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2020 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>

SUNPLUS WEBSITE

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I. LETTER TO SHAREHOLDERS

BUSINESS REPORT

2020 Business Results

Sunplus consolidated net operating revenue totaled NT\$6,414 million and the gross profit were NT\$2,925 million in 2020. While R&D expense totaled NT\$1,624 million and the G&A expenses were NT\$488 million, marketing expense were NT\$297 million, Operating profit was NT\$516 million in 2020. Including total non-operating net income NT\$269 million, the profit before tax were NT\$785 million. Excluding the income tax expense NT\$166 million, the net profit of the year totaled NT\$619 million, attributable to owner of the Company were NT\$323 million which the earning per share after tax for 2020 was NT\$0.55.

The net sales from continuing operations in 2020 increased 16.9% compared to the same period last year. The gross profit margin is about 46% compared with the previous year 's 43%, a slight increase. 2020 operating net profit increased by 291.80% compared to 2019.

Off-line income increased from 112 million in 2019 to 269 million in 2020, Mainly because the net profit of financial assets measured at fair value through profit and loss in 2020 increased by 105 million compared with 2019.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2020, Including the difference between the conversion of financial statements of foreign operating institutions, Unrealized gains and losses on equity instrument investments measured at fair value through other comprehensive income, determine the number of reassessments of the welfare plan, the shareholding of related enterprises recognized by equity method, the total net after-tax other comprehensive profit and loss in 2020 is NT\$6 million. The total consolidated profit and loss in 2020 was NT\$625 million, the consolidated profit and loss was attributed to NT\$327 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 (In-Vehicle Infotainment), Display Audio chip, advanced driver assistance system (ADAS) automotive chip, In addition to airlyra's SoundBar chip, audio-visual entertainment system and other chip products, it also introduces the smart computing chip Plus1 suitable for AIoT applications. It also provides IP authorization for high-speed interfaces, data converters, and analogs.

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

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, Wireless Charging, Motor control, etc.. In 2020, a new generation of voice IC GPC74C series platform, advanced version GPC22 series and low-power GPL873 series will be launched. In terms of multimedia products, the introduction of 40nm R&D 32-bit SoC, including 3D image processing, H.264, voice processing, and deep learning algorithms, can be used for education and learning, driving records, sports photography, aerial photography and other applications. On the MCU side, developed a 32-bit Cortex-M0 sine wave drive motor control chip. For touch IC, complete high anti-interference and low radiation requirements to meet home appliances and industrial control applications.

Sunplus Innovation Technology focuses on human-machine interface device chips. 2020 is a year of severe challenges. The market has greatly increased demand due to the epidemic, but its production capacity is also severely tight. With its efforts, its annual revenue has increased by 93%. 59% came from PC cameras, mouse keyboards and storage, and 41% came from USB external camera devices, driving pullers, high-speed cameras, new retail and remote controls. In 2021, the field of machine vision intelligent imaging applications will continue, and we look forward to continued growth in 2021.

Jumplux Technology focuses on automotive electronics and high-speed storage. In 2020, affected by the epidemic, it will adjust the organization and product development direction, focusing on the peripheral IC and Serdes IP of the front-mounted car regulations, including MediaHub USB2.0 IC – SPD102, MediaHub USB3.2 Gen2 IC – SPD1023, MIPI APHY IP. The main customers of 2020 are the TIER1 auto brand, a Sino-foreign joint venture between North America and Europe. The SPD10X series has successfully achieved design introduction, and mainland brand automakers have also begun mass production. It is expected to add growth momentum in 2021.

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 automotive chips, audio chips, and intelligent computing chips, continuing its past leadership in the audio-visual market, which is conducive to the competitiveness of automotive audio-visual systems, connected car driving assistance systems, and AIoT Edge Computing.

Generplus Technology will be affected by the new crown pneumonia in 2020, the global economy will fluctuate sharply, and the US-China trade war will cause a substantial adjustment in the supply chain, bringing a completely different development pattern to the world than in the past. Looking forward to 2021, we will continue to invest more R&D resources, accelerate the development of new products, and respond to market changes.

In addition to continuing to develop towards a higher degree of integration, Sunplus Innovation Technology also actively develops intelligent imaging products to increase added value and create the greatest benefits for shareholders and employees.

Under the imbalance between supply and demand in the automotive semiconductor supply chain, Jumplux Technology will continue to work closely with TIER1 and car manufacturers, and actively cooperate with the supply chain to obtain a stable supply of goods.

Looking forward to 2021, although COVID-19 has seen the dawn of a vaccine, the short-term haze is still there. With the Biden administration coming to power, the US-China trade war may be expected to slow down. The market generally expects that the international economy will grow significantly. 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 conform to market demand.

Future company development strategy

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

All the best,
Chairman & CEO,

Handwritten signature of Chou-Chye Huang in black ink.

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 Depository 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

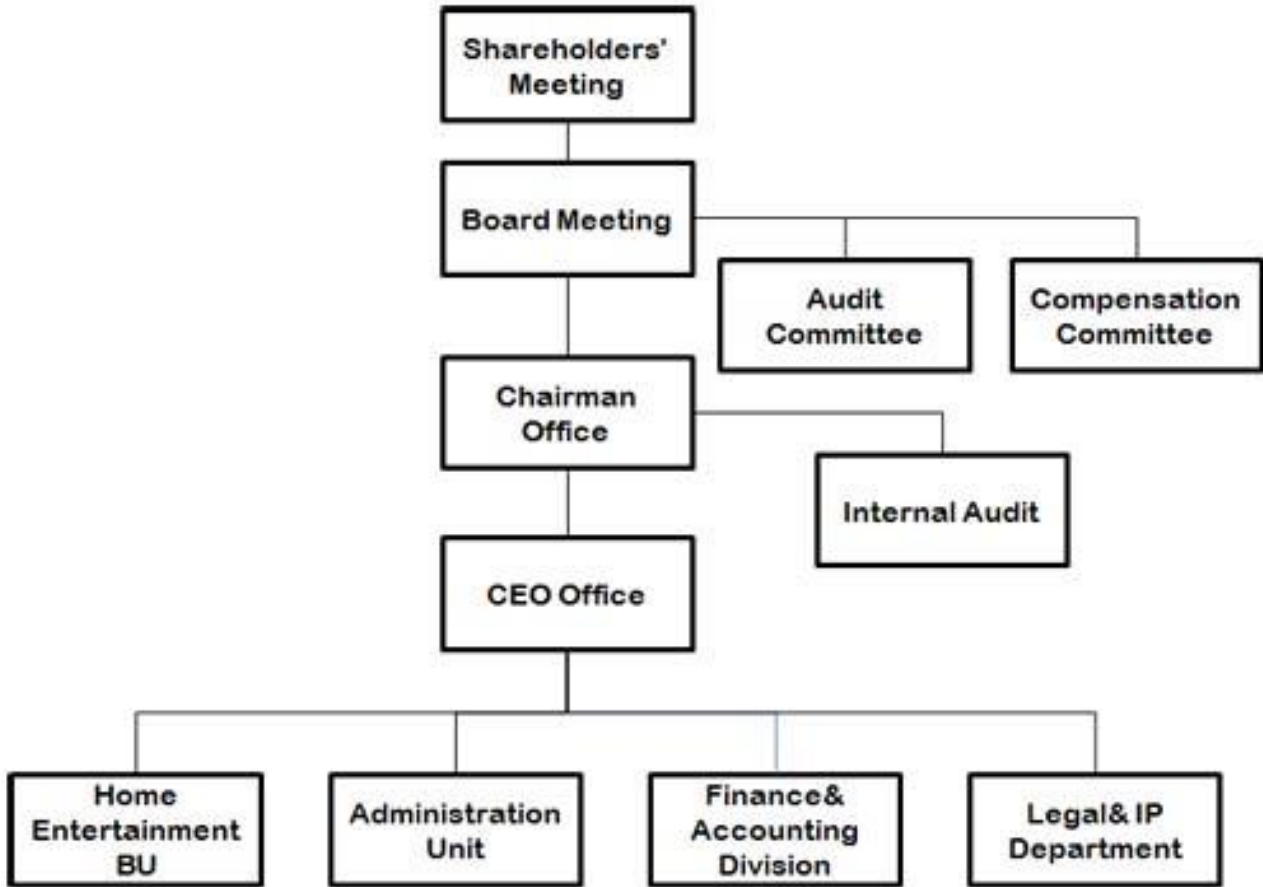
March 2006	Completed the spin-off of the LCD IC business into Orise Technology Co., Ltd.
December 2006	Completed the spin-off of Controller & Peripheral Business Unit into Sunplus Innovation Technology Inc.
December 2006	Completed the spin-off of the Personal Entertainment Business Unit and Advanced 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

- July 2020 Announced highly integrated automotive instrumentation solutions and successfully entered the supply chain of automotive instrument manufacturers
- September 2020 Subsidiary "Sunplus Innovation Technology Co., Ltd." registered in emerging stock market
- February 2021 Join the Hon Hai MIH Electric Vehicle Platform Alliance
- March 2021 The "Smart Device Product Center" was established under the home platform business group

III. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

March 31st, 2021

Department	Job Description
Chairman Office	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (1) Managing finance & accounting affairs (2) Arranging annual shareholders' meeting
Legal & IP Department	<ul style="list-style-type: none"> (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 9th, 2021/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: Hi-Yes Group., Director: Ability Enterprise, Panjit, OPALS, E-Pin Optical Inc. Independent Director: Biostar, Nien Hsing Textile 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	General manager: Global View, Director: Beijing Global View, Radiant Innovation Inc. 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 Adjunct Professor, Department of Electronic Engineering, National Yang Ming Chiao Tung University
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 & Audit Committee and Remuneration Committee: GenMont Independent Director & Compensation Committee: Sunfon Director: Framy Inc.
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, Weiyang Investment, Sunplus Management Consulting, Generalplus International (SAMOA) Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Sunplus Prof-tek, Sunmedia, Magic Sky Limited, Award Glory Ltd., Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Zhu Ming Teaching Foundation, Zhu Ming Academic Foundation, Jumplus, Chongqing Shuangxin Technology, GenkiTek Technology Co., Ltd., GlintMed, Capella Microsystems

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, iCatch, Global View Co., Ltd., Zhu Ming Foundation, Alumni Association of Industrial Technology Research Institute, AkiraNET

Executive Supervisor: National Yang Ming Chiao Tung University

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 9th, 2021

Criteria	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		
Name (Note 1)																	
Chou-Chye Huang			✓					✓	✓		✓	✓	✓	✓	✓		0
Wen-Shiung Jan			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2
Wen-Ren Su (Global View Co., Ltd., Representative of Legal Entity)			✓	✓		✓		✓	✓	✓	✓	✓	✓	✓			0
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 9th, 2021

Shareholder	Holding
Sunplus Technology	13.06%
Jhih-Yuan Chou	10.45%
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	7.05%
THE CAPITAL GROUP is entrusted with the special investment account of Changxiong Securities Co., Ltd.	3.77%
Citi bank as trustee for First Securities (HK)	3.31%
Meng-Huei Lin	2.47%
Shuhui Chen	2.47%
Yunlong Huang	2.09%
Yi Jiang Nan Co., Ltd.	1.90%
The business department of Standard Chartered International Commercial Bank is entrusted with the custody of the investment account of Credit Suisse International	1.27%

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

Shareholder	Major Shareholders	Holding
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	Not Applicable	-
THE CAPITAL GROUP is entrusted with the special investment account of Changxiong Securities Co., Ltd.	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	-
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%
The business department of Standard Chartered International Commercial Bank is entrusted with the custody of the investment account of Credit Suisse International	Not Applicable	-

3.2.4 Management Team

April 9th, 2021/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:7
Vice President	Republic of China	Wayne Shen	male	2005.12.01	969,558	0.16	0	0.00	0	0.00	-	-	-	-	-	
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	0	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	0	0.00	0	0.00	Master of Electrical Engineering, University of Southern California, USA	-	-	-	-	
Assistant VP	Republic of China	Adam Wang	male	2021.04.01	10000	0	0	0.00	0	0.00	Master of Control Engineering Institute, National Chiao-Tung University, Taiwan	-	-	-	-	
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	-	-	-	
Head of Corporate Governance	Republic of China	Phoebe Chen	female	2021.04.01	19177	0	0	0.00	0	0.00	Master of Accounting, National Chengchi University	Note:6	-	-	-	

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, Weiyang Investment, Sunplus Management Consulting, Generalplus International (SAMOA) Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Sunplus Prof-tek, Sunmedia, 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 Technology Co., Ltd., GlintMed, Capella Microsystems

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, iCatch, Global View Co., Ltd., Zhu Ming Foundation, Alumni Association of Industrial Technology Research Institute, AkiraNET

Executive Supervisor: National Yang Ming Chiao Tung University

Note 2

Director: Sunplus mMobile, 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

Director: Sunext, Jumplux,

Supervisor: Sunplus mMedia, GlintMed

Note 7

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								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)		(A)+(B)+(C)+(D) %of Net Income (Note 10)		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	Stock Bonus	Cash Bonus	Stock Bonus		Cash Bonus	Stock Bonus	Sunplus	Consolidated Subsidiaries			
Chairman	Chou-Chye Huang																										
Director	Wen-Shiung Jan																										
Director	Global View Wen-Ren Su Representative of Legal Entity	-	-	-	-	3,233,890	3,233,890	961,000	961,000	1.30	1.30	5,532,604	5,532,604	91,848	91,848	-	-	-	-	-	-	3.04	3.04			3,874,522	
Director	Wei-Min Lin																										
Independent Director	Che-Ho Wei																										
Independent Director	Tse-Jen Huang					1,741,326	1,741,326	1,329,000	1,329,000	0.95	0.95	-	-	-	-	-	-	-	-	-	-	0.95	0.95			-	
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	Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Tse-Jen Huang, Yao-Ching Hsu	Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Tse-Jen Huang, Yao-Ching Hsu	Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Tse-Jen Huang, Yao-Ching Hsu	Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Tse-Jen Huang, Yao-Ching Hsu
NT\$1,000,000~NT\$2,000,000 (Not included)	Che-Ho Wei	Che-Ho Wei	Che-Ho Wei	Che-Ho Wei
NT\$2,000,000~NT\$3,500,000 (Not included)	Chou-Chye Huang	Chou-Chye Huang		
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	Chou-Chye Huang	7,977,129	7,977,129	268,608	268,608	1,414,004	1,414,004	0	0	0	0	2.99	2.99	0
VP	Wayne Shen													

* 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.

Chairman Huang and concurrently the CEO of the company is equipped with an official car and a driver to pay the relevant remuneration of NT\$478,000.

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-subsidary 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-subsidary 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 9th, 2021

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				
Assistant VP	Adam Wang	-	-	-	-
Director of Finance & Accounting Division	Shu-Chen Cheng				
Head of Corporate Governance	Phoebe Chen				

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	2019		2020	
	Amount	% of Net income(Loss)	Amount	% of Net income (Loss)
Director	12,235,000	79.92%	16,925,000	5.23%
Supervisor				
Management				

2. Remuneration policies, standards and combinations, procedures for determining remuneration, and their relevance to business performance and future risks: The company pays directors' remuneration in accordance with the company's articles of association and taking into account the usual standards of the industry. The remuneration policy of the management team is based on the salary level of the job equivalent to the same industry market, plus the achievement rate of the company's operation and individual performance in each field of responsibility, and give reasonable remuneration. According to the articles of association of the company, if the company makes a profit in the current year, it shall allocate no less than 1% for employee compensation and no more than 1.5% for director compensation. However, when the company still has accumulated losses (including adjustments to the amount of undistributed surplus), it shall reserve the amount of compensation in advance. All directors of the company receive a fixed remuneration, and each time they attend the meeting, they also receive the carriage fee. In addition, the proportion of directors' remuneration distribution is weighted based on the results of evaluation projects such as the mastery of the company's goals and tasks, the degree of participation in the company's operations, internal relationship management and communication, and the director's professional and continuous education, and the weighted results are assigned. The salary and remuneration of the company's managers not only refer to the usual level of payment in the industry, but also consider the evaluation items of professional seniority, work performance, goal achievement, and major contributions. Important evaluation items of work performance include: the practice of the company's core values, financial and operational indicators Management (such as product revenue, gross profit, delivery and R&D schedule), implementation of corporate social responsibility, and other special contributions, or major events, etc., after comprehensive considerations, and reasonable remuneration.

3.3 Corporate Governance Implementation

3.3.1 BOD Meeting Status

9 meetings were held in 2020 (9 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	9	0	100	
Director	Wen-Shiung Jan	9	0	100	
Director	Representative of Legal Entity , Global View Wen-Ren Su	9	0	100	
Director	Wei-Min Lin	9	0	100	
Independent Director	Che-Ho Wei	9	0	100	
Independent Director	Tse-Jen Huang	9	0	100	
Independent Director	Yao-Ching Hsu	9	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 Fifteenth Meeting of the Eleventh Session of the Board of Directors 109.03.30	1. The company's 2019 employee remuneration and directors' remuneration distribution situation discussion proposal.	v	None
	Opinion of independent directors : None.		
	The Company's handling of the opinions of independent directors : None.		
	Resolution result: In this case, the compensation for employees and directors was determined by the total amount of compensation, and the amount of personal compensation has not been determined, so there is no need to avoid interest. The case was passed after the chairman consulted all the directors present without objection.		
The 16th meeting of the 11th session of the Board of Directors 109.04.22	1. Discussion on the adjustment of employee compensation and director compensation distribution of the company in 2019.	v	Note
	Opinion of independent directors : None.		
	The Company's handling of the opinions of independent directors : None.		
	Resolution result: In this case, the compensation for employees and directors was determined by the total amount of compensation, and the amount of personal compensation has not been determined, so there is no need to avoid interest. The case was passed after the chairman consulted all the directors present without objection.		
The Eleventh Session of the Eighteenth Board of Directors 109.08.13	1. Discussion on company-wide salary adjustment and manager salary adjustment in 2020.	v	None
	Opinion of independent directors : None.		
	The Company's handling of the opinions of independent directors : None.		
	Resolution result: passed after the chairman consulted all the directors present without objection.		

The eleventh session of the nineteenth board of directors 109.09.07	1. Discussion of the company's long-term investment disposal.	v	None
	Opinion of independent directors : None.		
	The Company's handling of the opinions of independent directors : None.		
	Resolution results: (1) This case has his own interests with Chairman Huang Zhoujie, so he avoids participating in the discussion and voting in accordance with the law. Wei Zhe and independent directors were appointed as acting chairman at the direction of the chairman. (2) Except for evading directors who did not participate in the discussion and voting in accordance with the law, the case was passed after the acting chairman consulted the remaining directors present without objection.		
The twentieth meeting of the eleventh board of directors 109.11.13	1. The company's "internal control system" and "internal audit implementation rules" revision discussion proposal.	v	None
	Opinion of independent directors : None.		
	The Company's handling of the opinions of independent directors : None.		
	Resolution result: The proposal was passed after the chairman consulted all the directors present without objection.		
The Twenty-second Meeting of the Eleventh Session of the Board of Directors 109.12.29	1. Discussion Proposal on Appointment of Accountants and Independence Evaluation in 2021.	v	None
	Opinion of independent directors : None.		
	The Company's handling of the opinions of independent directors : None.		
	Resolution result: The case was passed after the chairman consulted all the directors present 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—

(1) On March 30, 2020, the board of directors discussed the "Discussion Proposal for the Company's Staff Remuneration and Directors' Remuneration Distribution in 2019.": In this case, the part of employee compensation and director compensation determines the total amount of compensation, and does not determine the amount of personal compensation, so there is no need to avoid interest. The case was passed after the chairman consulted all the directors present without objection.

