointment	Approved by the board of directors on December 25, 2019
Pre-appointment accounting for specific transactions Treatment methods or accounting principles and Financial report may issue opinions Consultation and results	No
Successor Accountant to Former Accountant Written opinions on different opinions	No

3.5.3 Reply from former accountants to the first and second items of Article 10, paragraph 5 of this standard: None.

3.6 Chairman, Presidents, and Managers in Charge of Finance and Accounting Who Held a Position in Sunplus' Independent Audit Firm or Its Affiliates during the Recent Year:

Not applicable.

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

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

Unit: Shares

Title	Name	2019		Ended of April 14th, 2020	
		Shareholding Increased (decreased)	Shares Pledged (Released)	Shareholding Increased (decreased)	Shares Pledged (Released)
Chairman& CEO	Chou-Chye Huang	0	0	0	0
Director	Global View Co., Ltd.	0	0	0	0
Director	Wen-Shiung Jan	0	0	0	0
Director	Wei-Min Lin	0	0	0	0
Independent Director	Che-Ho Wei	0	0	0	0
Independent Director	Tse-Jen Huang	0	0	0	0
Independent Director	Yao-Ching Hsu	0	0	0	0
VP	Wayne Shen	0	0	0	0
Director of Finance & Accounting Division	Shu-Chen Cheng	0	0	0	0
AVP	Alex Chang	0	0	0	0
AVP	Jason Lin	0	0	0	0
AVP	Michael Su	0	0	0	0

3.7.2 Stock Trade

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

3.7.3 Shares Pledge with Related Parties

Ended of April 14th, 2020

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

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

Note 2: Reasons for shares pledged or released

3.8 Top 10 Shareholders & Related Parties

Name	Current Shareholding		Shareholding under Spouse & Minor		Shareholding under Others' Name		Relationship with related-parties	
	Amount of Shares	Holding %	Amount of Shares	Holding %	Amount of Shares	Holding %	Name	Relationship
Chou-Chye Huang	92,737,817	15.67%	1,370,993	0.23%	-	-	Global View	Corporate Director
De-Zhong Liu	13,045,795	2.20%	2,006,943	0.34%	-	-	-	-
Citi (Taiwan) Commercial Bank is entrusted with the custody of the investment account of the Norwegian Central Bank	11,466,000	1.94%						
Global View Co., Ltd.	10,038,049	1.70%	-	-	-	-	Chou-Chye Huang	Corporate Director of Global View Co., Ltd.
Zhi-yuan Zhou (Representative of Legal Entity)	0	0.00%	0	0.00%	-	-	-	-
Chih-Hao Gong	8,333,160	1.41%	771,433	0.13%	-	-	-	-
Polunin Emerging Markets Small Cap Fund, LLC	7,732,825	1.31%	-	-	-	-	-	-
Wen-Qin Lee	7,000,000	1.18%	1,647,542	0.28%	-	-	-	-
Chase Managed Advanced Starlight Advanced General International Stock Index	6,244,752	1.05%	-	-	-	-	-	-
The American branch of JPMorgan Chase Bank Taipei is entrusted with the custody of Vanguard's emerging market stock index fund investment account	5,292,000	0.89%	-	-	-	-	-	-
Citigroup (Taiwan) Commercial Bank is entrusted with the DFA Investment Diversified Group's Emerging Markets Core Portfolio Investment Account	5,086,153	0.86%	-	-	-	-	-	-

3.9 Long-term Investment Ownership

December 31st, 2018/Unit: thousand shares, %

Long-term Investments (Note)	Sunplus Investment		Shareholding of Director, Supervisor, Management or Subsidiary		Synthetic Shareholding	
	Amount of Shares	Holding %	Amount of Shares	Holding%	Amount of Shares	Holding %
Generalplus Technology	37,324	34	14,892	14	52,216	48
Sunplus Innovation Technology	31,450	61	3,979	8	35,429	69
iCatch Technology Inc.	20,735	29	5,326	8	26,061	37
Sunplus mMedia Inc.	22,441	90	2,559	10	25,000	100
Jumplux Technology	13,200	55	10,100	42	23,300	97
Global View Co., Ltd.	8,229	13	173	-	8,402	13
EVERGREEN STEEL CORP.	1500	-	1000	-	2500	-
Broadcom Inc.	-	-	-	-	-	-

Note: Except companies listed above, all other long-term investments are held by the parent company.

IV. Capital & Shares

4.1 Capitalization

April 14th, 2020

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

						of Profits 957,334 And Capital Surplus 544,742		No.129546
07/2003	10	1,000,000	10,000,000	777,504	7,775,040	Capitalization of Profits 130,590 And Capital Surplus 694,950	None	05/22/2003 SFC No.0920122560
06/2004	10	1,000,000	10,000,000	875,254	8,752,544	Capitalization of Profits 355,500 And Capital Surplus 622,004	None	06/15/2004 SFC No.0930126644
07/2005	10	1,050,000	10,500,000	945,570	9,455,700	Capitalization of Profits 487,576 And Capital Surplus 175,051 Employee Stock Option 40,529	None	07/11/2005 FSC No. 0940127940 TSE No.09400288741
11/2005	10	1,050,000	10,500,000	948,147	9,481,472	Employee Stock Option 25,772	None	TSE No.09400340711
03/2006	10	1,050,000	10,500,000	948,730	9,487,297	Employee Stock Option 5,825	None	TSE No.09500052761
06/2006	10	1,050,000	10,500,000	949,784	9,497,844	Employee Stock Option 10,547	None	TSE No.09500116511
06/2006	10	1,200,000	12,000,000	1,021,358	10,213,578	Capitalization of Profits 508,844 And Capital Surplus 189,230 Employee Stock Option 17,660	None	FSC No.0950126238
11/2006	10	1,200,000	12,000,000	1,022,777	10,227,773	Employee Stock Option 14,195	None	TSE No.0950030505
01/2007	10	1,200,000	12,000,000	512,212	5,122,119	Capital Reduction 5,114,358 Employee Stock Option 8,703	None	FSC No.0950159014
03/2007	10	1,200,000	12,000,000	512,954	5,129,537	Employee Stock Option 7,418	None	TSE No.0960005441
09/2007	10	1,200,000	12,000,000	554,240	5,542,399	Capitalization of Profits 288,622 And Capital	None	FSC No.0960038299

						Surplus 102,415 Employee Stock Option 21,825		
11/2007	10	1,200,000	12,000,000	556,051	5,560,514	Employee Stock Option 18,115	None	TSE No.0960037136
03/2008	10	1,200,000	12,000,000	556,750	5,567,504	Employee Stock Option 6,990	None	TSE No.09700075761
05/2008	10	1,200,000	12,000,000	556,893	5,568,931	Employee Stock Option 1,427	None	TSE No.09700142371
09/2008	10	1,200,000	12,000,000	598,203	5,982,028	Capitalization of Profits 301,637 And Capital Surplus 111,092 Employee Stock Option 368	None	FSC No.0970036239
02/2009	10	1,200,000	12,000,000	596,910	5,969,099	Treasury Stock write-off 12,929	None	TSE No.0980003591
03/2014	10	1,200,000	12,000,000	591,995	5,919,949	Treasury Stock write-off 4,915	None	TSE No.10300058351

April 14th, 2020/Unit: shares

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

SHELF REGISTRATION

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

4.1.1 Composition of Shareholders

April 14th, 2020/Unit: share

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Retail investors	Treasury Stock	Total
Persons	0	3	263	134	69,174	0	69,574
Shares	0	67,048	24,041,542	71,776,505	496,109,824	0	591,994,919
Shareholding	0.0%	0.01%	4.06%	12.12%	83.81%	0.0%	100.00%

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

4.1.2 Distribution Profile of Shareholder Ownership – Common Share

April 14th, 2020/Par value per share: NT$10

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned (shares)	Holding (%)
1~999	33,668	2,377,045	0.40%
1,000~5,000	23,984	55,520,345	9.38%
5,001~10,000	5,823	47,205,974	7.97%
10,001~15,000	1,693	21,434,491	3.62%
15,001~20,000	1,343	25,248,348	4.26%
20,001~30,000	1,083	28,153,634	4.76%
30,001~40,000	501	18,269,353	3.09%
40,001~50,000	394	18,463,084	3.12%
50,001~100,000	590	42,545,354	7.19%
100,001~200,000	287	40,358,979	6.82%
200,001~400,000	111	31,545,791	5.33%
400,001~600,000	30	14,885,266	2.51%
600,001~800,000	17	12,097,453	2.04%
800,001~1,000,000	13	12,069,096	2.04%
Over 1,000,001	37	221,820,706	37.47%
Total	69,574	591,994,919	100.00%

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not Applicable

4.1.4 Major Shareholders

April 14th, 2020

Name \ Shareholding	Shares Owned	Holding %
Chou-Chye Huang	92,737,817	15.67%
De-Zhong Liu	13,045,795	2.20%
Norges Bank	11,466,000	1.94%
Global View Co., Ltd.	10,038,049	1.70%
Chih-Hao Gong	8,333,160	1.41%
Polunin Emerging Markets Small Cap Fund, LLC	7,732,825	1.31%
Wen-qin Li	7,000,000	1.18%
Chase Managed Advanced Starlight Advanced General International Stock Index	6,244,752	1.05%
The American branch of JPMorgan Chase Bank Taipei is entrusted with the custody of Vanguard's emerging market stock index fund investment account	5,292,000	0.89%
Citibank (Taiwan) Commercial Bank is entrusted with the custody of the DFA Investment Diversity Group's emerging market core portfolio investment account	5,086,153	0.86%

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

Item \ Year			2018	2019	Ended of March 31st, 2020
Market Price	Highest		19.00	14.85	13.90
	Lowest		9.66	10.85	7.42
	Average		14.24	12.97	11.20
Net Worth	Before Distribution		14.30	13.82	13.52
	After Distribution		13.94	(Note1)	(Note1)
Earnings Per Share	Weighted Average Shares		588,434,923	588,434,923	588,434,923
	EPS (Note 2)	Before Adjustment	0.01	0.03	(0.21)
		After Adjustment	0.01	(Note1)	-
Dividends Per Share	Cash Dividends		0.36(Note6)	(Note1)	-
	Stock Dividends	From Profits	-	(Note1)	-
		From Surplus	-	(Note1)	-
	Accumulated Undistributed Dividends		-	(Note1)	-
Return on Investment	Price/Earnings Ratio (Note 3)		1,424.00	432.33	(Note7)
	Price/Dividend Ratio (Note 4)		39.56	(Note1)	-
	Cash Dividends Yield Rate (Note 5)		0.03	(Note1)	-

Note 1: Pending shareholders' approval

Note 2: Retroactively adjusted for stock dividends and stock remuneration to employees

Note 3: Price/Earnings ratio=average market price/earnings per share

Note 4: Price/dividends ratio=Average market price/cash dividends per share

Note 5: Cash dividends yield rate=cash dividend per share/average market price per share

Note 6: Capital reserve cash is NT$ 0.36 per share, and the surplus is calculated as surplus NT$ 0 per share, totaling NT$ 0.36 in cash per share

4.1.6 Dividend Policy

a) Dividend policy in the "Article of Incorporation"

Our dividend policy is made according to regulations set forth in the "Company Act" and the "Article of Incorporation". The dividends can be in the form of cash or stock, which depends on the status of company's capital, financial structure, operational needs, retained earnings and industrial environment. The dividend policy for this year will follow the aforementioned rules and maintain the policy of cash dividend with stock dividend, while cash part shall not be less than 10% of the total dividend.

b) Stock dividends for 2019

The company's 2019 loss appropriation plan was approved by the board of directors on March 30, 2020. There is no dividend to be distributed in the 2019 resolution. (Not yet approved by the shareholders' meeting).

c) The proposed capital reserve of the shareholders' meeting is cashed out

The Company's capital reserve for the year 2019 was cashed out, was approved by the board of directors on March 30, 2020 (not yet passed by the shareholders' meeting), it is proposed to allocate more than NT$177,598,476 of the capital reserve of the excess amount of the issued amount of the issued shares to the shareholders, shareholding of the cash register on the basis of the capital reserve, NT$0.3 in cash per share.

d) Expected Variation: None

4.1.7 Impact to Profits and EPS Resulting from Dividend Distribution

Due to no official financial guidance there is no related information to disclose.

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

a) Regulations Concerning Rewards to Employees, Directors, and Supervisors in the "Article of Incorporation"

If the Company has a profit for the year, should be raised not less than one percent for the staff and not more than one percent. Five for the directors reward. But the company still has accumulated losses (including the adjustment of undistributed surplus amount), should be kept in advance to make up the amount.

The former employee is remunerated by stock or cash, which shall be made to include the employees of the subsidiary who meet the conditions set by the Board. The remuneration of the former directors is only in cash.

The first two items should be resolved by the board of directors, and report to the shareholders' meeting.

When allocating the net profits of each fiscal year, the Company should pay the taxes and make up the losses in previous years; and then shall set aside 10% of the rest after paying tax and making up loss as a legal capital reserve until the accumulated legal capital reserve has equaled the total capital of the Company; In accordance with the law or the competent authorities, to allocate or rotate the special surplus reserve, the surplus, together with the previous accumulated unallocated surplus, is the shareholder's dividend, the board of directors is proposing to assign a motion, to be circulated after the resolution of the shareholders' meeting. But the ratio of the distributions offered by the surplus and the cash dividends of the shareholders, depending on the actual profit and the state of the funds, adjusted by the shareholders' meeting. The above cash dividend shall not be less than 10% of the total dividend of the shareholders to be distributed, but the cash dividend per share is lower than NT$0.5 will not be issued.

In the event that the previous year's accrued or current year occurred but the annual after-tax surplus was not included in the shareholders', accrual of the same amount of surplus reserve due from the previous year's accumulated unallocated surplus, and deducted before being allocated for distribution.

b) No information such as employee compensation and directors' compensation for 2019 was allotted this year

c) Bonus to Employees, Directors, and Supervisors for last fiscal year

Approval by shareholders' meeting on June 10th, 2019, the company decided to distribute the profits of 2018

Cash rewards to Employee NT$79,590
Cash bonus to Directors NT$119,384

The above distributions are not different from those of the Board of Directors of the Company dated 14 March 2018.

4.1.9 Buyback of Common Shares

None

4.2 Issuance of Corporate Bonds

None

4.3 Preferred Shares

None

4.4 Issuance of GDR

March 31st, 2020

Item \ Issuing Date		March 16, 2001	
Issuing Date		March 16, 2001	
Issuance & Listing		London Stock Exchange Listed	
Total Amount		US$191,400,000	
Offering Price per Unit		US$9.57	
Issued Units		14,737,222.5	
Underlying Securities		Offering 20,000,000 new shares of common stock of par value NT$10	
Common Shares Represented		29,474,455 Common Shares	
Rights and Obligations of GDR holders		Same as common share holders	
Trustee		N/A	
Depositary Bank		The Bank of New York	
Custodian Bank		Mega International Commercial Bank	
GDRs Outstanding		176,225 units	
Apportionment of the expenses for the issuance and maintenance		All fees and expenses related to issuance of GDRs were borne to the selling shareholders and Sunplus, while the maintenance expenses such as annual listing fees, information disclosure fees and other expenses were borne by Sunplus	
Terms and Conditions in the Deposit Agreement and Custody Agreement		-	
Closing price per GDRs	2019	Highest	US$0.95
		Lowest	US$0.71
		Average	US$0.84
	January 1 to March 31, 2020	Highest	US$0.91
		Lowest	US$0.49
		Average	US$0.76

4.5 Employee Stock Options Plan

4.5.1 Issuance of Employee Stock Options and Its Impact to Shareholders Equity

4.5.2 Stock Option to Management Team and Top 10 Individual

4.6 Restricted Employees Stock

Not applicable

4.7 Mergers and Acquisitions

Not Applicable

V. Financial Plan & Implementation

Not Applicable

VI. Business Highlight
6.1 Business Activities
6.1.1 Business Scope

a) Major Business

CC01080 Manufacturing of electronic component
I501010 Product Designing
F401010 International Trading
I301010 Software Design Services
I301020 Data Processing Services
R&D, Manufacturing, Testing, Selling of
(1) ICs
(2) modules
(3) Application software
(4) IPs
(5) Trading and Agency Business of ICs

4 Product Segments and Sales Amount

Unit: NT$K, %

Product Categories	2019	
	Amount	Percentage %
IC income	5,110,744	92.71
Other	401,586	7.29
Total	5,512,330	100.00

6.1.2 Plan to develop new products (services)

Company	Plans to develop new products
Sunplus Technology	(1) Car entertainment system chip (2) Vehicle smart cockpit system chip (3) Vehicle navigation and driving assistance system flat (4) Medium and high-order Soundbar system chip (5) High-speed interface IP (6) High - performance data converter (7) Analog IP (8) Industrial control system chip based on sunplus Plus1 architecture
Generalplus Technology	(1) A new generation of speech synthesis control chip (a) High sound quality and high volume PWM driver (b) OTP / Flash memory, can quickly update the code (2) Digital audio and voice recognition control IC: (a) High-resolution Sigma-Delta ADC recording device (b) High sound quality Class-D broadcast drive device (c) Flash memory, can quickly update the code (3) LCD control IC: (a) Low-power platform capable of single battery operation (b) OTP memory, can quickly update the code (4) Multimedia application control IC: (a) High-performance Cortex-A series 32-bit platform (b) More display technologies and interfaces

	(CVBS, HDMI, MIPI) (c) Advanced image processing (ISP, GPU, H.264, computer vision and AI deep learning) (d) DDR2/DDR3 DRAM interface (5) Microcontroller: (a) Cortex-M0 motor drive control IC (b) Highly integrated wireless charging IC (c) High-sensitivity touch IC (6) Other ICs: (a) Various peripheral chips supporting the main control IC (b) More complete power control IC (c) Higher quality audio amplifier IC
Sunplus Innovation Technology	(1) Very low power USB image processing IC (2) USB3.0 4K image processing IC (3) Image processing IC with intelligent image detection function
Jumplux Technology	(1) Front loading regulation Automotive USB TYPEC PD3.0 Charger IC. (2) MCU chip and subsystem based on RISC-V instruction set (3) Endpoint deep learning software and hardware accelerator and its AIOT application chip

6.1.3 Industry Overview

a) Industry Status and Exhibition

2019 global IC design industry share to the highest in the United States, Taiwan second, China has grown fast and has risen to third place. According to the Institute of Industry Intelligence Research (MIC) estimates, Taiwan IC design industry in 2019 outstanding performance, 2020 will originally maintain growth momentum, and because of the strong demand for high-end process, Taiwan wafer foundry output will grow. And driven by high-end packaging needs, Taiwan IC packaging and testing industry to restore growth momentum. In the IC design industry, ITRI IEK industry analyst Zhehao Fan pointed out, at present, the international semiconductor manufacturers emphasize life applications and user experience, technology layout direction will also be its own advantages of technology as the core, locking the wisdom of computing, wisdom, sensory transmission and other things required for the development of the three major technical direction, build a more open industrial ecology, more interoperable platform.

b) Supply Chain

In the product development flow, Sunplus focuses on IC design, system design, wafer testing and sales services but out-sources most of the manufacturing including mask making, wafer fabrication, wafer sawing, packaging and final testing. The infrastructure of semiconductor industry in Taiwan is very efficient; we have foundries like TSMC, UMC, etc., and backend assembly and testing houses such ASE, SPIL and KYEC. Since those factories are located in Hsinchu Science Park or nearby, the "Cluster" effect could enable high production efficiency.

c) Market Trend and Competition

Company	Main **Product**	Product development trends and competitive situation
Sunplus	IC products are used in automotive infotainment systems, advanced driver assistance systems (ADAS), home audio Soundbar and DVD players, and authorized high-speed interface IP, high-performance data converter IP and analog IP	In recent years, Lingyang has focused on the development of automotive chip products and system platforms, and has successively launched advanced driver assistance system (ADAS) chip platform products, as well as automotive information entertainment systems (IVI). In the IVI product line, Sunplus continues to develop a single chip that supports the interconnection functions of

		mobile phones such as Apple CarPlay and Google Android Auto. It is currently the industry's most optimized system cost solution. The follow-up strategy is to increase the computing power of the chip and invest in a higher-order process to build AI functions into the system to enhance its competitive advantage. In the home audio-visual entertainment segment, the SoundBar product line continues to be developed based on the DVD player technology and customer base. The 3D surround sound field (such as Dolby Atmos, DTS: X and other technologies) has been generally accepted by consumers. Lingyang has a deep cooperation foundation with Dolby and DTS, and has successively launched products that support 3D sound field. The development strategy is to optimize the system Introducing a more integrated SoC, it is expected to reduce the price of terminal products and expand the penetration rate of 3D sound field products. Lingyang also provides high-speed interfaces, data converters and analog IP licenses. In addition, Lingyang also launched the Plus1 architecture. The C + P architecture developed by it solves the problem that the advanced process of the semiconductor industry cannot match the market volume. The C + P architecture is a Computing Unit plus a Peripheral Unit. The process and the computing power can keep up with the trend of the times, and the peripheral units of the Peripheral Unit use mature processes to achieve reasonable development costs. Based on this architecture, the industrial Linux SoC development platform SP7021 has been launched on the market.
Generalplus	A. Educational learning platform B. Smart interactive toy market C. Wireless charging market D. Driving recorder market	A. Educational learning platform The highly integrated ARM9 SoC up to 513MHz, in addition to full HD 1080P full HD H.264 image compression and decompression, also has the flexibility of CPU and DSP (Digital Signal Processor) powerful computing capabilities. Provide a competitive hardware platform, provide customers with complete solutions in the development tools and libraries to quickly and effectively serve customers. B. Smart interactive toy market In the field of interactive toys, injecting AI technology concepts into the toy market is expected to lead the market trend and create new and different interactive toys. The model of product innovation is divided into technology-driven market and market feedback to drive the company's technological innovation. C. Wireless charging market In the product development, 15W products are

		launched, which can be applied to mobile phones, mobile power supplies, charging back clips and other various devices suitable for wireless charging. It also successfully introduced into the automotive pre-installation market and mass production. D. Driving recorder market Will continue to develop on the development of multi-channel cameras and intelligent driving assistance systems, with a view to diversifying product applications.
Sunplus Innovation Technology	Micro-control product line, used in computer and home appliances such as keyboard, mouse, and remote control; Image product line, used in external network camera, NB laptop built-in network camera	The main supplier of optical mouse image sensors is mainly the original phase technology. The company launched a highly integrated single-chip wired optical gaming mouse to provide customers with total solutions. The products built by our company in external Webcam and NB have obtained the quality recognition of major international manufacturers including Logitech HP DELL Lenovo Acer and other brands, and become their long-term cooperative supplier.
Jumplux Technology	Front loading regulations USB MediaHub IC Front loading regulations USB TYPEC PD3.0 Charger IC UFS high-speed storage bridge IC MCU chip and subsystem based on RISC-V instruction set Endpoint deep learning software and hardware accelerator and its AIOT application chip	Front-loading regulation product line: With the continuous shipment of front-loading customers, we continue to work on the peripheral chips of the relevant front-loading regulation.The current main competitors are Microchip, ST, Ti, NXP. Storage product line: Cooperate with strategic customers to develop UFS-related high-speed storage ICs, and make product differentiation with main rivals Huirong and Qunlian. Endpoint deep learning software and hardware accelerators and their AIOT application chips: In the market where AIOT has erupted, we are actively developing customized and diversified neural network acceleration ICs with high computing power and low power consumption.

6.1.4 Technology and Development

a) R&D expenditure

Unit: NT$K, %

Year / Item	2019	Ended March 31st, 2020
Expense	1,481,269	363,100
Percentage to Revenue	27%	35%

b) R&D Accomplishment

Company	Accomplishment	Applications
Sunplus	(1) H.264 decoder (2) MPEG2/4 decoder (3) Servo Control (4) HDMI DVD (5) JPEG decoder (6) Video encoder (7) CarPlay / Android Autod single chip and system	(1) High-end car infotainment system chip (2) Smart cockpit platform products for high-end vehicles (5) Medium and high-end Soundbar system chip

	platform (8) ADAS system platform (9) 3D surround sound field DSP and system platform (10) Plus1 architecture	(6) High-speed interface IP (7) High-performance data converter IP (8) Analog IP (9) Industrial standard Linux open platform SoC
Generalplus	(1) Development and completion of GPC74B full series of voice / music synthesis controller chips (2) Development of Cortex-M0 voice recording platform with 81MHz operating frequency (3) Develop a new generation of 32-bit SoC high-end handheld open application platform (4) Development of 32-bit Cortex-M0 sine wave drive control IC GPM32F0118B (5) GPMQ series product development	(1) Integrate CPU, OTP, RAM, I / O, timer and high resolution digital audio amplifier drive circuit. (2) In addition to integrating high-resolution Sigma-Delta ADC recording devices and integrating high-quality performance Class-D broadcasting devices. (3) Built-in image processing unit, computer vision processing unit, voice processing unit, cooperate with self-developed deep learning and audio and video processing algorithms, develop various types of ELA education and learning, STEAM scientific toys, driving recorder, sports camera, aerial camera application. (4) Integrate Flash ROM, RAM, DMA, Programmable PWM, 1Msps 12-bit ADC and high-speed OPA to provide peripheral circuits and efficient DC brushless motor solutions. (5) Newly developed 15W IC solution, integrated high and low voltage components and passed WPC EPP certification.
Sunplus Innovation Technology	(1) Mouse, keyboard, smart remote control (2) Low power consumption and high integration NB Camera control IC (3) Machine vision intelligent image (4) ISP technology-TNR HDR WDR	(1) Very low power USB image processing IC (2) USB3.0 4K image processing IC (3) Image processing IC with intelligent image detection function (4) Gaming mouse control IC
Jumplux	(1) USB Display IC (2) Automotive Mediahub IC (3) USB3.1 to UFS2.1 Bridge IC	(1) USB TYPEC PD3.0 Charger IC (2) MCU chip and subsystem based on RISC-V instruction set (3) Endpoint deep learning software and hardware

		accelerator and its AIOT application chip

6.1.5 Business Plan

Short-term business plan:

In terms of automotive chip products and system platforms, Sunplus Technology has successfully developed CarPlay / Android Auto (DA, Display Audio) audio and video systems for vehicles and successfully introduced to Japan, South Korea and China before and after installation customers. At present, the terminal product sales area is mainly Japan , North America, South America, Southeast Asia, etc. In the past year, the total sales volume of the global auto market has declined, and automakers and first-tier suppliers have sought to increase the demand for DA products, so these products have shown better cost performance. Following this trend, Lingyang will invest more business resources to expand the pre-installation channels, especially in the Chinese market. In terms of household Soundbar and audio products, we continue to work closely with major audio and audio codec manufacturers to integrate advanced audio processing technology on Sunplus 'system platform and promote it to international brand customers, which have been imported into Japan, South Korea and North America Mass production of international brand customers, follow-up will continue to improve the product line, complement low-end and middle-high-end product blocks, to provide customers with a more comprehensive product portfolio.

Generalplus focuses on consumer electronics chips, product lines include voice, multimedia, and microcontroller chips, and product development ranks the market leader. The main applications include multimedia interactive toys, educational learning, voice and LCD control, MP3, consumer digital camcorders and MCU and other related applications. In the consumer product line, it is expected to maintain stable growth and profitability. In the multimedia product line, focusing on intelligent interactive robots, wearable devices, IoT start-up products, driving recorders, aerial recorders, sports DVs, etc., is expected to continue to grow in product development and market expansion. In the MCU product line, more emphasis will be placed on the planning and development of new product lines and the establishment of new customers, investing more resources and accelerating the expansion of product lines.

Sunplus Innovation Technology focuses on the development of computer peripheral application chips. Products include PC man-machine interface device chips, network camera chips, optical sensors, remote control ICs, etc. The sales in 2019 will mainly come from PC-related camera control chip solutions, consumer image processing solutions, computer mouse controller chips and remote control chips. Continue to deepen the image processing technology, and at the same time invest in the field of machine vision, add more value to the image product program, and can continue to grow steadily in the future.

Jumplux Technology focuses on the development of peripheral chips and high-speed storage chips for front-loading. Currently, the top ten customers account for approximately 100% of the total revenue. The customer structure is sound and the risk is low. The main sales areas are Taiwan, Hong Kong and the mainland. At present, Tier1 customers' pre-loaded products are introduced into mass production, and they are still mainly based on Sino-foreign joint venture brands in North America and Europe on the mainland. Starting in 2020, the domestic domestic brand car manufacturers will also be introduced into mass production. In addition, in 2019, the USB Media Hub SPD10X series will also be redesigned to meet the needs of Tier1 customers 'various brand models. Several related ICs currently designed have also been tested and related certifications on the client side. It is expected that 2020 will bring new Camp sports.

Long-term development:

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

6.2 Market Status

6.2.1 Market Analysis

a) Market Analysis by Region

Unit: NT$K, %

Area	2019	
	Amount (NT$K)	Percentage (%)
Asia	3,499,818	63.49
Taiwan	1,956,236	35.49
Others	56,276	1.02
Total	5,512,330	100.00

b) Market Share

The Industrial Economics and Trends Research Center (IEK) of the Industrial Technology Research Institute calculates the output value of Taiwan ’s IC industry in 2019 to be 266.6 billion yuan, a 1.7% increase from 2018. Among them, the output value of the IC design industry was 692.8 billion yuan, an increase of 8.0% from 2018; the IC manufacturing industry was 1.47 trillion yuan, a decline of 0.9% from 2018. Among them, the wafer foundry was 1.131 trillion yuan, a growth from 2018 2.1%, memory and other manufacturing was 159.6 billion yuan, a 20.4% decline from 2018; IC packaging industry was 346.3 billion yuan, a 0.5% increase from 2018; IC testing industry was 154.4 billion yuan, a 4.0% increase from 2018.

The company's 2019 consolidated revenue is NT $ 5.51 billion, with a market share of approximately 0.8%.

c) Demand and Growth

The MIC pointed out that demand for special application chips (ASICs) is expected to increase in 2020, and Taiwan ’s IC design related companies are expected to benefit. Senior industry analyst Ye Zhenxiu pointed out that the demand for ASIC chips has always existed, but the rising demand has been observed since 2019. In the past, mainstream demand focused on 3C, but with the development of the Internet of Things, it has driven product categories toward diversified development, including AI Development has also opened up the market demand for customized chips in the cloud and terminals. Under this wave of demand, Taiwanese manufacturers are expected to benefit simultaneously. In addition to existing IC design service providers, traditional IC design manufacturers can also use the accumulated bottom layer in the past. IP is the basis for developing ASIC services, with advanced process development experience to provide services.

Ye Zhenxiu, senior industry analyst at MIC, said that Taiwan ’s IC design service revenue has maintained a growth rate of approximately 10% year-on-year. From this, it can be seen that demand is still growing steadily. Although ASIC accounts for a small proportion of the overall, customized services The high gross profit also attracts many traditional IC design companies to invest in it. Taking the dynamics of Taiwanese manufacturers as an example, in the past, IC design service providers such as Creative and Chihara provided ASIC design services. Now MediaTek and Lingyang have also established ASIC departments to develop their own IP and high-end process chip development through long-term accumulation Ability to assist customers to develop unique application chips and further expand applications to markets other than 3C. In the process part, the package integrates chips of different processes such as sensors, memory, and processing cores through the type of SiP module to improve chip computing efficiency and bring chip diversity. In view of this, Lingyang has invested a relatively large amount of resources in the IC development of the Smart Computing Project (Plus1) in the past few years, which can be applied to AI. As customers gradually understand acceptance and market demand increases, sales will have the opportunity to grow year by year.