(2) On April 22, 2020, the board of directors discussed the "Discussion on the adjustment of the company's employee compensation and directors' compensation distribution in 2019.": In this case, the part of employee compensation and director compensation determines the total amount of compensation, and does not determine the amount of personal compensation, so there is no need to avoid interest. The case was passed after the chairman consulted all the directors present without objection.

(3) On September 7, 2020, the board of directors discussed the "Discussion Proposal for Disposal of the Company's Long-term Investment": 1. In this case, the chairman Huang Zhoujie also serves as the chairman of Sunplus Innovation Technology, and he has his own interests, so he avoided participating in the discussion and voting in accordance with the law. Wei Zhe and independent directors were appointed as acting chairman at the direction of the chairman. 2. Except for evading the directors who did not participate in the discussion and voting in accordance with the law, the case was passed after the acting chairman consulted the other directors present without objection.

3. The listed company shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the self (or peer) evaluation of the board of directors— The company has passed a resolution of the board of directors on March 30, 2020 to formulate the "Board Performance Evaluation Measures". The relevant contents of the measures are as follows:

Evaluation cycle	During evaluation	Assessment scope	Evaluation method	Evaluation content
The board of directors of	Completed before the end	Performance evaluation of	Including internal	The company should consider the company's situation and needs to determine the

<p>the company shall perform the internal board performance evaluation in accordance with the evaluation procedures and evaluation indicators of these measures every year.</p>	<p>of the first quarter of the following year.</p>	<p>the overall board of directors, individual board members and functional committees.</p>	<p>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 evaluation.</p>	<p>measurement items for board performance evaluation, and should include at least the following five aspects:</p> <ol style="list-style-type: none"> 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. <p>Directors (self or peers) performance evaluation measures should include at least the following six aspects:</p> <ol style="list-style-type: none"> 1. Master the company's goals and tasks. 2. Cognition of directors' responsibilities. 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. <p>The measurement items of the performance evaluation of the functional committee should include at least the following five aspects:</p> <ol style="list-style-type: none"> 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. <p>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.</p> <p>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.</p>
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The performance evaluation results of the board of directors and functional committees for the year 2020 were reported by the board of directors on March 29, 2021. The evaluation results scored 98 to 99 points. The operation of the board of directors and functional committees of the company should be good.

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 2020 (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 14th Audit Committee of the 2nd Session 109.03.30	1. Report on the results of self-assessment of internal control in 2019 and discussion of internal control system declaration.	v	None
	2. Report on the implementation of the budget for the fourth quarter of 2019 and discussion of the 2008 financial statements.	v	None
	3. Discussion Proposal for the 2019 Consolidated Financial Statements.	v	None
	Audit committee resolution result: all members of the audit committee agreed to pass.		
	The company's handling of the audit committee's opinions: all the directors present agreed to.		
The 15th Audit Committee of the Second Session 109.05.14	1. Report on the Implementation of the Budget for the First Quarter of 2020 and Discussion on Consolidated Financial Statements.	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 16th Audit Committee of the Second Session 109.08.13	1. Budget Implementation Report and Consolidated Financial Statement Discussion Proposal for the Second Quarter of 2020.	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 eighteenth audit committee of the second session 109.11.13	1. The company's "internal control system" and "internal audit implementation rules" revision discussion proposal.	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 2nd 20th Audit Committee 109.12.29	1. Discussion Proposal on Appointment of Accountants and Independence Evaluation in 2021.	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 company's internal audit supervisor on February 19, 2020, March 30, 2020, May 14, 2020, August 13, 2020, and 2020 Reported to the independent directors on the implementation of the internal audit plan and the implementation of the follow-up report on November 13 and December 29, 2020, and fully communicated the implementation and effectiveness of the audit business.			
(2) The company's accountants on March 30, 2020, May 14, 2020, August 13, 2020 and November 13, 2020, communicate with the results of the audit or review of the consolidated financial reports for the fourth quarter of 2019 and the first to third quarters of 2020. The independent directors of the company may at any time request the certified accountant to report and communicate with the independent directors on the audit results of the financial statements (including the consolidated financial statements) and other relevant legal requirements.			

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.

Work focus of the audit committee:

The main functions of the audit committee of the company are to assist the board of directors in supervising the company's implementation of relevant accounting, auditing, financial reporting procedures and financial control. The matters reviewed by the Audit Committee of the Company in 2020 mainly include:

1. Appropriate expression of the company's financial statements.
2. Appointment and independence assessment of certified accountants.
3. Effective implementation of the company's internal control.
4. The company complies with relevant laws and regulations

Review financial reports

The board of directors prepared the company's 1991 business report, financial statements and surplus distribution proposals, among which the financial statements were checked by Qinye Zhongxin United Certified Public Accountants, and a check report was issued. The above-mentioned business report, financial statement and surplus distribution proposal have been checked by the Audit Committee and found that there is no discrepancy.

Assess the effectiveness of the internal control system

The audit committee evaluated the effectiveness of the company's internal control policies and procedures, and believed that the company's risk management and control system was effective, and the company had adopted the necessary control mechanisms to supervise it.

Appoint a visa accountant

In order to ensure the independence of the certified public accountant firm, the audit committee of the company formulated an independence evaluation form in accordance with Article 47 of the Accountant Law and No. 10 of the Public Accountant's Professional Ethics Bulletin to assess whether the certified public accountant is a mutual related person and has mutual ownership with the company. Items such as business or financial interests. On December 29, 2019, the 20th Audit Committee of the second term and the 22nd meeting of the 11th term of the Board of Directors passed the resolutions of Qinye Zhongxin Certified Public Accountants, CPA Lin Zheng and CPA Cai Meizhen, in compliance with independence Assessment.

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 & Sunplus Innovation for the establishment of a good corporate governance system, participate in the "Code of Practice for Corporate Governance of Listed OTC", Code of Corporate Governance Practices, and disclosed on the public information observatory and company 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		<p>(1) The company and its subsidiaries, Generalplus Technology and Sunplus Innovation Technology, in addition to appointing professional stock agencies to handle related businesses, have set up a complete spokesperson system to properly handle shareholder suggestions and dispute-related matters. Subsidiaries that have not been issued publicly have stock-related specialists to properly handle shareholder suggestions, doubts and disputes.</p> <p>(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.</p> <p>(3) 1. The company and Generalplus Technology have established "Investment Monitoring and Management Measures" to implement supervision of subsidiaries. 2. The company and Sunplus Innovation have established "Measures for Dealing with Related Persons" and "Measures for Dealing with Certain Companies and Group Enterprises", and Generalplus Technology has set up "Measures for Dealing with Group Enterprises and Related Persons". 3. The remaining subsidiaries also have various management measures, which have clear regulations on transactions with related companies to achieve risk control and firewall mechanisms. 1. The company, Generalplus Technology, and Sunplus Innovation Technology have formulated the "Management Procedures for Disclosure of Internal Significant Information and Prevention of Insider Transactions" and the "Guidelines for Operational Procedures and Behaviors of Honest Business Operations". Both the company and its subsidiaries have notified the company Insiders strictly follow and prohibit company insiders from using undisclosed information on the market to buy and sell securities. 2. The company has carried out preventive insider trading promotion and after-school tests for new employees in October, 2020. As of the end of 2020, a total of 33 person-times prevent insider trading promotion and after-school tests. The company's internal webpage also announces publicity information in the "Legal Publicity Zone". 3. The company and Generalplus Technology conduct the education and promotion of "Regulations on Preventing Insider Trading" for current directors and managers at least once a year. The company has conducted relevant education and publicity for current directors and managers on December 29, 2019. The content of the course includes laws and regulations related to insider trading and legal responsibilities.</p>	No major Difference
1) The way handling shareholders' suggestions or disputes	V			No major Difference
2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders	V			No major Difference
3) Risk management mechanism and fire wall between the Company and its affiliates	V			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		No major Difference	
3. Composition and Responsibilities of the BOD	V		<p>(1) 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) The company pays attention to the industry experience and professional capabilities of directors. The target ratio of directors with industry experience is 50%. At least one director specializing in finance, accounting and taxation; and at least one director who is superior to legal affairs. At present, among the seven directors of the company, four directors with industry experience include Huang Zhoujie, Zhan Wenxiong, Shu Weiren, and Wei Zhehe, accounting for 57.14%; those with financial accounting and taxation include two directors including Huang Zeren and Lin Weimin, with 100 seats. %; those with legal affairs include Xu Yaoqing, a director, and the number of seats reaches 100%. 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 five to six years. One director is over 70 years old,</p>	No major Difference
1) Board diversity policy	V			No major Difference
2) Other Functional Committees than Audit committee and Compensation Committee		V		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		No major Difference
4) Regular evaluation of external auditors' independency	V		No major Difference	

		<p>one is 60 to 69 years old, and five are under 60 years old.</p> <p>The directors of each subsidiary also have different expertise in various fields, and indeed implement the policy of diversity of board members.</p> <p>(2) The company, Generalplus Technology and Sunplus Innovation Technology have established salary and remuneration committees and audit committees in accordance with the law, which are composed of all independent directors. The company, Generalplus Technology and Sunplus Innovation Technology also have a dedicated unit to promote corporate integrity management, and regularly report implementation status and results to the directors. In the future, other functional committees will be set up according to the legal environment, company operation and management needs assessment. Other subsidiaries currently have no salary and compensation committee, audit committee and other functional committees. In the future, they will be established according to the actual needs of the company.</p> <p>(3) 1. The company, Generalplus Technology and Sunplus Innovation Technology have successively formulated the "Board Performance Evaluation Method" in 2020 and 2021. The board of directors, individual directors and functional committees are regularly self-evaluated every year, and the results of performance evaluations are used as a reference for selecting or nominating directors; and the results of individual directors' performance evaluations are used as a reference for determining their individual remuneration.</p> <p>2. The evaluation results of the company's board of directors and functional committees for the year 2020 were reported to the board of directors on March 29, 2021. The evaluation score was 98 to 99. The operation of the company's board of directors and functional committees should be good.</p> <p>3. The remaining subsidiaries have not formulated the "Board Performance Evaluation Method", but they review the functions of the board from time to time. In the future, the feasibility of formulating the board performance evaluation method will be evaluated based on the legal environment, company operating conditions and management needs.</p> <p>(4) The audit committee of the company regularly evaluates the independence of certified public accountants every year. The company's assessment of certified public accountants Deloitte United Certified Public Accountants, CPA Lin Zhengzhi and CPA Cai Meizhen, both meet the company's independence evaluation standards (Note 2), The audit committee and the board of directors passed a resolution on December 29, 2020. Each subsidiary will assess the independence of the certified accountant at the end of the year, and the board of directors will decide on the appointment of the certified accountant.</p>	
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	<p>1. The board of directors of the company passed a resolution on March 29, 2021 to appoint the chairman of the board of directors as the head of corporate governance. The board of directors of Generalplus Technology approved the appointment of the senior director of the administrative management center on February 26, 2021. As the head of corporate governance, the financial department of Sunplus Innovation Technology is responsible for corporate governance related matters.</p> <p>2. The main responsibilities of the company's corporate governance officer include handling matters related to the board of directors and shareholders meeting in accordance with the law, and assisting the company in complying with the relevant laws and regulations of the board of directors and shareholders meeting, providing directors with the information needed to perform their business, and the latest legal development related to operating the company To assist directors in complying with the law.</p> <p>3. Key points of the company's business execution in 2020:</p> <p>(1) Consolidate the meeting agenda for the board of directors and committees, specify the convening matters and send a convening notice to the directors or members seven days before the meeting, and provide sufficient meeting materials so that the participants can accurately understand the relevant information about the proposals; When the director or committee member himself or the legal person represented by him has an interest, he also reminds him to avoid interest.</p> <p>(2) Responsible for the minutes of the board of directors and shareholders' meetings on the day of the board of directors and shareholders' meetings, and publish important information or announcements of important resolutions after the meeting to ensure the legality and accuracy of the disclosed information to ensure the equivalence of investor transaction information.</p> <p>(3) Handle the change registration of the company's various operations.</p> <p>(4) Evaluate the purchase of "Directors' and Managers' Liability Insurance" with a suitable amount of insurance, complete the insurance matters, and report the contents of the insurance to the board of directors. (5) Provide directors with relevant training information from time to time, reminding them to study and complete relevant declarations in accordance with the stipulated hours of the "Main Points for Implementation of Training for Directors and Supervisors of Listed OTC Companies".</p> <p>(6) From time to time, provide board members with information on new issued or revised laws and regulations related to directors' business execution, corporate governance or business operations.</p> <p>(7) Review the compliance status of the corporate governance evaluation indicators one by one every year, and propose improvement plans and corresponding measures for indicators that have not scored.</p> <p>(8) Provide operating information such as company business or finance according to directors' needs, and maintain smooth communication and exchanges between directors and business executives.</p> <p>4. Please note 3 for details of the training situation of the company's corporate governance supervisor.</p>	No major Difference
5. Communication channel with Stakeholders (Including but not limited to shareholders, employees, customers and suppliers)	V	<p>1. The company and its subsidiaries maintain good relationships with banks, suppliers, and other interested parties of the company, uphold the principle of good faith, provide adequate business information, and properly safeguard their legitimate rights and interests.</p> <p>2. The company's stakeholders are concerned about topics, communication methods, and implementation status. Note 4 in detail.</p> <p>3. The company, Generalplus Technology and Sunplus Innovation Technology have set up a special area for stakeholders on the company website.</p>	No major Difference

			set up different corresponding windows for different stakeholders, and set up a complete system and response mechanism to ensure that stakeholders are concerned. Appropriate response to the issue. The company has reported to the board of directors on the situation of communication with various stakeholders in 2020 on December 29, 2020. 4. The remaining subsidiaries also provide detailed contact information on the company's website. If necessary, interested parties can contact them by telephone, letter, fax, and e-mail at any time.	
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	V		(1) The company, Generalplus Technology and Sunplus Innovation Technology have set up Chinese and English websites to set up special areas to disclose financial business and corporate governance information.	No major Difference
2) Other information disclosure channels (ex. English website, appointing responsible people to handle information collection and disclosure, appointing spokesman, webcasting investors conference)	V		(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.	No major Difference
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	(3) Generalplus Technology announced and filed its annual financial report within two months after the end of the fiscal year. Although the company did not announce and file the annual financial report within two months after the end of the fiscal year, it still announced and filed the annual financial report before the deadline prescribed by laws and regulations. Financial reports and financial reports for the first, second and third quarters and operating conditions in each month.	
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, Generalplus and Sunplus Innovation Technology 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 2020 years is as follows: (1) The company has fully disclosed in the annual report the reasons for discussion and resolution of the Salary and Compensation Committee, as well as the company's handling of members' opinions. The part that has not yet been improved will be actively studied and improved. 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. In addition to the business permitted by law, does the accountant represent the defense of legal cases or other disputes between the company and a third party?	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: Corporate Governance Executive Training Situation:

Name/Title	Date	Organizer	Course Title	Time
Chen Meijuan Chairman's Office Manager/Head of Corporate Governance	110.05.07	aiwan Stock Exchange Company limited by shares	2021 Annual Promotion Conference on Preventing Insider Trading	3 hours

Note4: Stakeholders of the company are concerned about issues, communication methods and implementation status:

boundary	Stakeholder	Concerns	Communication route	Communication frequen	Contact window	2020 implementation status
internal	Staff	Salary, benefits, education, occupational health and safety	Staff communication meeting	Once every six months	Spokesperson Wayne Shen, Deputy General Manager HR@sunplus.com	Affected by the epidemic, it will be held once this year
			Employee welfare committee	Irregular	Spokesperson Wayne Shen, Deputy General Manager HR@sunplus.com	Announcement related information in the Welfare Committee forum of the internal life exchanges 22 or more
			Labor Retirement Reserves Supervision Committee	Once per season	Spokesperson Wayne Shen, Deputy General Manager HR@sunplus.com	Hold 5 meetings and have meeting minutes for inquiries
			Internal promotion	Irregular	Spokesperson Wayne Shen, Deputy General Manager HR@sunplus.com	E-mail, posters, announcements, etc. from time to time
			Employee performance interview	2 times a year	Spokesperson Wayne Shen, Deputy General Manager HR@sunplus.com	Conduct an employee performance interview at the middle of the year and at the end of the year, prepare a performance and future development analysis table for reference, and the achievement rate is more than 90%
			Labor-management meeting	Once per season	Spokesperson Wayne Shen, Deputy General Manager HR@sunplus.com	Convene 4 meetings, and have meeting minutes for inquiries
			Occupational Safety and Health Committee	Once per season	Spokesperson Wayne Shen, Deputy General Manager shamir.chang@ sunplus.com	Convene 4 meetings, and have meeting minutes for inquiries
external	client	Customer appeal	Customer complaints	Cases based on customer complaints	Spokesperson Wayne Shen, Deputy General Manager QA@sunplus.com	A total of 26 cases in 2020 were successfully closed
		Customer satisfaction	customer satisfaction survey	2 times a year	Spokesperson Wayne Shen, Deputy General Manager QA@sunplus.com	In the two surveys at the beginning of the year and the middle of the year, customer satisfaction scores were 8.98/9.36 points (out of 10 points), and related issues were dealt with and closed
		Product quality and hazardous substance requirements	mail	Irregular	Spokesperson Wayne Shen, Deputy General Manager QA@sunplus.com	Quality and hazardous substance requirements, a total of 47 external documents and specifications, all of which are properly handled
	Agent	Bad quarters inventory	Bad quarters inventory	Quarterly	Spokesperson Wayne Shen, Deputy General Manager QA@sunplus.com	Q1/Q2/Q3 completed in 2020 and Q4 in progress in 2020
	Outsourcing factory	Green product requirements	GPM system	Update of reporting period, new product release, new specification requirements	Spokesperson Wayne Shen, Deputy General Manager QA@sunplus.com	A total of 220 reports were updated in 2020
		Supplier management approach	Quality/environmental assessment of existing outsourcing factories	Held once a year	Spokesperson Wayne Shen, Deputy General Manager QA@sunplus.com	Existing outsourcing factory quality/environmental safety and health assessment, a total of 9 sessions
	Tenant	Relevant environmental protection and safety regulations	Meeting, E-mail	Irregular	Spokesperson Wayne Shen, Deputy General Manager shamir.chang@ sunplus.com	1. In response to the COVID-19 epidemic, nearly 200 E-MAIL transactions 2. More than 10 coordination meetings after construction and move-in
	Government agencies	Statute compliance	Official document round trip, meeting, E-mail	Irregular	Spokesperson Wayne Shen, Deputy General Manager shamir.chang@ sunplus.com	1. Participate in discussions and forums held by the competent authority 2. Cooperate with the competent authority for supervision and inspection 3. Establish a contact window and maintain good interaction with the competent authority
	Shareholders and investors	Operational performance, Risk Management, Corporate	Company annual report, financial report	Once a year Once per season	Spokesperson Wayne Shen, Deputy General Manager	1. Uploaded the 108 Annual Report on the Public Information Observatory on May 26,

boundary	Stakeholder	Concerns	Communication route	Communication frequen	Contact window	2020 implementation status
		Governance, Shareholder participation			IR@sunplus.com	2020 2. 2020 quarterly upload financial reports
			Legal person briefing meeting, shareholder meeting	once a year	Spokesperson Wayne Shen, Deputy General Manager IR@sunplus.com	1. The corporate briefing meeting was held on August 20, 2020 2. The regular shareholders meeting was held on June 12, 2020
			The official website sets up a special area for corporate social responsibility and stakeholders	at any time	Spokesperson Wayne Shen, Deputy General Manager IR@sunplus.com	A special area for corporate social responsibility and stakeholders has been established on the official website
			Set up a contact window for stock affairs and investor relations for two-way communication	at any time	Spokesperson Wayne Shen, Deputy General Manager IR@sunplus.com	The contact window for stock affairs and investor relations provides external communication channels

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

1. Qualifications and Independence Analysis

Status(Not e 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 2020th 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. Review salary and remuneration regularly The function of the company's salary and remuneration committee is to evaluate the company's directors and managers' salary and remuneration policies and systems with a professional and objective status. It meets at least three times a year and may hold meetings at any time as needed to make recommendations to the board of directors. For their decision-making reference

(1). The powers of the company's salary and remuneration committee

(A) Review this regulation regularly and propose amendments.

(B) Formulate and regularly review the policies, systems, standards and structures of the performance and remuneration of the company's directors and managers.

(C) Regularly evaluate the performance of the company's directors and managers, and determine the content and amount of their remuneration.

(2). When the Salary and Compensation Committee performs its functions and powers, it shall be based on the following standards Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.

(A) The performance evaluation and salary remuneration of directors and managers should refer to the usual level of payment in the industry, and consider the time invested by the individual, the responsibilities of the individual, the achievement of the profit center goal, the performance of other positions, and the company's recent years. The salary and remuneration of the position holder, including the company's short-term and long-term business goals, the company's financial status, etc., assess the rationality of the relationship between personal performance and company operating performance and future risks.

(B) Directors and managers should not be guided to engage in behaviors that exceed the company's risk appetite in pursuit of remuneration.

(C) The ratio of dividends to directors and senior managers' short-term performance and the timing of partial variable salary payments should be determined taking into account the characteristics of the industry and the nature of the company's business.

(D) The members of this committee shall not participate in discussion and voting on their personal salary and remuneration decisions.

4. The content of the proposals and resolutions of the Salary and Compensation Committee in 2009, and the company's handling of the opinions of the Salary Committee:

Compensation Committee	Proposal content and follow-up processing	Resolution result	Company's Compensation Committee Handling of opinions
The sixth time of the fourth	1. The company's "Board of Directors Performance Evaluation Measures" drafted a discussion proposal. 2. The company's 2019 employee remuneration and directors' remuneration distribution situation discussion proposal	All members agreed to pass	All the directors present at the board of directors agreed to pass
The seventh of the fourth	The company's 2008 employee remuneration and directors' remuneration distribution adjustment discussion proposal.	All members agreed to pass	All the directors present at the board of directors agreed to pass
The eighth time of the fourth	Discussion on company-wide salary adjustment and manager salary adjustment in 20220	All members agreed to pass	All the directors present at the board of directors agreed to pass
The ninth time of the fourth	The company formulated the "Performance Management Measures" and the "Directors and Managers' Compensation Management Measures" and revised the "Board Performance Evaluation Measures" and "Remuneration Committee Organization Rules" Discussion Proposal	All members agreed to pass	All the directors present at the board of directors agreed to pass

5. There are 3 members of the company's compensation committee

6. The term of office of the current members: from June 11, 2018 to June 10, 2021, the 4th Salary and Compensation Committee of the year 2019 met 4 times (A). The qualifications and attendance of the members are as follows:

Job title	Name	Actual attendance (B)	Number of delegates attended	Actual 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 matters to be recorded:

3. If the board of directors does not adopt or amend the recommendations of the Salary and Compensation Committee, it shall state the date of the board of directors, the date, the content of the proposal, the results of the resolutions of the board of directors, and the company's handling of the opinions of the Salary and Compensation Committee. The differences and reasons should be stated): The board of directors adopted and did not revise the recommendations of the Salary and Compensation Committee.

4. The resolutions of the Salary and Compensation Committee. If members have objections or reservations and have records or written statements, the Salary and Compensation Committee should state the date, period, proposal content, opinions of all members and the handling of the opinions of the members: Compensation Committee All members agree to the resolutions of the Remuneration Committee without any objections or reservations.

Note:

- (1) If a member of the Compensation and Compensation Committee resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation and Compensation Committee during their employment and their actual attendance.
- (2) Before the end of the year, if the salary committee is re-elected, the new and old salary committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Salary and Compensation Committee during their employment and their actual attendance.

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 company's latest risk assessment date was the completion of the annual risk assessment meeting on September 7, 2020.	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 chief executive designates the director of the administrative department as the convener of the corporate social responsibility inter-departmental team, responsible for studying sustainable development trends, understanding the needs of stakeholders, and raising the company's risks on related issues With opportunities, and with the functional committees to plan application strategies and implementation plans. Report to the board of directors regularly every year. The company's latest report to the board of directors was on December 29, 2020. Although all subsidiaries have not set up special (part-time) positions to promote social responsibility.	No major Difference
3. Environmental issues (1) Whether the company establishes an appropriate environmental management system according to its industrial characteristics. (2) Whether the company is committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load. (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	V		(1) The company and its subsidiaries attach great importance to environmental management. At present, the company has passed the ISO14001 environmental management system certification, and the system operation and management are implemented by the chief auditors of the management systems with a standard that is superior to that of the management system. The company has dedicated environmental protection personnel to manage statutory environmental management work; subsidiaries are exempted from appointing environmental protection personnel according to law, but there are still dedicated personnel to promote related environmental management. (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. (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	No major Difference No major Difference No major Difference

<p>issues.</p> <p>(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.</p>		<p>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.</p> <p>(4) 1. In accordance with the ISO14064 standard, the company uses the 100th year of the Republic of China as the base year for the inventory to conduct self-inspection of greenhouse gas emissions every year. In 2009, the greenhouse gas emissions were 4,056.33 tons/CO2 equivalent compared to 4,471.34 tons in 2008. The carbon dioxide equivalent was reduced by approximately 9.28%, exceeding the set reduction target of 2%; the total weight of water, electricity, and industrial waste has also been counted, evaluated and analyzed to comply with the company's environmental, safety and health management policy "control risk" , Disaster prevention" and "energy saving and waste reduction, sustainable environment". 2. Other subsidiaries also set the company's long-term improvement goal to reduce the company's overall carbon emissions in order to implement environmental protection commitments, hoping to achieve a year-on-year reduction in greenhouse gas emissions, and are committed to saving energy, recycling waste, and complying with environmental protection regulations And promise pollution prevention and continuous improvement.</p>	<p>No major Difference</p>
<p>4. Social issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</p> <p>(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.</p> <p>(3) Whether the company provides a safe and healthy working environment for employees, and regularly implement safety and health education for employees.</p> <p>(4) Whether the company has established an effective career development training program for employees.</p> <p>(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.</p> <p>(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.</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>(1) The company and its subsidiaries abide by labor-related laws and regulations, and formulate relevant work rules to protect the rights and interests of employees preferentially, and provide information to enable employees to understand their rights and interests. The various management policies and procedures are summarized as follows: 1. Human Rights Policy: In order to fulfill corporate social responsibility and protect the basic human rights of all colleagues, customers and stakeholders, the company strives to comply with and abide by the relevant provisions of various international human rights conventions, and follow the "United Nations Universal Declaration of Human Rights" and "United Nations Guiding Principles on Business and Human Rights" , "United Nations Global Covenant" and "United Nations International Labor Organization" and other international human rights conventions and labor standards related labor laws, respect internationally recognized basic human rights, including freedom of association, care for vulnerable groups, prohibition of child labor, elimination of forced labor in various situations, and elimination Discrimination in employment and employment, protection of the legitimate rights and interests of employees, and formulation of relevant management policies and procedures in accordance with the law. 2. Human rights risk mitigation measures: In order to mitigate human rights risks, the company is committed to the improvement of various working environments and working conditions. 3. Relevant education and training: Arrange relevant laws and regulations publicity courses during working hours, and increase the efficiency of course absorption through the recording and design of e-learning online courses, so as to enhance employees' understanding of relevant laws and information. Please refer to Note 4 for detailed human rights concerns and corresponding practices.</p> <p>(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.</p> <p>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.</p> <p>In accordance with the "Organization Guidelines for Employee Welfare Committees" promulgated by the Ministry of Labor, 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.</p> <p>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 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.</p> <p>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.</p> <p>(3) The company and its subsidiaries provide facilities and environments that are superior to occupational safety and health laws and regulations. Set up dedicated organizations and personnel in accordance with the law to implement environmental safety and health management related matters, and passed the ISO14001 environmental management system, ISO45001, TOSHMS occupational safety and health management system and the Ministry of Labor's Occupational Safety and Health Administration health workplace certification. Relevant machinery and equipment in the workplace are subject to regular automatic inspections in accordance with the law, and labor working environment monitoring is implemented every six months (April and October each year) to ensure the safety of employees, the environment and equipment, and provide regular health inspections that are better than those prescribed by laws and regulations. Provide a good environment for employee career development, and provide a variety of education training and training programs.</p> <p>(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.</p> <p>(5) The marketing and labeling of products and services by the company and its subsidiaries follow the local regulations and</p>	<p>No major Difference</p> <p>No major Difference</p> <p>No major Difference</p> <p>No major Difference</p> <p>No major Difference</p> <p>No major Difference</p>

		international standards of the company's customers and suppliers. (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. In 2020, the company conducted nine assessments on environmental protection, occupational safety and health, or labor human rights of suppliers and outsourcing factories, all of which met the standards.	
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.			
7. 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) The company and its subsidiaries manage the company's employees in accordance with the "Labor Standards Law" and relevant labor laws and regulations and other labor-related laws and regulations, and special personnel handle the employees' work matters to protect their basic rights and interests. (5) The company and its subsidiaries handle safety and health work in accordance with relevant laws and regulations on occupational safety and health to protect the health and safety of workers. (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.

Note 4: In order to abide by the spirit of the international human rights conventions, and formulate and implement various human rights protection policies based on the content, Sunplus Technology implements the human rights protection policies based on the content of the [International Covenant on Civil and Political Rights] and the [International Covenant on Economic, Social and Cultural Rights]. , The company pays special attention to the following human rights issues, and the implementation practices are organized as follows:

Human rights concerns	Sunplus's corresponding human rights practices
Ensure equal job opportunities	1. No discrimination based on personal gender, race, socioeconomic status, age, marriage, family status, language, religion, party, nationality, appearance, facial features, pregnancy, physical and mental disabilities, etc. 2. Ensure that the employment policy is non-discriminatory, and implement the fairness of employment, salary system, employee training, evaluation and promotion opportunities.
Child labor is strictly prohibited	1. The company prohibits the employment of children and teenagers under the age of 18, so that children under 15 years of age, child labor over 15 years of age and under 16, and teenagers over 16 years of age and under 18 years of age can fully protect their right to school . 2. The company actively participates in public welfare and donations to relevant social welfare organizations, such as cooperation with family support centers and donations of public welfare funds, so that education rights and resource opportunities are more popular and equal
Freedom of assembly and association of employees	Provide diversified club activities and encourage employees to actively participate
Complaint channels and mechanisms	Provide effective complaint channels and handling mechanisms to avoid discrimination and harassment in the work environment
Establish a healthy and safe workplace environment	To provide employees with a healthy and safe workplace environment, the company continues to improve the working environment to reduce the risk of occupational disasters and protect the health of employees.

Human rights concerns	Sunplus's corresponding human rights practices
Provide employees with physical and mental health Work environment balanced with work	1. Provide diversified activities (such as sports courses, art lectures, and employee travel, etc.) to enrich the work-life balance of colleagues. 2. Establish good health care measures (medical room, visually impaired massage, health check, etc.) to protect the health of employees.
Meet the basic salary	Provide wages that are superior to the law.

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, Generalplus Technology and Sunplus Innovation Technology have formulated the "Integrity Management Operating Procedures and Behavior Guidelines" approved by the board of directors as a clear policy and practice for operating integrity, as well as the active implementation of operating policies by the board of directors and management. Commitment, and disclosed on the company website. The remaining subsidiaries uphold the business philosophy of "Integrity", "Creativity", "Quality", and "Service", formulate various internal management systems and measures within the company, and implement and implement irregular reviews.	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, Generalplus Technology and Sunplus Innovative Technology have established the "Code of Ethical Conduct for Employees", "Code of Ethical Conduct for Directors and Managers" and "Ethical Business Procedures and Behavior Guidelines", which expressly prohibit the provision or acceptance of non-compliance. Legitimate interests. The company and Sunplus Technology have a "reporting system", and Lingtong Technology has a "handling method for reporting cases of illegal and unethical or dishonest conduct", encouraging the reporting of any illegal or violation of the code of ethical conduct or conduct of integrity management . In addition, the company still requires colleagues in the management, production center, business and information units with high job sensitivity to sign the "Integrity Commitment"; when signing the annual distributor contract with the customer, they also sign the "Integrity Behavior Declaration"; According to the annual transaction amount, the relevant suppliers sign the "Declaration of Integrity Behavior". The remaining subsidiaries have clearly stipulated the reporting and punishment system for employees' integrity behaviors in the "Work Rules", and effective implementation through internal control systems to reduce the risk of dishonest behaviors and to achieve preventive effects.	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, Generalplus Technology and Sunplus Innovative 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, Generalplus Technology and Sunplus Innovative 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".	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.	V		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
(3) Does the company formulate a policy to prevent conflicts of interest, provide appropriate reporting channels, and implement them.	V		(2) In order to improve the management of integrity management, the company and Generalplus Technology have designated the chairman's office as the unit responsible for promoting corporate integrity management. The Board of Directors of Sunplus Innovation Technology authorizes the Finance and Accounting Department to be responsible for the promotion of integrity management policies, and is responsible for formulating and promoting integrity management policies and Prevention plan.	
(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	V		The dedicated unit regularly reports the implementation status to the board of directors in December every year. The company's latest report to the board of directors was December 29, 2020. The remaining subsidiaries actively promote the corporate	

<p>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.</p> <p>(5) Does the company regularly organize internal and external education and training on integrity management.</p>	V	<p>integrity management concept from top to bottom. In the future, they will set up a promotion unit based on the actual situation of the company and report to the board of directors regularly. The company's integrity management policy and plan for preventing dishonest behaviors and supervision and implementation in 2020:</p> <p>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 71 people visited in 2020, about 32 hours and 31 minutes.</p> <p>2. The contract stipulates the integrity management clause When the company signs a distributor contract in 2020 with its customers, they sign the "Declaration of Integrity Behavior"; the relevant suppliers also sign the "Declaration of Integrity Behavior" according to the annual transaction amount. In 2020, a total of 8 copies were signed.</p> <p>3. Sign a declaration of integrity 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.</p> <p>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 2020, no letter of report was received.</p> <p>(3) The company requires colleagues in the management, production center, business and information units with higher job sensitivity to sign the "Incorruption Commitment", and a total of 1 additional copies will be signed in 2020.</p> <p>(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.</p> <p>(5) The company, Generalplus Technology and Sunplus Innovation 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 2020, the company proclaimed the company's integrity policy to new employees and conducted tests. Sunplus Innovation Technology has set up an honest management policy on the homepage of the company's website, conveying the core values and business philosophy based on honesty to employees, and special promotion for new colleagues. The remaining subsidiaries implement opportunity education in their daily business, and will organize education and training based on the company's actual conditions in the future.</p>	<p>No major Difference</p> <p>No major Difference</p> <p>No major Difference</p>
<p>3. Operation of the company's whistleblowing system</p> <p>(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.</p> <p>(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?</p> <p>(3) Whether the company has taken measures to protect the whistleblowers from improper disposal due to the whistleblowing.</p>	<p>V</p> <p>V</p> <p>V</p>	<p>(1) The company and Sunplus Innovation Technology have 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.</p> <p>(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.</p> <p>(3) The procedures for the protection of whistleblowers are clearly stipulated in the relevant reporting and appeal measures of the company and its subsidiaries.</p>	<p>No major Difference</p> <p>No major Difference</p> <p>No major Difference</p>
<p>4. Strengthen information disclosure</p> <p>(1) Whether the company disclosed the content of its integrity management code and promoted its effectiveness on its website and public</p>	V	<p>The company, Generalplus Technology and Sunplus Innovation 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</p>	No major Difference

information observatory.		information on honest operation.	
8. 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.			
9. 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 14-31), 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, 2021**

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during **January 1st – December 31st, 2020**:

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 2020**, 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 2020** 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, 2021**, 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
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 Important resolutions of the shareholders meeting and the board of directors for the year of 2020 and up to the printing date of the annual report

2019 The implementation of the resolution of the shareholders' meeting			
Date	Decision Maker	Resolution matters and implementation	
2020.06.12	Shareholders' Meeting	1. Acknowledge the company's 2019 business report and financial statements. Implementation status: The relevant forms have been submitted to the competent authority for inspection and announcement in accordance with the company law and other relevant laws and regulations. 2. Acknowledgment of the company's 2019 loss appropriation case. Implementation status: No dividends were allotted this year. 3. Approved the amendment to the company's articles of association. Implementation status: Effective after the resolution of the shareholders meeting. 4. Through handling the capital reserve allocation case. Implementation status: July 19, 2020 was set as the allotment base date, and August 07, 2020 was set as the issuance date (the allotted capital reserve per share is NT\$0.3). 5. Approved the proposal to lift the restrictions on the company's directors' competition. Implementation status: effective after the resolution of the shareholders meeting.	
2020 and as of the date of publication of the annual report of the board of directors important matters			
Date	Decision Maker	Case	Result
2020.08.13	Board Meeting	1. Discussion of the consolidated financial statements for the second quarter of 2020.	
2020.11.13	Board Meeting	1. Discussions on the consolidated financial statements for the third quarter of 2020.	The proposal was passed after the chairman consulted all the directors present without objection.
2020.12.29	Board Meeting	1. The 2021 accountant appointment and independence assessment discussion proposal.	The proposal was passed after the chairman consulted all the directors present without objection.
2021.02.03	Board Meeting	1. The company's "procedures for acquiring or disposing of assets" revised discussion proposal. 2. The re-election proposal for the 12th term of directors (including independent directors) of the company. 3. Discussion proposal for lifting the restriction on competition for new directors of the company. 4. Matters concerning the holding of the regular shareholders' meeting in 2021 and the discussion of the right to accept shareholders' proposals.	The proposal was passed after the chairman consulted all the directors present without objection.
2021.03.29	Board Meeting	1. The company's 2020 employee remuneration and directors' remuneration distribution situation discussion proposal. 2. Proposal for the discussion of the 2020 financial statements. 3. Proposal to discuss the consolidated financial statements for the year 2020.	The proposal was passed after the chairman consulted all the directors present without objection.

		4. Proposal for the discussion of the 2020 business report. 5. Proposal to discuss the distribution of surplus in 2020.	
2021.04.21	Board Meeting	1. The company's discussion on the cancellation of the restrictions on the share release of the original shares held by the affiliated company "iCatch Technology Co., Ltd." that adopted the equity method. 2. Review the discussion proposal of the candidate qualifications of directors (including independent directors). 3. Discussion proposal for lifting the restriction on competition for new directors of the company. 4. The company's "procedures for acquiring or disposing of assets" revised discussion proposal. 5. Discussions on the agenda update of the 2021 General Meeting of Shareholders. 6. Discussion on the Renewal of Directors' Liability Insurance.	The proposal was passed after the chairman consulted all the directors present without objection.
2021.05.14		1. Discussion Proposal on Consolidated Financial Statements in 2021.	The proposal was passed after the chairman consulted all the directors present without objection.