Company	Product	Demands
Sunplus	Car infotainment &ADAS	With advanced ADAS related systems gradually listed in the legislation implementation regulations of various countries, first-line depots have also introduced ADAS applications, the market adjustment agency estimates that ADAS' compound annual growth rate can reach 35%, and Barclays expects ADAS penetration rate will exceed 25% by 2021, future related applications will become more popular, Strategy Analytics predicts ADAS output will exceed 26 billion U.S. dollars by 2026.
Generalplus	Education and learning toys	Electronic education toys have been more than ten years of history, because of its excellent interaction and sound and light effects, can help children to learn from the shape, name, number to text and so on, through fun games and interactive processes, due to the prevalence of smart phones and tablet PCs, for school age children and adolescents, in the electronic trend, manufacturers have also begun to launch such as Tablet PC learning platform, children in the subtle, but also because the learning effect is better than traditional books development of fast learning, so the market continues to grow rapidly.
	Intelligent interactive toys	The field of smart interactive toys is the company's key development direction and is the IC design company with the highest market share. In addition, in high-end products, 16 / 32-bit SoC control chips are also used in countless products every year, such as karaoke, electronic pianos, children's cameras, TV interactive entertainment platforms and wearable devices. In addition, intelligent photorealistic pets and robots are currently the hottest topics. Under the trend of aging, more products have been designed to be used by older ethnic groups.
	Wireless charging	At present, the top five mobile phone brands (Apple, Samsung, Huawei, Xiaomi, Oppo) officially

		support wireless charging, showing that the market is constantly following this trend. The most representative is Apple's Bluetooth wireless headset AirPods charging box also launched wireless charging Version, allowing this application to quickly spread to a variety of products, and even in the newly launched AirPods Pro, the original wireless charging was changed from optional to standard equipment. The volume will continue to increase.
	Driving recorder market	The global overall driving recorder market has a growth rate of about 15%. The latest electronic rearview mirror and voice control are popular products this year. In 2019, Lingtong still steadily occupies China's overall domestic and foreign sales in the driving recorder market. 4 ~ More than 50% of the market share. In addition, the market share of children's cameras is estimated to exceed 60%.
Sunplus Innovation	Mouse keyboard controller PC / NB cam	The market for PC-based cameras and mouse keyboards is flat. The demand for cameras has great potential opportunities in smart home appliances and new retail. The company has invested in research and development of high-end imaging products to create new products and applications suitable for machine vision. In addition, it also actively increases non-PC related product lines such as high-speed wireless cameras and car cameras, etc.
Jumplux	Front-loading peripheral market AIOT market	The automobile is hailed as the fourth C after the 3C market in the electronics industry. Especially with the joint investment of the automobile and electronics industries, the market has begun to accelerate development, and the industry, government, and academia are also optimistic about its future potential. According to the international management consulting company Bain & Company 's report pointed out that the ADAS ecological supply chain includes inter-vendor technology, software, hardware and services. The output value in 2025 is $ 26 billion. In addition to the MediaHub that has been

		shipped, the current scene is also actively invested Development with related peripheral chips, such as the USB charging chip of the front loading machine, and the class AB amplifier chip of the front loading car audio.

d) Advantages and disadvantages of competitive advantages and development prospects

(1) Competition Analysis

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

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

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

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

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

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

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

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

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

(2) Advantages

(a) Sunplus offers high value-added products to enable customer to win the market.
(b) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.
(c) Sunplus has strong IC design capability to meet customers' requirements for time to market and costs reduction.
(d) Sunplus has built up long-term relationship with wafer foundries due to our steady demand for wafers, and therefore we can get stable supply and lower prices from wafer foundries.
(e) Sunplus have developed a strong technology and customer base on car entertainment IC that makes Sunplus easier to get into automotive ADAS applications

(3) Disadvantages

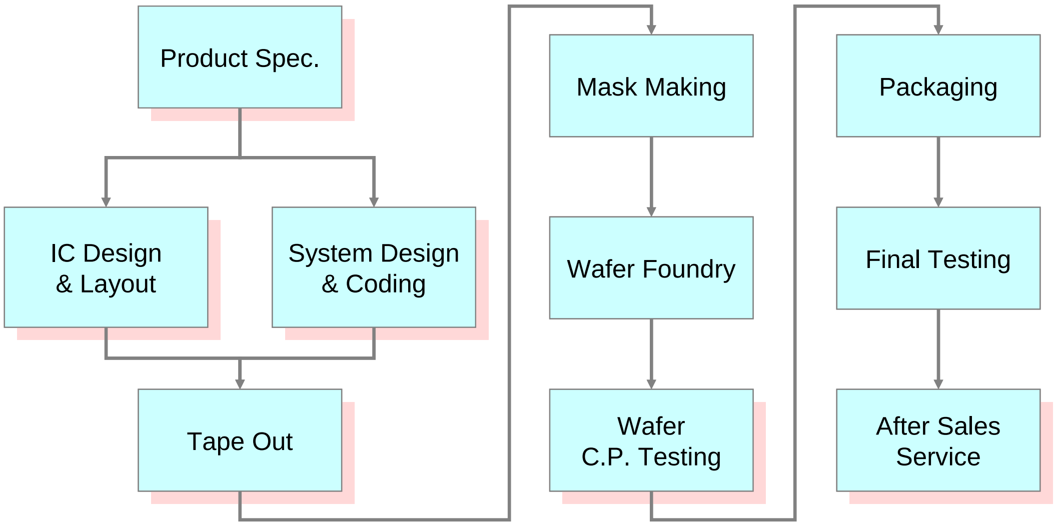
(a) The competitors are mainly international and big IC design companies.
(b) Revenue and growth are slowing down due to poor PC demands.

(c) SoC design and integration of features and functions, which developing products costs are a lot more than before, has become the trend of IC design.
(d) Consumer application demands link to world economics.
(e) There is high entry-barrier to get into automotive market.

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

6.2.2 Product Applications and Development Flow

a) IC Development Flow



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

6.2.3 Major Suppliers

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

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

6.2.4 Major Customers and Suppliers in the Recent Two Years

a) Major Customers

Unit: NT$K

2018				2019				End of March, 31, 2020			
Customer	Sales Amount	% of Total Sales	Relation with Sunplus	Customer	Sales Amount	% of Total Sales	Relation with Sunplus	Customer	Sales Amount	% of Total Sales	Relation with Sunplus
A	763,906	12.57	No	A	844,237	15.32	No	A	128,071	12.29	No
B	652,318	10.73	No	B	651,715	11.82	No	B	117,605	11.28	No
C	622,701	10.25	No	D	468,794	8.50	No	E	104,217	10.00	No
Others	4,038,808	66.45		Others	3,547,584	64.36		Others	692,563	66.43	
Net sales	6,077,733	100.00		Net sales	5,512,330	100.00		Net sales	1,042,456	100.00	

b) Major Supplier

Unit: NT$K

2018				2019				End of March, 31, 2020			
Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus
A	953,504	38.84	No	A	762,121	39.81	No	A	244,451	47.32	No
B	233,065	9.49	No	C	188,444	9.84	No	C	30,987	6.00	No
C	192,493	7.84	No	B	145,227	7.59	No	B	25,614	4.96	No
Others	1,075,991	43.83		Others	818,577	42.76		Others	215,534	41.72	
Net purchase	2,455,053	100.00		Net purchase	1,914,369	100.00		Net purchase	516,586	100.00	

6.2.5 Production

Unit: thousand pcs, NT$K

Year / Product	2018			2019		
	Capacity	Output	Value	Capacity	Output	Value
Multimedia ICs	-	643,298	3,670,886	-	547,812	3,041,599
IC income	-	17	23,111	-	17	22,248
Total	-	643,315	3,693,997	-	547,829	3,063,847

Note: Sunplus out-sourced production to wafer foundries, so there is no capacity limitation.

6.2.6 Sales

Unit: thousand pcs, NT$K

Year / Product	2018				2019			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
IC income	189,206	1,894,980	386,708	3,768,079	189,589	1,940,267	363,463	3,170,477
Other ICs	-	13,490	52	401,184	-	15,969	-	385,617
Total	189,206	1,908,470	386,760	4,169,263	189,589	1,956,236	363,463	3,556,094

6.3 Personnel Structure

Year		2018	2019	End of March 31, 2020
Workforce Structure by Job Function	R&D	757	710	704
	Production	72	72	71
	Administration	333	284	276
	Total	1,162	1,066	1,051
Average Age		32.7	36.9	37.8
Average Years Served		5.14	6.88	7.95
Workforce Structure by Education Degree	Ph.D.	1%	1%	1%
	Master	38%	40%	40%
	Bachelor	50%	49%	49%
	Other Higher Education	7%	6%	6%
	High School	4%	4%	4%
	Total	100%	100%	100%

6.4 Environmental Protection & Expenditures

6.4.1 Environmental Protection

The company is a high-tech integrated circuit professional IC design firms, in the Hsinchu Science and Technology Industrial Park in the semiconductor research and development, all products commissioned at home and abroad well-known integrated circuit manufacturers manufacturing wafer, relevant aspects of the environmental pollution regulations and the losses caused by non-violation of environmental regulations.

The vast majority of the company's office operations, no facilities and equipment to produce harmful pollution sources, no expenditure on environmental protection operations. On the product, the foundry, package, and test foundry with the best combination of quality, cost, and production efficiency are entrusted to reduce the consumption of defective products and effectively reduce environmental expenditure directly and indirectly. If defective products are produced, they are currently qualified manufacturers. Unpaid cleaning, no clean-up costs.

Sunplus does not violate any EPA regulation regarding pollutants and environmental protection.

To adhere to the conception of Earth Vision, Sunplus has established the environment protection system for fulfilling policies, social responsibilities and obligations, and been ISO-14001 certified.

To reduce the environmental impact of E-Waste, Sunplus supplies customers with hazardous substances free (HSF) and satisfying products, and has been IECQ QC080000 certified.

In order to reduce the impact of the greenhouse effect on the climate, Sunplus Technology conducts independent investigation of greenhouse gas emissions in accordance with the ISO14064 standard and 100 years as the base year of inspections in the Republic of China, and exposes it in the Corporate Social Responsibility Report (CSR Report), according to the results of the self-examination, the annual greenhouse gas emissions in the past three years (2017-2019) were 4284.82, 4585.41, and 4471.34 (tons of CO2 equivalent), of these, those that belonged to [Scope 1] and those directly emitting emissions (such as official vehicle fuel consumption and generator oil) accounted for only about 0.001% (2019 category 1 was 2.89 tons of CO_2 equivalent). Yu Jun is an Scope II, and the indirect emission of energy such as purchased electricity.

Sunplus is an IC design industry. More than 99.9% of greenhouse gas emissions are indirect emissions. The emission sources mainly come from the water and electricity required by air-conditioning and office lighting. They have passed the plant monitoring system, making air-conditioning equipment more efficient. , At the same time, to promote energy-saving concepts and actions to colleagues, with a goal of reducing the amount by more than 2% annually, reducing unnecessary waste, and the comparison has reached the standard in the past two years. (Greenhouse gas emissions reduced by 2.49%).

In addition, it also actively strengthens employees' awareness of environmental protection, promotes waste reduction, recycling, energy conservation and water saving, and saves energy resource consumption in order to reduce the impact on the environment.

6.4.2 Working Environment

As the leading company in IC design, it is the company's primary responsibility to care for and care for the company's workers. We provide facilities and environments that are better than the Occupational Safety and Health Act, and set up dedicated organizations and personnel to implement environmental safety and health management related matters.

The employees' workplaces are automatically checked regularly, and the labor operating environment is monitored every six months (April and October each year) to ensure the safety of employees, the environment, and equipment.

In order to protect the physical and mental health of every colleague, the company conducts annual health checks for general employees and senior executives that are better than the legal requirements to ensure that each employee can master their own health status. There is also a medical room, and there are professional doctors resident every two months, providing staff health consultation services, and even scheduling health promotion activities from time to time. More

importantly, we provide good breastfeeding rooms for women in the workplace, equipped with refrigerators and electric milk collection equipment, and passed the Hsinchu County Workplace Friendly Breastfeeding Room Certification in 2015, so that every mother in need Can work at ease.
In addition, since April 2018, the company has promoted the establishment of occupational safety and health management systems. It has also obtained ISO45001: 2018 Occupational Health and Safety Management Systems (Occupational Health and Safety Management Systems) and CNS15506: 2011 (TOSHMS, Taiwan) in 2019. Occupational Safety and Health Management System) Taiwan Occupational Safety and Health Management System, two certifications of occupational safety and health management system; in response to the revision of TOSHMS to CNS45001, the new version has been applied for conversion on December 26, 2019 and has been verified.

Management system	International standard code and version	Valid from	Valid until
Environmental Management System	ISO14001:2015	2017/02/10	2020/02/09
Occupational safety and health management system	ISO45001:2018	2019/02/25	2022/02/24
	TOSHMS (CNS15506:2011)[註]	2019/03/12	2021/03/11
	TOSHMS (CNS45001:2018)	2020/02/07	2022/02/24

Note: Sunplus Technology's TOSHMS (CNS15506:2011) certification has been applied for a new version of the verification on December 26, 2019, and the standard code is CNS45001:2018.

6.5 Employees

6.5.1 Employee Welfare

We strive to provide a clean and supportive environment for our employees. We established an Employee Welfare Committee to operate welfare activities including emergency aid, educational grants, book purchase subsidies, social club activities and overseas trips. We also comply with the Labor Standards Law to conduct labor insurance and retirement system programs, and participation with the National Health Insurance plan according to the National Health Insurance Act. Moreover, we also handle group insurance and insurance for employees' family to ensure security for our employees.

6.5.2 Pension Plan

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

6.5.3 Other Affairs

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

6.5.4 Training

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

6.5.5 Loss from Controversy between Labor and Management

None

6.6 Important Contracts

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

VII. Financial Statements

7.1 Condensed Financial Statement and Auditors' Opinions by adopting IFRSs

7.1.1 Condensed Balance Sheet by adopting IFRSs-Consolidated

Unit: NT$K

Item \ Year		Recent 5 Years (Note 1)					End of March 31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current Assets		8,705,229	8,792,142	8,561,910	6,638,302	5,940,147	5,660,889
Fixed Assets		3,563,095	2,265,910	2,164,154	2,052,359	1,968,803	1,981,737
Intangible Assets		193,481	191,024	196,131	178,521	176,233	165,533
Other Assets		3,137,202	3,379,946	2,557,784	3,057,802	3,404,584	3,330,087
Total Assets		15,599,007	14,629,022	13,479,979	11,926,984	11,489,767	11,138,246
Current Liabilities	Before Distribution	2,740,858	3,045,403	2,190,116	1,684,729	1,342,416	1,140,035
	After Distribution	3,267,733	3,134,084	2,517,667	1,684,729	(Note 2)	(Note 2)
Non-Current Liabilities		1,632,909	895,442	646,578	374,649	574,660	573,249
Total Liabilities	Before Distribution	4,373,767	3,940,845	2,836,694	2,059,378	1,917,076	1,713,284
	After Distribution	4,900,642	4,029,526	3,164,245	2,059,378	(Note 2)	(Note 2)
Equity Attributed to Shareholder of the parent		9,530,012	9,024,254	8,966,236	8,465,942	8,178,533	8,002,761

Capital Stock		5,919,949	5,919,949	5,919,949	5,919,949	5,919,949	5,919,949
Capital Surplus		897,317	911,110	835,241	801,398	594,432	599,862
Retain Earnings	Before Distribution	2,444,655	2,012,196	2,336,709	2,250,839	1,988,579	1,863,942
	After Distribution	1,917,780	1,923,515	2,009,158	2,250,839	(Note 2)	(Note 2)
Unrealized Gain (Loss) on Financial Merchandise		331,492	244,400	(62,262)	(442,843)	(261,026)	(317,591)
Cumulative translation adjustments		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions		1,695,228	1,663,923	1,677,049	1,401,664	1,394,158	1,422,201
Total Equity	Before Distribution	11,225,240	10,688,177	10,643,285	9,867,606	9,572,691	9,424,962
	After Distribution	10,698,365	10,599,496	10,315,734	9,867,606	(Note 2)	(Note 2)

Note 1: Figures are audited by adopting IFRSs

Note 2: The 2019 loss appropriation plan is yet to be approved by the shareholders' meeting

Note 3: Figures are reviewed by CPA adopting IFRSs

7.1.2 Balance Sheet by adopting IFRSs- Standalone

Unit: NT$K

Item \ Year		Recent 5 Years (Note 1)				
		2015	2016	2017	2018	2019
Current Assets		3,273,115	3,267,397	2,942,735	1,909,420	1,292,316
Fixed Assets		744,937	722,145	682,943	687,187	688,706
Intangible Assets		67,742	68,497	62,141	86,495	86,258
Other Assets		7,279,247	6,465,991	6,055,212	6,268,285	6,663,491
Total Assets		11,365,041	10,524,030	9,743,031	8,951,387	8,730,771
Current Liabilities	Before Distribution	836,984	898,923	604,818	413,663	312,929
	After Distribution	1,363,859	987,604	932,369	413,663	（Note 2）
Non-Current Liabilities		998,045	600,853	171,977	71,782	239,309
Total Liabilities	Before Distribution	1,835,029	1,499,776	776,795	485,445	552,238
	After Distribution	2,361,904	1,588,457	1,104,346	485,445	（Note 2）
Equity Attributed to Shareholder of the parent						
Capital Stock		5,919,949	5,919,949	5,919,949	5,919,949	5,919,949
Capital Surplus		897,317	911,110	835,241	801,398	594,432
Retain	Before Distribution	2,444,655	2,012,196	2,336,709	2,250,839	1,988,579

Earnings	After Distribution	1,917,780	1,923,515	2,009,158	2,250,839	（Note 2）
Unrealized Gain (Loss) on Financial Merchandise		331,492	244,400	(62,262)	(442,843)	(261,026)
Cumulative translation adjustments		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions		-	-	-	-	-
Total Equity	Before Distribution	9,530,012	9,024,254	8,966,236	8,465,942	8,178,533
	After Distribution	9,003,137	8,935,573	8,638,685	8,465,942	（Note 2）

* If the company has prepared individual financial reports, it should prepare a separate condensed balance sheet and consolidated profit and loss statement for the individual in the last five years.
* If the financial information using IFRS is less than 5 years, the following table (2) Financial information using my country’s financial accounting standards should be prepared separately.

Note 1: Figures are audited by adopting IFRSs

Note 2: The 2019 loss appropriation plan is yet to be approved by the shareholders' meeting.

7.1.3 Condensed Income Statement adopting IFRSs -Consolidated

Unit: NT$K

Year / Item	Recent 5 Years (Note 1)					End of March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Net Sales	8,465,833	7,556,045	6,820,237	6,077,733	5,512,330	1,042,456
Gross Profit (Loss)	3,522,625	3,202,488	2,736,766	2,429,384	2,374,575	488,522
Income from Operation (Loss)	566,540	236,391	47,185	(89,790)	131,741	(48,166)
Non-operating Income (Expense)	371,467	129,776	587,470	293,780	112,479	(43,633)
Income (Loss)Before Tax	938,007	366,167	634,655	203,990	244,220	(91,799)
Income (Loss) From Operations of Continued Segments (Loss)	856,125	272,506	551,228	142,323	174,752	(105,754)
Income (Loss) From Operations of Discontinued Segments	(27,845)	-	-	-	-	-
Consolidated Net Income (Loss)	828,280	272,506	551,228	142,323	174,752	(105,754)
Other comprehensive income (Loss) for the period, net of income tax	18,282	(113,556)	(320,167)	(131,361)	(102,073)	(59,405)
Total Comprehensive Income (Loss) for the Period	846,562	158,950	231,061	10,962	72,679	(165,159)
Net Profit (Loss) Attributable to: Owner of the Company	589,348	120,187	421,458	5,616	15,309	(124,637)

Net Profit (Loss) Attributable to: Non-controlling interests	238,932	152,319	129,770	136,707	159,443	18,883
Total Comprehensive Income (Loss) Attributable to: Owner of the Company	609,203	26,577	109,174	(120,733)	(77,049)	(181,202)
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests	237,359	132,373	121,887	131,695	149,728	16,043
Earnings per share (Loss)	1.00	0.20	0.72	0.01	0.03	(0.21)

Note 1: Figures are audited for the past-5 years by CPA adopting IFRSs
Note 2: Figures are audited by adopting IFRSs.

7.1.4 Condensed Income Statement adopting IFRSs -Standalone

Unit: NT$K

Item \ Year	Recent 5 Years (Note 1)				
	2015	2016	2017	2018	2019
Net Sales	2,671,392	1,904,224	1,365,802	1,238,780	1,235,269
Gross Profit(Loss)	1,011,207	767,713	473,255	429,308	499,903
Income from Operation(Loss)	167,996	(79,166)	(273,494)	(239,614)	(269,444)
Non-operating Income (Expense)	453,504	200,242	694,952	247,374	289,540
Income (Loss)Before Tax	621,500	121,076	421,458	7,760	20,096
Income(Loss) From Operations of Continued Segments(Loss)	617,193	120,187	421,458	5,616	15,309
Income(Loss) From Operations of Discontinued Segments	(27,845)	-	-	-	-
Net Income (Loss)	589,348	120,187	421,458	5,616	15,309
Other comprehensive income (Loss) for the period, net of income tax	19,855	(93,610)	(312,284)	(126,349)	(92,358)
Total Comprehensive Income(Loss) for the Period	609,203	26,577	109,174	(120,733)	(77,049)
Net Profit(Loss) Attributable to:	589,348	120,187	421,458	5,616	15,309

Owner of the Company					
Net Profit (Loss)Attributable to: Non-controlling interests	-	-	-	-	-
Total Comprehensive Income (Loss)Attributable to: Owner of the Company	609,203	26,577	109,174	(120,733)	(77,049)
Total Comprehensive Income (Loss)Attributable to: Non-controlling interests	-	-	-	-	-
Earnings per share (Loss)	1.00	0.20	0.72	0.01	0.03

* If the company has prepared individual financial reports, it should prepare a separate condensed balance sheet and consolidated profit and loss statement for the individual in the last five years.

* If the financial information using IFRS is less than 5 years, the following table (2) financial information using my country's financial accounting standards should be prepared separately.

Note 1: Figures are audited for the past-5 years by CPA adopting IFRSs

7.1.5 Auditors' Opinions

Year	CPA	Audit Opinion
2015	Tung-Hui Yeh, Shu-Jay Huang	An unqualified opinion
2016	Zheng-Zhi Lin, Shu-Jay Huang	An unqualified opinion
2017	Zheng-Zhi Lin, Shu-Jay Huang	An unqualified opinion
2018	Zheng-Zhi Lin, Yu-Feng Huang	An unqualified opinion
2019	Zheng-Zhi Lin, Yu-Feng Huang	An unqualified opinion

7.2 Financial Analysis for recent 5 years

7.2.1 Financial Analysis (consolidated by IFRSs)

Unit: NT$K

Analysis Item \ Year		Recent 5 years (Note 1)					End of March 31, 2020 *(Note 2)*
		2015	**2016**	**2017**	**2018**	**2019**	
Capital Structure	Debts ratio (%)	28.03	26.93	21.04	17.26	16.68	15.38
	Long-term fund to Property, plant and equipment (%)	350.30	495.04	503.31	480.79	486.21	475.59
Liquidity	Current ratio (%)	317.60	288.70	390.93	394.02	442.49	496.55
	Quick ratio (%)	257.15	251.00	319.47	326.66	368.28	394.03
	Times interest earned (times)	2,518.77	1,020.20	2,519.94	956.27	1,082.81	Note 6
Operating Performance	Average collection turnover (times)	5.13	5.29	5.49	5.64	6.17	5.26
	Average collection days	71	69	66	65	59	69
	Inventory turnover (times)	3.84	4.18	4.37	3.99	3.97	2.63
	Payment turnover (times)	7.09	6.23	5.60	6.03	7.49	5.98
	Average inventory turnover days	95	87	83	91	92	138
	Fixed assets turnover (times)	2.40	2.59	3.07	2.88	2.74	2.11
	Property, plant and equipment turnover (times)	0.56	0.50	0.48	0.47	0.47	0.36
Profitability	Return on total assets (%)	5.65	2.02	4.07	1.27	1.66	(0.90)
	Return on stockholders' equity (%)	7.47	2.48	5.16	1.38	1.79	(1.11)

	Profit before tax to paid-in capital (%) (Note 8)	15.37	6.19	10.72	3.44	4.12	(1.55)
	Profit after tax to net sales (%)	9.78	3.60	8.08	2.34	3.17	(10.14)
	Earnings per share (NT$)	1.00	0.20	0.72	0.01	0.03	(0.21)
Cash Flow	Cash flow ratio (%)	36.73	40.69	14.37	16.85	48.54	Note 7
	Cash flow adequacy ratio (%) (Note3)	46.54	54.36	77.50	56.71	81.59	65.91
	Cash flow reinvestment ratio (%)	3.64	4.08	Note 4	Note 4	2.44	Note 7
Leverage	Operating leverage	5.55	11.54	49.66	Note 5	15.98	Note 5
	Financial leverage	1.07	1.20	2.25	Note 5	1.23	Note 5

Variation Analysis 2019 vs. 2018

1. The reduction in interest protection multiples is mainly due to the decrease in net profit before interest expenses for the current year.
2. The decrease in return on assets and return on equity was mainly due to the decrease in net profit after tax after the disposal of investment benefits decreased during the year.
3. The decrease in the net profit ratio and the ratio of net profit before tax to paid-in capital is mainly due to the decrease in the disposition of investment benefits during the year.
4. The decrease in basic earnings per share is mainly due to the decrease in net profit after tax for the year.
5. The decrease in the cash flow allowance ratio is mainly due to the decrease in net cash inflow from operating activities in the last five years.

Note 1: Figures have been audited by adopting IFRSs.

Note 2: Figures 1Q’20ave been audited by adopting IFRSs.

Note 3: Cash flow adequacy ratio of 2015~2016 is calculated based on the data by Taiwan GAAP.

Note 4: Figures not listed due to cash flow from operating less than cash dividends.

Note 5: Figures not listed due to operating loss.
Note 6: The profit and loss before income tax and interest expenses are pure losses, so they are not shown.
Note 7: Operating activities are net cash outflows, so they are not shown.
Note 8: for those stock without par value or par value not equal to NT$10, the ratio of Operating income to paid-in capital (%) is calculated by ratio to attributable to Owner of the Company.

7.2.2 Financial Analysis (Standalone) by IFRSs

Unit: NT$K

Analysis Item \ Year		Recent 5 years (Note 1)				
		2015	**2016**	**2017**	**2018**	**2019**
Capital Structure	Debts ratio (%)	16.14	14.25	7.97	5.42	6.32
	Long-term fund to Property, plant and equipment (%)	1,400.06	1,322.92	1,327.52	1,231.97	1,187.52
Liquidity	Current ratio (%)	391.06	363.47	486.54	461.58	412.97
	Quick ratio (%)	334.88	319.86	426.00	393.47	315.12
	Times interest earned (times)	2,662.46	687.97	5,155.27	259.53	396.35
Operating Performance	Average collection turnover (times)	4.00	4.26	4.95	6.65	7.88
	Average collection days	91	86	74	55	46
	Inventory turnover (times)	2.86	3.23	3.34	3.03	2.77
	Payment turnover (times)	7.26	8.57	6.33	6.61	8.61

	Average inventory turnover days	128	113	109	120	132
	Fixed assets turnover (times)	3.51	2.59	1.94	1.80	1.79
	Property, plant and equipment turnover (times)	0.23	0.17	0.13	0.13	0.13
Profitability	Return on total assets (%)	5.39	1.25	4.22	0.10	0.23
	Return on stockholders' equity (%)	6.25	1.29	4.68	0.06	0.18
	Profit before tax to paid-in capital (%) (Note 4)	10.02	2.04	7.11	0.13	0.33
	Profit after tax to net sales (%)	22.06	6.31	30.85	0.45	1.23
	Earnings per share (NT$)	1.00	0.20	0.72	0.01	0.03
Cash Flow	Cash flow ratio (%) (Note2)	70.01	86.72	51.41	54.00	36.66
	Cash flow adequacy ratio (%)	97.84	84.41	137.53	92.68	88.14
	Cash flow reinvestment ratio (%)	2.10	2.49	0.15	Note 5	Note 5
Leverage	Operating leverage	5.42	Note 3	Note 3	Note 3	Note 3
	Financial leverage	1.17	Note 3	Note 3	Note 3	Note 3

Variation Analysis 2017 vs. 2016

1. The increase in interest protection multiples was mainly due to the increase in net profit before tax this year.
2. The increase in the payables turnover rate was mainly due to the decrease in accounts payable during the year.
3. The increase in return on assets and return on equity was mainly attributable to the increase in the profit and loss after taxation of subsidiaries, related companies and joint ventures that adopted the equity method during the year.
4. The increase in net profit before tax to paid-in capital ratio, net profit ratio and earnings per share was mainly due to the increase in the profit and loss after taxation of the subsidiaries, affiliates and joint ventures that adopted the equity method in this year.

5. The decrease in cash flow ratio is mainly due to the decrease in net cash inflow from operating activities.

* If the company has prepared individual financial reports, it should separately prepare an analysis of the company's individual financial ratios.
* If the financial information adopting IFRS is less than 5 years, the following table (2) financial information adopting my country's financial accounting standards should be prepared separately.

1. Capital Structure Analysis

(1) Debts ratio	= Total Liabilities/Total Assets
(2) Long term fund to Property, plant and equipment	= (Total Equity + Non-Current Liabilities)/ Property, plant and equipment

2. Liquidity Analysis

(1) Current Ratio	= Current Assets/Current Liabilities
(2) Quick Ratio	= (Current Assets – Inventories – Prepaid Expenses)/Current Liabilities
(3) Times Interest Earned	= Earnings before Interest and Taxes/Interest Expenses

3. Operating Performance Analysis

(1) Average Collection Turnover	= Net Sales/Average Trade Receivables
(2) Average Collection Days	= 365/Receivables Turnover Rate
(3) Average Inventory Turnover	= Cost of Sales/Average Inventory
(4) Average Payment Turnover	= Cost of Sales/Average Trade Payables
(5) Average Inventory Turnover Days	= 365/Average Inventory Turnover
(6) Property, plant and equipment Turnover	= Net Sales/ Average Property, plant and equipment

(7) Total Assets Turnover	= Net Sales/Average Total Assets

4. Profitability Analysis

(1) Return on Total Assets	= {Net Income + Interest Expense × (1 – Effective tax rate)}/Average Total Assets
(2) Return Ratio on Stockholders' Equity	= Net Income/Average Total Equity
(3) Profit after Tax to Net Sales	= Net Income/Net Sales
(4) Earnings Per Shares	= (Net Profit Attributable to Owner of the Company – Preferred Stock Dividend)/ Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash Flow Rate	= Net Cash Provided by Operating Activities/Current Liabilities
(2) Cash Flow Adequacy Ratio	= Five-Year Cash from Sum of Operations /(Five-Year Capital Expenditure + Inventory Increase + Cash Dividend)
(3) Cash flow reinvestment ratio	= (Net Cash Provided by Operating Activities – Cash Dividend)/(Property, plant and equipment + Long-term Investment + Other Non-current Assets + Working Capital) (Note3)

6. Leverage

(1) Operating Leverage	= (Net Sales – Operating Expenses & Cost)/Operating Income (Note4)
(2) Financial Leverage	= Operating Income/(Operating Income – Interest Expenses)

Note 1: Figures have been audited by adopting IFRSs.
Note 2: The calculation of the cash flow tonnage ratio from 2015 to 2016 is calculated using the previous year's ROC information.

Note 3: Net operating loss, it is not listed

Note 4: for those stock without par value or par value not equal to NT$10, the ratio of Operating income to paid-in capital (%) is calculated by ratio to attributable to Owner of the Company

Note 5: The net cash flow from operating activities is less than the number of cash dividends issued, so it is not listed.

7.3 Audit Committee’s Report

Sunplus Technology Co., Ltd.
Audit Committee’s Report

Sunplus’ Board has submitted the 2019 business report, financial statements and loss appropriation proposals, etc. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. The Audit Committee has reviewed the 2017 business report, financial statements and loss appropriation proposals, and verified that they comply with the Company Law and relevant regulations. According to Article14-4of Securities Exchange Law and Article 219 of the Company Law, I hereby submit this report.

To Sunplus 2020 Annual General Shareholders’ Meeting

Sunplus Technology Co., Ltd.
Audit Committee
Convener,

Che-Ho Wei

March 30th, 2020

7.4 Consolidated Financial Statements and Auditors' Audit Report

Sunplus Technology Company Limited and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sunplus Technology Company Limited

By

CHOU-CHYE HUANG
Chairman

March 30, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Sunplus Technology Company Limited and its subsidiaries (collectively referred to as the "Group") as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Validity of Specific Customer's Revenue
Integrated circuit chip sales accounted for 93% of the Group's total revenue. Operating income declined in 2019, but sales to some customers increased significantly. Therefore, we deem revenue recognition as a key audit matter. For detailed explanation of revenue, refer to Notes 4 and 23 to the accompanying consolidated financial statements.