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	Mei-Zhen Cai	2020.01.01~2020.12.31	

Amount Unit: Thousands of New Taiwan Dollars

Amount	Item	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			

Amount Unit: Thousands of New Taiwan Dollars

Name of accounting firm	Accountant name	Public audit	Non-audited public expense					Accountant's review period	Remarks
			System Design	Business registration	Human Resources	other	Subtotal		
Deloitte & Touche	Zheng-Zhi Lin Mei-Zhen Cai	5915	-	-	-	350	350	109.01.01~109.12.31	Non-audit public expenses-other department transfer pricing reports and non-supervisor salary declaration and verification fees, etc.

- 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 2020 and 2019 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	2020		Ended of April 09th, 2021	
		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
Head of Corporate Governance	Phoebe Chen Inauguration Date: 2021/04/01	0	0	0	0
Associate	Adam Wang Inauguration Date: 2021/04/01	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 09th, 2021

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, managers 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%	-	-	-	-
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	7,962,160	1.34%	539,631	0.09%	-	-	-	-
Polunin Emerging Markets Small Cap Fund, LLC	7,511,825	1.27%	-	-	-	-	-	-
Wen-Qin Lee	7,000,000	1.18%	1,210,000	0.20%	-	-	-	-
Standard Chartered Bank Custody of Credit Suisse First Boston International	5,464,000	0.92%	-	-	-	-	-	-
The American branch of JPMorgan Chase Bank Taipei is entrusted with the custody of Vanguard's emerging market stock index fund investment account	5,033,000	0.85%	-	-	-	-	-	-
Chase Managed Advanced Starlight Advanced General International Stock Index	4,518,752	0.76%	-	-	-	-	-	-
Lingxu Investment Co., Ltd.	3,559,996	0.60%	-	-	-	-	-	-

3.9 Long-term Investment Ownership

December 31st, 2020/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	29,949	58	3,979	8	33,928	66
iCatch Technology Inc.	20,735	28	5,326	7	26,061	35
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	195	-	8,424	13
EVERGREEN STEEL CORP.	1500	-	1000	-	2500	-

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

IV. Capital & Shares

4.1 Capitalization

April 09th, 2021

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 09th, 2021/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 09th, 2021/Unit: share

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Retail investors	Treasury Stock	Total
Persons	0	2	276	168	91,989	0	92,435
Shares	0	66,048	25,513,928	61,548,413	504,866,530	0	591,994,919
Shareholding	0%	0.01%	4.31%	10.40%	85.28%	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 09th, 2021/Par value per share: NT\$10

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned (shares)	Holding (%)
1~999	36,997	2,367,088	0.40%
1,000~5,000	43,032	88,873,294	15.01%
5,001~10,000	6,638	54,909,574	9.28%
10,001~15,000	1,674	21,391,725	3.61%
15,001~20,000	1,349	25,512,130	4.31%
20,001~30,000	988	26,015,893	4.39%
30,001~40,000	432	15,626,367	2.64%
40,001~50,000	376	17,732,524	3.00%
50,001~100,000	530	39,388,493	6.65%
100,001~200,000	227	32,354,795	5.47%
200,001~400,000	102	28,471,976	4.81%
400,001~600,000	25	12,293,802	2.08%
600,001~800,000	11	7,220,910	1.22%
800,001~1,000,000	13	12,155,528	2.05%
Over 1,000,001	41	207,680,820	35.08%
Total	92,435	591,994,919	100.00%

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not Applicable

4.1.4 Major Shareholders

April 09th, 2021

Name	Shareholding	Shares Owned	Holding %
Chou-Chye Huang		92,737,817	15.67%
De-Zhong Liu		13,045,795	2.20%
Global View Co., Ltd.		10,038,049	1.70%
Chih-Hao Gong		7,962,160	1.34%
Polunin Emerging Markets Small Cap Fund, LLC		7,511,825	1.27%
Wen-qin Li		7,000,000	1.18%
Standard Chartered Bank Custody of Credit Suisse First Boston International		5,464,000	0.92%
The Vanguard Emerging Market Stock Index Fund Investment Account of the Vanguard Group Company Manager entrusted by JPMorgan Chase Bank Taipei Branch		5,033,000	0.85%
Chase Custody Advanced Starlight Advanced Aggregate International Stock Index		4,518,752	0.76%
Lingxu Investment Co., Ltd.		3,559,996	0.60%

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

Item	Year		2019	2020	Ended of March 31st, 2021
Market Price	Highest		14.85	19.30	32.00
	Lowest		10.85	7.42	17.20
	Average		12.97	12.67	25.02
Net Worth	Before Distribution		13.82	14.21	14.60
	After Distribution		13.52	(Note 1)	(Note 1)
Earnings Per Share	Weighted Average Shares		588,434,923	588,434,923	588,434,923
	EPS (Note 2)	Before Adjustment	0.03	0.55	0.37
		After Adjustment	0.03	(Note1)	-
Dividends Per Share	Cash Dividends		0.30(Note 6)	(Note1)	-
	Stock Dividends	From Profits	-	(Note1)	-
		From Surplus	-	(Note1)	-
	Accumulated Undistributed Dividends		-	(Note1)	-
Return on Investment	Price/Earnings Ratio (Note 3)		432.33	23.04	67.62
	Price/Dividend Ratio (Note 4)		43.23	(Note1)	-
	Cash Dividends Yield Rate (Note 5)		0.02	(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\$ 0.30 per share, and the surplus is calculated as surplus NT\$ 0 per share, totaling NT\$ 0.30 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 2020

The company's 2020 surplus distribution proposal was passed by the board of directors on March 29, 2021. The 2020 resolution allotment and distribution items are as follows (not yet approved by the shareholders meeting):

- (1) Provision of statutory surplus reserve of NT\$32,889,399.
 - (2) Turnover special surplus reserve of NT\$15,110,925
 - (3) Shareholders' cash dividend of NT\$311,093,330, calculated on the basis of the total number of 591,994,919 shares in circulation as of April 09, 2021, and a cash dividend of NT\$0.5255 per share
- c) **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) The proposed distribution of employee compensation and director compensation for 2020 approved by the board of directors

Approval by Board of Directors' meeting on March 29, 2021, the company decided to distribute the profits of 2020

Cash rewards to Employee NT\$3,316,811

Cash bonus to Directors NT\$4,975,216

c) No information on employee compensation and director compensation for the year 2019 was allotted in the previous year

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, 2021

Issuing Date		March 16, 2001	
Item			
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		29,474,445 Common Shares	
Rights and Obligations of GDR holders		Same as common share holders	
Trustee		N/A	
Depository 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	2020	Highest	US\$1.32
		Lowest	US\$0.49
		Average	US\$0.86
	January 1 to March 31, 2021	Highest	US\$2.17
		Lowest	US\$1.27
		Average	US\$1.77

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	2020	
	Amount	Percentage %
IC income	6,084,210	94.86
Other	329,930	5.14
Total	6,414,140	100.00

6.1.2 Plan to develop new products (services)

Company	Plans to develop new products
Sunplus Technology	<ul style="list-style-type: none"> (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	<ul style="list-style-type: none"> (1) A new generation of speech synthesis control chip <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (a) Low-power platform capable of single battery operation (b) OTP memory, can quickly update the code (4) Multimedia application control IC: <ul style="list-style-type: none"> (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 USB3.2 TYPE C MediaHUB IC (2) USB3.2 10Gbps x 2 PHY IP (3) Front loading regulations MIPI APHY TX/RX IP

6.1.3 Industry Overview

a) Industry Status and Exhibition

Although there will be interference from the epidemic in 2020, under the trend of working at home and studying at home, Taiwan's semiconductors have reversed growth in semiconductor output due to the long-term accumulated competitiveness and the appropriate control of the epidemic. In addition, the vigorous development of 5G mobile phones and smart driving can drive the driving factors of semiconductor demand in the future. Because perception, computing, and communication are the basic requirements of AIoT, the application market for semiconductors in sensing, micro-processing and communication will continue to expand. ITRI estimates that the top three IoT products in 2023 are smart TVs, autonomous driving assistance systems (ADAS) and smart security monitors. The output value reached 3.446 billion U.S. dollars, 2.802 billion U.S. dollars and 2.705 billion U.S. dollars, and the compound annual growth rates from 2018 to 2023 were 7%, 199%, and 62%, respectively. In the face of future market development trends, with 5G, AI, high-performance computing, automotive and other related emerging semiconductor applications, various AI acceleration and collaboration chips required from the cloud to the edge have been proposed, making the future of new architectures. The development trend of the chip will affect the development direction of the semiconductor industry and the transfer of semiconductor application blocks.

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 as 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	Sunplus continues to develop a single chip (Display Audio SoC) in the IVI product line that supports mobile phone interconnection functions such as Apple CarPlay and Google Android Auto. It is still the most cost-optimized solution in the industry, except for the first-generation USB wired

		<p>interconnection system solution. In 2020, a WiFi wireless interconnection system will also be developed. It is expected that in 2021, customers will be able to pass Apple and Google certifications to introduce mass production. In 2021, SoCs with higher computing power and machine learning capabilities will be launched to realize smart cockpit systems with DA and ADAS or digital instruments. In the home audio-visual entertainment segment, the SoundBar product line continues to be developed based on DVD player technology and customer base. 3D surround sound fields (such as Dolby Atmos, DTS:X and other technologies) have been generally accepted by consumers. Sunplus has a solid foundation for cooperation with Dolby and DTS, and has successively launched products that can support 3D sound fields. The development strategy is to optimize the system , Launching a more integrated SoC, hoping to reduce the price of terminal products and expand the penetration rate of 3D sound field products. Sunplus also provides IP licensing for high-speed interfaces, data converters, and analogs. In addition, Sunplus also launched the Plus1 architecture. The C+P architecture developed by it solves the problem that the advanced manufacturing process of the semiconductor industry cannot match the market volume. The C+P architecture is the Computing Unit plus the Peripheral Unit, and the Computing Unit uses advanced computing units. The manufacturing process and computing power can catch up with the trend of the times, while the peripheral units of Peripheral Unit use mature manufacturing processes to achieve reasonable development costs. Based on this architecture, the industrial Linux SoC development platform SP7021 has been launched in the market.</p>
Generalplus	<p>A. Educational learning platform B. Smart interactive toy market C. Wireless charging market D. Driving recorder market</p>	<p>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</p>

		<p>innovation.</p> <p>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.</p> <p>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.</p>
Sunplus Innovation Technology	Image product line, used in external network camera, NB laptop built-in network camera	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 USB3.2 MediaHub IC Front-loading regulations USB3.2 PHY IP Front-loading regulations MIPI APHY TX/RX IP.	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.

6.1.4 Technology and Development

a) R&D expenditure

Unit: NT\$K, %

Item \ Year	2020	Ended March 31st, 2021
Expense	1,623,728	504,019
Percentage to Revenue	25%	30%

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 platform (8) ADAS system platform (9) 3D surround sound field DSP and system platform (10) Plus1 architecture	(1) High-end car infotainment system chip (2) Smart cockpit platform products for high-end vehicles (5) Medium and high-end Soundbar system chip (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	(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

	(5) GPMQ series product development	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) Low power consumption and high integration NB Camera control IC (2) Machine vision intelligent image (3) 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) Front-mounted car specification USB3.2 TYPE C MediaHUB IC (2) USB3.2 10Gbps x 2 PHY IP (3) MIPI APHY TX/RX IP

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 imported them into Japan, South Korea, and China. The current terminal product sales area is mainly Japan, North America, South America, Southeast Asia, etc. Affected by the epidemic in 2020, the global auto market has declined sharply, and light vehicle sales have fallen by 15%. However, China's new car production and purchase demand has recovered rapidly, and the aftermarket e-commerce demand has also increased. Recognizing and responding to this development, in 2020, Sunplus will adjust its resources to give priority to

serving Chinese pre-installation and overseas post-installation first- and second-tier brand customers. In 2021, it will continue to have mass production results. In terms of home soundbar and audio products, we continue to maintain close cooperation with major audio and audio codec manufacturers, integrate advanced audio processing technology on Sunplus's system platform, and promote it to international brand customers. Currently, it has been imported into Japan, South Korea, North America, etc. Mass production for international brand customers. Dolby Atmos and DTS:X SoC products will be developed in 2020. Brand customers will be introduced in 2021 to complete the layout of medium and high-end products. In addition, there are also new product development plans for low-end products, which are expected to start in 2022. Mass production, can 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 2020 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 peripheral chips for pre-installed vehicles. At present, the top ten customers account for about 100% of the total revenue. The customers are all Tier1 depot customers, with a sound structure and low risk. Tier1 customers' pre-installed car products were introduced into mass production. In the early days, the Sino-foreign joint venture brands of Europe and the United States in the mainland were the main ones. Starting from 2021, the top three domestic automakers in mainland China will also introduce their products into mass production. In addition, the USB Media Hub SPD10X series planned in 2020 will be redesigned to meet the needs of Tier1 customers for various brand models. Mass production will also be launched on Tier1 customers in 2021. Bringing new camp sports to the scene.

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	2020	
	Amount (NT\$K)	Percentage (%)
Asia	3,816,229	59.50
Taiwan	2,536,578	39.55
Others	61,333	0.95
Total	6,414,140	100.00

b) Market Share

According to the statistics of the International Institute of Obstetrics and Gastronomy of the Industrial Technology Research Institute, Taiwan's IC industry output value in 2020 reached 3.222.2 billion yuan, an increase of 20.9% over 2019, a record high. The output value of the IC design industry was 852.9 billion yuan, a growth of 23.1% compared to 2019; the IC manufacturing industry was 1.820.3 billion yuan, a growth of 23.7% compared to 2019, of which foundry was 1.629.7 billion yuan, which was a growth compared to 2019 24.2%, memory and other manufacturing was 190.6 billion yuan, up 19.4% from 2019; IC packaging industry was 377.5 billion yuan, up 9% from 2019; IC testing industry was 171.5 billion yuan, up 11.1% from 2019. The company's combined revenue in 2020 is NT\$6.41 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	The automotive market in 2020 will decline compared to the previous year. The severe imbalance in semiconductor supply caused by the epidemic and the Sino-US trade conflict is expected to not be significantly eased in 2021. In 2021, it is estimated that global demand for new cars will grow by 10%

		<p>compared to 2020. However, the uncertain factors are still the development of the global epidemic and the status of the supply chain. Sunplus Technology's mastery of the supply chain is still at the upper-middle level, and it is cautiously optimistic about maintaining the supply of production capacity, and will adjust the supply in more detail based on the customer's material preparation status.</p>
Generalplus	Education and learning toys	<p>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.</p>
	Intelligent interactive toys	<p>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.</p>
	Wireless charging	<p>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</p>

		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	Image signal processing chip	Cameras are mainly used around the platform. Camera demand has great potential opportunities in smart home appliances and new retail. The company has invested in research and development in this high-end imaging product direction to create new products and applications suitable for machine vision. In addition, it is also actively increasing non-PC related product lines, such as wireless remote control of high-speed camera and car camera, etc.
Jumplux	Front-loading peripheral 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 pre-installed car audio class AB power amplifier chip, MIPI

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, so 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.

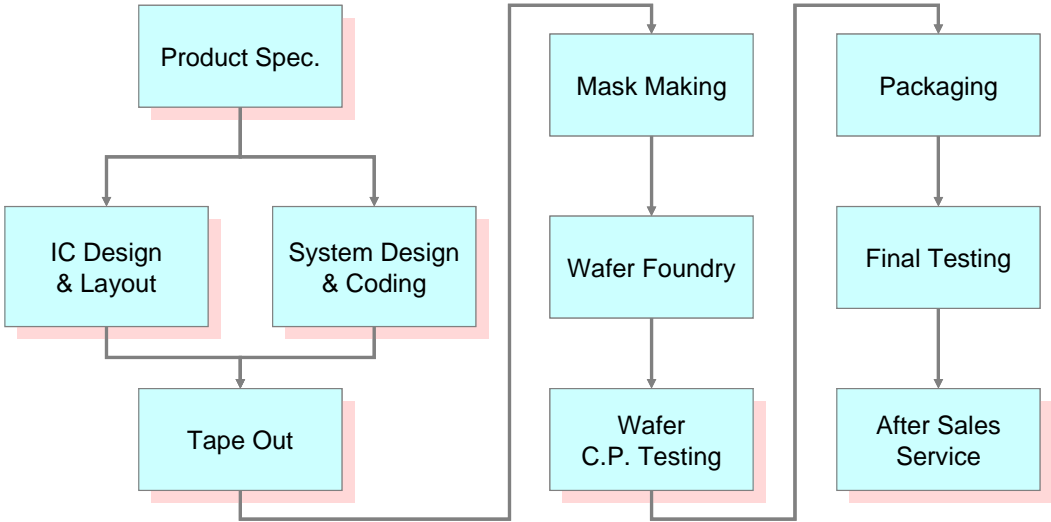
Sunplus is always devoted itself to cutting-edge technology development and have accumulated IC design expertise. We also adopted distributors as expanding sales channels to reach more customers with strongly support and best service. Till today, we have sustained a strong relationship with a lot of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

2019				2020				End of March, 31, 2021			
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	844,237	15.39	No	A	1,011,656	15.77	No	C	278,850	16.42	No
B	651,715	11.88	No	C	790,658	12.33	No	A	272,785	16.06	No
D	468,794	8.54	No	B	697,017	10.87	No	B	174,276	10.26	No
Others	3,521,914	64.19		Others	3,914,809	61.03		Others	972,416	57.26	
Net sales	5,486,660	100.00		Net sales	6,414,140	100.00		Net sales	1,698,327	100.00	

b) Major Supplier

Unit: NT\$K

2019				2020				End of March, 31, 2021			
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	762,121	39.81	No	A	995,805	43.52	No	A	252,156	39.67	No
C	188,444	9.84	No	C	186,471	8.15	No	C	42,457	6.68	No
B	145,227	7.59	No	B	176,449	7.71	No	D	22,993	3.62	No
Others	818,577	42.76		Others	929,324	40.62		Others	318,016	50.03	
Net purchase	1,914,369	100.00		Net purchase	2,288,049	100.00		Net purchase	635,622	100.00	

6.2.5 Production

Unit: thousand pcs, NT\$K

Product \ Year	2019			2020		
	Capacity	Output	Value	Capacity	Output	Value
Multimedia ICs	-	547,812	3,041,599	-	723,493	3,384,451
IC income	-	17	22,248	-	2	128
Total	-	547,829	3,063,847	-	723,495	3,384,579

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

6.2.6 Sales

Unit: thousand pcs, NT\$K

Product \ Year	2019				2020			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
IC income	189,589	1,940,267	363,463	3,170,477	282,310	2,478,845	432,105	3,361,454
Other ICs	-	15,969	-	385,617	-	57,733	137	516,108
Total	189,589	1,956,236	363,463	3,556,094	282,310	2,536,578	432,242	3,877,562

6.3 Personnel Structure

Year		2019	2020	End of March 31, 2021
Workforce Structure by Job Function	R&D	710	739	735
	Production	72	71	72
	Administration	284	280	281
	Total	1,066	1,090	1,088
Average Age		32.7	36.9	38.3
Average Years Served		5.14	6.88	9.17
Workforce Structure by Education Degree	Ph.D.	1%	1%	1%
	Master	40%	41%	40%
	Bachelor	49%	47%	50%
	Other Higher Education	6%	8%	6%
	High School	4%	3%	3%
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 2011 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 (2018-2020) are 4585.41, 4471.34 and 4,056.33 (tons-CO2 equivalent), which belong to [Scope 1]. Direct emitters (such as official vehicle fuel consumption and generator oil) are only About 0.0001% (2020 Scope 1 is 3.67 kg-CO2 equivalent). The rest belong to [Scope 2], indirect emissions from purchased electricity and other energy sources.