1. We understood the related internal control and operating procedures in the sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the 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 abnormal situations and confirmed the validity of the revenue.

Other Matter

We have also audited the parent company only financial statements of Sunplus Technology Company Limited as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 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 audit resulting in this independent auditors' report are Cheng-Chih Lin and Yu-Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,020,628	26	$ 3,235,721	27
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,090,679	10	1,313,747	11
Notes and accounts receivable, net (Notes 4, 5, 9, 23 and 33)	832,633	7	954,030	8
Other receivables (Notes 4 and 33)	28,159	-	70,960	1
Inventories (Notes 4 and 10)	759,211	7	818,948	7
Other financial assets - current (Notes 17 and 34)	119,920	1	153,575	1
Other current assets (Note 17)	88,917	1	91,321	1
Total current assets	5,940,147	52	6,638,302	56
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,027,445	9	737,867	6
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	189,387	2	246,208	2
Investments accounted for using the equity method (Notes 4 and 12)	695,028	6	729,219	6
Property, plant and equipment (Notes 4, 5 and 13)	1,968,803	17	2,052,359	17
Right-of-use assets (Notes 3, 4, 5 and 14)	241,914	2	-	-
Investment properties (Notes 4 and 15)	1,066,797	9	1,039,314	9
Intangible assets (Notes 4, 5 and 16)	176,233	2	178,521	2
Deferred tax assets (Notes 4 and 25)	28,754	-	30,254	-
Net defined benefit assets - non-current (Notes 4 and 21)	1,163	-	-	-
Other financial assets - non-current (Notes 17 and 34)	140,049	1	127,215	1
Other non-current assets (Notes 17 and 33)	14,047	-	147,725	1
Total non-current assets	5,549,620	48	5,288,682	44
TOTAL	$ 11,489,767	100	$ 11,926,984	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 34)	$ 323,626	3	$ 311,215	3
Contract liabilities - current (Note 23)	24,912	-	7,511	-
Accounts payable (Note 19)	352,155	3	484,810	4
Current tax liabilities (Notes 4 and 25)	52,169	1	56,972	-
Lease liabilities - current (Notes 3, 4, 5 and 14)	11,885	-	-	-
Deferred revenue - current (Notes 4, 20 and 27)	1,568	-	1,629	-
Current portion of long-term bank borrowings (Notes 18 and 34)	-	-	250,046	2
Other current liabilities (Note 20)	576,101	5	572,546	5
Total current liabilities	1,342,416	12	1,684,729	14
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 3, 4, 5 and 14)	230,251	2	-	-
Deferred revenue - non-current (Notes 4, 20 and 27)	58,015	-	61,894	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	64,258	1	79,313	1
Guarantee deposits (Note 33)	213,579	2	230,177	2
Other liabilities (Note 20)	8,557	-	3,265	-
Total non-current liabilities	574,660	5	374,649	3
Total liabilities	1,917,076	17	2,059,378	17
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 30)				
Share capital				
Ordinary shares	5,919,949	52	5,919,949	50
Capital surplus	594,432	5	801,398	7
Retained earnings				
Legal reserve	1,942,388	17	1,941,826	16
Special reserve	308,452	2	67,279	1
(Deficits not yet compensated) unappropriated earnings	(262,261)	(2)	241,734	2
Total retained earnings	1,988,579	17	2,250,839	19
Other equity	(261,026)	(2)	(442,843)	(4)
Treasury shares	(63,401)	(1)	(63,401)	(1)
Total equity attributable to owners of the Company	8,178,533	71	8,465,942	71
NON-CONTROLLING INTERESTS (Notes 4, 11, 22 and 30)	1,394,158	12	1,401,664	12
Total equity	9,572,691	83	9,867,606	83
TOTAL	$ 11,489,767	100	$ 11,926,984	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 23, and 33)	$ 5,512,330	100	$ 6,077,733	100
OPERATING COSTS (Notes 10 and 24)	3,137,755	57	3,648,349	60
GROSS PROFIT	2,374,575	43	2,429,384	40
OPERATING EXPENSES (Notes 24 and 33)				
Selling and marketing expenses	263,373	5	286,562	5
General and administrative expenses	498,466	9	532,943	9
Research and development expenses	1,481,269	27	1,699,345	28
Expected credit gain (Note 9)	(73)	-	-	-
Total operating expenses	2,243,035	41	2,518,850	42
OTHER OPERATING INCOME AND EXPENSES	201	-	(324)	-
PROFIT (LOSS) FROM OPERATIONS	131,741	2	(89,790)	(2)
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 24, 27 and 33)				
Other income	156,116	3	116,463	2
Other gains and losses	1,127	-	246,002	4
Finance costs	(24,849)	(1)	(23,823)	-
Share of loss of associates	(19,915)	-	(44,862)	(1)
Total non-operating income and expenses	112,479	2	293,780	5
PROFIT BEFORE INCOME TAX	244,220	4	203,990	3
INCOME TAX EXPENSE (Notes 4 and 25)	69,468	1	61,667	1
NET PROFIT FOR THE YEAR	174,752	3	142,323	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 22):				
Remeasurement of defined benefit plans	4,864	-	1,845	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(21,444)	-	(103,685)	(2)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Share of the other comprehensive income (loss) of associates accounted for using the equity method	3,789	-	(8,556)	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 22):				
Exchange differences on translating the financial statements of foreign operations	(84,888)	(2)	(18,061)	-
Share of other comprehensive loss of associates accounted for using the equity method	(4,394)	-	(2,904)	-
Other comprehensive loss for the year, net of income tax	(102,073)	(2)	(131,361)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 72,679	1	$ 10,962	-
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 15,309	-	$ 5,616	-
Non-controlling interests	159,443	3	136,707	2
	$ 174,752	3	$ 142,323	2
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (77,049)	(2)	$ (120,733)	(2)
Non-controlling interests	149,728	3	131,695	2
	$ 72,679	1	$ 10,962	-
EARNINGS PER SHARE (Note 26)				
Basic	$ 0.03		$ 0.01	
Diluted	$ 0.03		$ 0.01	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Share Capital Issued and Outstanding			Retained Earnings			Other Equity					
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2018	591,995	$ 5,919,949	$ 835,241	$ 1,900,505	$ 22,995	$ 707,497	$ (122,100)	$ (230,011)	$ (63,401)	$ 8,970,675	$ 1,678,527	$ 10,649,202
Appropriation of 2017 earnings												
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(327,551)	-	-	-	(327,551)	-	(327,551)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	50,782	-	50,782
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	(86,846)	-	(86,846)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	(271)	-	(271)
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	(22,606)	-	(22,606)
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	5,616	136,707	142,323
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	(111,027)	-	(126,349)	(5,012)	(131,361)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	(111,027)	-	(120,733)	131,695	10,962
Adjustment of capital surplus for the Company												
Cash dividends received by subsidiaries	-	-	2,492	-	-	-	-	-	-	2,492	-	2,492
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	37,070	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(408,558)	(408,558)
BALANCE AT DECEMBER 31, 2018	591,995	5,919,949	801,398	1,941,826	67,279	241,734	(138,875)	(303,968)	(63,401)	8,465,942	1,401,664	9,867,606
Appropriation of 2018 earnings												
Legal reserve	-	-	-	562	-	(562)	-	-	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-	-	-
Cash dividends to sharesholders	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709	-	4,709
Issuance of share dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)	-	(213,118)

Difference between share price and carrying amount from disposal of subsidiaries	-	-	162	-	-	-	-	-	-	162	-	162
Changes of equity of subsidiaries	-	-	-	-	-	(3,394)	-	-	-	(3,394)	-	(3,394)
Net profit for the year ended December 31, 2019	-	-	-	-	-	15,309	-	-	-	15,309	159,443	174,752
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	5,339	(79,905)	(17,792)	-	(92,358)	(9,715)	(102,073)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,648	(79,905)	(17,792)	-	(77,049)	149,728	72,679
Adjustment of capital surplus for the Company												
Cash dividends received by subsidiaries	-	-	1,281	-	-	-	-	-	-	1,281	-	1,281
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(157,234)	(157,234)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(279,514)	-	279,514	-	-	-	-
BALANCE AT DECEMBER 31, 2019	591,995	$ 5,919,949	$ 594,432	$ 1,942,388	$ 308,452	$ (262,261)	$ (218,780)	$ (42,246)	$ (63,401)	$ 8,178,533	$ 1,394,158	$ 9,572,691

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 244,220	$ 203,990
Adjustments for:		
Depreciation expenses	282,554	275,786
Amortization expenses	77,812	82,237
Expected credit loss reversed on trade receivables	(73)	-
Net gain on fair value change of financial assets designated as of fair value through profit or loss	(17,879)	(67,736)
Finance costs	24,849	23,823
Interest income	(24,578)	(22,896)
Dividend income	(28,815)	(26,982)
Compensation costs of employee share options	-	37
Share of profits of associates	19,915	44,862
(Gain) loss on disposal of property, plant and equipment	(161)	324
Gain on disposal of intangible assets	(39)	-
(Gain) loss on disposal of subsidiaries	43	(170,897)
Gain on disposal of investments	-	(11,724)
Net loss on foreign currency exchange	8,984	34,248
Gain on lease modification	(1)	-
Amortization of prepaid lease payments	-	2,810
Changes in operating assets and liabilities:		
Decrease in trade receivables	114,248	114,488
Decrease in other receivables	41,197	11,333
Decrease (increase) in inventories	59,737	(17,157)
Increase in other current assets	(132)	(6,368)
Increase in net defined benefits assets - non-current	(1,163)	-
Decrease in trade payables	(130,606)	(89,495)
Increase in contract liabilities	17,401	27,331
Decrease in deferred revenue	(1,629)	(3,659)
Increase (decrease) in other current liabilities	4,465	(153,224)
Decrease in defined benefits liabilities - non-current	(10,191)	(4,309)
Cash generated from operations	680,158	246,822
Interest received	26,584	21,707
Dividends received	45,274	101,047
Interest paid	(27,923)	(20,370)
Income tax paid	(72,440)	(65,287)
Net cash generated from operating activities	651,653	283,919
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	-	(105,213)
Purchase of financial assets at FVTPL	(1,588,698)	(1,764,316)
Proceeds from the sale of financial assets at FVTPL	1,572,327	2,060,690
Proceeds from the sale of financial assets at FVTOCI	25,990	4,930
Acquisition of associates	-	(110,368)
Net cash outflow on acquisition of subsidiaries (Note 28)	(48,215)	-
Proceeds from disposal of subsidiaries	(744)	(159,571)
Payments for property, plant and equipment	(138,970)	(173,729)
Proceeds of the disposal of property, plant and equipment	4,239	568
Increase in refundable deposits	(459)	(2,039)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Decrease in refundable deposits	1,871	62
Payments for intangible assets	(78,623)	(84,655)
Proceeds of disposal of intangible assets	484	-
Payments for investment properties	(1,488)	(3,891)
Decrease in investment properties	-	10,016
Decrease on other financial assets - non-current	10,909	10,635
Decrease in other assets - non-current	-	3,570
Net cash (used in) generated from investing activities	(241,377)	(313,311)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	15,000	(132,566)
Repayments of long-term borrowings	(248,544)	(179,088)
Proceeds of guarantee deposits received	22,168	47,914
Refunds of guarantee deposits received	(33,729)	(18,331)
Repayment of principal portion of lease liabilities	(11,303)	-
Increase in other liabilities	4,758	-
Cash dividends paid	(211,837)	(411,905)
Dividends paid to non-controlling interests	(157,520)	(169,798)
Decrease in non-controlling interests	(2,184)	(31,266)
Net cash used in financing activities	(623,191)	(895,040)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,178)	3,876
NET DECREASE IN CASH AND CASH EQUIVALENTS	(215,093)	(920,556)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,235,721	4,156,277
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,020,628	$ 3,235,721

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

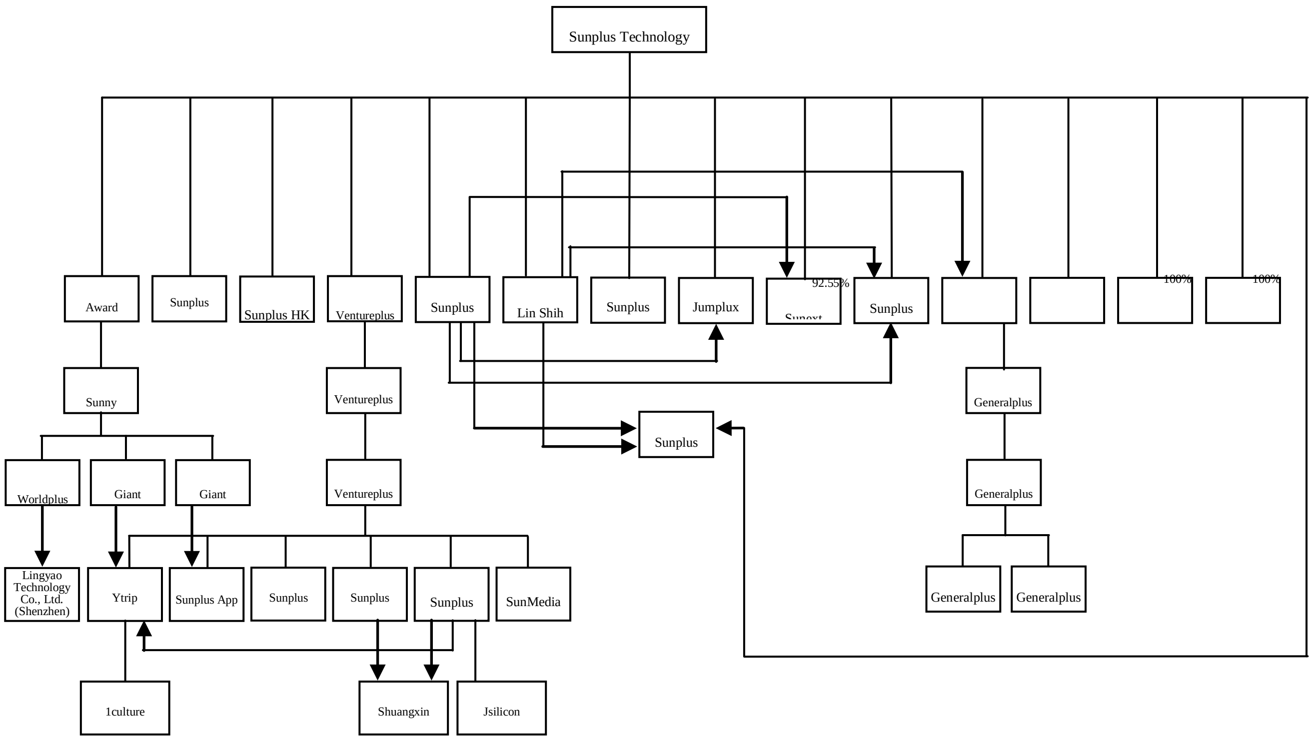
SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunplus Technology Company Limited ("Sunplus" or 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. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 22).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the "Group") as of December 31, 2019:



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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 30, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies:

1) IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Group applies IAS 36 to all right-of-use assets.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.58%-2.39%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 99,174
Less: Recognition exemption for short-term leases and leases of low-value assets	-
Undiscounted amounts on January 1, 2019	$ 99,174
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 88,507
Add: Adjustments as a result of a different treatment of extension and termination options	161,220
Lease liabilities recognized on January 1, 2019	$ 249,727

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Prepayments for leases - current	$ 2,756	$ (2,756)	$ -
Prepayments for leases - non-current	102,175	(102,175)	-
Right-of-use assets	-	251,956	251,956
Investment properties	1,039,314	102,702	1,142,016
Total effect on assets	$ 1,144,245	$ 249,727	$ 1,393,972
Lease liabilities - current	$ -	$ 10,907	$ 10,907
Lease liabilities - non-current	-	238,820	238,820
Total effect on liabilities	$ -	$ 249,727	$ 249,727

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Company should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

3) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 “Financial Instruments” shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the Group’s net investment in an associate or joint venture.

4) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group applied the above amendments prospectively.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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 Group 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 Group 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 Group 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 Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group 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 Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’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 Group 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 Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group 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 Group’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 Group’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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the no controlling interests even if this results in the no controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the no controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the no controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any no controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

See Note 11 and Tables 6 and 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and no controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

f. Inventories

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

g. Investments in associates

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

The Group 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 Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group'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 Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further 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 an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

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

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

i. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation. (It includes right-of-use assets that meet the definition of investment properties in 2019)

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

j. Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated at first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. The impairment loss recognized for goodwill is not reversible in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful 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 Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

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

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

m. Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

A financial asset 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; 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 32: 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, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

Cash equivalents include time deposits, 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 Group 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 Group'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 Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group 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 Group 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 Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

n. Provisions

For the best estimate of provisions, the discounted cash flows need to consider the risk and uncertainties of obligations. Provisions are measured by the discounted value of the estimated cash flows for the liquidation of the obligation.

o. Revenue recognition

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

Other

Other mainly comes from software development.

p. Lease

2019

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group 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. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Contingent rents arising under operating leases are recognized as an expense in the year in which they are incurred.

q. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant asset and recognized in profit or loss over the useful lives of the related assets.

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group'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.

s. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

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

At the end of each reporting period, The Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The 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.

Critical Accounting Judgements

a. Lease terms - 2019

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Group occur.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group'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.

b. Estimated impairment of tangible assets and intangible assets (excluding goodwill)

The Group relies on subjective judgments and depends on industry usage patterns and related characteristics to determine cash flows, asset useful lives, and future revenues and expenses. Any change in the operating environment and corporate strategy may cause significant impairment loss.

c. Lessees' incremental borrowing rates- 2019

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	**2018**
Cash on hand	$ 6,065	$ 7,521
Checking accounts and demand deposits	769,510	1,338,553
Cash equivalent		
Time deposits in banks	2,245,053	1,881,214
Repurchase agreements collateralized by bonds	-	8,433
	$ 3,020,628	$ 3,235,721

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

	December 31	
	2019	2018
Bank balance	0.01%-2.25%	0.01%-1.55%
Repurchase agreement collateralized by bonds	-	1.00%

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

	December 31	
	2019	2018
Financial assets at FVTPL - current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	$ 987,692	$ 1,280,668
- Unlisted securities in the ROC	45,904	4,361
- Listed securities in the ROC	41,960	-
Financial assets held for trading		
Non-derivative financial assets		
- Securities listed in the ROC and other countries - CB	15,123	28,718
	$ 1,090,679	$ 1,313,747
Financial liabilities at FVTPL – non-current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Securities unlisted in the ROC	$ 658,431	$ 462,387
- Private funds	260,140	160,226
- Mutual funds	75,119	75,432
- Securities listed in the ROC and other countries	33,755	39,822
	$ 1,027,445	$ 737,867

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Non-current		
Domestic and foreign investments		
Unlisted shares and emerging market shares	$ 98,915	$ 127,991
Listed shares and emerging market shares	90,472	78,246
Private funds	-	39,971
	$ 189,387	$ 246,208

9. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2019	2018
Notes receivable		
Notes receivable - operating	$ 300	$ 16
Trade receivables		
At amortized cost		
Gross carrying amount	832,662	954,518
Less: Allowance for impairment loss	(329)	(504)
	832,333	954,014
	$ 832,633	$ 954,030

Trade receivable

The average credit period on sales of goods was 30 to 60 days without interest. The Group's exposure to credit risk and external credit ratings are continuously monitored. In order to minimize credit risk, the management of the Group 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 Group 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 Group's credit risk was significantly reduced.

The Group 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 by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group'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 Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2019

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	$ 832,233	$ 90	$ -	$ -	$ 339	$ 832,662
Expected credit losses	-	-	-	-	(329)	(329)
Amortized cost at December 31, 2019	$ 832,233	$ 90	$ -	$ -	$ 10	$ 832,333

December 31, 2018

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	$ 953,258	$ 691	$ -	$ -	$ 569	$ 954,518
Expected credit losses	-	-	-	-	(504)	(504)
Amortized cost at December 31, 2018	$ 953,258	$ 691	$ -	$ -	$ 65	$ 954,014

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

	December 31 2019	December 31 2018
Balance at January 1	$ 504	$ 107,744
Less: Amounts written off (Note)	(76)	(107,257)
Less: Net remeasurement of loss allowance	(73)	-
Exchange differences	(26)	17
Balance at December 31	$ 329	$ 504

Note: The accounts receivable from one customer that were overdue for 2 years and determined to be uncollectible and the accounts receivable from another customer that was declared bankrupt by court ruling were both written off. The written-off receivables and allowance were both $107,257.

10. INVENTORIES

	December 31 2019	December 31 2018
Finished goods	$ 307,179	$ 321,099
Work in progress	281,042	290,973
Raw materials	170,990	206,876
	$ 759,211	$ 818,948

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 were $3,050,138 thousand and $3,563,885 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2019 and 2018 were as follows:

	Years Ended December 31 2019	Years Ended December 31 2018
Inventory write - downs	$ (16,192)	$ (35,411)
Income from scrap sales	103	361
	$ (16,089)	$ (35,050)

11. SUBSIDIARIES

a. The subsidiaries included in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31 2019	2018	Note
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	-
	Ventureplus Group Inc. ("Ventureplus Group")	Investment	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	-
	Lin Shih Investment ("Lin Shih")	Investment	100.00	100.00	-
	Sunplus mMobile Inc.	Design of ICs	100.00	100.00	-
	Sunext Technology Co., Ltd. ("Sunext")	Design of ICs	92.55	91.40	-
	Sunplus Innovation Technology	Design of ICs	61.13	61.13	-
	Generalplus Technology Inc. ("Generalplus")	Design of ICs	34.30	34.30	Sunplus and its subsidiaries owned 47.99% of the equity in Generalplus Technology, Inc. and the Group had controlling interest over Generalplus Technology, Inc.; the investee is included in the consolidated financial statements
	Wei-Young Investment Inc.	Investment	100.00	100.00	-
	Russell Holdings Limited	Investment	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	89.76	89.76	-
	Award Glory	Investment	100.00	100.00	-
	Jumplux Technology	Design of ICs	55.00	55.00	-
Ventureplus Group	Ventureplus Mauritius	Investment	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	Investment	100.00	100.00	-
Ventureplus Cayman	Ytrip Technology	Web research and development	38.47	38.47	Sunplus and its subsidiaries owned 90.71% of the equity in Ytrip.
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	53.85	93.33	-
	Sunplus Prof-tek Technology (Shenzhen)	Development of computer software, system integration services, building rental services and property management	100.00	100.00	-
	Sunplus Technology (Shanghai)	Development of computer software, system integration services and building rental services	100.00	100.00	-
	SunMedia Technology	Development of computer software, system integration services and building rental services	100.00	100.00	-
	Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	100.00	100.00	-

Sunplus Technology (Shanghai)	Ytrip Technology	Web research and development	44.08	44.08	Sunplus and its subsidiaries owned 90.71% of the equity in Ytrip.
	Jsilicon Technology	Software Development and IC Design	100.00	-	Registration of establishment completed on February 26, 2019.
	Shuangxin Technology	Software Development and IC Design	55.00	-	-
Sunplus Prof-tek (Shenzhen)	Shuangxin Technology	Software Development and IC Design	45.00	-	Sunplus and its subsidiaries owned 100% of the equity in Chongqing Shuangxin Co., Ltd.
Ytrip Technology	Cculture Communication	Development and sale	100.00	100.00	-
Sunplus Venture	Jumplux Technology	Design of ICs	42.08	42.08	Sunplus and its subsidiaries owned 97.08% of the equity in Jumplux Technology.
	Han Young Technology	Design of ICs	-	70.00	The liquidation of Han Young Technology was completed on November 15, 2019, refer to Note 29.
	Sunext Technology Co., Ltd.	Design of ICs	-	-	Due to organizational reorganization, it transferred its equity to Sunplus on 2018 and 2019.
	Sunplus mMedia	Design of ICs	7.64	7.64	Sunplus and its subsidiaries owned 100% of the equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.64	5.64	Sunplus and its subsidiaries owned 100% of the equity in Sunplus Innovation
Lin Shih	Generalplus Technology Inc.	Design of ICs	13.69	13.69	Sunplus and its subsidiaries had 47.99% stake in Generalplus Technology, Inc. and the Group had controlling interest over Generalplus Technology, Inc.; the investee is included in the consolidated financial statements

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31 2019	Percentage of Ownership December 31 2018	Note
Lin Shih	Sunplus mMedia	Design of ICs	2.60	2.60	Sunplus and its subsidiaries owned 100% of the equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.09	2.09	Sunplus and its subsidiaries owned 68.86% of the equity in Sunplus Innovation.
Generalplus	Generalplus Samoa	Investment	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	IC product development, after sales service and market research	100.00	100.00	-
	Generalplus HK	Marketing	100.00	100.00	-
Award Glory	Sunny Fancy	Investment	100.00	100.00	-
Sunny Fancy	Giant Kingdom	Investment	100.00	100.00	-
	Giant Rock	Investment	100.00	100.00	-
	WORLDPLUS HOLDINGS L.L.C. (Worldplus)	Investment	100.00	100.00	-
Giant Kingdom	Ytrip Technology	Web research and development	8.16	8.16	Sunplus's subsidiaries owned 90.71% of the equity in Ytrip.
Giank Rock	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education	42.31	-	Sunplus and its subsidiaries owned 96.16% of the equity in Sunplus App.
Worldplus	Lingyao Technology	Software development and rental sales	100.00	-	Obtained control on September 2, 2019, so it was included in the consolidated financial statements.

(Concluded)

The financial statements as of and for the years ended December 31, 2019 of the above subsidiaries except Sunplus Management Consulting and Generalplus HK, were audited by the auditors. The management of the Company believes that the financial statements of Sunplus Management Consulting and Generalplus HK will not be subject to major adjustments if it were audited.

b. Subsidiary excluded from the consolidated financial statements

	The Voting Ratio of Non-controlling Equity December 31 2019	The Voting Ratio of Non-controlling Equity December 31 2018
<u>Company name</u>		
Generalplus Technology Inc.	52.01%	52.01%
Sunplus Innovation Technology	31.14%	31.14%

Refer to attachment 6 for registered countries and company information:

Company Name	Profits Attributed to Non-controlling Interests Years Ended December 31 2019	Profits Attributed to Non-controlling Interests Years Ended December 31 2018	Non-controlling Interests December 31 2019	Non-controlling Interests December 31 2018

Generalplus Technology Inc.	$ 116,295	$ 147,898	$ 1,075,166	$ 1,109,947
Sunplus Innovation Technology	42,244	18,906	308,951	283,063
iCatch Technology	-	(20,889)	-	-

The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2019	2018
Current assets	$ 3,190,003	$ 3,201,689
Non-current assets	790,554	760,401
Current liabilities	792,198	828,965
Non-current liabilities	214,644	175,669
Equity	$ 2,973,715	$ 2,957,456
Equity attributable to:		
Owners of the Company	$ 1,589,598	$ 1,564,446
Non-controlling interests	1,384,117	1,393,010
	$ 2,973,715	$ 2,957,456

	For the Years Ended December 31	
	2019	2018
Operating revenue	$ 3,606,544	$ 4,223,670
Net income	$ 359,235	$ 306,710
Other comprehensive income	(19,486)	(10,077)
Total other comprehensive income	$ 339,749	$ 296,633
Equity attributable to:		
Owners of the Company	$ 200,697	$ 160,795
Non-controlling interests	158,538	145,915
	$ 359,235	$ 306,710
Total other comprehensive attributable to:		
Owners of the Company	$ 191,123	$ 156,526
Non-controlling interests	148,626	140,107
	$ 339,749	$ 296,633
Cash flows		
Cash flows from operating activities	$ 512,043	$ 414,702
Cash flows from (used in) investing activities	57,697	(146,496)
Cash flows used in financing activities	(304,255)	(296,520)
Effect of exchange rate changes on the balance of cash held in foreign currencies	1,452	(1,649)
Net cash outflow	$ 266,937	$ (29,963)
Dividend paid to non-controlling interests	$ (157,520)	$ (169,798)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates	$ 695,028	$ 729,219

a. Investments in associates

	December 31	
	2019	2018
Listed companies		
iCatch Technology	$ 320,180	$ 350,859
Global View Co., Ltd.	297,640	307,106
Autsys Co., Ltd.	77,208	71,254
	$ 695,028	$ 729,219

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	December 31	
Name of Associate	**2019**	**2018**
iCatch Technology	36%	36%
Global View Co., Ltd.	13%	13%
Autsys Co., Ltd.	16%	19%

Refer to Table 6 following these Notes to Consolidated Financial Statements for information on the associates' business types, main operating locations and registered countries, and Table 7 following these Notes for the information on investments in mainland China.

The fair values of publicly traded investments accounted for using the equity method were based on the closing prices of those investments at the balance sheet date, as follows:

	December 31	
Name of Associate	**2019**	**2018**
Global View, Co., Ltd.	$ 239,889	$ 248,530

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

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

	December 31	
	2019	2018
Total assets	$ 2,438,751	$ 2,569,477
Total liabilities	$ 313,348	$ 369,039

	Years Ended December 31	
	2019	**2018**
Revenue	$ 1,088,383	$ 1,005,661
Profit for the period	$ (5,711)	$ (45,428)
Comprehensive income	$ (14,131)	$ (103,126)
Group’s share of profits of associates	$ (19,915)	$ (44,862)

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2019 and 2018 was based on the associates’ financial statements audited by the auditors for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Group - 2019

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Prepayments for Equipment and Construction in Progress	Total
Cost										
Balance at January 1, 2019	$ 2,383,245	$ 193,874	$ 13,729	$ 616,529	$ 5,904	$ 266,331	$ 2,782	$ 23,959	$ 2,940	$ 3,509,393
Additions	-	442	5,446	102,304	773	17,700	457	234	9,900	137,256
Disposals	-	(5,408)	(6,486)	(198,512)	(1,076)	(40,489)	(1,716)	(39)	-	(253,726)
Reclassified to investment property	-	-	-	-	-	10,493	-	-	(10,720)	(227)
Consolidated changes	-	-	-	-	-	2,501	-	205	17,088	19,794
Effect of exchange rate changes	(44,726)	(1,618)	(2,261)	(2,904)	272	(6,517)	(43)	(512)	(6)	(58,315)
Balance at December 31, 2019	$ 2,338,519	$ 187,290	$ 10,428	$ 517,417	$ 5,873	$ 250,019	$ 1,480	$ 23,847	$ 19,202	$ 3,354,075
Accumulated depreciation										
Balance at January 1, 2019	$ 507,818	$ 126,857	$ 12,759	$ 540,595	$ 3,633	$ 231,996	$ 2,331	$ 19,447	$ -	$ 1,445,436
Depreciation expense	53,530	19,626	2,322	95,336	1,145	16,945	5,288	601	-	194,793
Disposals	-	(5,408)	(6,375)	(195,243)	(1,052)	(39,515)	(1,716)	(39)	-	(249,648)
Consolidated changes	-	-	-	-	-	2,273	-	85	-	2,358
Effect of exchange rate changes	(6,105)	2,147	(1,477)	(3,534)	292	(5,975)	(4,664)	151	-	(19,165)
Balance at December 31, 2019	$ 555,243	$ 143,222	$ 7,229	$ 437,154	$ 4,018	$ 205,424	$ 1,239	$ 20,245	$ -	$ 1,373,774
Accumulated impairment										
Balance at December 31, 2019	$ -	$ -	$ -	$ 11,498	$ -	$ -	$ -	$ -	$ -	$ 11,498
Carrying amounts at December, 2019	$ 1,783,276	$ 44,068	$ 3,199	$ 68,765	$ 1,855	$ 44,595	$ 241	$ 3,602	$ 19,202	$ 1,968,803

b. 2018

Buildings	Auxiliary Equipment	Machinery and	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Payable for purchases of	Total

			Equipment							Equipment	
Cost											
Balance at January 1, 2018	$ 2,407,349	$ 184,489	$ 15,131	$ 566,450	$ 7,846	$ 257,883	$ 26,352	$ 21,772	$ -	$ -	$ 3,487,272
Additions	-	882	1,576	133,708	-	19,426	125	253	45	2,940	158,955
Disposals	-	(9,476)	(1,836)	(5,908)	(1,790)	(6,625)	-	(1,237)	-	-	(26,872)
Reclassified to investment property	-	23,676	-	-	-	45	(23,676)	-	(45)	-	-
Consolidated changes	-	-	-	(77,014)	-	(1,224)	(516)	-	-	-	(78,754)
Effect of exchange rate changes	(24,104)	(5,697)	(1,142)	(707)	(152)	(3,174)	497	3,171	-	-	(31,308)
Balance at December 31, 2018	$ 2,383,245	$ 193,874	$ 13,729	$ 616,529	$ 5,904	$ 266,331	$ 2,782	$ 23,959	$ -	$ 2,940	$ 3,509,293
Accumulated depreciation											
Balance at January 1, 2018	$ 456,802	$ 109,497	$ 13,500	$ 478,413	$ 3,556	$ 226,324	$ 4,695	$ 18,833	$ -	$ -	$ 1,311,620
Depreciation expense	53,993	21,608	3,612	101,194	1,348	15,746	5,272	773	-	-	203,546
Disposals	-	(9,476)	(1,115)	(6,389)	(22)	(7,741)	-	(1,237)	-	-	(25,980)
Reclassified to investment property	-	2,762	-	-	-	-	(2,762)	-	-	-	-
Consolidated charges	-	-	-	(34,174)	-	(505)	(473)	-	-	-	(35,152)
Effect of exchange rate changes	(2,977)	2,466	(3,238)	1,551	(1,249)	(1,828)	(4,401)	1,078	-	-	(8,598)
Balance at December 31, 2018	$ 507,818	$ 126,857	$ 12,759	$ 540,595	$ 3,633	$ 231,996	$ 2,331	$ 19,447	$ -	$ -	$ 1,445,436

(Continued)

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Payable for purchases of Equipment	Total
Accumulated impairment											
Balance at December 31, 2018	$ -	$ -	$ -	$ 11,498	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,498
Balance at December 31, 2017 and January 1, 2018	$ 1,950,547	$ 74,992	$ 1,631	$ 76,539	$ 4,290	$ 31,559	$ 21,657	$ 2,939	$ -	$ -	$ 2,164,154
Carrying amounts at December, 2018	$ 1,875,427	$ 67,017	$ 970	$ 64,436	$ 2,271	$ 34,335	$ 451	$ 4,512	$ -	$ 2,940	$ 2,052,359

(Concluded)

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

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

Refer to Note 34 for the carrying amounts of property, plant and equipment that had been pledged by the Group to secure borrowings.