Sunplus is an IC design industry. More than 99.99% of greenhouse gas emissions are indirect emissions. The emission sources mainly come from water and electricity required by air conditioning and office lighting. The factory monitoring system has made air conditioning equipment more efficient. , And at the same time promote energy-saving concepts and actions to colleagues, with the goal of reducing more than 2% per year to reduce unnecessary waste. In recent years, they have reached the standard. (Compared with 2019, greenhouse gas emissions in 2020 will be significantly reduced by 9.28%) In addition, it also actively strengthens employees' awareness of environmental protection, promotes waste reduction, recycling, energy saving and water conservation, and saves energy and resource consumption, in order to reduce the impact on the environment.

6.4.2 Working Environment

As a leading company in IC design, caring for and taking care of the company's workers is the company's primary responsibility. We provide facilities and environments that are superior to occupational safety and health laws and regulations, and set up dedicated organizations and personnel in accordance with the law to implement environmental safety and health management related matters. Relevant machinery and equipment in employees' workplaces are subject to regular automatic inspections in accordance with the law, and labor working environment monitoring is implemented every six months (April and October each year) to ensure the safety of employees, the environment and equipment. The company implements health inspections for general employees and senior executives that are better than legal requirements every year to ensure that every employee can grasp their own health status. There is also a medical care room, where professional

doctors are stationed every two months to provide staff health consultation services, and health promotion activities are arranged from time to time. More importantly, we provide a good breastfeeding room for working women, equipped with refrigerators and electric breastfeeding equipment, and passed the Hsinchu County workplace friendly nursing room certification in 2015, so that every mother in need Work with peace of mind; in 2020, it will be certified by the Occupational Safety and Health Administration of the Ministry of Labor to protect the physical and mental health of every colleague. In addition, since April 2018, the company has promoted the establishment of an occupational safety and health management system. In 2019, it has obtained ISO45001: 2018 Occupational Health and Safety Management Systems and CNS15506: 2011 (TOSHMS, Taiwan). Occupational Safety and Health Management System) Taiwan Occupational Safety and Health Management System, two Occupational Safety and Health Management System certifications; in response to the revision of TOSHMS to CNS45001, it has been applied for conversion to the new version on 2019/12/26 and passed the verification.

Management system	International standard code and version	Valid from	Valid until
Environmental Management System	ISO14001:2015	2017/02/10	2023/02/09
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

Year	Recent 5 Years (Note 1)	End of
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Item		2016	2017	2018	2019	2020	March 31, 2021 (Note 3)
Current Assets		8,792,142	8,561,910	6,638,302	5,940,147	6,777,941	6,887,267
Fixed Assets		2,265,910	2,164,154	2,052,359	1,968,803	1,971,252	1,948,088
Intangible Assets		191,024	196,131	178,521	176,233	328,591	352,220
Other Assets		3,379,946	2,557,784	3,057,802	3,404,584	3,542,805	3,858,210
Total Assets		14,629,022	13,479,979	11,926,984	11,489,767	12,620,589	13,045,785
Current Liabilities	Before Distribution	3,045,403	2,190,116	1,684,729	1,342,416	1,824,672	1,723,533
	After Distribution	3,134,084	2,517,667	1,684,729	1,342,416	(Note 2)	(Note 2)
Non-Current Liabilities		895,442	646,578	374,649	574,660	776,916	962,032
Total Liabilities	Before Distribution	3,940,845	2,836,694	2,059,378	1,917,076	2,601,588	2,685,565
	After Distribution	4,029,526	3,164,245	2,059,378	1,917,076	(Note 2)	(Note 2)
Equity Attributed to Shareholder of the parent		9,024,254	8,966,236	8,465,942	8,178,533	8,413,763	8,643,725
Capital Stock		5,919,949	5,919,949	5,919,949	5,919,949	5,919,949	5,919,949
Capital Surplus		911,110	835,241	801,398	594,432	500,820	501,727
Retain Earnings	Before Distribution	2,012,196	2,336,709	2,250,839	1,988,579	2,317,473	2,535,048
	After Distribution	1,923,515	2,009,158	2,250,839	1,988,579	(Note 2)	(Note 2)
Unrealized Gain (Loss) on Financial Merchandise		244,400	(62,262)	(442,843)	(261,026)	(261,078)	(249,598)
Cumulative translation adjustments		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions		1,663,923	1,677,049	1,401,664	1,394,158	1,605,238	1,716,495
Total Equity	Before Distribution	10,688,177	10,643,285	9,867,606	9,572,691	10,019,001	10,360,220
	After Distribution	10,599,496	10,315,734	9,867,606	9,572,691	(Note 2)	(Note 2)

Note 1: Figures are audited by adopting IFRSs

Note 2: The 2020 year surplus distribution proposal 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

Year		Recent 5 Years (Note 1)				
		2016	2017	2018	2019	2020
Item						
Current Assets		3,267,397	2,942,735	1,909,420	1,292,316	1,555,277
Fixed Assets		722,145	682,943	687,187	688,706	700,554
Intangible Assets		68,497	62,141	86,495	86,258	243,470
Other Assets		6,465,991	6,055,212	6,268,285	6,663,491	6,826,298
Total Assets		10,524,030	9,743,031	8,951,387	8,730,771	9,325,599
Current Liabilities	Before Distribution	898,923	604,818	413,663	312,929	471,763
	After Distribution	987,604	932,369	413,663	312,929	(Note 2)
Non-Current Liabilities		600,853	171,977	71,782	239,309	440,073
Total Liabilities	Before Distribution	1,499,776	776,795	485,445	552,238	911,836
	After Distribution	1,588,457	1,104,346	485,445	552,238	(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		911,110	835,241	801,398	594,432	500,820
Retain Earnings	Before Distribution	2,012,196	2,336,709	2,250,839	1,988,579	2,317,473
	After Distribution	1,923,515	2,009,158	2,250,839	1,988,579	(Note 2)
Unrealized Gain (Loss) on Financial Merchandise		244,400	(62,262)	(442,843)	(261,026)	(261,078)
Cumulative translation adjustments		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions		-	-	-	-	-
Total	Before	9,024,254	8,966,236	8,465,942	8,178,533	8,413,763

		Year	Recent 5 Years (Note 1)				
			2016	2017	2018	2019	2020
Item	Distribution						
	After Distribution	8,953,573	8,638,685	8,465,942	8,178,533	(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 2020 surplus distribution table 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, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Net Sales	7,556,045	6,820,237	6,077,733	5,486,660	6,414,140	1,698,327
Gross Profit (Loss)	3,202,488	2,736,766	2,429,384	2,348,905	2,925,096	843,980
Income from Operation (Loss)	236,391	47,185	(89,790)	131,741	516,167	121,560
Non-operating Income (Expense)	129,776	587,470	293,780	112,479	268,571	261,356
Income (Loss) Before Tax	366,167	634,655	203,990	244,220	784,738	382,916
Income (Loss) From Operations of Continued Segments (Loss)	272,506	551,228	142,323	174,752	618,827	317,479
Income (Loss) From Operations of Discontinued Segments	-	-	-	-	-	-
Consolidated Net Income (Loss)	272,506	551,228	142,323	174,752	618,827	317,479
Other comprehensive income (Loss) for the period, net of income tax	(113,556)	(320,167)	(131,361)	(102,073)	5,718	8,722

Year Item	Recent 5 Years (Note 1)					End of March 31, 2021 (Note 2)
	2016	2017	2018	2019	2020	
Total Comprehensive Income (Loss) for the Period	158,950	231,061	10,962	72,679	624,545	326,201
Net Profit (Loss) Attributable to: Owner of the Company	120,187	421,458	5,616	15,309	323,403	217,575
Net Profit (Loss) Attributable to: Non-controlling interests	152,319	129,770	136,707	159,443	295,424	99,904
Total Comprehensive Income (Loss) Attributable to: Owner of the Company	26,577	109,174	(120,733)	(77,049)	326,913	229,055
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests	132,373	121,887	131,695	149,728	297,632	97,146
Earnings per share (Loss)	0.20	0.72	0.01	0.03	0.55	0.37

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

Year Item	Recent 5 Years (Note 1)				
	2016	2017	2018	2019	2020
Net Sales	1,904,224	1,365,802	1,238,780	1,235,269	1,168,660
Gross Profit(Loss)	767,713	473,255	429,308	499,903	482,591
Income from Operation(Loss)	(79,166)	(273,494)	(239,614)	(269,444)	(352,417)
Non-operating Income (Expense)	200,242	694,952	247,374	289,540	676,322
Income (Loss)Before Tax	121,076	421,458	7,760	20,096	323,905
Income(Loss) From Operations of Continued Segments(Loss)	120,187	421,458	5,616	15,309	323,403
Income(Loss) From Operations of Discontinued Segments	-	-	-	-	-
Net Income (Loss)	120,187	421,458	5,616	15,309	323,403
Other comprehensive income (Loss) for the period, net of income tax	(93,610)	(312,284)	(126,349)	(92,358)	3,510
Total Comprehensive Income(Loss) for the Period	26,577	109,174	(120,733)	(77,049)	326,913
Net Profit(Loss) Attributable to: Owner of the Company	120,187	421,458	5,616	15,309	323,403

Net Profit (Loss) Attributable to: Non-controlling interests	-	-	-	-	-
Total Comprehensive Income (Loss) Attributable to: Owner of the Company	26,577	109,174	(120,733)	(77,049)	326,913
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests	-	-	-	-	-
Earnings per share (Loss)	0.20	0.72	0.01	0.03	0.55

* 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
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
2020	Zheng-Zhi Lin, Mei-Zhen Cai	An unqualified opinion

7.2 Financial Analysis for recent 5 years

7.2.1 Financial Analysis (consolidated by IFRSs)

Unit: NT\$K

Analysis Item		Recent 5 years (Note 1)					End of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Capital Structure	Debts ratio (%)	26.93	21.04	17.26	16.68	20.61	20.58
	Long-term fund to Property, plant and equipment (%)	495.04	503.31	480.79	486.21	518.65	551.32
Liquidity	Current ratio (%)	288.70	390.93	394.02	442.49	371.46	399.60
	Quick ratio (%)	251.00	319.47	326.66	368.28	304.99	325.49
	Times interest earned (times)	1,020.20	2,519.94	956.27	1,082.81	5,083.72	11,125.51
Operating Performance	Average collection turnover (times)	5.29	5.49	5.64	6.17	6.29	6.06
	Average collection days	69	66	65	59	58	60
	Inventory turnover (times)	4.18	4.37	3.99	3.97	4.30	3.67
	Payment turnover (times)	6.23	5.60	6.03	7.49	8.69	7.11
	Average inventory turnover days	87	83	91	92	85	99
	Fixed assets turnover (times)	2.59	3.07	2.88	2.74	3.25	3.46
	Property, plant and equipment turnover (times)	0.50	0.48	0.47	0.47	0.53	0.52
Profitability	Return on total assets (%)	2.02	4.07	1.27	1.66	5.23	2.49
	Return on stockholders'	2.48	5.16	1.38	1.79	6.31	3.11

	equity (%)						
	Profit before tax to paid-in capital (%) (Note 8)	6.19	10.72	3.44	4.12	13.25	6.46
	Profit after tax to net sales (%)	3.60	8.08	2.34	3.17	9.64	18.69
	Earnings per share (NT\$)	0.20	0.72	0.01	0.03	0.55	0.37
Cash Flow	Cash flow ratio (%)	40.69	14.37	16.85	48.54	43.41	8.30
	Cash flow adequacy ratio (%) (Note3)	54.36	77.50	56.71	81.59	79.28	64.65
	Cash flow reinvestment ratio (%)	4.08	Not e 4	Not e 4	2.44	3.85	1.10
Leverage	Operating leverage	11.54	49.66	Not e 5	15.98	5.24	5.96
	Financial leverage	1.20	2.25	Not e 5	1.23	1.03	1.03

Variation Analysis 2020 vs. 2019

1. The increase in the ratio of liabilities to assets was mainly due to the increase in long-term loans this year.
2. The increase in interest protection multiples was mainly due to the increase in net profit before income tax and interest expenses for the year.
3. The increase in return on assets and return on equity was mainly due to the increase in net profit after tax caused by the increase in operating profits this year.
4. The increase in the ratio of pre-tax net profit to paid-in capital, net profit ratio, and earnings per share was mainly due to the increase in net profit after tax due to the increase in operating profit this year.
5. The increase in cash reinvestment ratio was mainly due to the increase in net cash flow from operating activities this year.
6. The decrease in operating leverage was mainly due to the increase in operating profit this year.

Note 1: Figures have been audited by adopting IFRSs.

Note 2: Figures 1Q'21 have been audited by adopting IFRSs.

Note 3: Cash flow adequacy ratio of 2016~2017 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: 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)				
			2016	2017	2018	2019	2020
Capital Structure	Debts ratio (%)		14.25	7.97	5.42	6.32	9.77
	Long-term fund to Property, plant and equipment (%)		1,322.92	1,327.52	1,231.97	1,187.52	1,230.27
Liquidity	Current ratio (%)		363.47	486.54	461.58	412.97	329.67
	Quick ratio (%)		319.86	426.00	393.47	315.12	246.63
	Times interest earned (times)		687.97	5,155.27	259.53	396.35	5,199.26
Operating Performance	Average collection turnover (times)		4.26	4.95	6.65	7.88	7.44
	Average collection days		86	74	55	46	49
	Inventory turnover (times)		3.23	3.34	3.03	2.77	2.38
	Payment turnover		8.57	6.33	6.61	8.61	8.18

	(times)					
	Average inventory turnover days	113	109	120	132	153
	Fixed assets turnover (times)	2.59	1.94	1.80	1.79	1.68
	Property, plant and equipment turnover (times)	0.17	0.13	0.13	0.13	0.12
Profitability	Return on total assets (%)	1.25	4.22	0.10	0.23	3.63
	Return on stockholders' equity (%)	1.29	4.68	0.06	0.18	3.89
	Profit before tax to paid-in capital (%) (Note 4)	2.04	7.11	0.13	0.33	5.47
	Profit after tax to net sales (%)	6.31	30.85	0.45	1.23	27.67
	Earnings per share (NT\$)	0.20	0.72	0.01	0.03	0.55
Cash Flow	Cash flow ratio (%) (Note2)	86.72	51.41	54.00	36.66	20.98
	Cash flow adequacy ratio (%)	84.41	137.53	92.68	88.14	64.21
	Cash flow reinvestment ratio (%)	2.49	0.15	Note 5	Note 5	Note 5
Leverage	Operating leverage	Note 3	Note 3	Note 3	Note 3	Note 3

	Financial leverage	Note 3	Note 3	Note 3	Note 3	Note 3
Variation Analysis 2017 vs. 2016						
(1) The increase in the ratio of liabilities to assets was mainly due to the increase in long-term loans this year.						
(2) The decrease in current ratio and quick ratio was mainly due to the increase in accounts payable.						
(3) The increase in interest protection multiples was mainly due to the increase in net profit before tax this year.						
(4) The increase in return on assets and return on equity was mainly due to the increase in the profit and loss share of subsidiaries and affiliates that adopted the equity method during the year, which resulted in an increase in net profit after tax.						
(5) The increase in the ratio of net profit before tax to paid-in capital, net profit ratio and earnings per share was mainly due to the increase in the profit and loss share of subsidiaries and affiliates that adopted the equity method during the year, which resulted in the increase in net profit after tax.						
(6) The decrease in cash flow ratio and allowable cash flow ratio was 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 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

The board of directors prepares the company's 2020 business report, financial statements, and surplus distribution proposals, etc. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. The above-mentioned business report, financial statement and surplus distribution proposal have been checked by the review committee and found that there is no discrepancy. According to Article 14-4 of Securities Exchange Law and Article 219 of the Company Law, I hereby submit this report.

To Sunplus 2021 Annual General Shareholders' Meeting

Sunplus Technology Co., Ltd.
Audit Committee
Convener,

Che-Ho Wei
March 29th, 2021

7.4 Consolidated Financial Statements and Auditors' Audit Report

Sunplus Technology Company Limited and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report**

Sunplus Technology Company Limited and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2020 and 2019 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, 2020 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 29, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

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, 2020 and 2019, 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 is as follows:

Validity of Revenue from Specific Customers

Integrated circuit chip sales accounted for 95% of the Group's total revenue. In particular, some of the customers whose revenue has grown significantly carry a higher risk related to the validity of sales revenue. Therefore, we deemed revenue recognition as a key audit matter. For detailed disclosure of revenue, refer to Notes 4 and 23 to the accompanying consolidated financial statements.