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 215,922
Buildings	25,098
Transportation equipment	894
	$ 241,914

	2019
Additions to right-of-use assets	$ 3,989
Depreciation charge for right-of-use assets	
Land	$ 6,859
Buildings	6,454
Transportation equipment	361
	$ 13,674

Income from the subleasing of right-of-use assets (presented in other income)	$ (1,093)

The other part of right-of-use assets-land in China is subleased by operating leases, and the relevant right-of-use assets are classified as investment properties. Please refer to Note 15.

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 11,885
Non-current	$ 230,251

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	2.39%
Buildings	1.575%-4.75%
Transportation equipment	1.575%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and dormitory, also leases transportation equipment for the use of business travel with lease terms of 2 to 50 years. Lease terms of land in the ROC is 20 years, the lease contract for land located in the ROC specifies that lease payments will be adjusted on the basis of changes in announced land value prices. Lease terms of land in China is 45-50 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings and transportation equipment at the end of the lease terms.

d. Subleases

Sublease of right-of-use assets - 2019

The Group subleases its right-of-use assets for buildings under operating leases with lease terms for 2 years

The maturity analysis of lease payments receivable under operating subleases was as follows:

	December 31, 2019
Year 1	$ 1,153

e. Other lease information

2019

	2019
Expenses relating to short-term leases	$ 11,343
Expenses relating to low-value asset leases	$ 2,282
Total cash outflow for leases	$ 30,995

The Group leases parking spaces and other leases which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 16,561
Later than 1 year and not later than 5 years	46,037
Later than 5 years	36,576
	$ 99,174

15. INVESTMENT PROPERTIES

	Completed Investment Properties	Right-of-use Assets	Total
Cost			
Balance at January 1, 2019	$ 1,400,135	$ -	$ 1,400,135
Adjustments on initial application of IFRS 16	-	102,702	102,702
Balance at January 1, 2019 as restated	1,400,135	102,702	1,502,837
Additions	1,488	-	1,488
Effect of acquisition of subsidiary	52,074	-	52,074
Effect of exchange rate differences	(52,690)	(3,835)	(56,525)
Balance at December 31, 2019	$ 1,401,007	$ 98,867	$ 1,499,874
Accumulated depreciation			
Balance at January 1, 2019	$ (360,821)	$ -	$ (360,821)
Depreciation expense	(71, 513)	(2,574)	(74,087)
Effect of acquisition of subsidiary	(14,691)	-	(14,691)
Effect of exchange rate differences	16,424	98	16,522
Balance at December 31, 2019	$ (430,601)	$ (2,476)	$ (433,077)
Balance at December 31, 2019, net	$ 970,406	$ 96,391	$ 1,066,797
Cost			
Balance at January 1, 2018	$ 1,435,061	$ -	$ 1,435,061
Additions	3,891		3,891
Disposals	(10,016)	-	(10,016)
Effect of exchange rate differences	(28,801)	-	(28,801)
Balance at December 31, 2018	$ 1,400,135	$ -	$ 1,400,135

(Continued)

	Completed Investment Properties	Right-of-use Assets	Total
Accumulated depreciation			
Balance at January 1, 2018	$ (296,010)	$ -	$ (296,010)
Depreciation expense	(72,240)	-	(72,240)
Effect of exchange rate differences	7,429	-	7,429
Balance at December 31, 2018	$ (360,821)	$ -	$ (360,821)
Balance at December 31, 2018	$ 1,039,314	$ -	$ 1,039,314

(Concluded)

The right-of-use assets in the investment properties are the use right of land signed by the Group and is subleased under operating lease. The lease terms of the investment properties are from 1 to 15 years, with extension option according to the original contract when exercising the renewal right. The lessee does not have the right of first refusal at the end of the lease period.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	$ 142,060
Year 2	61,643
Year 3	22,066
	$ 225,769

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

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

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	$ 226,650
Later than 1 year and not later than 5 years	568,499
Later than 5 years	581,826
	$ 1,376,975

The newly added investment properties of Lingyao Technology Co., Ltd. in Shenzhen, China were due to the merger of enterprises. The fair value of the investment properties is appraised by an independent valuation agency of non-related parties. Innolux Technology Co., Ltd. conducted a valuation by using income approach on September 2, 2019, and the important unobservable inputs used included discounted values. The fair value of the valuation is as follows:

	December 31, 2019
Fair value	$ 37,900

The fair value of the investment properties of SunMedia Technology had been determined on the basis of valuations carried out on December 31, 2018 and 2017 by Sichuan Zongli Real Estate Land Assets Evaluation Co., Ltd. The evaluation adopted the income approach, and the important unobservable input values used included the discounted value. The evaluated fair value is as follows:

	December 31	
	2019	2018
Fair value	$ 1,182,963	$ 1,267,909

The fair value of the investment properties of Sunplus Technology (Shanghai) Co., Ltd. had been determined on the basis of valuations carried out at the reporting dates by Suzhou Feng-Zheng valuation firm. The evaluation adopted the income approach, and the important unobservable input values used included the discounted value. The evaluated fair value is as follows:

	December 31	
	2019	2018
Fair value	$ 2,295,816	$ 2,471,410

16. INTANGIBLE ASSETS

	Year Ended December 31, 2019				
	Technology License Fees	Software	Patents	Goodwill	Total
Cost					
Balance at January 1	$ 778,507	$ 298,609	$ 114,504	$ 30,596	$ 1,222,216
Additions	55,525	20,069	-	-	75,594
Decrease	(23,509)	(6,026)	-	-	(29,535)
Reclassified	(350)	-	-	-	(350)
Effect of exchange rate differences	(924)	(52)	(10)	-	(986)
Balance at December 31	$ 809,249	$ 312,600	$ 114,494	$ 30,596	$ 1,266,939
Accumulated amortization					
Balance at January 1	$ 556,915	$ 270,852	$ 83,215	$ -	$ 910,982
Amortization expense	51,139	25,302	1,371	-	77,812
Decrease	(23,509)	(5,581)	-	-	(29,090)
Reclassified	(175)	-	-	-	(175)
Effect of exchange rate differences	(512)	(1,020)	4	-	(1,536)
Balance at December 31	$ 583,858	$ 289,553	$ 84,582	$ -	$ 957,993

(Continued)

	Year Ended December 31, 2019				
	Technology License Fees	**Software**	**Patents**	**Goodwill**	**Total**
Accumulated deficit					
Balance at January 1 and December 31	$ 111,136	$ -	$ 21,577	$ -	$ 132,713
Carrying amounts at December 31, 2018	$ 114,255	$ 23,047	$ 8,335	$ 30,596	$ 176,233

(Concluded)

	Year Ended December 31, 2018				
	Technology License Fees	**Software**	**Patents**	**Goodwill**	**Total**
Cost					
Balance at January 1	$ 762,432	$ 310,734	$ 114,510	$ 30,596	$ 1,218,272
Additions	66,784	24,736	-	-	91,520
Decrease	(20,568)	(22,271)	-	-	(42,839)
Effect of exchange rate differences	(500)	(3,439)	(6)	-	(3,945)
Consolidated changes	(29,641)	(11,151)	-	-	(40,792)
Balance at December 31	$ 778,507	$ 298,609	$ 114,504	$ 30,596	$ 1,222,216
Accumulated amortization					
Balance at January 1	$ 528,672	$ 275,297	$ 81,846	$ -	$ 885,815
Amortization expense	54,526	26,340	1,371	-	82,237
Decrease	(20,568)	(22,271)	-	-	(42,839)
Effect of exchange rate differences	(181)	(375)	(2)	-	(558)
Consolidated changes	(5,534)	(8,139)	-	-	(13,673)
Balance at December 31	$ 556,915	$ 270,852	$ 83,215	$ -	$ 910,982
Accumulated deficit					
Balance at January 1	$ 114,749	$ -	$ 21,577	$ -	$ 136,326
Consolidated changes	(3,613)	-	-	-	(3,613)
Balance at December 31	$ 111,136	$ -	$ 21,577	$ -	$ 132,713
Carrying amounts at December 31, 2018	$ 110,456	$ 27,757	$ 9,712	$ 30,596	$ 178,521

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

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

An analysis of depreciation by function”

	For the Year Ended December 31	
	2019	2018
Operating costs	$ -	$ 228
Selling and marketing expenses	106	110
General and administrative expenses	5,894	6,743
Research and development expenses	71,812	75,156
	$ 77,812	$ 82,237

17. OTHER ASSETS

	December 31	
	2019	2018
Current		
Other financial assets		
Pledged time deposits (a)	$ 119,920	$ 153,575
Other assets		
Prepayments for EDA tools	$ 16,787	$ 17,194
Finance lease payables (c)	-	2,756
Others	72,130	71,371
	$ 88,917	$ 91,321
Non-current		
Other financial assets		
Pledged time deposits (a)	$ 10,899	$ 10,943
Time deposits (b)	129,150	116,272
	$ 140,049	$ 127,215
Other assets		
Refundable deposits	$ 6,247	$ 7,749
Finance lease payables (c)	-	102,175
Prepaid long-term investment	-	30,001
Others	7,800	7,800
	$ 14,047	$ 147,725

a. Refer to Note 34 for information on pledged time deposits.

b. Generalplus Shenzhen invested RMB30,000 thousand and RMB26,0000 thousand in long-term certificates of deposit with the bank in December 31, 2019 and December 31, 2018 (for durations of three years). The interest rates for such certificates of deposit are at fixed rates.

c. The amounts of the Group’s finance lease payables for right of use assets - Land in China as of December 31, 2018 was $104,931 thousand, respectively.

18. LOANS

Short-term borrowings

	December 31	
	2019	2018
Secured borrowings		
Bank loans	$ 120,130	$ 122,769
Unsecured borrowings		
Bank loans	203,496	188,446
	$ 323,626	$ 311,215

The weighted average effective interest rates for bank loans from January 1, 2019 to December 31, 2019 and from January 1, 2018 to December 31, 2018 were 1.745%-3.000% and 2.500%-3.594% per annum, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	December 31	
			2019	2018
Floating rate borrowings				
Unsecured bank borrowings	2019.10.14	Originally repaid in July 2016, extended to October 2019. The loan was settled in advance on September 10, 2019.	$ -	$ 135,046
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016, the loan was repaid on maturity	-	100,000
Unsecured bank borrowings	2019.2.14	Repayable quarterly from February 2014, the loan was repaid on maturity	-	15,000
			-	250,046
Less: Current portion			-	250,046
Long-term borrowings			$ -	$ -

The effective borrowing rates as of December 31, 2018 were 1.545%-3.959%.

According to the loan contract, the consolidated financial statements of the company for 107 are limited by current ratio, debt ratio, interest guarantee multiple. However, the Company’s inability to meet the ratio requirements would not be deemed as a violation of the contracts. As of 2018, the Company was in compliance with these financial ratio requirements.

19. TRADE PAYABLES

	December 31	
	2019	2018
Accounts payable		
Payable - operating	$ 352,155	$ 484,810

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

20. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other payables		
Salaries or bonuses	$ 299,871	$ 299,445
Payable for royalties	46,676	42,261
Compensation due to directors	46,467	59,190
Commissions payable	31,540	39,772
Labor/health insurance	26,629	29,424
Refund liabilities	21,971	14,796
Payables for labor	6,105	6,403
Payables for purchases of equipment	5,552	8,088
Receipt in advance	3,028	3,767
Others	88,262	69,400
	$ 576,101	$ 572,546
Deferred revenue		
Deferred revenue		
Arising from government grants (Note 27)	$ 1,568	$ 1,629
Non-current		
Other payable		
Long-term payables	$ 4,470	$ -
Payables for purchases of equipment	3,198	2,376
Decommissioning liabilities	889	889
	$ 8,557	$ 3,265
Deferred revenue		
Arising from government grants (Note 27)	$ 58,015	$ 61,894

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation and Jumplux Technology of the Group had a defined benefit pension plan under the Labor Standards Law. 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 Group 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. 1090003642 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, 2020 to December 31, 2020.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	**2018**
Present value of funded defined benefit obligation	$ 267,360	$ 268,025
Fair value of plan assets	(204,475)	(188,770)
Net liabilities arising from defined benefit obligation	$ 62,885	$ 79,255

Movements in net defined benefit liabilities were as follows:

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2018	$ 290,833	$ 191,869	$ 98,964
Service cost			
Current service cost	789	-	789
Net interest expense (income)	3,587	2,513	1,074
Recognized gain and loss	4,376	2,513	1,863
Remeasurement			
Return on plan assets	-	4,596	(4,596)
Actuarial (gain) loss-experience adjustment	(4,068)	-	(4,068)
Actuarial (gain) loss-changes in demographic assumptions	(53)	-	(53)
Actuarial loss-changes in financial assumptions	5,222	-	5,222
Recognized in other comprehensive income	1,101	4,596	(3,495)
Contributions from the employer	-	5,932	(5,932)
Consolidated changes	(24,373)	(8,609)	(15,764)
Liabilities extinguished on settlement	(3,912)	(7,531)	3,619
Balance at December 31, 2018	$ 268,025	$ 188,770	$ 79,255

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	$ 268,025	$ 188,770	$ 79,255
Service cost			
Current service cost	805	-	805
Net interest expense (income)	3,051	2,212	839
Recognized gain and loss	3,856	2,212	1,644
Remeasurement			
Return on plan assets	-	6,223	(6,223)
Actuarial (gain) loss-experience adjustment	(2,387)	-	(2,387)
Actuarial (gain) loss-changes in demographic assumptions	47	-	47
Actuarial loss-changes in financial assumptions	3,602	-	3,602
Recognized in other comprehensive income	1,262	6,223	(4,961)
Contributions from the employer	-	13,053	(13,053)
Benefit paid	(5,783)	(5,783)	-
Balance at December 31, 2019	$ 267,360	$ 204,475	$ 62,885

(Concluded)

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

	For the Year Ended December 31	
	2019	2018
Operating costs	$ 155	$ 215
Selling and marketing expenses	176	234
General and administrative expenses	431	453
Research and development expenses	936	904
Net liability arising from defined benefit obligation	$ 1,698	$ 1,806

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2019	2018
Discount rate(s)	0.80%-1.00%	1.10%-1.20%
Expected rate(s) of salary increase	4.00%-5.00%	4.00%-5.00%
Resignation rate	0%-28%	0%-28%

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

	December 31, 2019	December 31, 2018
Discount rate(s)		
0.25% increase	$ (7,703)	$ (8,405)
0.25% decrease	$ 8,014	$ 8,761
Expected rate(s) of salary increase		
1% increase	$ 32,682	$ 35,932
1% decrease	$ (28,567)	$ (31,147)

The sensitivity analysis presented above 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 would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	2018
Expected contributions to the plan for the next year	$ 4,024	$ 9,106
Average duration of the defined benefit obligation	13-16 years	14-17 years

22. EQUITY

a. Share capital

1) Ordinary shares:

	December 31	
	2019	2018
Number of shares authorized (in thousands)	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000
Number of shares issued and fully paid (in thousands)	591,995	591,995
Shares issued	$ 5,919,949	$ 5,919,949

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

Of the Group’s authorized shares, 80,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options.

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand ordinary shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of December 31, 2019, the outstanding 175 thousand units of GDRs represented 350 thousand ordinary shares.

b. Capital surplus

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Arising from the issuance of ordinary shares	$ 196,095	$ 409,213
Arising 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	140,184	140,022
May be used to offset a deficit only		
From treasury share transactions	45,239	43,958
Changes in net equity of associates or joint ventures accounted for using the equity method	55,491	50,782
	$ 594,432	$ 801,398

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, Sunplus shall appropriate from annual net income less any accumulated deficit: (a) 10% as legal reserve; and (b) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than deficit.

Under the approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions, plus the prior years' unappropriated earnings may be distributed as additional dividends. Sunplus' policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT$0.5 per share.

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained earnings. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 24-g.

Appropriation of earnings to 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 Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriations from the 2019 and 2018 earnings were approved at the shareholders' meetings in June 10, 2019 and on June 11, 2018, respectively. The appropriations, including dividends, were as follows:

	Appropriation of Earnings	
	For Year 2018	**For Year 2017**
Legal reserve	$ 562	$ 41,321
Special reserve	$ 241,173	$ 44,284
Cash dividend	$ -	$ 327,551
Cash dividend per share (NT$)	$ -	$ 0.5533

The Company's shareholders also proposed in the shareholders' meeting on June 10, 2019 and June 11, 2018 to issue cash dividends from capital surplus of $213,118 and $86,846 thousand, respectively.

The appropriation of earnings for 2019 is subject to resolution in the shareholders' meeting to be held on June 12, 2020.

d. Special reserve

	For the Year Ended December 31	
	2019	**2018**
Beginning at January 1	$ 62,279	$ 22,995
Appropriations to the special reserve	241,173	44,284
Balance at December 31	$ 308,452	$ 67,279

e. Other equity items

1) Foreign currency translation reserve:

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (138,875)	$ (122,100)
Exchange differences on translating foreign operations	(75,511)	(13,871)
Share of exchange differences of associates accounted for using equity method	(4,394)	(2,904)
Balance at December 31	$ (218,780)	$ (138,875)

2) Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (303,968)	$ (230,011)
Current		
Unrealized gain (loss)	(20,881)	(104,028)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	279,514	37,070
Share of unrealized gain (loss) on associates accounted for using the equity method	3,089	(6,999)
Balance at December 31	$ (42,246)	$ (303,968)

f. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 1,401,664	$ 1,677,049
Attributable to no controlling interests:		
Share of profit for the year	159,443	136,707
Exchange difference on translation foreign operations	(9,377)	(4,190)
Unrealized gain (loss) on financial assets at FVTOCI	(563)	343
Actuarial gains on defined benefit plans	225	(1,165)
Distribution of dividends by subsidiaries	(157,520)	(169,798)
Non-controlling interests related to outstanding vested share options held by the employees of subsidiaries	-	37
Disposal of subsidiaries (Note 29)	-	(229,844)
Others	286	(8,953)
Balance at December 31	$ 1,394,158	$ 1,401,664

g. Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares as of January 1, 2018	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2018	-	3,560	3,560
Number of shares as of January 1, 2019	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2019	-	3,560	3,560

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

Name of Subsidiary	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
December 31, 2019			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 48,238
December 31, 2018			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,050

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

23. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers	$ 5,110,744	$ 5,663,059
Rental income from property	265,330	199,184
Other	136,256	215,490
	$ 5,512,330	$ 6,077,733

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 mainly come from software development.

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 9)	$ 832,633	$ 954,030	$ 1,197,626
Contract liabilities - current	$ 24,912	$ 7,511	$ -

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

For the Year Ended December 31, 2018

	Reportable Segments	
	Direct Sales	
	2018	2018
Primary geographical markets		
Asia	$ 3,499,818	$ 4,065,798
Taiwan	1,956,236	1,909,863
Others	59,276	102,072
	$ 5,512,330	$ 6,077,733
Timing of revenue recognition		
Satisfied at a point in time	$ 5,236,136	$ 5,860,179
Satisfied over time	276,194	217,554
	$ 5,512,330	$ 6,077,733

24. NET PROFIT

Net profit included the following items:

a. Other income

	For the Year Ended December 31	
	2019	2018
Interest income	$ 24,578	$ 22,896
Dividend income	28,815	26,982
Subsidy income	19,294	1,661
Others	83,429	64,924
	$ 156,116	$ 116,463

b. Other gains and losses

	For the Year Ended December 31	
	2019	2018
Net gain (loss) on financial assets and liabilities		
Net gain (loss) on financial assets designated as at FVTPL (Note 7)	$ 17,879	$ 67,736
Net foreign exchange loss	(27,640)	(15,895)
Gain on disposal of subsidiary/associates	(43)	182,621
Others	10,931	11,540
	$ 1,127	$ 246,002

c. Finance costs

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	$ 15,721	$ 21,239
Interest on lease liabilities	5,674	-
Other finance costs	3,454	2,584
	$ 24,849	$ 23,823

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 81,393	$ 79,758
Operating expenses	201,161	196,028
	$ 282,554	$ 275,786
An analysis of amortization by function		
Operating costs	$ -	$ 228
Operating expenses	77,812	82,009
	$ 77,812	$ 82,237

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses from investment property that generated rental income	$ 77,547	$ 76,191

f. Employee benefit expense

	For the Year Ended December 31	
	2019	2018
Short-term benefits	$ 1,494,942	$ 1,716,303
Post-employment benefits		
Defined contribution plans	45,278	56,066
Defined benefit plans (Note 21)	1,698	1,806
Other employee benefits	46,976	57,872
Share-based payments		
Equity-settled	-	37
Other employee benefits	28,171	28,418
Total employee benefit expense	$ 1,570,089	$ 1,802,630
An analysis of employee benefit expense by function		
Operating costs	$ 97,707	$ 136,269
Operating expenses	1,472,382	1,666,361
	$ 1,570,089	$ 1,802,630

g. Employees’ compensation and remuneration of directors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which have been approved by the Company's board of directors on March 30, 2020 and March 20, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	For the Year Ended December 31			
	2019		**2018**	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 206	$ -	$ 80	$ -
Remuneration of directors	309	-	119	-

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

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on exchange rate changes

	For the Year Ended December 31	
	2019	**2018**
Exchange rate gains	$ 87,093	$ 140,569
Exchange rate losses	(114,733)	(156,464)
	$ (27,640)	$ (15,895)

25. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 90,323	$ 86,720
Adjustments for prior periods	(22,355)	(24,496)
Consolidated changes	-	(1,518)
	67,968	60,706
Deferred tax		
In respect of the current year	1,500	961
Income tax expense recognized in profit or loss	$ 69,468	$ 61,667

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

	Years Ended December 31	
	2019	2018
Profit before tax	$ 244,220	$ 203,990
Income tax expense at the 17% statutory rate	$ 48,844	$ 40,798
Different statutory rate in other jurisdictions	2,344	1,710
Tax effect of adjusting items:		
Nondeductible expenses in determining taxable income	3,163	(11,962)
Temporary differences	(11,475)	(22,380)
Unrecognized temporary differences	(419)	(885)
Current investment credit	(6,650)	-
Effects of consolidated income tax filing	(42)	(47)
Current income tax expense	35,765	7,234
Deferred income tax expense		
Temporary differences	1,500	961
Unrecognized loss carryforwards	49,771	77,806
Adjustments for prior years' tax	(22,355)	(24,496)
Foreign income tax expense	4,787	1,680
Consolidated changes	-	(1,518)
Income tax expense recognized in profit or loss	$ 69,468	$ 61,667

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Current tax assets and liabilities

	December 31 2019	December 31 2018
Current tax assets		
Tax refund receivable (classified as other receivable)	$ 516	$ 871
Prepaid income tax (classified as other current assets)	24	-
	$ 540	$ 871
Current tax liabilities		
Income tax payable	$ 52,169	$ 56,972

c. Deferred tax assets and liabilities

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

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

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized loss on inventories	$ 12,102	$ 18	$ 12,120
Fixed assets	4,063	884	4,947
Unrealized sales	675	208	883
Exchange (gains) losses	(1,003)	777	(226)
Other	14,417	(3,387)	11,030
	$ 30,254	$ (1,500)	$ 28,754

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized loss on inventories	$ 19,913	$ (7,811)	$ 12,102
Fixed assets	864	3,199	4,063
Unrealized sales	658	17	675
Exchange (gains) losses	(924)	(79)	(1,003)
Other	10,704	3,713	14,417
	$ 31,215	$ (961)	$ 30,254

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

	December 31	
	2019	2018
Loss Carryforwards		
Expiry in 2019	$ -	$ 257,108
Expiry in 2020	251,700	251,700
Expiry in 2021	535,328	551,637
Expiry in 2022	536,364	536,364
Expiry in 2023	1,467,084	1,467,084
Expiry in 2024	65,199	65,199
Expiry in 2025	49,489	49,489
Expiry in 2026	55,551	55,551
Expiry in 2027	88,194	88,194
Expiry in 2028	130,320	130,320
Expiry in 2029	75,674	-
	$ 3,254,903	$ 3,452,646
Deductible temporary differences	$ 113,956	$ 177,411

e. Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2019 pertaining to Sunplus:

Unused Amount	Expiry Year
$ 211,457	2020
322,509	2021
394,894	2022
1,144,831	2023
24,228	2027
19,642	2029
$ 2,117,561	

Loss carryforwards as of December 31, 2019 pertaining to Sunplus Venture:

Unused Amount	Expiry Year
$ 17,891	2020
4,863	2022
92,197	2023
$ 114,951	

Loss carryforwards as of December 31, 2019 pertaining to Lin Shin:

Unused Amount	Expiry Year
$ 39,908	2023

Loss carryforwards as of December 31, 2019 pertaining to Sunext:

Unused Amount **Expiry Year**

$ 103,779	2021
100,760	2022
159,490	2023
31,147	2024
975	2025
$ 396,151	

Loss carryforwards as of December 31, 2019 pertaining to Sunplus mMedia:

Unused Amount	Expiry Year
$ 22,352	2020
109,040	2021
35,847	2022
30,658	2023
29,360	2024
27,164	2025
11,155	2026
9,369	2027
57,427	2028
25,066	2029
$ 357,438	

Loss carryforwards as of December 31, 2019 pertaining to Jumplux:

Unused Amount	Expiry Year
$ 4,692	2024
21,350	2025
44,396	2026
54,597	2027
72,893	2028
30,966	2029
$ 228,894	

The income from the following projects is exempt from income tax for five years. The related tax-exemption periods are as follows:

Project	Tax Exemption Period
Sunplus	
Fourteenth expansion	January 1, 2015 to December 31, 2019
Fifteenth expansion	January 1, 2015 to December 31, 2019

f. Income tax assessments

The income tax returns of Sunplus, Sunplus mMobile, Generalplus, Sunplus Innovation, Sunext, Sunplus mMedia, Sunplus management Consulting, Wei-Yough, Lin Shih, Sunplus Venture and Jumplus through 2017 had been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2019	**2018**
Basic gain per share	$ 0.03	$ 0.01
Diluted earnings per share	$ 0.03	$ 0.01

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

	Years Ended December 31	
	2019	**2018**
Profit for the year attributable to owners of the Company	$ 15,309	$ 5,616
Effect of potentially dilutive ordinary shares		
Bonuses for employees	-	-
Earnings used in the computation of diluted EPS from continuing operations	$ 15,309	$ 5,616

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

	For the Year Ended December 31	
	2019	**2018**
Weighted average number of ordinary shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential ordinary shares:		
Bonuses issued to employees	16	60
Weighted average number of ordinary shares used in the computation of diluted earnings per share	588,451	588,495

If the Company offered to settle bonus or remuneration to employees in cash or shares. If the Company decides to use shares in settling the entire amount of the bonus or remuneration the resulting potential shares will be included in the weighted average number of shares outstanding to be used in computation of diluted earnings per share, if the effect is dilutive. This dilutive effect of the potential shares will be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is determined in the following year.

27. GOVERNMENT GRANTS

In August 2013, Sun Media Technology Co., Ltd. received a government grant amounting to RMB16,390 thousand ($79,213 thousand) for the purchase of land on which to build a plant. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset.

The total revenue recognized as profit for the years ended December 31, 2019 and 2018 was $1,629 and $1,661 thousand, respectively.

28. CONSOLIDATION OF SUBSIDIARR

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Worldplus and its subsidiaries	Investment, development of computer software, system integration services and building rental	September 2, 2019	100	$ 112,669

b. Consideration transferred

	Worldplus and Its Subsidiaries
Cash	$ 112,669

c. Assets acquired and liabilities assumed at the date of acquisition

	Worldplus and Its Subsidiaries
Current assets	
Cash and cash equivalents	$ 64,454
Trade and other receivables	428
Non-current assets	
Property, plant and equipment	377
Construction in progress	17,088
Investment properties	37,383
Current liabilities	
Trade and other payables	(2,303)
Long-term payables	(4,758)
	$ 112,669

d. Net cash outflow on the acquisition of subsidiaries

	Worldplus and Its Subsidiaries
Consideration paid in cash	$ 112,669
Less: Cash and cash equivalent balances acquired	(64,454)
	$ 48,215

e. Impact of acquisitions on the results of the Group

The results of Worldplus and its subsidiary since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	Worldplus and Its Subsidiaries
Net revenue	$ 2,053
Net profit	$ (2,582)

If the merger of Worldplus and its subsidiaries occurred on January 1, 2019, the Japanese company's proposed operating income and proposed operating net loss were $5,516,431 and $728,250, respectively, from January 1 to December 31, 2019. It is reflected that the actual revenue and operating results of the Company should not be used as a predictor of future operating results. The original accounting treatment of Worldplus and its subsidiaries is only tentative on the balance sheet date. For the purpose of taxation, the tax base of Worldplus and its subsidiaries' assets is subject to re-determination based on the market value of such assets and the taxable value of the company's management.

In determining the pro-forma revenue and profit of the Group had Worldplus and its subsidiaries been acquired at the beginning of the financial year, the management considered the following:

1) The fair values of property, plant and equipment, rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination, were used as a basis for the depreciation of property, plant and equipment.

29. DISPOSAL OF SUBSIDIARIES

2019

The Group completed the liquidation on its subsidiary, Han Young Technology Co., Ltd. on November 15, 2019.

a. Analysis of assets amd liabilities from liquidation

	Hanyang Technology Co., Ltd.
Current assets	
Cash and cash equivalents	$ 2,481
Other receivables	7
Non-current assets	
Property, plant and equipment	29
Refundable deposits	55
Current liabilities	
Others	(29)
Net assets disposed of	$ (2,543)

b. Loss on liquidation of subsidiaries

	Hanyang Technology Co., Ltd.
Collection price of investments accounted	$ 1,737
Net assets disposed of	(2,543)
Non-controlling interests	763
Loss on disposal	$ 43

c. Net cash inflow on liquidation of subsidiaries

	Hanyang Technology Co., Ltd.
Consideration received in cash and cash equivalents	$ 1,737
Less: Cash and cash equivalent balances disposed of	(2,481)
	$ (744)

2018

In March 2018, the Company did not participate in the capital increase in cash of Sunplus Technology Xiamen Xm-plus in accordance with the shareholding ratio, resulting in the company's shareholding ratio decreasing from 100% to 45%, and the number of directors was less than half the usual number, hence the control of Sunplus Technology Xiamen Xm-plus was lost. In addition, iCatch Technology has independently operated its financial activities on July 31, 2018, so the Company assessed it has lost control.

a. Analysis of assets and liabilities on the date control was lost

	Sunplus Technology Xiamen Xm-plus	iCatch Technology
Current assets		
Cash and cash equivalents	$ 187	$ 159,384
Accounts receivables	-	130,898
Inventories	971	205,200
Other receivables	63	5,686
Other current assets	1,009	94,941
Non-current assets		
Property, plant and equipment	595	43,007
Intangible assets	77	25,427
Refundable deposits	-	1,674
Deferred income tax - non-current	-	1,518
Current liabilities		
Trade payables	(170)	(148,922)
Accrued expenses	-	(28,812)
Other current liabilities	(20,710)	(606)
Accrued pension liabilities	-	(15,533)
Deposits received	-	(33,053)
Contract liabilities	-	(19,637)
Net liabilities disposed of	$ (17,978)	$ 421,172

b. Gain on disposal of subsidiaries

	Sunplus Technology Xiamen Xm-plus	iCatch Technology
Collection price of investments accounted for using the equity method	$ 9,294	$ 335,164
Disposed of net liabilities (assets)	17,978	(421,172)
Reclassification of net assets and related hedging instruments to accumulated exchange differences on profit (loss) due to loss of control of subsidiaries	(211)	-
Non-controlling interests	-	229,844
Gain on disposals	$ 27,061	$ 143,836

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Sunplus purchased Jumplux Technology's issuance of ordinary shares for cash on July, 2018, resulting in an increase in the overall shareholding ratio from 95.00% to 97.08%.

Sunplus Shanghai Company purchased Yrip Technology’s issuance of ordinary shares for cash on August, 2018, resulting in an increase in the overall shareholding ratio from 83.40% to 90.71%.

Lingyang Company repurchased its equity from the external shareholders of Sunext Company from October to December, 2018, resulting in an increase in the overall shareholding ratio from 74.15% to 91.40%.

From January to March, April and September, 2019, Sunplus purchased the equity from the external shareholders of Sunext Technology Co., Ltd. increasing its controlling interest from 91.40% to 91.47%, 91.47% to 91.53% and 91.53% to 92.55%, respectively.

In February, May and December, 2019, Giant Rock subscribed for the capital increase in cash of Sunplus App Technology, increasing its controlling interest from 93.33% to 95.00%, 95.00% to 95.65% and 95.65% to 96.16%.

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

2019

	Sunext Technology Co., Ltd.	Sunplus App Technology
Cash consideration paid	$ (2,184)	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	2,346	(3,394)
Differences recognized from equity transactions	$ 162	$ (3,394)

	Sunext Technology Co., Ltd.	Sunplus App Technology	Total
Line items adjusted for equity transactions			
Unappropriated earnings	$ -	$ (3,394)	$ (3,394)
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition			
Retained earnings	162	-	162
	$ 162	$ (3,394)	$ (3,232)

2018

	Jumplux Technology	Ytrip Technology Co., Ltd.	Sunext Technology Co., Ltd.
Cash consideration paid	$ -	$ -	$ (31,571)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(3,667)	(18,747)	31,300
Reattribution of other equity to (from) non-controlling interests			
Exchange differences on translating the financial statements of foreign operations	-	212	-
Differences recognized from equity transactions	$ (3,667)	$ (18,535)	$ (271)

	Jumplux Technology	Ytrip Technology Co., Ltd.	Sunext Technology Co., Ltd.	Total
Line items adjusted for equity transactions				
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (3,667)	$ (18,535)	$ -	$ (22,202)
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual	-	-	(271)	(271)

disposal or acquisition				
	$ (3,667)	$ (18,535)	$ (271)	$ (22,473)

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group 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 Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity) attributable to owners of the Group.

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

32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 1,062,811	$ -	$ -	$ 1,062,811
Listed shares and emerging market shares in the ROC and other countries	75,715	-	-	75,715

(Continued)

	Level 1	Level 2	Level 3	Total
Unlisted shares and emerging market shares in the ROC and other countries	$ 7,864	$ -	$ 696,471	$ 74,335
Securities listed in the ROC and other countries - CB	15,123	-	-	15,123
Private funds	-	-	260,140	260,140
	$ 1,161,513	$ -	$ 956,611	$ 2,118,124
Financial assets at FVTOCI				
Listed shares and emerging market shares in the ROC	$ 90,472	$ -	$ -	$ 90,472
Unlisted shares and emerging market shares in the ROC and other countries	18,680	-	80,235	98,915
	$ 109,152	$ -	$ 80,235	$ 189,387

(Concluded)

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 1,356,100	$ -	$ -	$ 1,356,100
Listed shares and emerging market shares in the ROC and other countries	44,183	-	-	44,183
Unlisted shares and emerging market shares in the ROC and other countries	-	-	462,387	462,387
Securities listed in the ROC - CB	28,718	-	-	28,718
Private funds	-	-	160,226	160,226
	$ 1,429,001	$ -	$ 622,613	$ 2,051,614
Financial assets at FVTOCI				
Listed shares and emerging market shares in the ROC	$ 78,246	$ -	$ -	$ 78,246
Unlisted shares and emerging market shares in the ROC and other countries	17,320	-	110,671	127,991
Private funds	-	-	39,971	39,971
	$ 95,566	$ -	$ 150,642	$ 246,208

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, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2019	$ 662,584	$ 110,671	$ 773,255
Recognized in profit or loss	(25,062)	-	(25,062)
Recognized in other comprehensive income	-	(35,402)	(35,402)
Purchases	328,054	-	328,054
Disposals and proceeds from return of capital of investments	(5,963)	(24,604)	(30,567)
Reclassified	-	30,001	30,001
Effect of exchange rate changes	(3,002)	(431)	(3,433)
Balance at December 31, 2019	$ 956,611	$ 80,235	$ 1,036,846

For the Year Ended December 31, 2018

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2018	$ 442,888	$ 171,568	$ 614,456
Recognized in profit or loss	16,345	-	16,345
Recognized in other comprehensive income	-	(78,319)	(78,319)
Purchases	315,443	35,894	351,337
Disposals	(111,996)	(4,930)	(116,926)
Transfers out of Level 3	-	(13,593)	(13,593)
Effect of exchange rate changes	(96)	51	(45)
Balance at December 31, 2018	$ 622,584	$ 110,671	$ 773,255

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

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

	December 31	
	2019	2018
Price-to-book ratio	1.85-4.42	0.66-4.16
Price-to-sales ratio	2.27-6.37	0.69-7.52
Discount for lack of marketability	10%-20%	10%-30%

b) The fair values of unlisted shares and emerging market shares were determined using the asset-based approach. The Group assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Group assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.

c) The fair values of unlisted shares and emerging market shares were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or a decrease in the weighted average cost of capital (WACC) or discount for lack of marketability used in isolation would result in increases in fair value.

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Fair value through profit or loss (FVTPL)	$ 2,118,124	$ 2,051,614
Financial assets at amortized cost (i)	4,147,636	4,549,250
Financial assets at fair value through other comprehensive income		
Equity instruments	189,387	246,208
Financial liabilities		
Measured at amortized cost (ii)	889,360	1,276,248

i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, note and trade receivables, other financial assets and refundable deposit.

ii) The balances included financial liabilities measured at amortized cost, which comprised short-term and long-term loans, note and trade payables, long-term liabilities -current portion and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, convertible notes, trade receivable, trade payables, bonds payable and borrowings. The Group'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 Group 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 Group's risk management committee.

1) Market risk

The Group'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 Group 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 Group’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 Group considers the cost of the hedging instrument and the hedging period.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were refer to Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

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

	USD Impact	
	Years Ended December 31	
	2019	2018
Profit or loss	$ (18,017)	$ (9,525)

	RMB Impact	
	Years Ended December 31	
	2019	2018
Profit or loss	$ 244	$ (107)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group 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 Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2019	2018
Fair value interest rate risk		
Financial assets	$ 2,505,022	$ 2,025,410
Financial liabilities	565,762	311,215
Cash flow interest rate risk		
Financial assets	769,506	1,367,150
Financial liabilities	-	250,046

Sensitivity analysis

The sensitivity analyses below were determined based on the Group'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.

Had interest rates increased/decreased by 0.125% and all other variables held constant, the Group's post-tax profit for the years ended December 31, 2019 and 2018 would increase/decrease by $962 thousand and $1,396 thousand, respectively.

c) Other price risk

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

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

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by $21,181 and $20,516 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by $1,894 and $2,462 thousand, respectively.

2) Credit risk

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

In order to minimize credit risk, the management of the Group 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 Group 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 Group consider that the Group'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 Group's concentration of credit risk of 75% and 59% in total trade receivables as of December 31, 2019 and 2018, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Group had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest risk rate tables

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

December 31, 2019

	On Demand or Less than 1 Month	**1-3 Months**	**More than 3 Months to 1 Year**	**Over 1 Year to 5 Years**	**5+ Years**
Nonderivative financial liabilities					

Non-interest bearing	$ 271,434	$ 172,191	$ -	$ -	$ -
Lease liabilities	1,414	3,109	13,074	58,541	266,450
Fixed interest rate liabilities	179,756	23,984	120,130	4,922	142,928
	$ 452,604	$ 199,284	$ 133,204	$ 63,463	$ 409,378

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 17,597	$ 60,032	$ 49,046	$ 49,046	$ 43,896	$ 122,971

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative financial liabilities					
Non-interest bearing	$ 274,169	$ 85,001	$ 561,988	$ 38,504	$ 63,523
Lease liabilities	105	15,000	235,046	-	-
Fixed interest rate liabilities	117,896	-	193,361	7,685	152,292
	$ 392,170	$ 100,001	$ 990,395	$ 46,189	$ 215,815

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank overdraft facility, review annually and payable on demand		
Amount used	$ 323,416	$ 561,504
Amount unused	4,515,381	4,479,716
	$ 4,838,797	$ 5,041,220

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Name and relationship of related parties

Name	Relationship with the Group
Global View Co., Ltd.	Associate
Beijing Golden Global View Co., Ltd.	Associate (Note 1)
iCatch Technology, Inc.	Associate (Note 2)
AutoSys Co., Ltd.	Associate (Note 3)

Note 1: It is an associate of the Company; subsidiary of Global View Co., Ltd.

Note 2: On July 31, 2018, the Company assessed that it had lost control of iCatch Technology, Inc.; therefore, it is classified as an associate.

Note 3: It is an associate of the company; subsidiary of AutoSys Co., Ltd.

b. Sales of goods

		For the Year Ended December 31	
Line Items	Related Party Categories	2019	2018
Sales	Associates	$ 54,712	$ 51,833

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

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

		December 31	
Account Item	Related Party	2019	2018
Trade receivables	Associates	$ 11,645	$ 17,941
Other trade receivable	Associates	$ 280	$ 1,358

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

	December 31

Account Item	Related Parties Types	2019	2018
Refundable deposits	Associates	$ -	$ 871
Deposits received	Associates	$ -	$ 393
Operating expenses	Associates	$ 139	$ 4,539
Non-operating income and expenses	Associates	$ 10,228	$ 9,009

Administrative 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.

e. Compensation of key management personnel

	For the Years Ended December 31	
	2019	2018
Short-term employee benefits	$ 50,100	$ 61,183
Post-employment benefits	1,297	1,562
	$ 51,397	$ 62,745

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

34. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2019	2018
Buildings, net	$ 595,735	$ 615,136
Pledged time deposits (classified as other financial assets, including current and non-current)	130,819	164,518
	$ 726,554	$ 779,654

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

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

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 44,893	29.980	$ 1,345,892
CNY	1,399	4.305	6,023
JPY	391	0.276	108
HKD	173	3.849	666
GBP	3	39.360	118
EUR	1	33.590	34
Nonmonetary items			
USD	28	30.620	848
CHF	734	30.925	22,705
Financial liabilities			
Monetary items			
USD	26,876	29.980	805,742
CNY	1,643	4.305	7,073
JPY	241	0.276	67

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 42,724	30.715	$ 1,312,268
CNY	2,388	4.472	10,679
JPY	352	0.278	98
HKD	152	3.921	596
GBP	3	38.880	117
EUR	1	35.200	35
Nonmonetary items			
USD	28	30.715	848
CHF	786	31.190	24,513
Financial liabilities			
Monetary items			
USD	33,199	30.715	1,019,707
CNY	2,281	4.472	10,201

The foreign currency exchange loss and gain (realized and unrealized) were amounted to $27,640 thousand and $15,895 thousand for the ended December 31, 2019 and 2018, respectively. Due to the diversity of the functional currencies of the Group, it is unable to disclose foreign currency with significant influence.

36. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required for the Group and its investees by the Securities and Futures Bureau:

1) Financings provided: Table 1 (attached)

2) Endorsement/guarantee provided: Table 2 (attached)

3) Marketable securities held: Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Tables4 (attached)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: No.

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: No.

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: No.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: No.

9) Trading in derivative instruments: No.

10) Intercompany relationships and significant intercompany transactions: Table 5 (attached)

11) Information on investee: Table 6 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 8)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

Except for Table 1 to Table 8, there's no further information about other significant transactions.

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Group reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by sub segment and operating results for the years ended December 31, 2019 and 2018 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2019 and 2018 are shown in the accompanying consolidated balance sheets.

a. Segment revenues and results

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

	Segment Revenue For the Year Ended December 31	
	2019	2018
IC design	$ 5,111,744	$ 5,663,059
Income from lease of property, plant, and equipment	265,330	199,184
Other income	136,256	215,490
	$ 5,512,330	$ 6,077,733

b. Geographical information

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

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

	Revenue from External Customers For the Year Ended December 31		Non-current Assets For the Year Ended December 31	
	2019	2018	2019	2018
Asia	$ 3,499,818	$ 4,067,191	$ 2,159,216	$ 2,192,346
Taiwan	1,956,236	1,908,470	1,294,531	1,077,848
Others	56,276	102,072	-	-
	$ 5,512,330	$ 6,077,733	$ 3,453,747	$ 3,270,194

Non-current assets exclude non-current assets held for sale, financial instruments, deferred tax assets, post-employment benefits assets, and assets result from insurance contracts.

c. Information about major customers

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

	For the Year Ended December 31	
	2019	2018
Customer A	$ 844,237	$ 763,906
Customer B	651,715	652,318
Customer C	Note	622,701

Note: The amount of revenue does not reach 10% of the company’s net revenue.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	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		
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	$ 91,300	$ -	$ -	1.8%	Note 1	$ -	Note 2	$ -	-	$ -	$ 256,983 (Note 8)	$ 256,983 (Note 8)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	25,108	12,522	12,522	1.8%	Note 1	-	Note 3	12,522	-	-	21,415 (Note 9)	42,830 (Note 9)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	335,477	261,077	261,077	2.05%	Note 1	-	Note 4	-	-	-	455,427 (Note 10)	455,427 (Note 10)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	293,926	232,426	232,426	2.05%	Note 1	-	Note 5	-	-	-	419,740 (Note 11)	419,740 (Note 11)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	39,354	39,354	1.8%	Note 1	-	Note 6	39,354	-	-	37,851 (Note 12)	75.703 (Note 12)
5	Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	135,170	121,645	121,164	2.05%	Note 1	-	Note 7	-	-	-	317,228 (Note 13)	317,228 (Note 13)

Note 1: Short-term financing.

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

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

Note 4: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 5: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 6: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

Note 7: Lin Shih Investment Co., Ltd. Provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 8: The foreign company has voting shares that are directly and indirectly wholly owned by the Company’s parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 60% of Sunplus Technology (Shanghai) Co., Ltd.’s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 9: The aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. (“Sunplus Shanghai”), and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai’s net equity, with net equity based on its latest financial statements.

Note 10: The foreign company has voting shares that are directly and indirectly wholly owned by the Company’s parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 80% of Russell Holdings Ltd.’s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 11: 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 12: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai’s net equity.

Note 13: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shih Investment Co., Ltd.’s net equity as of its latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral (Property, Plant, or Equipment)	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited (“Sunplus”)	Sun Media Technology Co., Ltd.	3 (Note 4)	$ 817,853 (Note 5)	$ 428,573	$ 169,365	$ 107,625	$ -	2.07	$ 1,635,707 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	817,853 (Note 5)	10,000	-	-	-	-	1,635,707 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	341,570 (Note 7)	279,585	122,860	122,860	122,860	21.58	341,570 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: The endorser directly holds more than 50% of the ordinary shares of the endorsee.

Note 4: Sunplus and its subsidiaries jointly hold more than 50% of the ordinary shares of the endorsee.

Note 5: 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 6: The guarantee amount should not exceed 20% of the endorsement/guarantee provider’s net equity based on the provider’s latest financial statements.

Note 7: 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, i.e., Russell Holdings Ltd. provider’s latest financial statements.

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise, U.S. Dollars and Renminbi in Thousands)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	616	$ 10,096	-	$ 10,096	Note 3
	Mega RMB Money Market Fund	-	Financial assets at fair value through profit or loss - current	466	24,146	-	24,146	Note 3
	FSITC RMB Money Market Fund TWD	-	Financial assets at fair value through profit or loss - current	5,387	52,658	-	52,658	Note 3
	FSITC US Top 100 bond fund A	-	Financial assets at fair value through profit or loss - current	2,000	20,100	-	20,100	Note 3
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,216	30,100	-	30,100	Note 3
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	13,197	166,162	-	166,162	Note 3
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,851	31,058	-	31,058	Note 3
	Yuanta USD Money Market Fund USD	-	Financial assets at fair value through profit or loss - current	239	75,886	-	75,886	Note 3
	PineBridge Muliti - Income Fund	-	Financial assets at fair value through profit or loss - current	95	30,516	-	30,516	Note 3
	Prudential Financial RMB Money Market Fund TWD	-	Financial assets at fair value through profit or loss - current	5,810	57,349	-	57,349	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	17,918	-	17,918	Note 3
	Harvest Series 1 Fund	-	Financial assets at fair value through profit or loss - non-current	2	59,960	-	59,960	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	15,159	-	15,159	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	815	-	815	Note 2
	Triknight Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	29,625	285,289	5	285,289	Note 1
	EVERGREEN STEEL Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	1,500	52,500	-	52,500	Note 1
	Network Capital Global	-	Financial assets at fair value through other comprehensive income - non-current	380	2,586	7	2,586	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	UPI Semiconductor Corp.	-	Financial assets at fair value through profit or loss - current	300	$ 18,420	-	$ 18,420	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at fair value through profit or loss - current	220	19,620	-	19,620	Note 1
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	3,479	-	3,479	Note 2
	Enterex International Limited - CB	-	Financial assets at fair value through profit or loss - current	30	2,700	-	2,700	Note 2
	Kee Song Bio - Technology Holdings Limited	-	Financial assets at fair value through profit or loss - current	50	4,423	-	4,423	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	8,000	-	8,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	300	-	4	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss – non-current	103	-	1	-	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	43	474	-	474	Note 1
	AIII Co., Ltd.	-	Financial assets at fair value through profit or loss – non-current	26	431	-	431	Note 1
	GEMFOR Leading Financial Solution Provider fund	-	Financial assets at fair value through profit or loss - non-current	13	216	-	216	Note 1
	Sanjet Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,272	-	7	-	Note 1
	Lead Sun Corporation	-	Financial assets at fair value through profit or loss - non-current	-	27,934	12	27,934	Note 1
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	90,472	2	90,472	Note 2
	Sunplus Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	3,560	48,238	1	48,238	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	4,600	-	4,600	Note 1
Russell Holdings Limited	Synerchip Inc.	-	Financial assets at fair value through profit or loss - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at fair value through profit or loss - non-current	1,000	-	8	-	Note 1
	Innobrige International Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	15	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	Ether Precision Inc.	-	Financial assets at fair value through profit or loss - non-current	1,250	$ -	1	$ -	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at fair value through profit or loss - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	5,563	3	5,563	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	24,411	6	24,411	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	20,386	13	20,386	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	3,721	-	3,721	Note 2
	Charles Schwab - Money Fund	-	Financial assets at fair value through profit or loss - current	-	2,032	-	2,032	Note 2
	Cyberon Corporation	-	Financial assets at fair value through profit or loss - non-current	786	27,530	8	27,530	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	54,950	7	54,950	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss - non-current	68	-	1	-	Note 1
	Funyou Venture Capital Limited Partnersh	-	Financial assets at fair value through profit or loss - non-current	-	19,877	10	19,877	Note 1
	Book4u Company Limited	-	Financial assets at fair value through profit or loss - non-current	9	-	-	-	Note 1
	Sanjet Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	49	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at fair value through profit or loss - non-current	1,900	-	10	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	-	8	-	Note 1
	Raynergy Tek Inc.	-	Financial assets at fair value through profit or loss - non-current	4,500	81,630	16	81,630	Note 1
	Genius Vision Digital	-	Financial assets at fair value through profit or loss - non-current	375	-	5	-	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at fair value through profit or loss - non-current	-	54,379	2	54,379	Note 1
	VenGlobal International Fund	-	Financial assets at fair value through profit or loss - non-current	1	-	-	-	Note 1
	TIEF Fund LP	-	Financial assets at fair value through profit or loss - non-current	-	40,721	7	40,721	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	900	32,940	1	32,940	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Huijia Health Life Technology	-	Financial assets at fair value through profit or loss - non-current	1,000	$ 30,000	6	$ 30,000	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	45,630	8	45,630	Note 1
	eWave System, Inc.	-	Financial assets at fair value through profit or loss - non-current	1,833	-	22	-	Note 1
	Feature Integration Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,247	18,680	4	18,680	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	24,000	6	24,000	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,364	5,110	4	5,110	Note 1
Wei-Young Investment Inc.	Shiny Brands Group Co., Ltd.	-	Financial assets at fair value through profit or loss - current	105	7,864	-	7,864	Note 2
	Cheng Mei Materials Technology Corporation	-	Financial assets at fair value through profit or loss - current	2,000	14,600	-	14,600	Note 2
	Chipbond Technology Corporation	-	Financial assets at fair value through profit or loss - current	300	20,160	-	20,160	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	GF Every Day The Red Haired Type Money Market Fund B		Financial assets at fair value through profit or loss - current	13,100	56,579	-	56,579	Note 3
	GF Live Treasury Currency B	-	Financial assets at fair value through profit or loss - current	13,550	58,493	-	58,493	Note 3
	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at fair value through profit or loss - non-current	-	41,625	16	41,625	Note 1
	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	11,520	3	11,520	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,869	81,669	-	81,669	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	810	10,199	-	10,199	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,963	60,241	-	60,241	Note 3
	Fuh Hwa You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,235	30,226	-	30,226	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,333	70,939	-	70,939	Note 3
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,212	30,042	-	30,042	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	22,705	10	22,705	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	$ 848	8	$ 848	Note 1
	Point Grab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - non-current	-	32,079	-	32,079	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	46,813	15	46,813	Note 1
Sunext Technology Co., Ltd.	Yunata Taiwan Dividend + ETF Feeder Fund	-	Financial assets at fair value through profit or loss - current	2,843	31,609	-	31,609	Note 3
	Yunata Taiwan Top 50 ETF Feeder Fund	-	Financial assets at fair value through profit or loss - current	467	5,715	-	5,715	Note 3
	EVERGREEN STEEL Co.,Ltd.		Financial assets at fair value through profit or loss - current	1,000	35,000	-	35,000	Note 1
Jsilicon Technology Co., Ltd.	GF Live Treasure Currency B	-	Financial assets at fair value through profit or loss - current	7,888	33,959	-	33,959	Note 3

Note 1: The market value was based on the carrying amount as of December 31, 2019.

Note 2: The market value was based on the closing price as of December 31, 2019.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2019.

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition(Note 1)		Disposal(Note 1)				Ending Balance(Note 3)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,721	$ 59,048	29,017	$ 300,000	26,869	$ 278,000	$ 277,539	$ 461	7,869	$ 81,669

Note 1: The cumulative purchase and sale amount shall be calculated separately at the market price to determine whether it has reached NT$300 million or 20% of the paid-up capital.

Note 2: The paid-in capital refers to the paid-in capital of the parent company.

Note 3: The amount on the end of the period is the amount of unrealized profit or loss.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Flow of Transaction (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd. (the "Company")	Generalplus Technology Inc.	1	Sales	$ 2,562	Note 1	0.05%
			Non-operating income and gains	145	Note 2	-
			Notes and trade receivables	407	Note 1	-
	Sunext Technology Co., Ltd.	1	Sales	196	Note 1	-
			Non-operating income and gains	4,361	Notes 2	0.08%
			Notes and trade receivables	5	Note 1	-
			Other receivables	295	Note 3	-
	Sunplus Innovation Technology Inc.	1	Sales	424	Note 1	0.01%
			Non-operating income and gains	3,805	Note 2	0.07%
			Notes and trade receivables	74	Note 1	-
			Other receivables	337	Note 3	-
	Sunplus mMedia Inc.	1	Non-operating income and gains	3,956	Notes 2 and 4	0.07%
	Jumplux Technology Co., Ltd.	1	Sales	4,508	Note 1	0.08%
			Non-operating income and gains	14,291	Notes 2 and 4	0.26%
			Notes and trade receivables	111	Note 1	-
			Other receivables	1,091	Note 3	0.01%
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Accrued expenses	1,114	Note 3	0.01%
			Marketing expenses	3,151	Note 2	0.06%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Accrued expenses	5,503	Note 3	0.05%
			Marketing expenses	23,208	Note 1	0.42%
Generalplus Technology Inc.	Sunplus Innovation Technology Inc.	2	Sales	513	Note 1	0.01%
	Generalplus Technology (Hong Kong) Inc.	2	Marketing expenses	11,081	Note 1	0.20%
			Accrued expenses	2,048	Note 3	0.02%
	Generalplus Technology (Shenzhen) Inc.	2	Sales	13,422	Note 2	0.24%
			Research and development expenses	84,656	Note 2	1.54%
			Notes and trade receivables	1,752	Note 3	0.02%
			Accrued expenses	28,838	Note 3	0.25%
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Accrued expenses	710	Note 3	0.01%
			Interest income	1,441	Note 1	0.03%
			Research and development expenses	5,358	Note 1	0.10%
	Sunplus App Technology	2	Interest income	251	Note 2	-
	Sunplus Technology (Beijing)	2	Research and development expenses	150	Note 2	-
	Jumplux Technology Co., Ltd.	2	Sales	969	Note 1	0.02%
			Notes and trade receivables	427	Note 1	-

(Continued)

Company Name	Counterparty	Flow of Transaction (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Jumplux Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Research and development expenses	$ 2,867	Note 2	0.05%
	Jsilicon Technology	2	Sales	8,987	Note 1	0.16%
			Notes and trade receivables	5,645	Note 1	0.05%
Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	2	Interest income	992	Note 2	0.02%
			Other receivables	117,008	Note 3	1.02%
Sunplus Venture Co., Ltd.	Sun Media Technology Co., Ltd.	2	Interest income	5,309	Note 2	0.10%
			Other receivables	228,029	Note 3	1.98%
Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	255,277	Note 3	2.22%
			Interest income	5,412	Note 2	0.10%
	Sunplus Technology (Beijing)	2	Management expenses	38	Note 2	-
			Sales	585	Note 1	0.01%
Sun Media Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Management expenses	38	Note 2	-
			Sales	585	Note 1	0.01%
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Sunplus App Technology	2	Interest income	553	Note 2	0.01%
Sunplus Technology (Beijing)	Jsilicon Technology	2	Sales	2,057	Note 1	0.04%
			Notes and trade receivables	45	Note 1	-
	Shuangxin Technology	2	Sales	3,663	Note 1	0.07%
			Notes and trade receivables	1,421	Note 1	0.01%
Sunplus App Technology	Sunplus Technology (Beijing)	2	Research and development expenses	10	Note 2	-

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

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

Note 3: The transaction payment terms were at normal commercial terms.

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

Note 5: The directional flow of the transactions are indicated by the following numerals:
1 - From parent company to subsidiary.
2 - Between subsidiaries.

(Concluded)

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,399,817 (US$ 74,605 RMB 37,900)	$ 2,399,817 (US$ 74,605 RMB 37,900)	-	100	$ 1,373,861	$ 21,479	$ 21,479	Subsidiary
	Award Glory Ltd.	Belize	Investment	226,834 (US$ 5,642 RMB 13,400)	61,219 (US$ 2,042)	-	100	160,186	8,497	8,497	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	297,640	85,934	11,165	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	744,832	43,053	41,771	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	681,743	223,584	76,690	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,049,350	43,973	43,973	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	573,897	135,651	82,919	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	739,307 (US$ 24,660)	721,319 (US$ 24,060)	24,660	100	569,284	5,887	5,887	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	29	263,237	(79,931)	(27,997)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	981,053	58,778	93	194,234	19,076	17,497	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,627	(25,068)	(22,501)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,768	(142)	(142)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	42,628 (HK$ 11,075)	42,628 (HK$ 11,075)	11,075	100	35	(3)	(3)	Subsidiary
	Magic Sky Limited	Samoa	Investment	304,597 (US$ 10,160)	302,049 (US$ 10,075)	-	100	32,282	(53,190)	(53,190)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,576	(209)	(209)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	49,602	(5,239)	(5,239)	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	2,785	(26,527)	(14,590)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	273,385	223,584	30,599	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	17,399	135,651	2,834	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	12,784	(79,931)	(1,094)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,348	(25,068)	(652)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	2,130	(26,527)	(11,163)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	53,990	135,651	7,655	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	44,159	(79,931)	(3,779)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	457	(25,068)	(1,914)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	-	4,200	-	-	-	-	-	Subsidiary (Note 2)
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British west Indies	Investment	74,950 (US$ 2,500)	74,950 (US$ 2,500)	-	16	77,208	(1,845)	(1,793)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,399,817 (US$ 74,605 RMB 37,900)	2,399,817 (US$ 74,605 RMB 37,900)	-	100	1,373,859	21,496	21,496	Subsidiary

Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,399,817 (US$ 74,605 RMB 37,900)	2,399,817 (US$ 74,605 RMB 37,900)	-	100	1,373,837	21,497	21,497	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	572,318 (US$ 19,090)	572,318 (US$ 19,090)	19,090	100	475,396	13,484	13,484	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	572,318 (US$ 19,090)	572,318 (US$ 19,090)	19,090	100	475,394	13,484	13,484	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,692 (US$ 390)	$ 11,692 (US$ 390)	-	100	$ 4,691	$ (456)	$ (456)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	226,834 (US$ 5,642 RMB 13,400)	61,212 (US$ 2,042)	-	100	160,186	8,497	8,497	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,145 (US$ 772)	23,145 (US$ 772)	-	100	558	(240)	(240)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	95,762 (US$ 1,270 RMB 13,400)	38,075 (US$ 1,270)	-	100	50,758	11,319	11,319	Subsidiary
	WORLDPLUS HOLDINGS L.L.C.	America	Investment	107,928 (US$ 3,600)	-	-	100	108,870	(2,138)	(2,582)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2018.