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

1. We understood the related internal control and operating procedures in the Company's sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the related internal control and operating procedures.
2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormal situations and confirmed the occurrence 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, 2020 and 2019 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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2021

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,400,482	27	\$ 3,020,628	26
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	901,857	7	1,090,679	10
Notes receivable and accounts receivable, net (Notes 4, 5, 9, 23 and 34)	1,204,798	10	832,633	7
Other receivables (Notes 4 and 34)	57,982	-	28,159	-
Inventories (Notes 4 and 10)	861,050	7	759,211	7
Other financial assets - current (Notes 17 and 35)	240,334	2	119,920	1
Other current assets (Notes 17 and 34)	111,438	1	88,917	1
Total current assets	<u>6,777,941</u>	<u>54</u>	<u>5,940,147</u>	<u>52</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,064,261	8	1,027,445	9
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	192,528	1	189,387	2
Investments accounted for using the equity method (Notes 4 and 12)	719,696	6	695,028	6
Property, plant and equipment (Notes 4, 13 and 35)	1,971,252	16	1,968,803	17
Right-of-use assets (Notes 4 and 14)	229,277	2	241,914	2
Investment properties (Notes 4 and 15)	1,015,544	8	1,066,797	9
Intangible assets (Notes 4 and 16)	328,591	3	176,233	2
Deferred tax assets (Notes 4 and 25)	33,037	-	28,754	-
Net defined benefit assets - non-current (Notes 4 and 21)	4,440	-	1,163	-
Other financial assets - non-current (Notes 17 and 35)	272,167	2	140,049	1
Other non-current assets (Note 17)	11,855	-	14,047	-
Total non-current assets	<u>5,842,648</u>	<u>46</u>	<u>5,549,620</u>	<u>48</u>
TOTAL	<u>\$ 12,620,589</u>	<u>100</u>	<u>\$ 11,489,767</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 35)	\$ 314,209	3	\$ 323,626	3
Contract liabilities - current (Note 23)	26,181	-	24,912	-
Accounts payable (Note 19)	450,216	4	352,155	3
Current tax liabilities (Notes 4 and 25)	155,138	1	52,169	1
Lease liabilities - current (Notes 4 and 14)	12,506	-	11,885	-
Deferred revenue - current (Notes 4, 20 and 28)	46,098	1	1,568	-
Current portion of long-term bank borrowings (Note 18)	25,000	-	-	-
Other current liabilities (Note 20)	795,324	6	576,101	5
Total current liabilities	<u>1,824,672</u>	<u>15</u>	<u>1,342,416</u>	<u>12</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	205,000	2	-	-
Lease liabilities - non-current (Notes 4 and 14)	219,510	2	230,251	2
Deferred revenue - non-current (Notes 4, 20 and 28)	58,300	-	58,015	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	60,319	-	64,258	1
Guarantee deposits (Note 34)	219,942	2	213,579	2
Other liabilities (Note 20)	13,845	-	8,557	-
Total non-current liabilities	<u>776,916</u>	<u>6</u>	<u>574,660</u>	<u>5</u>
Total liabilities	<u>2,601,588</u>	<u>21</u>	<u>1,917,076</u>	<u>17</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 22 and 31)				
Share capital				
Ordinary shares	<u>5,919,949</u>	<u>47</u>	<u>5,919,949</u>	<u>52</u>
Capital surplus	<u>500,820</u>	<u>4</u>	<u>594,432</u>	<u>5</u>
Retained earnings				
Legal reserve	1,712,390	13	1,942,388	17
Special reserve	276,189	2	308,452	2
Unappropriated earnings (accumulated deficits)	328,894	3	(262,261)	(2)
Total retained earnings	<u>2,317,473</u>	<u>18</u>	<u>1,988,579</u>	<u>17</u>
Other equity	(261,078)	(2)	(261,026)	(2)
Treasury shares	(63,401)	(1)	(63,401)	(1)
Total equity attributable to owners of the Company	8,413,763	66	8,178,533	71
NON-CONTROLLING INTERESTS (Notes 4, 11, 22 and 31)	<u>1,605,238</u>	<u>13</u>	<u>1,394,158</u>	<u>12</u>
Total equity	<u>10,019,001</u>	<u>79</u>	<u>9,572,691</u>	<u>83</u>
TOTAL	<u>\$ 12,620,589</u>	<u>100</u>	<u>\$ 11,489,767</u>	<u>100</u>

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, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 23 and 34)	\$ 6,414,140	100	\$ 5,486,660	100
OPERATING COSTS (Notes 10 and 24)	<u>3,489,044</u>	<u>54</u>	<u>3,137,755</u>	<u>57</u>
GROSS PROFIT	<u>2,925,096</u>	<u>46</u>	<u>2,348,905</u>	<u>43</u>
OPERATING EXPENSES (Notes 24 and 34)				
Selling and marketing expenses	297,145	5	237,703	5
General and administrative expenses	488,247	8	498,466	9
Research and development expenses	1,623,728	25	1,481,269	27
Expected credit gain (Note 9)	<u>(154)</u>	<u>-</u>	<u>(73)</u>	<u>-</u>
Total operating expenses	<u>2,408,966</u>	<u>38</u>	<u>2,217,365</u>	<u>41</u>
OTHER OPERATING INCOME AND EXPENSES	<u>37</u>	<u>-</u>	<u>201</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>516,167</u>	<u>8</u>	<u>131,741</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 24, 28 and 34)				
Interest income	24,052	-	24,578	-
Other income	117,804	2	131,538	2
Other gains and losses	126,748	2	1,127	-
Finance costs	(15,746)	-	(24,849)	-
Share of profit (loss) of associates	<u>15,713</u>	<u>-</u>	<u>(19,915)</u>	<u>-</u>
Total non-operating income and expenses	<u>268,571</u>	<u>4</u>	<u>112,479</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	784,738	12	244,220	4
INCOME TAX EXPENSE (Notes 4 and 25)	<u>165,911</u>	<u>2</u>	<u>69,468</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>618,827</u>	<u>10</u>	<u>174,752</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 22):				
Remeasurement of defined benefit plans	6,780	-	4,864	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(3,215)	-	(21,444)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	7,231	-	3,789	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 22):				
Exchange differences on translating the financial statements of foreign operations	\$ (7,150)	-	\$ (84,888)	(2)
Share of other comprehensive income (loss) of associates accounted for using the equity method	<u>2,072</u>	-	<u>(4,394)</u>	-
Other comprehensive income (loss) for the year, net of income tax	<u>5,718</u>	-	<u>(102,073)</u>	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 624,545</u>	<u>10</u>	<u>\$ 72,679</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 323,403	5	\$ 15,309	-
Non-controlling interests	<u>295,424</u>	<u>5</u>	<u>159,443</u>	<u>3</u>
	<u>\$ 618,827</u>	<u>10</u>	<u>\$ 174,752</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 326,913	5	\$ (77,049)	(2)
Non-controlling interests	<u>297,632</u>	<u>5</u>	<u>149,728</u>	<u>3</u>
	<u>\$ 624,545</u>	<u>10</u>	<u>\$ 72,679</u>	<u>1</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 0.55</u>		<u>\$ 0.03</u>	
Diluted	<u>\$ 0.55</u>		<u>\$ 0.03</u>	

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											Non-controlling Interests	Total Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Total		
				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					
Share (Thousands)	Amount												
BALANCE AT JANUARY 1, 2019	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 shareholders	-	-	-	-	-	-	-	-	-	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709	-	4,709	
Issuance of cash dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)	-	(213,118)	
Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	162	-	-	-	-	-	-	162	-	162	
Changes in percentage of ownership interest in 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	
Appropriation of 2019 earnings													
Legal reserve used to cover accumulated deficits	-	-	-	(229,998)	-	229,998	-	-	-	-	-	-	
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-	-	-	
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	15,786	-	-	-	-	-	-	15,786	-	15,786	
Issuance of cash dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	(177,598)	-	(177,598)	

Difference between the consideration and carrying amount of subsidiaries during actual disposal or acquisition	-	-	67,132	-	-	-	-	2,112	-	69,244	-	69,244
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	(183)	-	(183)
Net profit for the year ended December 31, 2020	-	-	-	-	-	323,403	-	-	-	323,403	295,424	618,827
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	6,846	(9,243)	5,907	-	3,510	2,208	5,718
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	330,249	(9,243)	5,907	-	326,913	297,632	624,545
Adjustment of capital surplus for the Company												
Cash dividends received by subsidiaries	-	-	1,068	-	-	-	-	-	-	1,068	-	1,068
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(86,552)	(86,552)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(1,172)	-	1,172	-	-	-	-
BALANCE AT DECEMBER 31, 2020	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 500,820</u>	<u>\$ 1,712,390</u>	<u>\$ 276,189</u>	<u>\$ 328,894</u>	<u>\$ (228,023)</u>	<u>\$ (33,055)</u>	<u>\$ (63,401)</u>	<u>\$ 8,413,763</u>	<u>\$ 1,605,238</u>	<u>\$ 10,019,001</u>

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 784,738	\$ 244,220
Adjustments for:		
Depreciation expenses	301,074	282,554
Amortization expenses	89,948	77,812
Expected credit loss reversed on trade receivables	(154)	(73)
Net gain on fair value change of financial assets at fair value through profit or loss	(122,742)	(17,879)
Finance costs	15,746	24,849
Interest income	(24,052)	(24,578)
Dividend income	(29,412)	(28,815)
Compensation costs of share-based payments	9,408	-
Share of profits of associates	(15,713)	19,915
Gain on disposal of property, plant and equipment	(28)	(161)
Gain on disposal of intangible assets	-	(39)
(Gain) loss on disposal of subsidiaries	(7,795)	43
Net (gain) loss on foreign currency exchange	(16,092)	8,984
Unrealized loss on transactions with associates and joint ventures	2,541	-
Gain on lease modification	(9)	(1)
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(377,153)	114,248
Decrease in other receivables	5,655	41,197
Decrease (increase) in inventories	(101,839)	59,737
Increase in other current assets	(13,530)	(132)
Increase in net defined benefits assets - non-current	(3,277)	(1,163)
Increase (decrease) in trade payables	97,960	(130,606)
Increase in contract liabilities	1,269	17,401
Decrease in deferred revenue	(1,559)	(1,629)
Increase in other current liabilities	216,960	4,465
Increase (decrease) in defined benefits liabilities - non-current	<u>2,841</u>	<u>(10,191)</u>
Cash generated from operations	814,785	680,158
Interest received	19,314	26,584
Dividends received	41,756	45,274
Interest paid	(16,509)	(27,923)
Income tax paid	<u>(67,225)</u>	<u>(72,440)</u>
Net cash generated from operating activities	<u>792,121</u>	<u>651,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	(10,004)	-
Proceeds from the sale of financial assets at FVTOCI	2,628	25,990
Purchase of financial assets at FVTPL	(1,447,591)	(1,588,698)
Proceeds from the sale of financial assets at FVTPL	1,687,133	1,572,327
Acquisition of associates	(2,500)	-
Net cash outflow on acquisition of subsidiaries (Note 29)	-	(48,215)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from disposal of subsidiaries	\$ (866)	\$ (744)
Payments for property, plant and equipment	(194,880)	(138,970)
Proceeds from the disposal of property, plant and equipment	590	4,239
Increase in refundable deposits	(842)	(459)
Decrease in refundable deposits	3,004	1,871
Payments for intangible assets	(249,613)	(78,623)
Proceeds from disposal of intangible assets	-	484
Payments for investment properties	(5,073)	(1,488)
Decrease (increase) on other financial assets	<u>(196,789)</u>	<u>10,909</u>
Net cash used in investing activities	<u>(414,803)</u>	<u>(241,377)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	15,000
Repayments of short-term borrowings	(26,656)	-
Proceeds from long-term borrowings	230,000	-
Repayments of long-term borrowings	-	(248,544)
Proceeds of guarantee deposits received	19,918	22,168
Refunds of guarantee deposits received	(4,987)	(33,729)
Repayment of principal portion of lease liabilities	(13,308)	(11,303)
Increase in other liabilities	2,014	4,758
Cash dividends paid	(176,530)	(211,837)
Dividends paid to non-controlling interests	(139,531)	(157,520)
Partial disposal of interests in subsidiaries without a loss of control	101,014	-
Decrease (increase) in non-controlling interests	<u>12,000</u>	<u>(2,184)</u>
Net cash generated from (used in) financing activities	<u>3,934</u>	<u>(623,191)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(1,398)</u>	<u>(2,178)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	379,854	(215,093)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,020,628</u>	<u>3,235,721</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,400,482</u>	<u>\$ 3,020,628</u>

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

(Concluded)

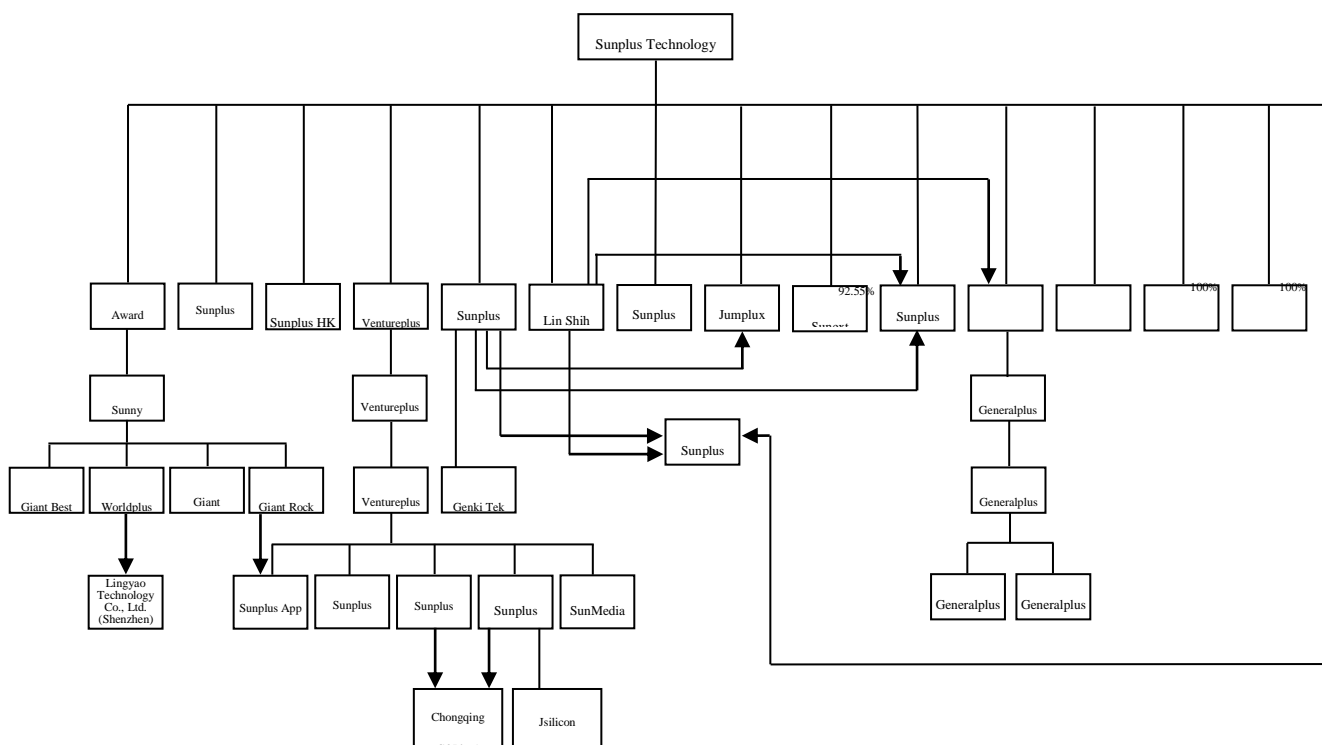
SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sunplus Technology Company Limited (the “Company”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific. 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, 2020:



The consolidated financial statements are presented in the Group’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 29, 2021.

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

- a. Initial application of 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) Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Before the application of the amendment, the Group shall determine whether the abovementioned rent concessions shall be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

- Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.
- Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.
- Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.
- Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.
- Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.
- Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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, 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, 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, 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, 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 over an associate, 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, 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.

3) Amendments to IAS 1 "Disclosure of Accounting Policies"

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

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

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

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

4) Amendments to IAS 8 "Definition of Accounting Estimates"

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the 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:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period; and
- 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 disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of disposal, as appropriate.

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

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

Changes in the 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 non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

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

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

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The inventories of Sunplus 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 is recognized in the Group's consolidated financial statements only to the extent of interests in the associate that is not related to the Group.

h. Property, plant and equipment

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

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

j. Goodwill

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

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the

recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the 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 the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, other financial assets, notes 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 with original maturities within 12 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the 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

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

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

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 lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the 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.

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

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

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

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 rereasurement) 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. Rereasurement 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

1) Restricted shares for employees granted to employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

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

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

t. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the 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 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 Group considers the economic implications of the COVID-19 when making its critical accounting

estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The 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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	\$ 5,781	\$ 6,065
Checking accounts and demand deposits	1,168,558	769,510
Cash equivalent		
Time deposits in banks	<u>2,226,143</u>	<u>2,245,053</u>
	<u>\$ 3,400,482</u>	<u>\$ 3,020,628</u>

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

	December 31	
	2020	2019
Bank balance	0.001%-2.025%	0.001%-2.25%

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

	December 31	
	2020	2019
<u>Financial assets at FVTPL - current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	\$ 641,575	\$ 987,692
- Domestic unlisted shares	204,719	45,904
- Domestic listed shares	52,743	41,960
Hybrid financial assets		
Non-derivative financial assets		
- Securities listed in the ROC and other countries - CB	<u>2,820</u>	<u>15,123</u>
	<u>\$ 901,857</u>	<u>\$ 1,090,679</u>
		(Continued)

	December 31	
	2020	2019

Financial liabilities at FVTPL – non-current

Financial assets classified as at FVTPL

Non-derivative financial assets

- Domestic and foreign unlisted shares	\$ 686,366	\$ 658,431
- Private funds	327,856	260,140
- Domestic and foreign listed shares	35,190	33,755
- Mutual funds	<u>14,849</u>	<u>75,119</u>
	<u>\$ 1,064,261</u>	<u>\$ 1,027,445</u>

(Concluded)

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Non-current</u>		
Domestic and foreign investments		
Unlisted shares	\$ 99,767	\$ 98,915
Listed shares	<u>92,761</u>	<u>90,472</u>
	<u>\$ 192,528</u>	<u>\$ 189,387</u>

9. NOTES AND TRADE RECEIVABLE, NET

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ <u>-</u>	\$ <u>300</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	1,204,901	832,662
Less: Allowance for impairment loss	<u>(103)</u>	<u>(329)</u>
	<u>1,204,798</u>	<u>832,333</u>
	<u>\$ 1,204,798</u>	<u>\$ 832,633</u>

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 prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry outlooks. As the 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 evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2020

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	\$ 1,204,689	\$ -	\$ -	\$ -	\$ 212	\$ 1,204,901
Loss allowance (Lifetime ECLs)	-	-	-	-	(103)	(103)
Amortized cost	<u>\$ 1,204,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109</u>	<u>\$ 1,204,798</u>

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
Loss allowance (Lifetime ECLs)	-	-	-	-	(329)	(329)
Amortized cost	<u>\$ 832,233</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 832,333</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 329	\$ 504
Add: Net remeasurement of loss allowance	(154)	(73)
Less: Amounts written off	(73)	(76)
Foreign exchange gains and losses	<u>1</u>	<u>(26)</u>
Balance at December 31	<u>\$ 103</u>	<u>\$ 329</u>

10. INVENTORIES

	December 31	
	2020	2019
Finished goods	\$ 272,667	\$ 307,179
Work in progress	378,943	281,042
Raw materials	<u>209,430</u>	<u>170,990</u>
	<u>\$ 861,050</u>	<u>\$ 759,211</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$3,403,174 thousand and \$3,053,155 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019

Inventory write - downs	\$ (6,567)	\$ (16,192)
Income from scrap sales	<u>81</u>	<u>103</u>
	<u>\$ (6,486)</u>	<u>\$ (16,089)</u>

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		Note
			2020	2019	
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	92.55	-
	Sunplus Innovation Technology	Design of ICs	58.21	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	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 30.
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	51.47	53.85	-
	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	100.00	100.00	-

	services and building rental services			
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	-

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		Note
			December 31		
			2020	2019	
Sunplus Technology (Shanghai)	Ytrip Technology	Web research and development	-	44.08	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 30.
	Jsilicon Technology	Software Development and IC Design	100.00	100.00	-
	Chongqing CQPlus1 Technology	Software Development and IC Design	56.67	55.00	-
Sunplus Prof-tek (Shenzhen)	Chongqing CQPlus1 Technology	Software Development and IC Design	43.33	45.00	Sunplus and its subsidiaries owned 100% of the equity in Chongqing Shuangxin Co., Ltd.
Ytrip Technology	Cculture Communication	Web Development and sale	-	100.00	The liquidation of 1culture Communication was completed on May 29, 2020. Please refer to Note 30.
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 Co.	Design of ICs	-	-	The liquidation of Han Young Technology Co. was completed on November 15, 2019. Please refer to Note 30.
	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 65.94% of the equity in Sunplus Innovation
	Genki Tek Technology Co., Ltd.	Development of computer software	62.50	-	The establishment registration was completed on March 6, 2020
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
	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 65.94% 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	Design of IC product development, after sales service and market research	100.00	100.00	-
	Generalplus HK	Sales	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	Investment	100.00	100.00	-

	L.L.C. (Worldplus)				
Sunny Fancy	Giant Best Ltd. (Giant Best)	Investment	100.00	100.00	At the end of December 2020, the establishment registration was completed, but capital was not injected yet.
Giant Kingdom	Ytrip Technology	Web research and development	-	8.16	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 30.
Giank Rock	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education	44.85	42.31	Sunplus and its subsidiaries owned 96.32% of the equity in Sunplus App.
Worldplus	Lingyao Technology	Software development and rental sales	100.00	100.00	-

(Concluded)

The financial statements as of and for the years ended December 31, 2020 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

<u>Company name</u>	The Voting Ratio of Non-controlling Equity	
	December 31	
	2020	2019
Generalplus Technology Inc.	52.01%	52.01%
Sunplus Innovation Technology	34.06%	31.14%