Note 2: Han Young Technology Co., Ltd. was liquidated in November 2019.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental services	$ 515,656 (US$ 17,200)	Note 1	$ 529,297 (US$ 17,655)	$ -	$ -	$ 529,297 (US$ 17,655)	100	$ 13,082	$ 13,082	$ 428,305	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services, building rental services and property management	966,855 (US$ 32,250)	Note 1	966,855 (US$ 32,250)	-	-	966,855 (US$ 32,250)	100	(29,577)	(29,577)	757,026	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental services	599,600 (US$ 20,000)	Note 1	599,600 (US$ 20,000)	-	-	599,600 (US$ 20,000)	100	31,538	31,538	131,080	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, system integration services and information management and education	111,930 (RMB 26,000)	Note 1	60,618 (US$ 586 RMB 10,000)	47,355 (RMB 11,000)	-	107,973 (US$ 586 RMB 21,000)	96	(10,628)	(10,290)	4,071	-
Ytrip Technology Co., Ltd.	Computer system integration services, supply of general advertising and other information services	263,681 (RMB 61,250)	Note 1	135,240 (US$ 4,511)	-	-	135,240 (US$ 4,511)	91	(2,566)	(2,327)	1,861	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	116,235 (RMB 27,000)	Note 1	116,235 (RMB 27,000)	-	-	116,235 (RMB 27,000)	100	3,096	3,096	49,237	-
1culture Communication Co., Ltd.	System development	13,991 (RMB 3,250)	Note 3	-	-	-		100	(29)	(29)	65	-
JSilicon Technology Co., Ltd. (Ru Domg)	Development of computer software, system integration services	43,050 (RMB 10,000)	Note 4	-	-	-	-	100	(15,033)	(15,033)	28,209	-
Lingyao Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	81,963 (RMB 19,039)	Note 6	-	107,928 (US$ 3,600)	-	107,928 (US$ 3,600)	100	(2,138)	(2,582)	108,870	-
Shuangxin Technology Co., Ltd. (Chongqing)	Development of computer software, system integration services	8,610 (RMB 2,000)	Note 5	-	-	-	-	100	(10,973)	(10,973)	75,218	-

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,597,759 (US$ 79,872 and RMB 49,900)	$ 2,623,398 (US$ 78,602 and RMB 62,000)	$ 4,907,120

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2019 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 37,775 (US$ 1,260)	$ 37,775 (US$ 1,260)	$ 629,610

(Continued)

Generalplus Technology Inc. (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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Generalplus Shenzhen	IC product development, after sales service and market research	$ 560,626 (US$ 18,700)	Note 1	$ 560,626 (US$ 18,700)	$ -	$ -	$ 560,626 (US$ 18,700)	100%	$ 13,940	$ 13,940	$ 471,173	$ -

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 560,626 (US$ 18,700)	$ 560,626 (US$ 18,700)	$ 1,210,358

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 investee’s reviewed financial statements for the same period.

Note 3: Ytrip Technology Co., Ltd. indirectly invested in a company located in mainland China.

Note 4: Sunplus Technology (Shanghai) Co., Ltd.’s indirect investment in a company located in mainland China.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. and Sunplus Prof-tek (Shenzhen) Co., Ltd.’s indirect investments in a company located in mainland China.

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

Note 7: The Ministry of Economic Affairs approved an investment in the shares of San Neng Group Holding Co., Ltd., which is accounted for under the financial assets at fair value through profit or loss- non-current.

Note 8: The original foreign currency was derived from the exchange rate on December 31, 2019.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Other Payable To Related Parties		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Market Transactions	Ending Balance	%		
Generalplus Technology (Shenzhen) Corp.	Development and processing services	$ 84,656	18.06	Based on contract	Based on contract	Not comparable with market transactions	$ 28,838	93.05	$ -	NA
	Sales	13,422	0.51	Based on contract	Based on contract	Not comparable with market transactions	1,752	100	490	NA

7.5 The Company's individual financial report for the past year has been audited by the accountant

Sunplus Technology Company Limited

Financial Statements for the
Years Ended December 31, 2019 and 2018 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, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of 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, 2019 and 2018, 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, 2019. 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.

Validity of Specific Customer's Revenue

Integrated circuit chip sales accounted for 93% of the Company's total revenue. Operating income declined in 2019, but sales to some customers increased significantly. Therefore, we deem revenue recognition as a key audit matter. For detailed explanation of revenue, refer to Notes 4 and 21 to the accompanying consolidated financial statements.

1. We understood the related internal control and operating procedures in the sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the 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 abnormal situations and confirmed the validity of the revenue.

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 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 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, 2019 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 audit resulting in this independent auditors' report are Cheng-Chih Lin and Yu-Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Par Value)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 321,084	4	$ 780,555	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	515,989	6	661,494	7
Accounts receivable, net (Notes 4, 5, 9, 21 and 29)	141,845	2	171,387	2
Other receivables (Notes 4, 23 and 29)	7,209	-	14,226	-
Inventories (Notes 4 and 10)	273,764	3	256,907	3
Other current assets (Note 15)	32,425	-	24,851	-
Total current assets	1,292,316	15	1,909,420	21
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	413,723	5	266,154	3
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,586	-	4,337	-
Investments accounted for using the equity method (Notes 4, 11 and 29)	6,049,939	69	5,981,209	67
Property, plant and equipment (Notes 4, 5, 12 and 30)	688,706	8	687,187	8
Right-of-use assets (Notes 3, 4, 5 and 13)	179,559	2	-	-
Intangible assets (Notes 4, 5 and 14)	86,258	1	86,495	1
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	1,163	-	-	-
Other financial assets (Notes 15 and 30)	6,100	-	6,100	-
Other non-current assets (Note 15)	7,936	-	8,000	-
Total non-current assets	7,438,455	85	7,041,967	79
TOTAL	$ 8,730,771	100	$ 8,951,387	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank borrowings (Note 16)	$ 53,964	-	$ -	-
Contract liabilities - current (Note 21)	3,373	-	2,547	-
Account payable (Note 17)	62,566	1	108,075	1
Lease liabilities - current (Notes 3, 4, 5 and 13)	4,007	-	-	-
Current portion of long-term bank borrowings (Notes 16 and 30)	-	-	115,000	1
Other current liabilities (Note 18)	189,019	2	188,041	2
Total current liabilities	312,929	3	413,663	4
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 3, 4, 5 and 13)	177,424	2	-	-
Net defined benefit liabilities (Notes 4 and 19)	-	-	5,275	-
Guarantee deposits	58,687	1	64,131	1
Other non-current liabilities (Note 18)	3,198	-	2,376	-
Total non-current liabilities	239,309	3	71,782	1
Total liabilities	552,238	6	485,445	5
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 20)				
Ordinary shares	5,919,949	68	5,919,949	66
Capital surplus	594,432	7	801,398	9
Retained earnings				
Legal reserve	1,942,388	22	1,941,826	21
Special reserve	308,452	4	67,279	1
(Deficits not yet compensated) Unappropriated earnings	(262,261)	(3)	241,734	3
Total retained earnings	1,988,579	23	2,250,839	25
Other equity	(261,026)	(3)	(442,843)	(5)
Treasury shares	(63,401)	(1)	(63,401)	-
Total equity	8,178,533	94	8,465,942	95
TOTAL	$ 8,730,771	100	$ 8,951,387	100

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 21 and 29)	$ 1,235,269	100	$ 1,238,780	100
OPERATING COSTS (Notes 10 and 22)	735,366	60	809,472	66
GROSS PROFIT	499,903	40	429,308	34
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	46,290	4	31,670	3
General and administrative expenses	179,275	14	176,445	14
Research and development expenses	543,782	44	460,807	37
Total operating expenses	769,347	62	668,922	54
LOSS FROM OPERATIONS	(269,444)	(22)	(239,614)	(20)
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Other income	61,933	5	52,856	4
Other gains and losses	48,381	4	152,227	12
Finance costs	(6,781)	-	(4,864)	-
Share of profit of associates and joint ventures	186,007	15	47,155	4
Total non-operating income and expenses	289,540	24	247,374	20
PROFIT BEFORE INCOME TAX	20,096	2	7,760	-
INCOME TAX EXPENSE (Notes 4 and 23)	4,787	1	2,144	-
NET PROFIT FOR THE YEAR	15,309	1	5,616	-
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit plans	4,309	-	3,443	-
Unrealized losses on investments in equity instruments at fair value through other comprehensive income	(1,203)	-	(94,350)	(8)
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	(15,559)	(1)	(18,667)	(1)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				
Exchange differences on translating the financial statements of foreign operations	(13,842)	(1)	19,736	2
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	(66,063)	(5)	(36,511)	(3)
Other comprehensive loss for the year, net of income tax	(92,358)	(7)	(126,349)	(10)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (77,049)	(6)	$ (120,733)	(10)
EARNINGS PER SHARE (Note 24)				
Basic	$ 0.03		$ 0.01	
Diluted	$ 0.03		$ 0.01	

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding			Retained Earnings			Other Equity			
	Share (Thousands)	Amount	Capital Surplus	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 Measured at FVTOCI	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2018	591,995	$ 5,919,949	$ 835,241	$ 1,900,505	$ 22,995	$ 707,497	$ (122,100)	$ (230,011)	$ (63,401)	$ 8,970,675
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(327,551)	-	-	-	(327,551)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	50,782
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	(86,846)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	(271)
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	(22,606)
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	5,616
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	(111,027)	-	(126,349)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	(111,027)	-	(120,733)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	2,492	-	-	-	-	-	-	2,492
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	37,070	-	-
BALANCE AT DECEMBER 31, 2018	591,995	5,919,949	801,398	1,941,826	67,279	241,734	(138,875)	(303,968)	(63,401)	8,465,942
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	562	-	(562)	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709
Issuance of share dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	162	-	-	-	-	-	-	162
Changes of equity of subsidiaries	-	-	-	-	-	(3,394)	-	-	-	(3,394)
Net profit for the year ended December 31, 2019	-	-	-	-	-	15,309	-	-	-	15,309

Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	5,339	(79,905)	(17,792)	-	(92,358)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,648	(79,905)	(17,792)	-	(77,049)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,281	-	-	-	-	-	-	1,281
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(279,514)	-	279,514	-	-
BALANCE AT DECEMBER 31, 2019	591,995	$ 5,919,949	$ 594,432	$ 1,942,388	$ 308,452	$ (262,261)	$ (218,780)	$ (42,246)	$ (63,401)	$ 8,178,533

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 20,096	$ 7,760
Adjustments for:		
Depreciation expenses	86,185	45,232
Amortization expenses	42,652	42,802
Net gain on the fair value change of financial assets at fair value through profit or loss	(17,428)	13,218
Financial costs	6,781	4,864
Interest income	(2,490)	(3,467)
Dividend income	(3,702)	(7,986)
Share of profit of subsidiaries, associates and joint ventures	(186,007)	(47,155)
Gain on disposal of subsidiaries	-	(119,154)
Realized gain on the transactions with subsidiaries	(131)	(2,287)
Net loss on foreign currency exchange	1,062	203
Changes in operating assets and liabilities:		
Decrease in other receivables	6,870	22,170
Decrease in trade receivables	27,310	29,387
Decrease (increase) in inventories	(16,857)	20,001
Decrease (increase) in other current assets	(7,347)	4,883
Increase in net defined benefit assets - non-current	(1,163)	-
Increase (decrease) in contract liabilities	826	(996)
decrease in trade payables	(44,951)	(28,717)
Increase (decrease) in other current liabilities	6,979	(34,475)
Decrease in defined benefit liabilities	(966)	(2,146)
Cash used in operations	(82,281)	(55,863)
Interest received	2,633	3,980
Dividends received	206,037	281,986
Interest paid	(6,862)	(5,018)
Income tax paid	(4,787)	(1,680)
Net cash generated from operating activities	114,740	223,405
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets at FVTOCI	548	-
Purchase of financial assets at FVTPL	(293,720)	(454,704)
Proceeds from the sale of financial assets at FVTPL	309,084	313,976
Purchase of investments accounted for using the equity method	(177,633)	(346,554)
Payments for property, plant and equipment	(83,624)	(41,358)
Payments for intangible assets	(45,662)	(65,360)
Decrease in other assets - non-current	-	59,520
Decrease in refundable deposits	64	-
Net cash used in investing activities	(290,943)	(534,480)
CASH FLOWS FROM FINANCING ACTIVITIES		

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
Proceeds from short-term borrowings	54,658	-
Repayments of short-term borrowings	-	(59,520)
Repayments of long-term borrowings	(115,000)	(160,000)
Proceeds from guarantee deposits received	1,406	1,860
Refunds of guarantee deposits received	(5,483)	(752)
Repayment of the principal portion of lease liabilities	(3,913)	-
Dividends paid to owners of the Company	(213,118)	(414,397)
Net cash used in financing activities	(281,450)	(632,809)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,818)	1,870
NET DECREASE IN CASH AND CASH EQUIVALENTS	(459,471)	(942,014)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	780,555	1,722,569
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 321,084	$ 780,555

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunplus Technology Company Limited ("Sunplus" or 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. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary 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 30, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies:

1) IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the statements of cash flows.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Company applies IAS 36 to all right-of-use assets.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 2.39%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 65,973
Less: Recognition exemption for short-term leases and leases of low-value assets	-
Undiscounted amounts on January 1, 2019	$ 65,973
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 56,503
Add: Adjustments as a result of a different treatment of extension and termination options	128,841
Lease liabilities recognized on January 1, 2019	$ 185,344

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Right-of-use assets	$ -	$ 185,344	$ 185,344
Total effect on assets	$ -	$ 185,344	$ 185,344
Lease liabilities - current	$ -	$ 3,913	$ 3,913
Lease liabilities - non-current	-	181,431	181,431
Total effect on liabilities	$ -	$ 185,344	$ 185,344

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Company should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

3) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 “Financial Instruments” shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the Company’s net investment in an associate or joint venture.

4) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company applied the above amendments prospectively.

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis for Preparation

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. 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, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures 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

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, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

In preparing the financial statements of the Company, 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.

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

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company’s foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

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

The Company uses the equity method to account for investments in subsidiaries, associates and joint ventures.

1) Investment 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 interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by 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 losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When testing for impairment, the cash-generating unit is determined based on the financial statements as a whole by comparing its recoverable amount with its carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as a gain, but the increased carrying amount of an asset after a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized on the asset in prior years. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, 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 if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with subsidiary and side stream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these parent company only financial statements using the equity method of accounting. Under the equity method, an investment 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 equity of associates.

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 losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and jointly controlled entity.

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 recognized 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.

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 it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its 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 if that associate had 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 stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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 tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

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.

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. 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 recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

<u>2018</u>

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

A financial asset 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, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial assets. Fair value is determined in the manner described in Note 28.

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 and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits, 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 Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount 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.

k. 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

Other mainly comes from software development and royalties.

l. Leases

2019

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

2) The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. 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 sheets.

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

2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Company as lessee

Contingent rents arising under operating leases are recognized as an expense in the year in which they are incurred.

m. 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.

n. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the 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 about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Accounting Judgements

a. Lease terms - 2019

In determining a lease term, the Company considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Company occur.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about the 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 past history, existing market conditions as well as forward-looking estimates as at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Estimated impairment of tangible assets and intangible assets (excluding goodwill)

The Company relies on subjective judgments and depends on industry usage patterns and related characteristics to determine cash flows, asset useful lives, and future revenues and expenses. Any change in the operating environment and corporate strategy may cause significant impairment loss.

c. Lessees' incremental borrowing rates - 2019

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments are also taken into account.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	$ 447	$ 424
Checking accounts and demand deposits	271,637	522,131
Cash equivalents		
Time deposits	49,000	258,000
	$ 321,084	$ 780,555

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

	December 31	
	2019	2018
Bank balance	0.01%-1.70%	0.01%-0.65%

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

	December 31	
	2019	2018
Financial assets at FVTPL - current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	$ 515,989	$ 661,494
Financial liabilities at FVTPL - non-current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Securities unlisted in the ROC	$ 337,789	$ 190,050
- Mutual funds	75,119	75,432
- Securities listed in other countries	815	672
	$ 413,723	$ 266,154

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	December 31	
	2019	2018
Non-current		
Domestic and foreign investments		
- Unlisted shares and emerging market shares	$ 2,586	$ 4,337

9. ACCOUNTS RECEIVABLE, NET

	December 31	
	2019	**2018**
Trade receivables		
At amortized cost		
Gross carrying amount	$ 141,845	$ 171,387

Trade receivables

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

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2019

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount at September 30, 2019	$ 141,845	$ -	$ -	$ -	$ -	$ 141,845
Expected credit losses	-	-	-	-	-	-
Amortized cost at September 30, 2019	$ 141,845	$ -	$ -	$ -	$ -	$ 141,845

December 31, 2018

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	$ 171,387	$ -	$ -	$ -	$ -	$ 171,387
Expected credit losses	-	-	-	-	-	-
Amortized cost at December 31, 2018	$ 171,387	$ -	$ -	$ -	$ -	$ 171,387

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

	December 31	
	2019	2018
Balance at January 1	$ -	$ 107,257
Less: Amounts written off (Note)	-	(107,257)
Balance at December 31	$ -	$ -

Note: The trade receivable from one customer that were overdue for 2 years and determined to be uncollectible and the accounts receivable from another customer that was declared bankrupt by court ruling were both written off. The written-off receivables and allowance were both $107,257.

10. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 126,606	$ 98,872
Work in progress	125,054	129,316
Raw materials	22,104	28,719
	$ 273,764	$ 256,907

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 were $735,366 thousand and $809,472 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2019 and 2018 were as follows:

	Years Ended December 31	
	2019	2018
Inventory write-downs (reversed)	$ 3,047	$ (17,880)
Income from scrap sales	103	87
	$ 3,150	$ (17,793)

The reversals of previous write-downs for the year ended December 31, 2019 resulted from reduced inventories.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 5,489,062	$ 5,384,684
Investments in associates	560,877	596,525
	$ 6,049,939	$ 5,981,209

a. Investments in subsidiaries

	December 31	
	2019	2018
Listed companies		
Generalplus Technology Corp.	$ 681,743	$ 704,549
Non-listed Company		
Ventureplus Group Inc.	1,373,861	1,354,351
Sunplus Venture Capital Co., Ltd.	1,049,350	1,028,567
Lin Shih Investment Co., Ltd.	744,832	750,558
Russell Holdings Limited	569,284	579,038
Sunplus Innovation Technology	573,897	523,083
Sunext Technology Co., Ltd.	194,234	174,391
Award Glory Ltd.	160,186	33,116
Wei-Young Investment Inc.	49,602	56,947
Magic Sky Limited	32,282	82,747
Sunplus mMobile Inc.	29,576	29,785
Sunplus mMedia Inc.	23,627	46,128
Sunplus Management Consulting	3,768	3,910
Jumplux Technology Co., Ltd.	2,785	17,475
Sunplus Technology (H.K.)	35	39
	$ 5,489,062	$ 5,384,684

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.

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

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

	December 31	
	2019	2018
Listed companies		
Generalplus Technology Corp.	34%	34%
Non-listed Company		
Ventureplus Group Inc.	100%	100%
Sunplus Venture Capital Co., Ltd.	100%	100%
Lin Shih Investment Co., Ltd.	100%	100%
Russell Holdings Limited	100%	100%
Sunplus Innovation Technology	61%	61%
Sunext Technology Co., Ltd.	93%	91%
Award Glory Ltd.	100%	100%
Wei-Young Investment Inc.	100%	100%
Magic Sky Limited	100%	100%
Sunplus mMobile Inc.	100%	100%
Sunplus mMedia Inc.	90%	90%
Sunplus Management Consulting	100%	100%
Jumplux Technology	55%	55%
Sunplus Technology (H.K.)	100%	100%

b. Investments in associates

	December 31	
	2019	2018
Associates		
Global View Co., Ltd.	$ 297,640	$ 307,106
iCatch Technology Inc.	263,237	289,419
	$ 560,877	$ 596,525

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2019	2018
Global View Co., Ltd.	13%	13%
iCatch Technology Inc.	29%	30%

Refer to Table 5 and Table 6 “Information on Investees” “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

iCatch Technology Inc. has independently operated its financial activities since July 31, 2018 due to operational needs; thus, the Company assessed that the control of iCatch Technology Inc. was lost. On July 31, 2018 the equity investment was remeasured at fair value, and a disposal gain of $119,154 thousand was recognized.

The fair values of publicly traded investments accounted for using the equity method, which were based on the closing prices of those investments at the balance sheet date, are summarized as follows:

	December 31	
	2019	2018
Global View Co., Ltd.	$ 239,889	$ 248,530

All the associates are accounted for using the equity method.

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

	December 31	
	2019	2018
Total assets	$ 2,150,913	$ 2,346,302
Total liabilities	$ 307,922	$ 365,599

	Years Ended December 31	
	2019	2018
Revenue	$ 1,088,352	$ 1,005,661
Loss for the period	$ (8,509)	$ (35,177)
Comprehensive income	$ (6,310)	$ (95,076)
Share of profits of associates accounted for using the equity method	$ (16,832)	$ (18,098)

The amounts of share of profits of associates are based on the associates’ financial statements audited by the auditors.

12. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Company - 2019

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment and Construction in Process	Total
Cost							
Balance at beginning of year	$ 969,205	$ 32,191	$ 1,770	$ 198,906	$ 35,002	$ 2,940	$ 1,240,014
Additions	-	290	3,500	59,453	10,154	8,749	82,146
Disposals	-	(5,408)	(626)	(162,640)	(18,766)	-	(187,440)
Reclassified	-	-	-	113	10,380	(10,720)	(227)
Balance at end of year	$ 969,205	$ 27,073	$ 4,644	$ 95,832	$ 36,770	$ 969	$ 1,134,493
Accumulated depreciation and impairment							
Balance at beginning of year	$ 342,662	$ 19,654	$ 1,085	$ 169,575	$ 19,851	$ -	$ 552,827
Depreciation expense	19,721	3,277	1,008	47,796	8,598	-	80,400
Disposals	-	(5,408)	(626)	(162,640)	(18,766)	-	(187,440)
Balance at end of year	$ 362,383	$ 17,523	$ 1,467	$ 54,731	$ 9,683	$ -	$ 445,787
Net, end of year	$ 606,822	$ 9,550	$ 3,177	$ 41,101	$ 27,087	$ 969	$ 688,706

b. 2018

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment and Construction in Process	Total
Cost							
Balance at beginning of year	$ 969,205	$ 41,392	$ 2,225	$ 164,145	$ 28,080	$ -	$ 1,205,047
Additions	-	275	-	36,552	9,709	2,940	49,476
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance at end of year	$ 969,205	$ 32,191	$ 1,770	$ 198,906	$ 35,002	$ 2,940	$ 1,240,014
Accumulated depreciation and impairment							
Balance at beginning of year	$ 322,941	$ 25,176	$ 1,003	$ 156,667	$ 16,317	$ -	$ 522,104
Depreciation expense	19,721	3,954	537	14,699	6,321	-	45,232
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance at end of year	$ 342,662	$ 19,654	$ 1,085	$ 169,575	$ 19,851	$ -	$ 552,827
Net, end of year	$ 626,543	$ 12,537	$ 685	$ 29,331	$ 15,151	$ 2,940	$ 687,187

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	1-5 years
Furniture and fixtures	4-5 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 - 2019

	December 31, 2019
Carrying amounts	
Land	$ 179,559
Depreciation charge for right-of-use assets	
Land	$ 5,785

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 4,007
Non-current	$ 177,424

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	2.39%

c. Material lease-in activities and terms

The Company leases land and buildings for the use of plants and offices with lease terms of 20 years, and the lease contract for land located in the ROC 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.

d. Other lease information

2019

	2019
Expenses relating to short-term leases	$ 1,265
Expenses relating to low-value asset leases	$ 448
Total cash outflow for leases	$ 10,080

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.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	$ 8,318
Later than 1 year and not later than 5 years	21,079
Later than 5 years	36,576
	$ 65,973

14. INTANGIBLE ASSETS

	Year Ended December 31, 2019			
	Technology License Fees	**Software**	**Patents**	**Total**
Cost				
Balance at January 1	$ 314,894	$ 11,120	$ 97,099	$ 423,113
Additions	41,125	1,465	-	42,590
Disposals	(23,509)	(4,379)	-	(27,888)
Reclassified	(350)	-	-	(350)
Balance at December 31	$ 332,160	$ 8,206	$ 97,099	$ 437,465
Accumulated amortization				
Balance at January 1	$ 122,383	$ 6,000	$ 75,522	$ 203,905
Amortization expense	38,721	3,931	-	42,652
Disposals	(23,509)	(4,379)	-	(27,888)
Reclassified	(175)	-	-	(175)
Balance at December 31	$ 137,420	$ 5,552	$ 75,522	$ 218,494
Accumulated deficit				
Balance at December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2019	$ 83,604	$ 2,654	$ -	$ 86,258

	Year Ended December 31, 2018			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 271,582	$ 16,382	$ 97,099	$ 385,063
Additions	63,880	3,276	-	67,156
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 314,894	$ 11,120	$ 97,099	$ 423,113
Accumulated amortization				
Balance at January 1	$ 104,915	$ 9,772	$ 75,522	$ 190,209
Amortization expense	38,036	4,766	-	42,802
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 122,383	$ 6,000	$ 75,522	$ 203,905
Accumulated deficit				
Balance at January 1 and December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2018	$ 81,375	$ 5,120	$ -	$ 86,495

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

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

An analysis of the amortization by function:

	December 31	
	2019	2018
Operating costs	$ -	$ 191
Selling and marketing expenses	-	3
General and administrative expenses	3,430	3,933
Research and development expenses	39,222	38,675
	$ 42,652	$ 42,802

15. OTHER ASSETS

	December 31	
	2019	**2018**
Current		
Other assets		
Prepayments for EDA tools	$ 15,570	$ 16,019
Prepaid technical licensing fee	9,103	-
Prepaid royalty	4,691	5,170
Others	3,061	3,662
	$ 32,425	$ 24,851
Non-current		
Other financial assets		
Pledged time deposits (a)	$ 6,100	$ 6,100
Other assets		
Refundable deposits	$ 136	$ 200
Others	7,800	7,800
	$ 7,936	$ 8,000

a. Refer to Note 30 for information on pledged time deposits.

16. LOANS

a. Short-term borrowings

	December 31	
	2019	**2018**
Unsecured borrowings		
Bank loans	$ 53,964	$ -

The weighted average effective interest rate on the bank loans as of December 31, 2019 were 2.402%-2.537%.

b. Long-term borrowings

The borrowings of the Company were as follows:

	December 31	
	2019	**2018**
Loans on credit	$ -	$ 115,000
Less: Current portion	-	115,000
Long-term borrowings - non-current	$ -	$ -

The effective rate borrowings as of December 31 2018 were 1.545%-1.600%.

According to the loan contract, the financial statements of the company for 107 years are limited by current ratio, debt ratio and interest guarantee multiple. However, the Company's inability to meet the ratio requirements would not be deemed as a violation of the contracts. As of 2018, the Company was in compliance with these financial ratio requirements.

17. ACCOUNTS AND NOTES PAYABLE

	December 31	
	2019	2018
Accounts payable		
Payable - operating	$ 62,566	$ 108,075

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

	December 31	
	2019	2018
Current		
Other liabilities		
Salaries or bonuses	$ 96,390	$ 102,634
Payable for royalties	36,862	19,459
Refund liabilities (Note 21)	8,806	9,014
Labor/health insurance	7,897	7,491
Payable on machinery and equipment	5,470	7,770
Compensation due to directors	515	199
Others	33,079	41,474
	$ 189,019	$ 188,041
Non-current		
Payable on machinery and equipment	$ 3,198	$ 2,376

19. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation, Jumplux Technology, Sunplus mMedia and iCatch of the Company had a defined benefit pension plan under the Labor Standards Law. 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. 1090003642 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, 2020 to December 31, 2020.

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

	December 31	
	2019	2018
Present value of funded defined benefit obligation	$ 173,083	$ 169,342
Fair value of plan assets	(174,246)	(164,067)
Net defined benefit (assets) liabilities	$ (1,163)	$ 5,275

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

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Liabilities (Assets) Arising from Defined Benefit Obligation
Balance at January 1, 2018	$ 165,832	$ 154,968	$ 10,864
Service cost			
Current service cost	587	-	587
Interest expense	2,322	2,190	132
Recognized in profit or loss	2,909	2,190	719
Remeasurement			
Return on plan assets	-	4,044	(4,044)
Actuarial (gain) loss-changes in financial assumptions	5,484	-	5,484
Adjustment on actuarial (gain) loss-experience adjustment	(4,883)	-	(4,883)
Recognized in other comprehensive income	601	4,044	(3,443)
Contributions from employer	-	2,865	(2,865)
Balance at December 31, 2018	$ 169,342	$ 164,067	$ 5,275

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Liabilities (Assets) Arising from Defined Benefit Obligation
Balance at January 1, 2019	$ 169,342	$ 164,067	$ 5,275
Service cost			
Current service cost	605	-	605
Interest expense	1,947	1,903	44
Recognized in profit or loss	2,552	1,903	649
Remeasurement			
Return on plan assets	-	5,498	(5,498)
Actuarial (gain) loss-changes in financial assumptions	3,042	-	3,042
Adjustment on actuarial (gain) loss-experience adjustment	(1,853)	-	(1,853)
Recognized in other comprehensive income	1,189	5,498	(4,309)
Contributions from employer	-	2,778	(2,778)
Balance at December 31, 2019	$ 173,083	$ 174,246	$ (1,163)

(Concluded)

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

	For the Year Ended December 31	
	2019	2018
Operating costs	$ 105	$ 153
Selling and marketing expenses	6	6
General and administrative expenses	215	232
Research and development expenses	323	328
	$ 649	$ 719

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:

	December 31	
	2019	**2018**
Discount rate(s)	1.00%	1.15%
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 will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2019	**2018**
Discount rate(s)		
0.25% increase	$ (5,029)	$ (5,484)
0.25% decrease	$ 5,237	$ 5,726
Expected rate(s) of salary increase		
1% increase	$ 21,475	$ 23,638
1% decrease	$ (18,693)	$ (20,348)

The sensitivity analysis presented above 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 would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	**2018**
The expected contributions to the plan for the next year	$ 2,778	$ 2,866
The average duration of the defined benefit obligation	14 years	15 years

20. EQUITY

a. Share capital

1) Ordinary shares:

	December 31	
	2019	**2018**
Numbers of shares authorized (in thousands)	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000
Number of shares issued and fully paid (in thousands)	591,995	591,995
Shares issued	$ 5,919,949	$ 5,919,949

Fully paid ordinary shares, which have a par value of $10.00, carry one vote per share and a right to dividends.

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

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand ordinary shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of December 31, 2019, 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 2019 and 2018 for each component of capital surplus was as follows:

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
From the issuance of ordinary shares	$ 196,095	$ 409,213
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	140,184	140,022
May be used to offset a deficit only		
From treasury share transactions	45,239	43,958
Changes in net equity of associates or joint ventures accounted for using the equity method	55,491	50,782
	$ 594,432	$ 801,398

1) Such capital surplus may be used to offset a deficit; in addition, 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).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, Sunplus shall appropriate from the annual net income less any accumulated deficit: (a) 10% as legal reserve; and (b) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than deficit.

Under the approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions, plus the prior years' unappropriated earnings may be distributed as additional dividends. Sunplus' policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT$0.5 per share.

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) 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-f.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The 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 Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriations from the 2018 and 2017 earnings were approved at the shareholders' meetings in June 10, 2019 and on June 11, 2018, respectively. The appropriations, including dividends, were as follows:

	Appropriation of Earnings	
	For Year 2018	For Year 2017
Legal reserve	$ 562	$ 41,321
Special reserve	$ 241,173	$ 44,284
Cash dividend	$ -	$ 327,551
Dividends per share (NT$)	$ -	$ 0.5533

The Company's shareholders also proposed in the shareholders' meeting on June 10, 2019 and June 11, 2018 to issue cash dividends from capital surplus of $213,118 thousand and $86,846 thousand, respectively.

The appropriation of earnings for 2019 are subject to resolution in the shareholders' meeting to be held on June 12, 2020.

d. Special reserve

	For the Year Ended December 31	
	2019	2018
Beginning at January 1	$ 67,279	$ 22,995
Appropriations to the special reserve	241,173	44,284
Balance at December 31	$ 308,452	$ 67,279

e. Other equity items

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

	Years Ended December 31	
	2019	2018
Balance at January 1	$ (138,875)	$ (122,100)
Exchange differences on translating the financial statements of foreign operations	(13,842)	19,736
Share of exchange differences of associates accounted for using the equity method	(66,063)	(36,511)
Balance at December 31	$ (218,780)	$ (138,875)

2) Unrealized gain (loss) from investments in equity instruments measured at fair value through other comprehensive income:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (303,968)	$ (230,011)
Current		
Unrealized gain (loss)	(1,203)	(94,350)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	279,514	37,070
Share of unrealized gain (loss) on associates accounted for using the equity method	(16,589)	(16,677)
Balance at December 31	$ (42,246)	$ (303,968)

f. Non-controlling interests

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
Number of shares as of January 1, 2018	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2018	-	3,560	3,560
Number of shares as of January 1, 2019	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2019	-	3,560	3,560

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

	Number of Shares Held (In Thousand)	Carrying Amount	Market Price
December 31, 2019			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 48,238
December 31, 2018			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,050

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

21. REVENUE

	Years Ended December 31	
	2019	2018
Revenue from the sale of goods	$ 1,143,333	$ 1,114,399
Other	91,936	124,381
	$ 1,235,269	$ 1,238,780

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 mainly comes from software development and royalties.

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 9)	$ 141,845	$ 171,387	$ 200,733
Contract liabilities - current	$ 3,373	$ 2,547	$ -

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

c. Disaggregation of revenue

	Reportable Segments	
	Direct Sales	
	2019	2018
Primary geographical markets		
Asia	$ 984,862	$ 962,788
Taiwan	208,641	225,802
Others	41,766	50,190
	$ 1,235,269	$ 1,238,780
Timing of revenue recognition		
Satisfied at a point in time	$ 1,224,955	$ 1,216,620
Satisfied over time	10,314	22,160
	$ 1,235,269	$ 1,238,780

22. NET PROFIT

Net profit included the following items:

a. Other income

	Years Ended December 31	
	2019	2018
Rent income	$ 29,932	$ 29,740
Dividend income	3,702	7,986
Interest income	2,490	3,467
Others	25,809	11,663
	$ 61,933	$ 52,856

b. Other gains and losses

	Years Ended December 31	
	2019	2018
Service income of management support	$ 34,023	$ 44,542
Net loss on financial assets and liabilities		
Net loss on financial assets designated as at FVTPL (Note 7)	17,428	(13,218)
Net foreign exchange gain (loss)	(3,070)	1,749
Gain on disposal of subsidiaries	-	119,154
	$ 48,381	$ 152,227

c. Finance costs

	Years Ended December 31	
	2019	2018
Interest on lease liabilites	$ 4,405	$ -
Interest on bank loans	1,132	3,887
Other financial costs	1,244	977
	$ 6,781	$ 4,864

d. Depreciation and amortization

	Years Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 3,789	$ 4,044
Operating expenses	82,396	41,188
	$ 86,185	$ 45,232
An analysis of amortization by function		
Operating costs	$ -	$ 191
Operating expenses	42,652	42,611
	$ 42,652	$ 42,802

e. Employee benefit expense

	Years Ended December 31	
	2019	2018
Short-term benefits	$ 448,979	$ 422,759

Post-employment benefits		
Defined contribution plans	19,742	18,402
Defined benefit plans (Note 19)	649	719
	20,391	19,121
Other employee benefits	10,874	10,314
Total employee benefit expense	$ 480,154	$ 452,194
An analysis of employee benefit expense by function		
Operating costs	$ 40,642	$ 61,245
Operating expenses	439,512	390,949
	$ 480,154	$ 452,194

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which have been approved by the Company's board of directors on March 30, 2020 and March 20, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	**2018**
Employees' compensation	1.0%	1.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31			
	2019		**2018**	
	Cash	**Shares**	**Cash**	**Shares**
Employees' compensation	$ 206	$ -	$ 80	$ -
Remuneration of directors	309	-	119	-

If there is a change in the proposed 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 employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on exchange rate changes

	Years Ended December 31	
	2019	**2018**
Exchange rate gains	$ 22,155	$ 21,272
Exchange rate losses	(25,225)	(19,523)

	$ (3,070)	$ 1,749

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Years Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 4,787	$ 1,680
Adjustments for prior periods	-	464
Deferred tax		
In respect of the current year	-	(373)
Changes in tax rates	-	373
Income tax expense recognized in profit or loss	$ 4,787	$ 2,144

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

	Years Ended December 31	
	2019	2018
Profit before tax	$ 20,096	$ 7,760
Income tax expense calculated at the statutory rate	$ 4,019	$ 1,552
Tax effect of adjusting items:		
Nondeductible expenses	(37,633)	(31,528)
Temporary differences	(8,659)	(21,414)
Tax-exempt income	(42)	(47)
Current income tax expense	(42,315)	(51,437)
Unrecognized investment credit	42,315	51,437
Foreign income tax expense	4,787	1,680
Adjustments for prior years' tax	-	464
Income tax expense recognized in profit or loss	$ 4,787	$ 2,144

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

b. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable (classified as other receivables)	$ 486	$ 508

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, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Depreciation expense	$ 763	$ 3,029	$ 3,792
Exchange (gains) losses	(297)	195	(102)
Others	2,019	(3,224)	(1,205)
	$ 2,485	$ -	$ 2,485

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Depreciation expense	$ 791	$ (28)	$ 763
Exchange (gains) losses	(468)	171	(297)
Others	2,162	(143)	2,019
	$ 2,485	$ -	$ 2,485

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

	December 31	
	2019	2018
Loss carryforwards		
Expiry in 2019	$ -	$ 190,618
Expiry in 2020	211,457	211,457
Expiry in 2021	322,509	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	19,642	-
	$ 2,117,561	$ 2,288,537
Deductible temporary differences	$ 69,427	$ 124,021

e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2019:

Unused Amount	**Expiry Year**
$ 211,457	2020
322,509	2021
394,894	2022
1,144,831	2023
24,228	2027
19,642	2029
$ 2,117,561	

The income from the following projects is exempt from income tax for five years. The related tax-exemption periods are as follows:

Project	**Tax Exemption Period**
Sunplus	
Fourteenth expansion	January 1, 2015 to December 31, 2019
Fifteenth expansion	January 1, 2015 to December 31, 2019

f. Income tax assessments

The income tax returns of the Company before 2017 had been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2019	**2018**
Basic gain per share	$ 0.03	$ 0.01
Diluted earnings per share	$ 0.03	$ 0.01

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

	Years Ended December 31	
	2019	**2018**
Profit for the year attributable to owners of the Company	$ 15,309	$ 5,616
Effect of potentially dilutive ordinary shares		
Bonuses for employees	-	-
Earnings used in the computation of diluted EPS from continuing operations	$ 15,309	$ 5,616

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

	Years Ended December 31	
	2019	2018
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	16	60
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 588,451	$ 588,495

The Company can settle bonus or remuneration to employees in cash or shares. If the Company decides to use shares in settling the entire amount of the bonus or remuneration the resulting potential shares will be included in the weighted average number of shares outstanding to be used in computation of diluted earnings per share, if the effect is dilutive. This dilutive effect of the potential shares will be included in the computation of diluted earnings per share until the number of shares to be distributed to employees is determined in the following year.

25. DISPOSAL OF SUBSIDIARIES

iCatch Technology Inc. has independently operated its financial activities since July 31, 2018 due to operational needs; thus, the Company assessed that the control of iCatch Technology Inc. was lost. For details about the partial disposal of iCatch Technology Inc., refer to Note 29 to the Company's consolidated financial statements for the year ended December 31, 2018.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

For details about the partial disposal of Sunext Technology Co., Ltd. and Jumplux Technology, refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2018.

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

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.

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, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 591,108	$ -	$ -	$ 591,108
Unlisted shares - ROC	-	-	337,789	337,789
Listed shares in other countries	815	-	-	815
	$ 591,923	$ -	$ 337,789	$ 929,712
Financial assets at FVTOCI				
Unlisted shares - ROC	$ -	$ -	$ 2,586	$ 2,586

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 736,926	$ -	$ -	$ 736,926
Unlisted shares - ROC	-	-	190,050	190,050
Listed shares in other countries	672	-	-	672
	$ 737,598	$ -	$ 190,050	$ 927,648
Financial assets at FVTOCI				
Unlisted shares in ROC and other countries	$ -	$ -	$ 4,337	$ 4,337

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, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2018	$ 190,050	$ 4,337	$ 194,387
Recognized in profit or loss	8,989	-	8,989
Recognized in other comprehensive income	-	(1,203)	(1,203)
Purchases	142,500	-	142,500
Disposals and proceeds from return of capital of investments	(3,750)	(548)	(4,298)
Balance at December 31, 2018	$ 337,789	$ 2,586	$ 340,375

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2018	$ 111,851	$ 98,687	$ 210,538
Recognized in profit or loss	(26,801)	-	(26,801)
Recognized in other comprehensive income	-	(94,350)	(94,350)
Purchases	201,000	-	201,000
Disposal	(96,000)	-	(96,000)
Balance at December 31, 2018	$ 190,050	$ 4,337	$ 194,387

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at FVTPL	$ 929,712	$ 927,648
Financial assets at amortized cost (i)	476,374	927,468
Financial assets at fair value through other comprehensive income		
Equity instruments	2,586	4,337
Financial liabilities		
Measured at amortized cost (ii)	175,217	287,206

i) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, refundable deposits, trade and other receivables and other financial assets. Those reclassified to held-for-sale disposal groups are also included.

ii) The balances include available-for-sale financial assets carried at cost.

d. Financial risk management objectives and policies

The Company’s major financial instruments included equity and debt investments, trade receivable, trade payables, bonds payable, borrowings and convertible notes. 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 negative number below indicates a decrease in post-tax profit associated with the New Taiwan dollar strengthening $1.00 against USD and RMB. For a $1.00 weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit, and the balances below would be positive.

	USD Impact	
	Years Ended December 31	
	2019	**2018**
Profit or loss	$ (1,783)	$ (3,163)

	RMB Impact	
	Years Ended December 31	
	2019	**2018**
Profit or loss	$ (11)	$ (1,007)

b) Interest rate risk

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

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

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 55,100	$ 264,100
Financial liabilities	235,395	-
Cash flow interest rate risk		
Financial assets	271,637	521,977
Financial liabilities	-	115,000

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.

Had 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, 2019 and 2018 would decrease/increase by $340 thousand and $509 thousand, respectively.

c) Other price risk

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

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

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by $9,297 and $9,276 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by $26 and $43 thousand, respectively.

2) Credit risk

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

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

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

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

The Company's concentration of credit risk of 92% and 91% in total trade receivables as of December 31, 2019 and 2018, 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, 2019 and 2018, 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 repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 47,708	$ 46,288	$ -	$ -	$ -
Lease liabilities	693	1,386	6,239	33,271	223,324
Fixed interest rate liabilities	30,004	23,984	-	2,401	56,286
	$ 78,405	$ 71,658	$ 6,239	$ 35,672	$ 279,610

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 8,318	$ 33,271	$ 41,589	$ 41,589	$ 36,439	$ 103,707

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 109,063	$ 38,642	$ -	$ -	$ -
Variable interest rate liabilities	105	15,000	100,000	-	-
Fixed interest rate liabilities	-	-	-	2,633	61,427
	$ 109,168	$ 53,642	$ 100,000	$ 2,633	$ 61,427

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	$ 53,964	$ 115,000
Amount unused	2,545,436	3,121,450
	$ 2,599,400	$ 3,236,450

29. TRANSACTIONS WITH RELATED PARTIES

a. Name and relationship of related parties

Related Party Name	Related Party Category
Xiamen Xm-plus Technology Ltd.	Associate (Note 1)
AutoSys Co., Ltd.	Associate (Note 2)
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
Lin Shih Investment Co., Ltd.	Subsidiary
Wei-Young Investment Inc.	Subsidiary
Russell Holdings Limited	Subsidiary

Note 1: The board of directors of Xiamen Xm-plus Technology Ltd. was re-elected on December 19, 2018. The company judged that it had lost significant influence on Xiamen Xm-plus Technology Ltd.

Note 2: It is an associate of the company; subsidiary of AutoSys Co., Ltd.

b. Sales of goods

Account Items	Related Parties Types	For the Year Ended December 31 2019	2018
Sales of goods	Subsidiaries	$ 7,690	$ 19,460
	Associates	10,065	28,058
		$ 17,755	$ 47,518

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

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

Account Item	Related Party	December 31 2019	2018
Trade receivables	Subsidiaries	$ 597	$ 2,047
	Associates	1,258	2,400
		$ 1,855	$ 4,447
Other receivable	Subsidiaries	$ 1,723	$ 5,339
	Associates	280	1,358
		$ 2,003	$ 6,697

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

Account Item	Related Parties Types	For the Year Ended December 31 2019	2018

Operating expenses	Subsidiaries	$ 161	$ -
Non-operating income and expenses	Subsidiaries	$ 26,558	$ 44,508
	Associates	10,228	8,072
		$ 36,786	$ 52,580

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.

e. Acquisitions of investments accounted for using the equity method

For the year ended December 31, 2019

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiary	Investments accounted for using the equity method	-	Sunext Technology Co., Ltd.	$ -

For the year ended December 31, 2018

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiary	Investments accounted for using the equity method	3,200	Jumplux Technology Co., Ltd.	$ 32,000
Subsidiary	Investments accounted for using the equity method	8,251	Sunext Technology Co., Ltd.	24,752

The Company acquired shares of Sunext Technology Co., Ltd. from Sunplus Venture Capital Co., Ltd., in June, 2019.

The Company acquired shares of Jumplux Technology Co., Ltd. from Sunplus mMedia Inc. in August 2018 and acquired Sunext Technology Co., Ltd. from Sunplus Venture Capital Co., Ltd., Lin Shih Investment Co., Ltd., Wei-Young Investment Inc. and Russell Holdings Limited from October to December 2018.

f. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	$ 11,721	$ 18,100
Post-employment benefits	269	269
	$ 11,990	$ 18,369

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	
	2019	2018
Buildings, net	$ 595,735	$ 615,136
Pledged time deposits (classified to other financial assets, including current and non-current)	6,100	6,100
	$ 601,835	$ 621,236

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

The following information is summarized and expressed in foreign currencies other than the functional currency. The disclosed exchange rate refers to the rate at which such foreign currencies are converted into the functional currency. The significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,103	29.980	$ 212,948
JPY	208	0.276	57
CNY	117	4.305	504
HKD	15	3.849	58
GBP	3	39.360	118
Nonmonetary items subsidiaries accounted for using equity method			
USD	20,066	29.980	601,579
HKD	9	3.849	35

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 5,320	29.980	$ 159,494
CNY	106	4.305	456

(Concluded)

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,594	30.715	$ 233,250
JPY	279	0.278	78
CNY	1,012	4.472	4,526
HKD	34	3.921	133
GBP	3	38.880	117
Nonmonetary items subsidiaries accounted for using equity method			
USD	21,546	30.715	661,785
HKD	10	3.921	39
Financial liabilities			
Monetary items			
USD	4,431	30.715	136,098
CNY	5	4.472	22

The significant unrealized foreign exchange gains (losses) were as follows:

	2019		2018	
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
USD	29.980 (USD:NTD)	$ (537)	30.715 (USD:NTD)	$ (1,234)
CNY	4.305 (CNY:NTD)	25	4.472 (CNY:NTD)	(32)
		$ (512)		$ (1,266)

32. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required for the Company and its investees by the Securities and Futures Bureau:

   1) Financings provided: Table 1 (attached)

   2) Endorsement/guarantee provided: Table 2 (attached)

   3) Marketable securities held: Table 3 (attached)

   4) Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the paid-in capital: Table 4 (attached)

   5) Information on investee: Table 5 (attached)

b. 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 6)

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

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	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		
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	$ 91,300	$ -	$ -	1.8%	Note 1	$ -	Note 2	$ -	-	$ -	$ 256,983 (Note 8)	$ 256,983 (Note 8)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	25,108	12,522	12,522	1.8%	Note 1	-	Note 3	12,522	-	-	21,415 (Note 9)	42,830 (Note 9)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	335,477	261,077	261,077	2.05%	Note 1	-	Note 4	-	-	-	455,427 (Note 10)	455,427 (Note 10)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	293,926	232,426	232,426	2.05%	Note 1	-	Note 5	-	-	-	419,740 (Note 11)	419,740 (Note 11)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	39,354	39,354	1.8%	Note 1	-	Note 6	39,354	-	-	37,851 (Note 12)	75.703 (Note 12)
5	Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	135,170	121,645	121,164	2.05%	Note 1	-	Note 7	-	-	-	317,228 (Note 13)	317,228 (Note 13)

Note 1: Short-term financing.

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

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

Note 4: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 5: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 6: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

Note 7: Lin Shih Investment Co., Ltd. Provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 8: The foreign company has voting shares that are directly and indirectly wholly owned by the Company’s parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 60% of Sunplus Technology (Shanghai) Co., Ltd.’s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 9: The aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. (“Sunplus Shanghai”), and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai’s net equity, with net equity based on its latest financial statements.

Note 10: The foreign company has voting shares that are directly and indirectly wholly owned by the Company’s parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 80% of Russell Holdings Ltd.’s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 11: 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 12: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai’s net equity.

Note 13: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shih Investment Co., Ltd.’s net equity as of its latest financial statements.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral (Property, Plant, or Equipment)	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited ("Sunplus")	Sun Media Technology Co., Ltd.	3 (Note 4)	$ 817,853 (Note 5)	$ 428,573	$ 169,365	$ 107,625	$ -	2.07	$ 1,635,707 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	817,853 (Note 5)	10,000	-	-	-	-	1,635,707 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	341,570 (Note 7)	279,585	122,860	122,860	122,860	21.58	341,570 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: The endorser directly holds more than 50% of the ordinary shares of the endorsee.

Note 4: Sunplus and its subsidiaries jointly hold more than 50% of the ordinary shares of the endorsee.

Note 5: 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 6: The guarantee amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 7: 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, i.e., Russell Holdings Ltd. provider's latest financial statements.

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	616	$ 10,096	-	$ 10,096	Note 3
	Mega RMB Money Market Fund	-	Financial assets at fair value through profit or loss - current	466	24,146	-	24,146	Note 3
	FSITC RMB Money Market Fund TWD	-	Financial assets at fair value through profit or loss - current	5,387	52,658	-	52,658	Note 3
	FSITC US Top 100 bond fund A	-	Financial assets at fair value through profit or loss - current	2,000	20,100	-	20,100	Note 3
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,216	30,100	-	30,100	Note 3
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	13,197	166,162	-	166,162	Note 3
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,851	31,058	-	31,058	Note 3
	Yuanta USD Money Market Fund USD	-	Financial assets at fair value through profit or loss - current	239	75,886	-	75,886	Note 3
	PineBridge Muliti - Income Fund	-	Financial assets at fair value through profit or loss - current	95	30,516	-	30,516	Note 3
	Prudential Financial RMB Money Market Fund TWD	-	Financial assets at fair value through profit or loss - current	5,810	57,349	-	57,349	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	17,918	-	17,918	Note 3
	Harvest Series 1 Fund	-	Financial assets at fair value through profit or loss - non-current	2	59,960	-	59,960	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	15,159	-	15,159	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	815	-	815	Note 2
	Triknight Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	29,625	285,289	5	285,289	Note 1
	EVERGREEN STEEL Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	1,500	52,500	-	52,500	Note 1
	Network Capital Global	-	Financial assets at fair value through other comprehensive income - non-current	380	2,586	7	2,586	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	UPI Semiconductor Corp.	-	Financial assets at fair value through profit or loss - current	300	$ 18,420	-	$ 18,420	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at fair value through profit or loss - current	220	19,620	-	19,620	Note 1
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	3,479	-	3,479	Note 2
	Enterex International Limited - CB	-	Financial assets at fair value through profit or loss - current	30	2,700	-	2,700	Note 2
	Kee Song Bio - Technology Holdings Limited	-	Financial assets at fair value through profit or loss - current	50	4,423	-	4,423	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	8,000	-	8,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	300	-	4	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss – non-current	103	-	1	-	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	43	474	-	474	Note 1
	AIII Co., Ltd.	-	Financial assets at fair value through profit or loss – non-current	26	431	-	431	Note 1
	GEMFOR Leading Financial Solution Provider fund	-	Financial assets at fair value through profit or loss - non-current	13	216	-	216	Note 1
	Sanjet Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,272	-	7	-	Note 1
	Lead Sun Corporation	-	Financial assets at fair value through profit or loss - non-current	-	27,934	12	27,934	Note 1
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	90,472	2	90,472	Note 2
	Sunplus Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	3,560	48,238	1	48,238	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	4,600	-	4,600	Note 1
Russell Holdings Limited	Synerchip Inc.	-	Financial assets at fair value through profit or loss - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at fair value through profit or loss - non-current	1,000	-	8	-	Note 1
	Innobrige International Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	15	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019 Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
Russell Holdings Limited	Ether Precision Inc.	-	Financial assets at fair value through profit or loss - non-current	1,250	$ -	1	$ -	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at fair value through profit or loss - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	5,563	3	5,563	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	24,411	6	24,411	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	20,386	13	20,386	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	3,721	-	3,721	Note 2
	Charles Schwab - Money Fund	-	Financial assets at fair value through profit or loss - current	-	2,032	-	2,032	Note 2
	Cyberon Corporation	-	Financial assets at fair value through profit or loss - non-current	786	27,530	8	27,530	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	54,950	7	54,950	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss - non-current	68	-	1	-	Note 1
	Funyou Venture Capital Limited Partnersh	-	Financial assets at fair value through profit or loss - non-current	-	19,877	10	19,877	Note 1
	Book4u Company Limited	-	Financial assets at fair value through profit or loss - non-current	9	-	-	-	Note 1
	Sanjet Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	49	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at fair value through profit or loss - non-current	1,900	-	10	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	-	8	-	Note 1
	Raynergy Tek Inc.	-	Financial assets at fair value through profit or loss - non-current	4,500	81,630	16	81,630	Note 1
	Genius Vision Digital	-	Financial assets at fair value through profit or loss - non-current	375	-	5	-	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at fair value through profit or loss - non-current	-	54,379	2	54,379	Note 1
	VenGlobal International Fund	-	Financial assets at fair value through profit or loss - non-current	1	-	-	-	Note 1
	TIEF Fund LP	-	Financial assets at fair value through profit or loss - non-current	-	40,721	7	40,721	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	900	32,940	1	32,940	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019 Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
Sunplus Venture Capital Co., Ltd.	Huijia Health Life Technology	-	Financial assets at fair value through profit or loss - non-current	1,000	$ 30,000	6	$ 30,000	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	45,630	8	45,630	Note 1
	eWave System, Inc.	-	Financial assets at fair value through profit or loss - non-current	1,833	-	22	-	Note 1
	Feature Integration Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,247	18,680	4	18,680	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	24,000	6	24,000	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,364	5,110	4	5,110	Note 1
Wei-Young Investment Inc.	Shiny Brands Group Co., Ltd.	-	Financial assets at fair value through profit or loss - current	105	7,864	-	7,864	Note 2
	Cheng Mei Materials Technology Corporation	-	Financial assets at fair value through profit or loss - current	2,000	14,600	-	14,600	Note 2
	Chipbond Technology Corporation	-	Financial assets at fair value through profit or loss - current	300	20,160	-	20,160	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	GF Every Day The Red Haired Type Money Market Fund B		Financial assets at fair value through profit or loss - current	13,100	56,579	-	56,579	Note 3
	GF Live Treasury Currency B	-	Financial assets at fair value through profit or loss - current	13,550	58,493	-	58,493	Note 3
	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at fair value through profit or loss - non-current	-	41,625	16	41,625	Note 1
	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	11,520	3	11,520	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,869	81,669	-	81,669	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	810	10,199	-	10,199	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,963	60,241	-	60,241	Note 3
	Fuh Hwa You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,235	30,226	-	30,226	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,333	70,939	-	70,939	Note 3
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,212	30,042	-	30,042	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	22,705	10	22,705	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	$ 848	8	$ 848	Note 1
	Point Grab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - non-current	-	32,079	-	32,079	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	46,813	15	46,813	Note 1
Sunext Technology Co., Ltd.	Yunata Taiwan Dividend + ETF Feeder Fund	-	Financial assets at fair value through profit or loss - current	2,843	31,609	-	31,609	Note 3
	Yunata Taiwan Top 50 ETF Feeder Fund	-	Financial assets at fair value through profit or loss - current	467	5,715	-	5,715	Note 3
	EVERGREEN STEEL Co.,Ltd.		Financial assets at fair value through profit or loss - current	1,000	35,000	-	35,000	Note 1
Jsilicon Technology Co., Ltd.	GF Live Treasure Currency B	-	Financial assets at fair value through profit or loss - current	7,888	33,959	-	33,959	Note 3

Note 1: The market value was based on the carrying amount as of December 31, 2019.

Note 2: The market value was based on the closing price as of December 31, 2019.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2019.

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition(Note 1)		Disposal(Note 1)				Ending Balance(Note 3)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,721	$ 59,048	29,017	$ 300,000	26,869	$ 278,000	$ 277,539	$ 461	7,869	$ 81,669

Note 1: The cumulative purchase and sale amount shall be calculated separately at the market price to determine whether it has reached NT$300 million or 20% of the paid-up capital.

Note 2: The paid-in capital refers to the paid-in capital of the parent company.

Note 3: The amount on the end of the period is the amount of unrealized profit or loss.

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,399,817 (US$ 74,605 RMB 37,900)	$ 2,399,817 (US$ 74,605 RMB 37,900)	-	100	$ 1,373,861	$ 21,479	$ 21,479	Subsidiary
	Award Glory Ltd.	Belize	Investment	226,834 (US$ 5,642 RMB 13,400)	61,219 (US$ 2,042)	-	100	160,186	8,497	8,497	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	297,640	85,934	11,165	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	744,832	43,053	41,771	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	681,743	223,584	76,690	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,049,350	43,973	43,973	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	573,897	135,651	82,919	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	739,307 (US$ 24,660)	721,319 (US$ 24,060)	24,660	100	569,284	5,887	5,887	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	29	263,237	(79,931)	(27,997)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	981,053	58,778	93	194,234	19,076	17,497	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,627	(25,068)	(22,501)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,768	(142)	(142)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	42,628 (HK$ 11,075)	42,628 (HK$ 11,075)	11,075	100	35	(3)	(3)	Subsidiary
	Magic Sky Limited	Samoa	Investment	304,597 (US$ 10,160)	302,049 (US$ 10,075)	-	100	32,282	(53,190)	(53,190)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,576	(209)	(209)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	49,602	(5,239)	(5,239)	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	2,785	(26,527)	(14,590)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	273,385	223,584	30,599	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	17,399	135,651	2,834	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	12,784	(79,931)	(1,094)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,348	(25,068)	(652)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	2,130	(26,527)	(11,163)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	53,990	135,651	7,655	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	44,159	(79,931)	(3,779)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	457	(25,068)	(1,914)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	-	4,200	-	-	-	-	-	Subsidiary (Note 2)
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British west Indies	Investment	74,950 (US$ 2,500)	74,950 (US$ 2,500)	-	16	77,208	(1,845)	(1,793)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,399,817 (US$ 74,605 RMB 37,900)	2,399,817 (US$ 74,605 RMB 37,900)	-	100	1,373,859	21,496	21,496	Subsidiary

Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,399,817 (US$ 74,605 RMB 37,900)	2,399,817 (US$ 74,605 RMB 37,900)	-	100	1,373,837	21,497	21,497	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	572,318 (US$ 19,090)	572,318 (US$ 19,090)	19,090	100	475,396	13,484	13,484	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	572,318 (US$ 19,090)	572,318 (US$ 19,090)	19,090	100	475,394	13,484	13,484	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,692 (US$ 390)	$ 11,692 (US$ 390)	-	100	$ 4,691	$ (456)	$ (456)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	226,834 (US$ 5,642 RMB 13,400)	61,212 (US$ 2,042)	-	100	160,186	8,497	8,497	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,145 (US$ 772)	23,145 (US$ 772)	-	100	558	(240)	(240)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	95,762 (US$ 1,270 RMB 13,400)	38,075 (US$ 1,270)	-	100	50,758	11,319	11,319	Subsidiary
	WORLDPLUS HOLDINGS L.L.C.	America	Investment	107,928 (US$ 3,600)	-	-	100	108,870	(2,138)	(2,582)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2018.

Note 2: Han Young Technology Co., Ltd. was liquidated in November 2019.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental services	$ 515,656 (US$ 17,200)	Note 1	$ 529,297 (US$ 17,655)	$ -	$ -	$ 529,297 (US$ 17,655)	100	$ 13,082	$ 13,082	$ 428,305	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services, building rental services and property management	966,855 (US$ 32,250)	Note 1	966,855 (US$ 32,250)	-	-	966,855 (US$ 32,250)	100	(29,577)	(29,577)	757,026	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental services	599,600 (US$ 20,000)	Note 1	599,600 (US$ 20,000)	-	-	599,600 (US$ 20,000)	100	31,538	31,538	131,080	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, system integration services and information management and education	111,930 (RMB 26,000)	Note 1	60,618 (US$ 586 RMB 10,000)	47,355 (RMB 11,000)	-	107,973 (US$ 586 RMB 21,000)	96	(10,628)	(10,290)	4,071	-
Ytrip Technology Co., Ltd.	Computer system integration services, supply of general advertising and other information services	263,681 (RMB 61,250)	Note 1	135,240 (US$ 4,511)	-	-	135,240 (US$ 4,511)	91	(2,566)	(2,327)	1,861	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	116,235 (RMB 27,000)	Note 1	116,235 (RMB 27,000)	-	-	116,235 (RMB 27,000)	100	3,096	3,096	49,237	-
1culture Communication Co., Ltd.	System development	13,991 (RMB 3,250)	Note 3	-	-	-		100	(29)	(29)	65	-
JSilicon Technology Co., Ltd. (Ru Domg)	Development of computer software, system integration services	43,050 (RMB 10,000)	Note 4	-	-	-	-	100	(15,033)	(15,033)	28,209	-
Lingyao Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	81,963 (RMB 19,039)	Note 6	-	107,928 (US$ 3,600)	-	107,928 (US$ 3,600)	100	(2,138)	(2,582)	108,870	-
Shuangxin Technology Co., Ltd. (Chongqing)	Development of computer software, system integration services	8,610 (RMB 2,000)	Note 5	-	-	-	-	100	(10,973)	(10,973)	75,218	-

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,597,759 (US$ 79,872 and RMB 49,900)	$ 2,623,398 (US$ 78,602 and RMB 62,000)	$ 4,907,120

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2019 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 37,775 (US$ 1,260)	$ 37,775 (US$ 1,260)	$ 629,610

(Continued)

Generalplus Technology Inc. (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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Generalplus Shenzhen	IC product development, after sales service and market research	$ 560,626 (US$ 18,700)	Note 1	$ 560,626 (US$ 18,700)	$ -	$ -	$ 560,626 (US$ 18,700)	100%	$ 13,940	$ 13,940	$ 471,173	$ -

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 560,626 (US$ 18,700)	$ 560,626 (US$ 18,700)	$ 1,210,358

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 investee’s reviewed financial statements for the same period.

Note 3: Ytrip Technology Co., Ltd. indirectly invested in a company located in mainland China.

Note 4: Sunplus Technology (Shanghai) Co., Ltd.’s indirect investment in a company located in mainland China.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. and Sunplus Prof-tek (Shenzhen) Co., Ltd.’s indirect investments in a company located in mainland China.

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

Note 7: The Ministry of Economic Affairs approved an investment in the shares of San Neng Group Holding Co., Ltd., which is accounted for under the financial assets at fair value through profit or loss- non-current.

Note 8: The original foreign currency was derived from the exchange rate on December 31, 2019.

(Concluded)

7.6 Financial Difficulties

Impact to the Company or subsidiaries if any turnover problems: None

VIII. Financial Analysis
8.1 Financial Status
8.1.1 Financial Analysis Comparison 2018 vs. 2019

Unit: NT$K

Year / Item	2018	2019	Variation	
			Increase (Decrease)	YoY %
Current Assets	6,638,302	5,940,147	(698,155)	(11)
Property, Plant & Equipment	2,052,359	1,968,803	(83,556)	(4)
Intangible Assets	178,521	176,233	(2,288)	(1)
Other Assets	3,057,802	3,404,584	346,782	11
Total Assets	11,926,984	11,489,767	(437,217)	(4)
Current Liabilities	1,684,729	1,342,416	(342,313)	(20)
Non-Current Liabilities	374,649	574,660	200,011	53
Total Liabilities	2,059,378	1,917,076	(142,302)	(7)
Equity Attributed to Shareholder of the parent	8,465,942	8,178,533	(287,409)	(3)
Capital Stock	5,919,949	5,919,949	-	-
Capital Surplus	801,398	594,432	(206,966)	(26)
Retained Earnings	2,250,839	1,988,579	(262,260)	(12)
Equity : Others	(442,843)	(261,026)	181,817	(41)
Treasury Stock	(63,401)	(63,401)	-	-
Minor interest	1,401,664	1,394,158	(7,506)	(1)
Total Shareholder's Equities	9,867,606	9,572,691	(294,915)	(3)

Remark:
1. The decrease in current liabilities is mainly due to the decrease in long-term loans due within one year.
2. The increase in non-current liabilities was mainly due to the increase in lease liabilities recognized by IFRS16.
3. The decrease in capital reserves is mainly due to the distribution of dividends from capital reserves.
4. The increase in other equity is mainly due to the disposal of unrealized loss of financial commodities of equity instruments measured at fair value through other comprehensive profit and loss.