Refer to attachment 6 for registered countries and company information:

<u>Company Name</u>	Profits Attributed to Non-controlling Interests		Non-controlling Interests	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Generalplus Technology Inc.	\$ 146,699	\$ 116,295	\$ 1,123,045	\$ 1,075,166
Sunplus Innovation Technology	151,224	42,243	462,772	308,951

The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2020	2019
Current assets	\$ 3,920,778	\$ 3,190,003
Non-current assets	825,984	790,554
Current liabilities	1,128,870	792,198
Non-current liabilities	<u>198,684</u>	<u>214,644</u>
Equity	<u>\$ 3,419,208</u>	<u>\$ 2,973,715</u>
Equity attributable to:		
Owners of the Company	\$ 1,833,391	\$ 1,589,598
Non-controlling interests	<u>1,585,817</u>	<u>1,384,117</u>
	<u>\$ 3,419,208</u>	<u>\$ 2,973,715</u>
	For the Year Ended December 31	
	2020	2019
Operating revenue	<u>\$ 4,723,614</u>	<u>\$ 3,580,874</u>
Net income	\$ 749,706	\$ 359,235
Other comprehensive income	<u>3,156</u>	<u>(19,486)</u>
Total other comprehensive income	<u>\$ 752,862</u>	<u>\$ 339,749</u>
Equity attributable to:		
Owners of the Company	\$ 451,783	\$ 200,697
Non-controlling interests	<u>297,923</u>	<u>158,538</u>
	<u>\$ 749,706</u>	<u>\$ 359,235</u>
	(Continued)	
	For the Year Ended December 31	
	2020	2019

Total other comprehensive income attributable to:		
Owners of the Company	\$ 452,808	\$ 191,123
Non-controlling interests	<u>300,054</u>	<u>148,626</u>
	<u>\$ 752,862</u>	<u>\$ 339,749</u>
Cash flows		
Operating activities	\$ 792,458	\$ 512,134
Investing activities	(320,928)	57,606
Financing activities	(314,595)	(304,255)
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>3,465</u>	<u>1,452</u>
Net cash inflow (outflow)	<u>\$ 160,400</u>	<u>\$ 266,937</u>
Dividend paid to non-controlling interests	<u>\$ (139,531)</u>	<u>\$ (157,520)</u>
		(Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2020	2019
Investments in associates	<u>\$ 719,696</u>	<u>\$ 695,028</u>

a. Investments in associates

	<u>December 31</u>	
	2020	2019
Listed companies		
Global View Co., Ltd.	\$ 346,011	\$ 297,640
iCatch Technology	300,118	320,180
Autsys Co., Ltd.	71,439	77,208
Yizhiliang Accelerator Co., Ltd.	<u>2,128</u>	<u>-</u>
	<u>\$ 719,696</u>	<u>\$ 695,028</u>

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

	<u>December 31</u>	
Name of Associate	2020	2019
Global View Co., Ltd.	13%	13%
iCatch Technology	35%	36%
Autsys Co., Ltd.	16%	16%
Yizhiliang Accelerator Co., Ltd.	25%	-

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

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

	<u>December 31</u>	
Name of Associate	2020	2019

Global View, Co., Ltd.

\$ 317,657

\$ 239,889

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	
	2020	2019
Total assets	<u>\$ 2,739,685</u>	<u>\$ 2,438,751</u>
Total liabilities	<u>\$ 298,421</u>	<u>\$ 313,348</u>
	For the Year Ended December 31	
	2020	2019
Revenue	<u>\$ 913,154</u>	<u>\$ 1,088,383</u>
Loss for the period	<u>\$ (83,932)</u>	<u>\$ (5,711)</u>
Comprehensive income	<u>\$ 351,451</u>	<u>\$ (14,131)</u>
Group's share of profits of associates	<u>\$ 15,713</u>	<u>\$ (19,915)</u>

The financial statements as of and for the years ended December 31, 2020 of the above associates expect Yizhiliang Accelerator Co., Ltd., were audited by the auditors. The management of the Company believes that the financial statements of Yizhiliang Accelerator Co., Ltd. will not be subject to major adjustments if it were audited.

13. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Group

	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, 2020	\$ 2,338,519	\$ 187,290	\$ 10,428	\$ 517,417	\$ 5,873	\$ 250,019	\$ 1,480	\$ 23,847	\$ 19,202	\$ 3,354,075
Additions	440	5,670	2,900	143,007	341	41,746	490	109	4,372	199,075
Disposals	-	(6,260)	-	(15,559)	(1,661)	(23,400)	-	(33)	-	(46,913)
Reclassified	-	4,073	-	-	-	1,200	-	-	(5,273)	-
Consolidated changes	-	-	-	-	-	(3,031)	-	-	-	(3,031)
Effect of exchange rate changes	<u>26,289</u>	<u>(6,275)</u>	<u>8,161</u>	<u>(5,754)</u>	<u>54</u>	<u>2,227</u>	<u>1,153</u>	<u>223</u>	<u>(1,145)</u>	<u>24,933</u>
Balance at December 31, 2020	<u>\$ 2,365,248</u>	<u>\$ 184,498</u>	<u>\$ 21,489</u>	<u>\$ 639,111</u>	<u>\$ 4,607</u>	<u>\$ 268,761</u>	<u>\$ 3,123</u>	<u>\$ 24,146</u>	<u>\$ 17,156</u>	<u>\$ 3,528,139</u>
Accumulated depreciation										
Balance at January 1, 2020	\$ 555,243	\$ 143,222	\$ 7,229	\$ 448,652	\$ 4,018	\$ 205,424	\$ 1,239	\$ 20,245	\$ -	\$ 1,385,272
Depreciation expense	52,292	18,410	2,232	116,637	715	21,478	455	599	-	212,818
Disposals	-	(6,260)	-	(15,538)	(1,384)	(23,136)	-	(33)	-	(46,351)
Consolidated changes	-	-	-	-	-	(3,016)	-	-	-	(3,016)
Effect of exchange rate changes	<u>8,801</u>	<u>(5,230)</u>	<u>3,151</u>	<u>(2,087)</u>	<u>45</u>	<u>2,044</u>	<u>(9)</u>	<u>1,449</u>	<u>-</u>	<u>8,164</u>
Balance at December 31, 2020	<u>\$ 616,336</u>	<u>\$ 150,142</u>	<u>\$ 12,612</u>	<u>\$ 547,664</u>	<u>\$ 3,394</u>	<u>\$ 202,794</u>	<u>\$ 1,685</u>	<u>\$ 22,260</u>	<u>\$ -</u>	<u>\$ 1,556,887</u>
Carrying amounts at	<u>\$ 1,748,912</u>	<u>\$ 34,356</u>	<u>\$ 8,877</u>	<u>\$ 91,447</u>	<u>\$ 1,213</u>	<u>\$ 65,967</u>	<u>\$ 1,438</u>	<u>\$ 1,886</u>	<u>\$ 17,156</u>	<u>\$ 1,971,252</u>

									Prepayments for Equipment and Construction in Progress	Total
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment		
<u>Cost</u>										
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	-	-	-	-	-	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	<u>\$ 2,338,519</u>	<u>\$ 187,290</u>	<u>\$ 10,428</u>	<u>\$ 517,417</u>	<u>\$ 5,873</u>	<u>\$ 250,019</u>	<u>\$ 1,480</u>	<u>\$ 23,847</u>	<u>\$ 19,202</u>	<u>\$ 3,354,075</u>
<u>Accumulated depreciation</u>										
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	<u>\$ 555,243</u>	<u>\$ 143,222</u>	<u>\$ 7,229</u>	<u>\$ 437,154</u>	<u>\$ 4,018</u>	<u>\$ 205,424</u>	<u>\$ 1,239</u>	<u>\$ 20,245</u>	<u>\$ -</u>	<u>\$ 1,373,774</u>
<u>Accumulated impairment</u>										
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>
Carrying amounts at										
December 31, 2019	<u>\$ 1,783,276</u>	<u>\$ 44,068</u>	<u>\$ 3,199</u>	<u>\$ 68,765</u>	<u>\$ 1,855</u>	<u>\$ 44,595</u>	<u>\$ 241</u>	<u>\$ 3,602</u>	<u>\$ 19,202</u>	<u>\$ 1,968,803</u>

(Concluded)

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

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

December 31

	<u>2020</u>	<u>2019</u>
<u>Carrying amounts</u>		
Land	\$ 209,100	\$ 215,922
Buildings	19,730	25,098
Transportation equipment	<u>447</u>	<u>894</u>
	<u>\$ 229,277</u>	<u>\$ 241,914</u>

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	\$ <u>2,924</u>	\$ <u>3,989</u>
Depreciation charge for right-of-use assets		
Land	\$ 6,856	\$ 6,859
Buildings	8,765	6,454
Transportation equipment	<u>447</u>	<u>361</u>
	<u>\$ 16,068</u>	<u>\$ 13,674</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 1,137</u>	<u>\$ 1,093</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended December 31, 2020 and 2019.

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

	December 31	
	2020	2019
Carrying amounts		
Current	\$ <u>12,506</u>	\$ <u>11,885</u>
Non-current	<u>\$ 219,510</u>	<u>\$ 230,251</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	2.39%	2.39%
Buildings	1.575%-5.000%	1.575%-4.750%
Transportation equipment	1.575%	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 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.

The Group did not enter into significant lease contracts in the year ended December 31, 2019 and 2020. Because of the market conditions severely affected by COVID-19 in 2020, the Group requested the lessor for rent subsidy. The lessor agreed to provide unconditional 20% rent reduction from January 1 to December 31, 2020. The Group recognized in profit or loss the impact of rent concessions of \$832 thousand (presented in a deduction of expenses of variable lease payments) for the year of 2020.

d. Subleases

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	
	2020	2019
Year 1	\$ <u>-</u>	\$ <u>1,153</u>

e. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	\$ <u>6,530</u>	\$ <u>11,343</u>
Expenses relating to low-value asset leases	\$ <u>444</u>	\$ <u>2,282</u>
Total cash outflow for leases	\$ <u>22,636</u>	\$ <u>30,995</u>

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

15. INVESTMENT PROPERTIES

	Completed Investment Properties	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 1,401,007	\$ 98,867	\$ 1,499,874
Additions	5,073	-	5,073
Effect of exchange rate differences	<u>23,026</u>	<u>1,654</u>	<u>24,680</u>
Balance at December 31, 2020	<u>\$ 1,429,106</u>	<u>\$ 100,521</u>	<u>\$ 1,529,627</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ 430,601	\$ 2,476	\$ 433,077
Depreciation expense	69,808	2,308	72,188
Effect of exchange rate differences	<u>8,724</u>	<u>94</u>	<u>8,818</u>
Balance at December 31, 2020	<u>\$ 509,133</u>	<u>\$ 4,950</u>	<u>\$ 514,083</u>
Carrying amount at December 31, 2020	<u>\$ 919,973</u>	<u>\$ 95,571</u>	<u>\$ 1,015,544</u>

(Continued)

<u>Cost</u>	Completed Investment Properties	Right-of-use Assets	Total
Balance at January 1, 2019	\$ 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	<u>(52,690)</u>	<u>(3,835)</u>	<u>(56,525)</u>
Balance at December 31, 2019	<u>\$ 1,401,007</u>	<u>\$ 98,867</u>	<u>\$ 1,499,874</u>
<u>Accumulated depreciation</u>			
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	<u>(16,424)</u>	<u>(98)</u>	<u>(16,522)</u>
Balance at December 31, 2019	<u>\$ 430,601</u>	<u>\$ 2,476</u>	<u>\$ 433,077</u>
Carrying amount at December 31, 2019	<u>\$ 970,406</u>	<u>\$ 96,391</u>	<u>\$ 1,066,797</u> (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 do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

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

	December 31	
	2020	2019
Year 1	\$ 197,870	\$ 216,645
Year 2	164,577	136,228
Year 3	<u>96,344</u>	<u>96,651</u>
	<u>\$ 458,791</u>	<u>\$ 449,524</u>

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

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

The fair value of the investment properties of Lingyao Technology Co., Ltd. in Shenzhen assessed in 2020 and 2019 had been determined on the basis of valuations carried out on December 31, 2020 and 2019 by Suzhou Fengzheng Renhe Estate Land Assets Appraisal Co., Ltd. and Guanhong Real Estate Appraisers Office, respectively. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:

	December 31	
	2020	2019
Fair value	\$ 45,471	\$ 37,900

The fair value of the investment properties of SunMedia Technology assessed in 2020 and 2019 had been determined on the basis of valuations carried out on December 31, 2020 and 2019 by Sichuan Zongli Real Estate Land Assets Evaluation Co., Ltd. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:

	<u>December 31</u>	
	2020	2019
Fair value	\$ 1,192,093	\$ 1,182,963

The fair value of the investment properties of Sunplus Technology (Shanghai) Co., Ltd. assessed in 2020 and 2019 had been determined on the basis of valuations carried out on December 31, 2020 and 2019 by Suzhou Feng-Zheng Valuation Firm. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:

	<u>December 31</u>	
	2020	2019
Fair value	\$ 2,374,398	\$ 2,295,816

16. INTANGIBLE ASSETS

	<u>For the Year Ended December 31, 2020</u>				
	<u>Technology License Fees</u>	<u>Software</u>	<u>Patents</u>	<u>Goodwill</u>	<u>Total</u>
<u>Cost</u>					
Balance at January 1	\$ 809,249	\$ 312,600	\$ 114,494	\$ 30,596	\$ 1,266,939
Additions	218,688	23,140	2,000	-	243,828
Decrease	(41,842)	(5,680)	-	-	(47,522)
Effect of exchange rate differences	517	433	4	-	954
Consolidated changes	<u>-</u>	<u>(5,232)</u>	<u>-</u>	<u>-</u>	<u>(5,232)</u>
Balance at December 31	<u>\$ 986,612</u>	<u>\$ 325,261</u>	<u>\$ 116,498</u>	<u>\$ 30,596</u>	<u>\$ 1,458,967</u>
<u>Accumulated amortization</u>					
Balance at January 1	\$ 583,858	\$ 289,553	\$ 84,582	\$ -	\$ 957,993
Amortization expense	65,167	23,277	1,504	-	89,948
Decrease	(41,842)	(5,680)	-	-	(47,522)
Effect of exchange rate differences	347	313	2	-	662
Consolidated changes	<u>-</u>	<u>(3,418)</u>	<u>-</u>	<u>-</u>	<u>(3,418)</u>
Balance at December 31	<u>\$ 607,530</u>	<u>\$ 304,045</u>	<u>\$ 86,088</u>	<u>\$ -</u>	<u>\$ 997,663</u>
<u>Accumulated deficit</u>					
Balance at December 31	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Carrying amounts at December 31, 2020	<u>\$ 267,946</u>	<u>\$ 21,216</u>	<u>\$ 8,833</u>	<u>\$ 30,596</u>	<u>\$ 328,591</u>

For the Year Ended December 31, 2019

	Technology License Fees	Software	Patents	Goodwill	Total
<u>Cost</u>					
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	<u>\$ 809,249</u>	<u>\$ 312,600</u>	<u>\$ 114,494</u>	<u>\$ 30,596</u>	<u>\$ 1,266,939</u>
<u>Accumulated amortization</u>					
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	<u>\$ 583,858</u>	<u>\$ 289,553</u>	<u>\$ 84,582</u>	<u>\$ -</u>	<u>\$ 957,993</u>
<u>Accumulated deficit</u>					
Balance at December 31	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Carrying amounts at December 31, 2019	<u>\$ 114,255</u>	<u>\$ 23,047</u>	<u>\$ 8,335</u>	<u>\$ 30,596</u>	<u>\$ 176,233</u>

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

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

An analysis of depreciation by function

	For the Year Ended December 31	
	2020	2019
Selling and marketing expenses	\$ 232	\$ 106
General and administrative expenses	3,677	5,894
Research and development expenses	<u>86,039</u>	<u>71,812</u>
	<u>\$ 89,948</u>	<u>\$ 77,812</u>

17. OTHER ASSETS

	December 31	
	2020	2019
<u>Current</u>		
Other financial assets		
Pledged time deposits (a)	\$ 113,920	\$ 119,920
Time deposits (b)	82,213	-
Restricted assets (d)	<u>44,201</u>	<u>-</u>
	<u>\$ 240,334</u>	<u>\$ 119,920</u>
Other assets		
Prepaid technical licensing fee	\$ 18,032	\$ 9,103
Prepayments for EDA tools	21,141	21,374
Others	<u>72,265</u>	<u>58,440</u>
	<u>\$ 114,438</u>	<u>\$ 88,917</u>
<u>Non-current</u>		
Other financial assets		
Pledged time deposits (a)	\$ 35,809	\$ 10,899
Time deposits (c)	<u>236,358</u>	<u>129,150</u>
	<u>\$ 272,167</u>	<u>\$ 140,049</u>
Other assets		
Refundable deposits	\$ 4,055	\$ 6,247
Others	<u>7,800</u>	<u>7,800</u>
	<u>\$ 11,855</u>	<u>\$ 14,047</u>

- a. Refer to Note 35 for information on pledged time deposits.
- b. Sunplus Technology (Shanghai) Company, Lingyao Company, Sunplus Prof-tek (Shenzhen) Company and Sunplus Technology (Beijing) Company made a fixed deposit of RMB\$18,783 thousand at banks on December 31, 2020. The deposit period of time deposit is 6 months to 1 year, and interest can be charged at a certain interest rate during the deposit period.
- c. Shanghai Technology (Shanghai) Company, Lingyao Company and Shenzhen Lingjia Company made certificates of deposit of RMB\$54,000 thousand and RMB\$30,000 at the bank on December 31, 2020, and on December 31, 2019, respectively. The deposit period of the certificates of deposit is 2 to 3 years and 3 years respectively, and interest can be charged at a certain interest rate during the deposit period.
- d. Refer to Note 28 for information on restricted assets.

18. BORROWINGS

Short-term borrowings

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Secured borrowings</u>		
Bank loans	\$ 97,102	\$ 120,130
<u>Unsecured borrowings</u>		
Bank loans	<u>217,107</u>	<u>203,496</u>
	<u>\$ 314,209</u>	<u>\$ 323,626</u>

The range of weighted average effective interest rates on bank loans was 0.716%-2.800% and 1.745%-3.000% per annum at December 31, 2020 and 2019, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

			<u>December 31</u>	
	<u>Maturity Date</u>	<u>Significant Covenant</u>	<u>2020</u>	<u>2019</u>
<u>Floating rate borrowings</u>				
Unsecured bank borrowings	2025.08.21	Repayable quarterly from November 2021, the loan was repaid on maturity	\$ 200,000	\$ -
Unsecured bank borrowings	2023.10.13	Repayable semiannually from October 2022, the loan was repaid on maturity	30,000	-
Less: Current portion			<u>(25,000)</u>	<u>-</u>
Long-term borrowings			<u>\$ 205,000</u>	<u>\$ -</u>

The interval of effective borrowing rates as of December 31, 2020 was 1.250%-1.320%.

In addition, in accordance with the provisions of the loan contract, the Group's consolidated financial statements for the year ended 2020 are subject to current ratio, debt ratio, interest coverage ratio, etc., but they are not included in the examination of default items. The Group's financial ratios are in compliance with the contract requirements.