8.2 Operational Results

8.2.1 Operation Results Comparison 2018 vs. 2019

Unit: NT$K

Year / Item	2018	2019	Variation	
			Increase (decrease)	YoY %
Net Sales	6,077,733	5,512,330	(565,403)	(9)
Gross Profit	2,429,384	2,374,575	(54,809)	(2)
Income (Loss) From Operating	(89,790)	131,741	221,531	(247)
Non-Operating Income (Expense)	293,780	112,479	(181,301)	(62)
Income (Loss) Before Tax	203,990	244,220	40,230	20
Income (Loss) From Operations of Continued Segments	142,323	174,752	32,429	23
Net Revenue (Loss) for the period	142,323	174,752	32,429	23
Other Comprehensive Income (Loss) for the period	(131,361)	(102,073)	29,288	(22)
Total Comprehensive Profit (Loss) for the period	10,962	72,679	61,717	563

Remarks:

1. The increase in operating net profit was mainly due to the decrease in operating expenses for the current year.
2. The decrease in non-operating income and expenses was mainly due to the decrease in the interests of the handling company in this year.
3. The increase in profit and loss before tax and net profit after tax for the current period was mainly due to the increase in operating profit for the year.
4. The increase in other comprehensive profits and losses for the current period was mainly due to the decrease in unrealized losses of financial assets measured at fair value through other comprehensive gains and losses during the year.
5. The increase in total profit and loss for the current period is mainly due to the increase in net profit for the year.

8.3 Cash Flow

8.3.1 Cash Flow Analysis

a) Cash Flow Analysis 2018 vs. 2019

Item \ Year	2018	2019	YoY %
Cash flow ratio	16.85	48.54	188
Cash flow adequacy ratio	56.71	81.59	44
Cash flow reinvestment ratio	Note 1	2.44	-
1. The increase in cash flow ratio is mainly due to the increase in net cash flow from operating activities. 2. The increase in the allowable cash flow ratio is mainly due to the increase in net cash flow from operating a ctivities in the past five years. 3. The increase in cash reinvestment ratio is mainly due to the increase in net cash flow from operating activitie s.			

Note 1: The net cash flow of operating activities is less than the cash dividend payment. It is not listed.

b) Cash Flow Forecast

Unit: NT$K

Cash Balance, beginning of the year (1)	Net Cash Flow from Operating Activities (2)	Estimated net cash inflow (outflow) from investment and financing activities throughout the year (3)	Net Cash Balance (1)+(2)+(3)	Remedial Measure if cash not enough	
				Investment plan	Financial leverage plan
$3,020,628	544,355	(485,933)	3,079,050	-	-
1. Analysis of Cash Flow: (1) From Operating: Cash flow in for predicting making profits in 2020. (2) From Investing: Cash flow in for purchasing properties, IPs and R&D tools. (3) From Financing: Cash flow in for expected to repay bank loans and distribute dividends, etc. 2. Remedies and Liquidity Analysis of Inadequate Cash: None.					

8.4 Major Capital Expenditure

8.4.1 Major Capital Expenditure and Sources: None.

8.4.2 Benefits from the Capital Expenditure: None.

8.5 Long-Term Investment

Not applicable

8.6 Risk Management

8.6.1 The Impact of Inflation, Foreign Exchange and Interest Rate Fluctuation and Measures to Cope With

1. Interest Rate: The Company will get more interest expenses when the interest rate rises. The finance division will collect information and evaluate the variation for hedge. Vice versa, the low interest rate will impact interest income. The company will put more cash on highly- returned short-term investment.
2. Exchange Rate: The selling products are quoted in US dollars. Most of the costs are quoted in US dollars but still some in NT dollars. So the New Taiwan Dollars appreciation will impact the company sales and gross margin. Our major foreign-currency assets are account receivable and time deposits. The company already utilizes mainly forward currency and option contracts to hedge its foreign exchange exposure, so the impact from floating exchange rate will be minimized.
3. Inflation: The material costs vary timely. The higher manufacture cost and selling pricing which would impact the consumers' budget for the high-end consumer electronic products. But Sunplus is working hard to develop new products for add-on value and cost-down, and expand the market shares in the emerging markets to relief the slow-down from developed countries.

8.6.2 Internal Policies and Procedure Exist with Respect to High Risk/High Leveraged

Investment, Lending/Endorsements and Guarantees for Other Parties, Financial Derivatives Transaction

1. There is no high risk/high leveraged investment.
2. The company has made and followed "Sub-procedure of Extension of Monetary Loans to Others", The loans are made with risk evaluation which follows the procedures. After the loan is granted, the Company follows and traces financial status, business and credit status of the borrower and guarantor frequently, and asks equal collaterals or takes proper actions to secure.
3. The company has made and followed "Procedure of Endorsement and Guarantees", and the Endorsement and Guarantees will only be made under well evaluation before granted.
4. The company has made and followed "Procedure of Engaging in Derivatives Trading ". The financial transactions of a derivatives nature that Sunplus enters into are strictly for hedging purposes and not for any trading or speculative purposes and under well evaluation.

8.6.3 R&D Plan and Execution

Sunplus Group will keep investing in research and development, therefore, the consolidated R&D costs will account for 25% ~ 35% of consolidated revenues.

Company	New Products
Sunplus Technology	(1) Automotive entertainment system chip (2) Smart Cockpit System Chip for Vehicle (3) Vehicle navigation and driving assistance system platform (4) Medium and high-end Soundbar system chip (5) High-speed interface IP (6) High-performance data converter IP (7) Analog IP (8) Industrial control system chip based on Sunplus Plus1 architecture
Generalplus Technology	(1) A new generation of speech synthesis control chip (a) High sound quality and high volume PWM driver (b) OTP /Flash memory, can quickly update the code (2) Digital audio and voice recognition control IC: (a) High-resolution Sigma-Delta ADC recording device (b) High sound quality Class-D broadcast drive device (c) Flash memory, can quickly update the code (3) LCD control IC: (a) Low-power platform capable of single battery operation (b) OTP memory, can quickly update the code (4) Multimedia application control IC: (a) High-performance Cortex-A series 32-bit platform (b) More display technologies and interfaces (CVBS, HDMI, MIPI) (c) Advanced image processing (ISP, GPU, H.264, computer vision and AI deep learning) (d) DDR2/DDR3 DRAM interface (5) Microcontroller: (a) Cortex-M0 motor drive control IC (b) Highly integrated wireless charging IC (c) High-sensitivity touch IC (6) Other ICs: (a) Various peripheral chips supporting the main control IC (b) More complete power control IC (c) Higher quality audio amplifier IC
Sunplus Innovation Technology	(1) Very low power USB image processing IC (2) USB3.0 4K image processing IC (3) Image processing IC with intelligent image detection function
Jumplux Technology	(1) Front loading regulation Automotive USB TYPEC PD3.0 Charger IC. (2) MCU chip and subsystem based on RISC-V instruction set (3) Endpoint deep learning software and hardware accelerator and its AIOT application chip

8.6.4 Political and Regulatory Environment:

We will keep watch for any further updates and take actions to reduce the impacts on the company.

8.6.5 Advanced Technology

The wafer process technology is moving to smaller geometry. The migrated process technology could keep the chip production cost down but R&D cost up. The company tries to develop higher add-on value and mainstream multimedia products, which mainstream means to produce in huge volume and to share the research and development cost.

8.6.6 Corporate Identify and Image Change

The company takes corporate image seriously. Being people-oriented and having integrity are our top priorities when running our business. We disclose our operation and financial statements to public periodically and transparently in order to save the rights of our shareholders.

8.6.7 Mergers & Acquisitions

None

8.6.8 Expansion of Facilities

None

8.6.9 Suppliers & Customers

The Company separately purchases raw materials from several different suppliers, encapsulation and testing of the foundry is also adopted scattered strategy, to ensure that the output is no problem. The Company's largest sales customers in 2018 and 2019 accounted for 13% and 15% of the total net revenue for the year, no sales focus on the risk of a single customer.

8.6.10 Major Shareholding Change

None

8.6.11 Ownership Change

None

8.6.12 Litigation Proceedings

None

8.6.13 Other Risks

None

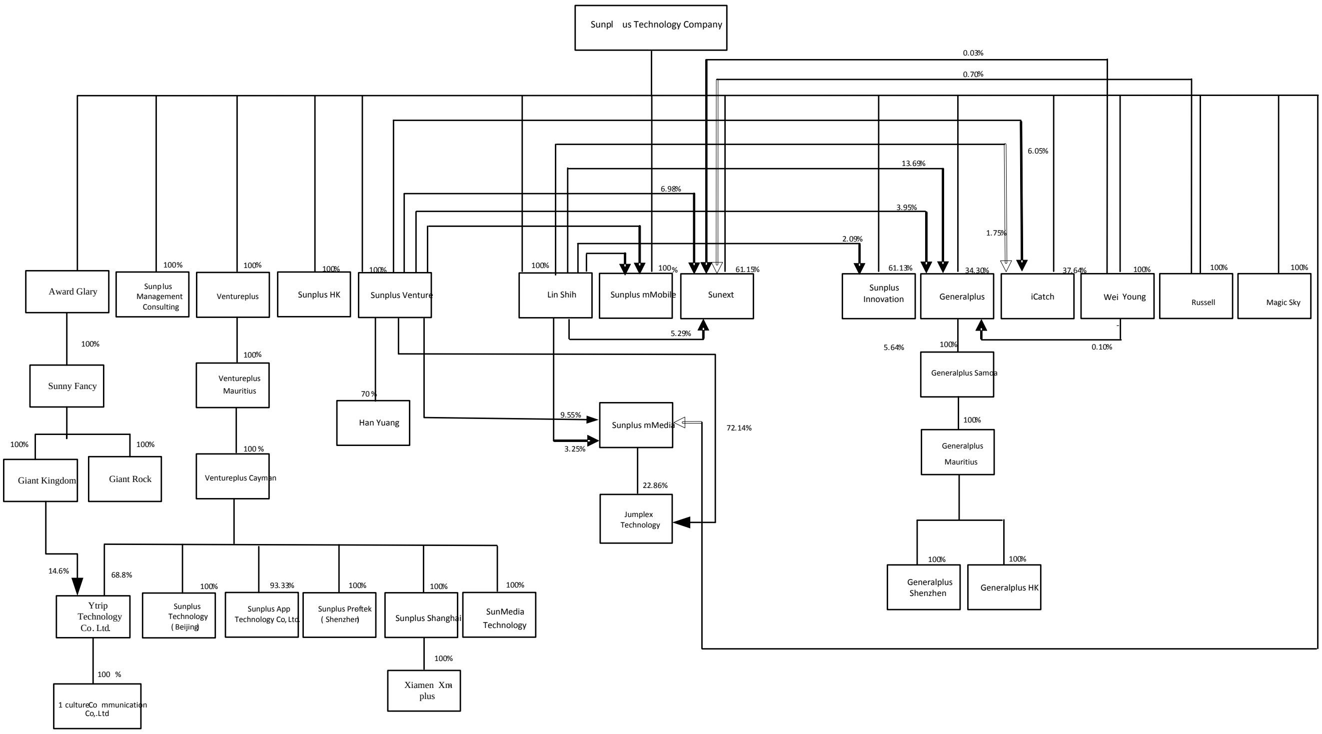
8.7 Other Remarks

None

IX. SPECIAL NOTES

9.1 Affiliates

9.1.1 Affiliated Chart



9.1.2 Affiliated Companies

December 31, 2019 Unit: NT$K, unless other specified

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Sunplus Technology (HK) Co., Ltd.	August 31, 1993	Kowloon, HK	HK$11,075,000 (Note)	International Trading
Lin Shih Investment Co., Ltd.	July 2, 1998	Hsinchu, Taiwan	700,000	Investment
Russell Holdings Ltd.	March 11, 1998	Cayman	US$24,660,000 (Note)	Investment
Sunplus Venture Capital Co., Ltd.	November 20, 1999	Hsinchu, Taiwan	1,000,000	Investment
Ventureplus Group Inc.	July 27, 2001	Belize	2,526,650	Investment
Ventureplus Mauritius Inc.	August 2, 2001	Mauritius	2,526,656	Investment
Ventureplus Cayman Inc.	September 14, 2001	Cayman	2,526,661	Investment
Shanghai Sunplus Technology Co., Ltd.	December 7, 2001	Shanghai, China	US$17,200,000 (Note)	Software development, customer technical services and rental business
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	October 22, 2007	Shenzhen, China	US$32,250,000 (Note)	Software development, customer technical services and rental business
Sunmedia Technology Co., Ltd.	January 8, 2008	Chengdu, China	US$20,000,000 (Note)	IC Sales and After Service, Software and System Design
Sunplus App Technology Co., Ltd.	October 6, 2008	Beijing, China	RMB26,000,000 (Note)	IC Sales and After Service, Software and System Design
Ytrip Technology Co., Ltd.	February 18, 2011	Chengdu, China	RMB61,250,000(Note)	System and Web Service
1culture Communication Co., Ltd.	February 18, 2013	Chengdu, China	RMB3,250,000(Note)	Web Service
Beijing Sunplus-Ehue Tech Co., Ltd.	December11, 2013	Beijing	RMB27,000,000(Note)	Software development, customer technical services and rental business
Magic Sky Limited	September 22, 2010	Samoa	US$10,160,000	Investment
Sunext Technology Co., Ltd.	March 13, 2003	Hsinchu, Taiwan	635,091	IC Design
Sunplus Management Consulting Inc.	October 2, 2003	Hsinchu, Taiwan	5,000	Consulting
WeiYing Investment Co., Ltd.	February 13, 2004	Hsinchu, Taiwan	54,000	Investment
Generalplus Technology Inc.	March 30, 2004	Hsinchu, Taiwan	1,088,158	IC Design
Generalplus International (Samoa) Inc.	November 12, 2004	Samoa	US$19,090,000 (Note)	Investment
Generalplus (Mauritius) Inc.	November 25, 2004	Mauritius	US$19,090,000 (Note)	Investment
Generalplus Technology (Shenzhen) Inc.	March 24, 2005	Shenzhen, China	US$18,700,000 (Note)	Sales Service

Generalplus Technology (HK) Inc.	March 21, 2007	Hong Kong	US$390,000 (Note)	Sales Service
Sunplus mMobile Inc.	December 20, 2006	Hsinchu, Taiwan	162,400	IC Design
Sunplus Innovation Technology Inc.	December 14, 2006	Hsinchu, Taiwan	514,501	IC Design
Sunplus mMedia Inc.	April 18, 2007	Hsinchu, Taiwan	250,000	IC Design
Jumplux Technology Inc,	October 27,2014	Hsinchu, Taiwan	240,000	Design & Trading
Award Glory Ltd.	January 04, 2016	Belize	235,105	Investment
Sunny Fancy Ltd.	October 29, 2014	Mahe , Republic of Seychelles	235,105	Investment
Giant Kingdom Ltd.	January 21, 2016	Mahé, Seychelles	25,157	Investment
Giant Rock Inc.	July 3, 2014	The Mason Complex, Suites 19 & 20, The Valley, Anguilla.	97,279	Investment
Rudong Jiexin Electronic Technology Co., Ltd.	February 06, 2019	Rudong County, Nantong City, China	RMB10,000,000(Note)	Software development and integrated circuit design
Chongqing Shuangxin Technology Co., Ltd.	July 26, 2019	Chongqing, China	RMB20,000,000(Note)	Software development and integrated circuit design
Worldplus Holdings L.L.C.	September 7, 1999	3500 South Dupont Highway,Dover,Delaware 19901,U.S.A.	US$3,600,000(Note)	Investment Business
Lingyao Technology (Shenzhen) Co., Ltd.	January 18, 2000	Shenzhen, China	RMB19,039,000(Note)	Software development, rental business and property management

Note: End of 2019, exchange rate as ref.:
HK$1=NT$3.849
US$1=NT$29.98
RMB$1=NT$4.305

9.1.3 Business Scope of Affiliated Companies

Company	Business Activities	Business Relationship
Sunplus Technology (HK) Co., Ltd.	Trading	N/A
Lin Shih Investment Co., Ltd.	Investment	N/A
Russell Holdings Ltd.	Investment	N/A
Sunplus Venture Capital Co., Ltd.	Investment	N/A
Ventureplus Group Inc.	Investment	N/A
Ventureplus Mauritius Inc.	Investment	N/A
Ventureplus Cayman Inc.	Investment	N/A
Shanghai Sunplus Technology Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	Manufacture, Sales Service and property management.	China branch
Sunmedia Technology Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus App Technology Co., Ltd.	Sales and IT Education Service	China branch
Ytrip Technology Co., Ltd.	System and Web Service	China branch
1culture Communication Co., Ltd.	Web Service	N/A
Beijing Sunplus-Ehue Tech Co., Ltd.	Manufacture and Sales Service	China branch
Magic Sky Limited	Investment	N/A
Sunext Technology Co., Ltd.	IC Design	Subsidiary
Sunplus Management Consulting Inc.	Management Consulting	N/A
WeiYing Investment Co., Ltd.	Investment	N/A
Generalplus Technology Inc.	IC Design	Subsidiary
Generalplus International (Samoa) Inc.	Investment	N/A
Generalplus (Mauritius) Inc.	Investment	N/A
Generalplus Technology (Shenzhen) Inc.	Sales Service	N/A
Generalplus Technology (HK) Inc.	Sales Service	N/A
Sunplus mMobile Inc.	IC Design	Subsidiary
Sunplus mMobile SAS	IC Design	N/A
Sunplus Innovation Technology Inc.	IC Design	Subsidiary
Sunplus mMedia Inc.	IC Design	Subsidiary
Jumplux Technology Inc.	Software design7 trading	Grandson- Subsidiary
Award Glory Ltd.	Investment	N/A
Sunny Fancy Ltd.	Investment	N/A
Giant Kingdom Ltd.	Investment	N/A
Giant Rock Inc.	Investment	N/A
Rudong Jiexin Electronic Technology Co., Ltd.	Software development and integrated circuit design	China branch
Chongqing Shuangxin Technology Co., Ltd.	Software development and integrated circuit design	China branch
Worldplus Holdings L.L.C.	Investment Business	N/A
Lingyao Technology (Shenzhen) Co., Ltd.	Software development, rental business and property management	China branch

9.1.4 Directors, Supervisors, and Presidents of Affiliated Companies

December 31, 2019

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Sunplus Technology (HK) Co., Ltd.	 Chairman Director	Sunplus Technology Chou-Chye Huang (repr.) Ming-Cheng Hsieh	*HK$11,075,000 - -	100% - -
Lin Shih Investment Co., Ltd.	 Chairman & President	Sunplus Technology Chou-Chye Huang (repr.)	70,000,000 - - - -	100% - - - -

Russell Holdings Ltd.	 Director	Sunplus Technology Chou-Chye Huang (repr.)	*US$24,060,000 -	100% -
Sunplus Venture Capital Co., Ltd.	 Chairman & President	Sunplus Technology Chou-Chye Huang (repr.)	100,000,000 - - - -	100% - - - -
Ventureplus Group Inc.	 Director	Sunplus Technology Chou-Chye Huang (repr.)	RMB37,900,000 & US74,605,000 (Note1)	100% -
Ventureplus Mauritius Inc.	 Director	Ventureplus Group Chou-Chye Huang (repr.)	RMB37,900,000 & US74,605,000 (Note1)	100% -
Ventureplus Cayman Inc.	 Director	Ventureplus Mauritius Chou-Chye Huang (repr.)	RMB37,900,000 & US74,605,000 (Note1)	100% -
Shanghai Sunplus Technology Co., Ltd.	 Chairman Director &President Director Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Zai-De Wang Tang-Yi Huang Shu-Lan Wang	US$17,655,000 (Note1) - - - -	100%
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	 Chairman President Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Tang-Yi Huang Shu-Lan Wang	*US$32,250,000 -	100% -
Sunmedia Technology Co., Ltd.	 Chairman President Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Cheng-Cai Chang Shu-Lan Wang	*US$20,000,000	100%
Sunplus App Technology Co., Ltd.	 Chairman Supervisor Director Director	Ventureplus Cayman Chou-Chye Huang (repr.) Yu-Lun Liu Shu-Lan Wang Ya-Fei Luo	RMB10,000,000 & USD586,000 (Note1) - - - RMB438,000	93.33% - 1.68%
Ytrip Technology Co., Ltd.	 Chairman Director & President Director Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Cheng-Cai Chang Yu-Lun Liu Shu-Lan Wang	USD3,750,000 (Note1) - - - -	38.47% - 17.5 -
1culture Communication Co., Ltd.	 E-Director& President Supervisor	Ytrip Technology Co., Ltd. Chen-Tsai Chang Shao-Ling Chan	*RMB$3,250,000 - -	100% -

Beijing Sunplus-Ehue Tech Co., Ltd.		Ventureplus Cayman Inc.	*RMB$27,000,000	100%
	Chairman	Chou-Chye Huang (repr.)		
	Director	Wayne Shen		
	Director	Shu-Lan Wang		
	Supervisor	Yin-Chi Chu		
Magic Sky Limited		Sunplus Technology	US$10,160,000	100%
	Director	Chou-Chye Huang (repr.)		
Sunext Technology Co., Ltd.		Sunplus Technology	58,778,442	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang	-	-
			-	-
			-	-
	Director	Mei-Juan Chen	-	-
			-	-
				-
	Supervisor	Wayne Shen		
Sunplus Management Consulting Inc.		Sunplus Technology	500,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
			-	-
			-	-
			-	-
WeiYing Investment Co., Ltd.		Sunplus Technology	5,400,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
			-	-
			-	-
			-	-
Generalplus Technology Inc.		Sunplus Technology	37,324,304	34.30%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Vice Chairman	Shi-Rong Wang (Repr.)	500,000	0.46%
			1,266,752	1.16%
	Director	Hou-Shien Chu	-	-
	Director	Shi-Hao Liu	-	-
	Independent Director	Chia-Ming Chai	-	-
	Independent Director	Nai-Shin Lai	-	-
	Independent Director	Jing-Min Chen	-	-
Generalplus International (Samoa) Inc.		Generalplus Technology	*US$19,090,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
Generalplus (Mauritius) Inc.		Generalplus International (Samoa)	*US$19,090,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Lingjia Technology (Shenzhen) Inc.	Chairman Director and General Manager Director	Generalplus International (Mauritius) Chou-Chye Huang (repr.) Zhi-yi Yang Jian-yi Liu	*US$18,700,000 - - -	100% - - -
Generalplus Technology (HK) Inc.	 Director	Generalplus (Mauritius) Inc. Yi-Xing Jia (repr.)	*US$390,000 -	100% -
Sunplus mMobile Inc.	 Chairman	Sunplus Technology Chou-Chye Huang (repr.)	16,240,000 - -	100% - -
Sunplus Innovation Technology Inc.	 Chairman Director Director Director & President Director Supervisor Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Shu-Lan Wang (repr.) Wayne Shen (repr.) Chih-Hao Kung Lin-Shih Investment Chi-Ying Chiu Wen-Chin Li	31,449,751 - - - 2,476,473 1,074,664 527,880 -	61.13% - - - 4.81% 2.09% 1.03% -
Sunplus mMedia Inc.	 Chairman& President Director Director Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Wayne Shen (repr.) Shu-Lan Wang (repr.) Lin-Shih Investment	22,440,723 - - - 650,185	89.76% - - - 2.60%
Jumplux Technology	 Chairman Director Director Supervisor	Sunplus mMedia Chou-Chye Huang (repr.) Shu-Lan Wang Mei-Juan Chen Sunplus Venture Capital	13,200,000 10,100,000	55.00% 42.08%
Award Glory Ltd.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	US$5,642,000 RMB13,400,000 (Note1) -	100% (Note1) -
Sunny Fancy Ltd.	Chairman	Award Glory Ltd. Chou-Chye Huang (repr.)	US$5,642,000 RMB13,400,000 (Note1) -	100% (Note1) -
Giant Kingdom Ltd.	Chairman	Sunny Fancy Ltd. Chou-Chye Huang (repr.)	US$772,000 (Note1) -	100% (Note1) -
Giant Rock Inc..	Chairman	Sunny Fancy Ltd. Chou-Chye Huang (repr.)	US$1,270,000 RMB13,400,000 (Note1) -	100% (Note1)
Rudong Jiexin Electronic Technology Co., Ltd.	Chairman and General Manager Director Director Supervisor	Shanghai Sunplus Technology Co., Ltd. Zai-De Wang He-xing Yang Yang Zhang	RM10,000,000 (Note1)	100% (Note1)

		Shu-zhen Zheng		
Chongqing Shuangxin Technology Co., Ltd.	Chairman Chairman and General Manager Director Supervisor	Shanghai Sunplus Technology Co., Ltd. Chou-Chye Huang (repr.) Cheng-cai Zhang Tang-yi Huang Shu-lan Wang	RM11,000,000 (Note1)	55% (Note1)
Worldplus Holdings L.L.C.	Chairman	Sunny Fancy Ltd. Chou-Chye Huang (repr.)	US$3,600,000 (Note1)	100% (Note1)
Lingyao Technology (Shenzhen) Co., Ltd.	Chairman General manager	Worldplus Holdings L.L.C. Cheng-cai Zhang Tang-yi Huang	RM19,039,000 (Note1)	100%

*Note: the invested companies are listed the capital paid-in amount of investment

9.1.5 Common Shareholders of Sunplus and Its Subsidiaries or Its Affiliates with Actual of Deemed Control

Not Applicable

9.1.6 Operation Highlights of Sunplus Affiliates

December 31st, 2019

Unit: NT$K, except EPS (NT$)

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS (After Tax)
Sunplus Technology (HK) Co., Ltd.	42,628	35	0	35	0	(3)	(3)	N/A
Lin Shih Investment Co., Ltd.	700,000	793,825	755	793,070	47,621	46,805	43,053	0.62
Russell Holdings Ltd.	739,307	569,284	0	569,284	1,793	(1,665)	5,887	N/A
Sunplus Venture Capital Co., Ltd.	1,000,000	1,049,645	295	1,049,350	53,108	43,421	43,973	0.44
Ventureplus Group Inc.	2,526,650	1,373,861	0	1,373,861	21,496	21,479	21,479	N/A
Ventureplus Mauritius Inc.	2,526,656	1,373,859	0	1,373,859	21,497	21,497	21,496	N/A
Ventureplus Cayman Inc.	2,526,661	1,373,837	0	1,373,837	21,890	21,602	21,497	N/A
Shanghai Sunplus Technology Co., Ltd.	515,656	476,637	48,332	428,305	159,408	53,856	13,082	N/A
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	966,855	776,037	19,011	757,026	150,675	(7,009)	(29,577)	N/A
Sunmedia Technology Co., Ltd.	599,600	979,962	848,882	131,080	279,443	64,475	31,538	N/A
Sunplus App Technology Co., Ltd.	111,930	8,579	4,345	4,234	16,304	(39,645)	10,628	N/A
Ytrip Technology Co., Ltd.	263,681	4,066	76	3,990	2,586	(2,544)	(2,566)	N/A
1culture Communication Co., Ltd.	13,991	65	0	65	0	(121)	(63)	N/A
Beijing Sunplus-Ehue Tech Co., Ltd.	116,235	54,806	5,569	49,237	18,225	(2,816)	3,096	N/A
Magic Sky Limited	304,597	32,282	0	32,282	0	(53,193)	(53,190)	N/A
Sunext Technology Co., Ltd.	635,091	212,646	2,779	209,867	39,236	16,224	19,076	0.30
Sunplus Management Consulting Inc.	5,000	3,768	0	3,768	0	(161)	(142)	(0.28)
WeiYing Investment Co., Ltd.	54,000	49,622	20	49,602	0	(5,258)	(5,239)	(0.97)
Generalplus Technology Inc.	1,088,158	2,727,762	710,499	2,017,263	2,610,099	218,875	223,584	2.05
Generalplus International (Samoa) Inc.	572,318	475,396	0	475,396	13,484	13,484	13,484	N/A
Generalplus (Mauritius) Inc.	572,318	475,394	0	475,394	13,484	13,484	13,484	N/A
Generalplus Technology (Shenzhen) Inc.	560,626	487,507	16,334	471,173	122,634	4,801	13,940	N/A
Generalplus Technology (HK) Inc.	11,692	6,166	1,475	4,691	11,056	(494)	(456)	N/A
Sunplus mMobile Inc.	162,400	29,686	110	29,576	0	(209)	(209)	(0.01)
Sunplus Innovation Technology Inc.	514,501	1,267,625	311,173	956,452	972,123	155,851	135,651	2.64
Sunplus mMedia Inc.	250,000	6,369	217	6,152	0	(25,085)	(25,068)	(1.00)
Jumplux Technology Inc.	240,000	28,933	23,870	5,063	61,787	(26,632)	(26,527)	(1.11)
Award Glory Ltd.	211,767	160,186	0	160,186	8,497	8,497	8,497	N/A
Sunny Fancy Ltd.	211,767	160,186	0	160,186	8,497	8,497	8,497	N/A
Giant Kingdom Ltd.	23,145	558	0	558	0	(240)	(240)	N/A
Giant Rock Inc.	80,694	50,758	0	50,758	11,371	11,371	11,319	N/A
Rudong Jiexin Electronic Technology Co., Ltd.	43,050	35,505	7,296	28,209	0	(15,931)	(15,033)	N/A
Chongqing Shuangxin Technology Co., Ltd.	86,100	82,660	7,442	75,218	0	(11,057)	(10,973)	N/A

Worldplus Holdings L.L.C.	107,928	108,870	0	108,870	0	(2,582)	(2,582)	N/A
Lingyao Technology (Shenzhen) Co., Ltd.	81,963	64,800	7,109	57,691	2,053	(2,572)	(2,138)	N/A

Note: The financial information of the above business relationship is prepared using the International Financial Reporting Standards.

9.1.7 Consolidated Financial Statement of Sunplus Affiliates

Relationship Statement of Consolidated Financial Statements

The Company's 2019(as of January 1, 2019 to December 31, 2019) shall be included in the preparation of the Company's consolidated financial report in accordance with the Guidelines for the preparation of the consolidated financial report and relational report on the relationship between the business combination business report. In accordance with the International Financial Reporting Standards No. 10 should be included in the preparation of parent company consolidated financial report of the company are the same, and the relationship between the consolidated financial statements should be disclosed in the relevant information in the parent company's consolidated financial statements have been exposed, there is no further preparation of the relationship between the consolidated financial report.

Company Name: Sunplus Technology Co., Ltd

Person in charge: Chou-Chye Huang

March 30, 2020

9.2 Private Placement Securities

Not Applicable

9.3 Status of Sunplus Common Shares/GDRs Acquired, Disposed of, or Held by Subsidiaries

Unit: NT$K, shares

Company	Capital	Source of Fund	% Owned by Sunplus	Transaction Date	Amount of Acquisition	Amount of Disposal	Investment Income	Balance (by the Date of this Report Printed)	Balance of Pledged Shares	Balance of Guarantee Provided by Sunplus	Balance of Financing Provided by Sunplus
Lin Shih Investment Co., Ltd.	$700,000	Self-owned reserves	100%	2001.12.25	3,870,196 shares & $95,605	-	-	-	None	None	None
				2002.07.02	967,549 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2003.07.13	483,774 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2004.08.23	532,151 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2005.08.23	290,614 shares Capital increase from profits and capital surplus	-	-	-	2,503,705 shares Pledged	None	None
				2006.08.05	306,132 shares Capital increase from profits and capital surplus	-	-	-	500,741 shares Pledged	None	None
				2007.03.26	-3,220,429 shares decreased for capital reduction & 32,204	-	-	-	None	None	None
				2007.09.05	160,538 shares	-	-	-	380,000 shares	None	None

					Capital increase from profits and capital surplus				Pledged		
				2008.09.08	169,471 shares Capital increase from profits and capital surplus	-	-	-	3,384,446 shares Solution	None	None
				By the date of this report printed	-	-	-	3,559,996 shares $63,401	None	None	None

9.4 Special Notes

None

9.5 Any Events Impact to Shareholders' Equity and Share Price

None

Sunplus Technology Co., Ltd.
Person in charge: Chou-Chye Huang
Published on May 15, 2020