19. TRADE PAYABLES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Accounts payable</u>		
Payable - operating	<u>\$ 450,216</u>	<u>\$ 352,155</u>

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 464,201	\$ 299,871
Refund liabilities	75,313	46,591
Payables for employees' compensation and remuneration of directors	73,815	46,467
Payable for royalties	68,250	46,676
Labor/health insurance	27,106	26,629
Payables for purchases of equipment	8,005	5,552
Payables for labor costs	7,195	6,105
Commissions payable	6,591	6,920
Others	<u>64,848</u>	<u>91,290</u>
	<u>\$ 795,324</u>	<u>\$ 576,101</u>
<u>Deferred revenue</u>		
Deferred revenue		
Arising from government grants (Note 28)	<u>\$ 46,098</u>	<u>\$ 1,568</u>
<u>Non-current</u>		
Other payable		
Long-term payables	\$ 6,484	\$ 4,470
Payables for purchases of equipment	4,940	3,198
Decommissioning liabilities	889	889
Others	<u>1,532</u>	<u>-</u>
	<u>\$ 13,845</u>	<u>\$ 8,557</u>
Deferred revenue		
Arising from government grants (Note 28)	<u>\$ 58,300</u>	<u>\$ 58,015</u>

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

The defined benefit plans adopted by the Company, Generalplus, Sunplus Innovation and Jumplux Technology in accordance with the Labor Standards Act is operated by the government of the ROC. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the 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 amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	December 31	
	2020	2019
Present value of funded defined benefit obligation	\$ 244,805	\$ 267,360
Fair value of plan assets	<u>(188,926)</u>	<u>(204,475)</u>
Net liabilities arising from defined benefit obligation	<u>\$ 55,879</u>	<u>\$ 62,885</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	\$ 268,025	\$ 188,770	\$ 79,255
Service cost			
Current service cost	805	-	805
Net interest expense (income)	<u>3,051</u>	<u>2,212</u>	<u>839</u>
Recognized gain and loss	<u>3,856</u>	<u>2,212</u>	<u>1,644</u>
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	<u>3,602</u>	<u>-</u>	<u>3,602</u>
Recognized in other comprehensive income	<u>1,262</u>	<u>6,223</u>	<u>(4,961)</u>
Contributions from the employer	<u>-</u>	<u>13,053</u>	<u>(13,053)</u>
Benefit paid	<u>(5,783)</u>	<u>(5,783)</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 267,360</u>	<u>\$ 204,475</u>	<u>\$ 62,885</u>

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2020	\$ 267,360	\$ 204,475	\$ 62,885
Service cost			
Current service cost	563	-	563
Net interest expense (income)	<u>2,556</u>	<u>1,973</u>	<u>583</u>
Recognized gain and loss	<u>3,119</u>	<u>1,973</u>	<u>1,146</u>
Remeasurement			
Return on plan assets	-	5,980	(5,980)
Actuarial (gain) loss-experience adjustment	2,240	-	2,240
Actuarial (gain) loss-changes in demographic assumptions	(1,441)	-	(1,441)
Actuarial loss-changes in financial assumptions	<u>(1,502)</u>	<u>-</u>	<u>(1,502)</u>
Recognized in other comprehensive income	<u>(703)</u>	<u>5,980</u>	<u>(6,683)</u>
Contributions from the employer	<u>-</u>	<u>1,469</u>	<u>(1,469)</u>
Benefit paid	<u>(24,971)</u>	<u>(24,971)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 244,805</u>	<u>\$ 188,926</u>	<u>\$ 55,879</u> (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	
	2020	2019
Operating costs	\$ 121	\$ 155
Selling and marketing expenses	114	176
General and administrative expenses	317	431
Research and development expenses	<u>482</u>	<u>936</u>
Net liability arising from defined benefit obligation	<u>\$ 1,034</u>	<u>\$ 1,698</u>

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	
	2020	2019
Discount rate(s)	0.30%-0.80%	0.80%-1.00%
Expected rate(s) of salary increase	3.625%-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, 2020	December 31, 2019
Discount rate(s)		
0.25% increase	<u>\$ (6,559)</u>	<u>\$ (7,703)</u>
0.25% decrease	<u>\$ 6,818</u>	<u>\$ 8,014</u>
Expected rate(s) of salary increase		
1% increase	<u>\$ 27,669</u>	<u>\$ 32,682</u>
1% decrease	<u>\$ (24,291)</u>	<u>\$ (28,567)</u>

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

	December 31	
	2020	2019
Expected contributions to the plan for the next year	<u>\$ 1,170</u>	<u>\$ 4,024</u>
Average duration of the defined benefit obligation	13-16 years	13-16 years

22. EQUITY

a. Share capital

1) Ordinary shares:

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	<u>1,200,000</u>	<u>1,200,000</u>
Value of authorized shares	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>591,995</u>	<u>591,995</u>
Shares issued and fully paid	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

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

Of 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 (ticker: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2020, the outstanding 175 thousand units of GDRs represented 350 thousand ordinary shares.

b. Capital surplus

	December 31	
	2020	2019
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)</u>		
Arising from the issuance of ordinary shares	\$ 18,497	\$ 196,095
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	207,316	140,184
<u>May be used to offset a deficit only</u>		
From treasury share transactions	46,307	45,239
Changes in net equity of associates or joint ventures accounted for using the equity method	<u>71,277</u>	<u>55,491</u>
	<u>\$ 500,820</u>	<u>\$ 594,432</u>

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

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-(h).

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 of earnings for 2019 approved in the shareholders' meeting on June 10, 2019, as follows:

For Year 2018

Legal reserve	<u>\$ 562</u>
Special reserve	<u>\$ 241,173</u>

The appropriations of earnings for 2020 approved in the shareholders' meeting on June 12, 2020, as follows:

For Year 2019

Special reserve reversed	<u>\$ 32,263</u>
Legal reserve deficits compensated	<u>\$ 229,998</u>

The Company's shareholders resolved in the shareholders' meetings on June 12, 2020, June 10, 2019 to issue and cash dividends of \$177,598 thousand and \$213,118 thousand from the capital surplus, respectively.

The earnings distribution proposal for 2020 in the board of directors meeting proposed on March 29, 2021 as follows:

**For the Year
2020**

Legal reserve	<u>\$ 32,889</u>
Special reserve reversed	<u>\$ 15,111</u>
Cash dividend	<u>\$ 311,093</u>
Cash dividend per share (NT\$)	\$ 0.53

The appropriation of earnings for 2020 is subject to resolution in the shareholders' meeting to be held on June 7, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	\$ 308,452	\$ 62,279
Appropriations to the special reserve	-	241,173
Special reserve reversed	<u>(32,263)</u>	<u>-</u>
Balance at December 31	<u>\$ 276,189</u>	<u>\$ 308,452</u>

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (218,780)	\$ (138,875)
Exchange differences on translating foreign operations	(1,032)	(75,511)
Share of exchange differences of associates accounted for using equity method	2,072	(4,394)
Reclassification adjustments		
Disposal of foreign operations	<u>(10,283)</u>	<u>-</u>
Balance at December 31	<u>\$ (228,023)</u>	<u>\$ (218,780)</u>

2) Unrealized gain (loss) from investments in equity instruments measured at FVTOCI:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (42,246)	\$ (303,968)
Current		
Unrealized gain (loss)	(1,354)	(20,881)
Share of unrealized gain (loss) on associates accounted for using the equity method	7,261	3,089
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	1,172	279,514
Disposal of partial interests in subsidiaries	<u>2,112</u>	<u>-</u>
Balance at December 31	<u>\$ (33,055)</u>	<u>\$ (42,246)</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ 1,394,158	\$ 1,401,664
Attributable to non-controlling interests:		
Share of profit for the year	295,424	159,443
Exchange difference on translation foreign operations	4,165	(9,377)
Unrealized gain (loss) on financial assets at FVTOCI	(1,861)	(563)
Actuarial gains on defined benefit plans	(96)	225
Cash dividends from subsidiaries	(139,531)	(157,520)
Non-controlling interests related to outstanding vested share options	12,000	-
Disposal of partial interests in subsidiaries	31,770	-
Equity instruments held by the employees of subsidiaries	9,408	-
Others	<u>(199)</u>	<u>286</u>
Balance at December 31	<u>\$ 1,605,238</u>	<u>\$ 1,394,158</u>

g. Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares as of January 1, 2019	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as December 31, 2019	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Number of shares as of January 1, 2020	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as December 31, 2020	<u>-</u>	<u>3,560</u>	<u>3,560</u>

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

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)
<u>December 31, 2020</u>			
Lin Shin Investment Co Ltd	3,560	<u>\$ 63,401</u>	<u>\$ 65,148</u>
<u>December 31, 2019</u>			
Lin Shin Investment Co., Ltd	3,560	<u>\$ 63,401</u>	<u>\$ 48,238</u>

The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

23. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from the sale of goods	\$ 6,084,210	\$ 5,085,074
Rental income from property	230,273	265,330
Other	<u>99,657</u>	<u>136,256</u>
	<u>\$ 6,414,140</u>	<u>\$ 5,486,660</u>

a. Contract information

Revenue from the sale of goods

IC products are sold to agents and customers. The Group 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 Group recognizes the amount and the liabilities for refunds (accounted for as other current liabilities).

Other income

Other income mainly comes from software development and royalties.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 9)	\$ <u>1,204,798</u>	\$ <u>832,633</u>	\$ <u>954,030</u>
Contract liabilities - current	\$ <u>26,181</u>	\$ <u>24,912</u>	\$ <u>7,511</u>

c. Disaggregation of revenue

	Reportable Segments	
	Direct Sales	
	2020	2019
<u>Primary geographical markets</u>		
Asia	\$ 3,816,229	\$ 3,474,148
Taiwan	2,536,578	1,955,083
Others	<u>61,333</u>	<u>57,429</u>
	<u>\$ 6,414,140</u>	<u>\$ 5,486,660</u>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 6,176,425	\$ 5,210,466
Satisfied over time	<u>237,715</u>	<u>276,194</u>
	<u>\$ 6,414,140</u>	<u>\$ 5,486,660</u>

24. NET PROFIT

Net profit included the following items:

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 24,052	\$ 24,536
Others	<u>-</u>	<u>42</u>
	<u>\$ 24,052</u>	<u>\$ 24,578</u>

b. Other income

	For the Year Ended December 31	
	2020	2019
Dividend income	\$ 29,412	\$ 28,815
Subsidy income (Note 28)	40,135	27,107
Others	<u>48,257</u>	<u>75,616</u>
	<u>\$ 117,804</u>	<u>\$ 131,538</u>

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net gain (loss) on financial assets and liabilities		
Net gain (loss) on financial assets designated as at FVTPL (Note 7)	\$ 122,742	\$ 17,879
Net foreign exchange loss	(10,900)	(27,640)
Gain (loss) on disposal of subsidiary	7,795	(43)
Others	<u>7,711</u>	<u>10,931</u>
	<u>\$ 126,748</u>	<u>\$ 1,127</u>

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	\$ 7,527	\$ 15,721
Interest on lease liabilities	5,555	5,674
Other finance costs	<u>2,664</u>	<u>3,454</u>
	<u>\$ 15,746</u>	<u>\$ 24,849</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 79,253	\$ 81,393
Operating expenses	<u>221,821</u>	<u>201,161</u>
	<u>\$ 301,074</u>	<u>\$ 282,554</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 89,948</u>	<u>\$ 77,812</u>

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2020	2019
Direct operating expenses from investment property that generated rental income	<u>\$ 85,869</u>	<u>\$ 77,547</u>

g. Employee benefit expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits	<u>\$ 1,661,037</u>	<u>\$ 1,494,942</u>
Post-employment benefits		
Defined contribution plans	46,178	45,278
Defined benefit plans (Note 21)	<u>1,034</u>	<u>1,698</u>
Other employee benefits	<u>47,212</u>	<u>46,976</u>
Share-based payments		
Equity-settled	<u>9,408</u>	<u>-</u>
Other employee benefits	<u>35,402</u>	<u>30,602</u>
Total employee benefit expense	<u>\$ 1,753,059</u>	<u>\$ 1,572,520</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 101,951	\$ 98,052
Operating expenses	<u>1,651,108</u>	<u>1,474,468</u>
	<u>\$ 1,753,059</u>	<u>\$ 1,572,520</u>

h. Employees' compensation and remuneration of directors and supervisors

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, 2020 and 2019 were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Employees' compensation	\$ 3,317	\$ -	\$ 206	\$ -
Remuneration of directors	4,975	-	309	-

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

The actual amounts of employee' compensation and remuneration of directors are different from the amounts recognized in the annual consolidated financial statements. Therefore, on April 22, 2020, the board of directors resolved that the differences will be adjusted to the profit or loss for 2020.

	For the Year Ended December 31, 2019	
	Employees' Compensation	Remuneration of Directors and Supervisors
The actual amount resolved by the board of directors	\$ <u>-</u>	\$ <u>-</u>
Recognized amount in annual financial statements	\$ <u>206</u>	\$ <u>309</u>

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

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

i. Gain or loss on exchange rate changes

	For the Year Ended December 31	
	2020	2019
Exchange rate gains	\$ 130,878	\$ 87,093
Exchange rate losses	<u>(141,778)</u>	<u>(114,733)</u>
Net loss	<u>\$ (10,900)</u>	<u>\$ (27,640)</u>

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	
	2020	2019
Current tax		
In respect of the current year	\$ 179,824	\$ 90,323
Adjustments for prior periods	<u>(9,630)</u>	<u>(22,355)</u>
	170,194	67,968
Deferred tax		
In respect of the current year	<u>(4,283)</u>	<u>1,500</u>
Income tax expense recognized in profit or loss	<u>\$ 165,911</u>	<u>\$ 69,468</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	<u>\$ 784,738</u>	<u>\$ 244,220</u>
Income tax expense at the statutory rate	\$ 156,948	\$ 48,844
Different statutory rate in other jurisdictions	716	2,344
Tax effect of adjusting items:		
Nondeductible expenses in determining taxable income	(27,165)	3,163
Temporary differences	5,916	(11,475)
Unrecognized temporary differences	-	(419)
Current investment credit	(12,857)	(6,650)
Effects of consolidated income tax filing	(34)	(42)
Tax-exempt income	(4,618)	-
Loss carryforwards	(993)	-
Differences in income basic tax	<u>283</u>	<u>-</u>
Current income tax expense	118,196	35,765
Deferred income tax expense		
Temporary differences	(4,283)	1,500
Unrecognized loss carryforwards	61,126	49,771
Adjustments for prior years' tax	(9,630)	(22,355)
Foreign income tax expense	<u>502</u>	<u>4,787</u>
Income tax expense recognized in profit or loss	<u>\$ 165,911</u>	<u>\$ 69,468</u>

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	
	2020	2019
Current tax assets		
Tax refund receivable (classified as other receivable)	\$ 415	\$ 516
Prepaid income tax (classified as other current assets)	<u>-</u>	<u>24</u>
	<u>\$ 415</u>	<u>\$ 540</u>
Current tax liabilities		
Income tax payable	<u>\$ 155,138</u>	<u>\$ 52,169</u>

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, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized loss on inventories	\$ 12,120	\$ (326)	\$ 11,794
Fixed assets	4,947	(1,509)	3,438
Unrealized sales	883	(883)	-
Exchange (gains) losses	(226)	(1,168)	(1,394)
Other	<u>11,030</u>	<u>8,169</u>	<u>19,199</u>
	<u>\$ 28,754</u>	<u>\$ 4,283</u>	<u>\$ 33,037</u>

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	<u>14,417</u>	<u>(3,387)</u>	<u>11,030</u>
	<u>\$ 30,254</u>	<u>\$ (1,500)</u>	<u>\$ 28,754</u>

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

	December 31	
	2020	2019
<u>Loss Carryforwards</u>		
Expiry in 2020	\$ -	\$ 251,700
Expiry in 2021	530,904	535,328
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	391,411	75,674
Expiry in 2030	<u>83,032</u>	<u>-</u>
	<u>\$ 3,397,548</u>	<u>\$ 3,254,903</u>
Deductible temporary differences	<u>\$ 117,978</u>	<u>\$ 113,956</u>

e. Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2020 pertaining to Sunplus:

Unused Amount	Expiry Year
\$ 322,509	2021
394,894	2022
1,144,831	2023
24,228	2027
329,899	2029
<u>46,749</u>	2030
<u>\$ 2,263,110</u>	

Loss carryforwards as of December 31, 2020 pertaining to Sunplus Venture:

Unused Amount	Expiry Year
\$ 4,863	2022
<u>92,197</u>	2023
<u>\$ 97,060</u>	

Loss carryforwards as of December 31, 2020 pertaining to Lin Shin:

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

Loss carryforwards as of December 31, 2020 pertaining to Sunext:

Unused Amount	Expiry Year
\$ 99,355	2021
100,760	2022
159,490	2023
31,147	2024
<u>975</u>	2025
<u>\$ 391,727</u>	

Loss carryforwards as of December 31, 2020 pertaining to Genki Tek :

Unused Amount	Expiry Year
<u>\$ 7,971</u>	2030

Loss carryforwards as of December 31, 2020 pertaining to Sunplus mMedia:

Unused Amount	Expiry Year
\$ 109,040	2021
35,847	2022
30,658	2023
29,360	2024
27,164	2025
11,155	2026
9,369	2027
57,427	2028
25,045	2029
<u>335</u>	2030
<u>\$ 335,400</u>	

Loss carryforwards as of December 31, 2020 pertaining to Jumplux:

Unused Amount	Expiry Year
\$ 4,692	2024
21,350	2025
44,396	2026
54,597	2027
72,893	2028
36,467	2029
<u>27,977</u>	2030
<u>\$ 262,372</u>	

f. Income tax assessments

The income tax returns of Sunplus and Sunplus mMobile through 2017 and Sunplus Innovation Technology, Generalplus, Sunext ,Jumplux, Lin Shih, Sunplus mMedia ,Wei-Young, Sunplus Management Consulting and Sunplus Venture through 2018 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic gain per share	<u>\$ 0.55</u>	<u>\$ 0.03</u>
Diluted earnings per share	<u>\$ 0.55</u>	<u>\$ 0.03</u>

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

Net profit for the year

	For the Year Ended December 31	
	2020	2019
Profit for the year attributable to owners of the Company	\$ 323,403	\$ 15,309
Effect of potentially dilutive ordinary shares		
Bonuses for employees	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted EPS from continuing operations	<u>\$ 323,403</u>	<u>\$ 15,309</u>

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential ordinary shares:		
Bonuses issued to employees	<u>181</u>	<u>16</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>588,616</u>	<u>588,451</u>

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

a. Restricted shares for employees

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

The restricted share plan was approved by the board of directors in a total amount of NT\$10,000 thousand, consisting of 1,000 thousand shares and the issuing price of each share was NT\$0. The Company set October 28, 2020 as the grant date and November 5, 2020 as the record date of capital increase. The fair value of granted share was \$75.26 per share.

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

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

When the employee fails to meet the vesting conditions:

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

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

- 1) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.
- 2) The employees holding these shares are not entitled to receive cash dividends and share dividends.

- 3) Employees should immediately place the restricted shares under the trust or custody after the issuance of restricted shares. They shall not request the trustee or custodian to return the restricted shares for any reason before the vesting conditions are fulfilled.

Other agreements were as follow:

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

Information on employee restricted share was as follows:

	For the Year Ended December 31, 2020
	Number of Options (In Thousands of Units)
Outstanding shares at January 1	-
Shares granted	<u>1,000</u>
Outstanding shares at December 31	<u><u>1,000</u></u>

Compensation costs recognized were NT\$9,408 thousand for the years ended December 31, 2020.

28. GOVERNMENT GRANTS

In August 2013, Sun Media Technology Co., Ltd. received a government grant amounting to RMB\$16,390 thousand (NT\$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, 2020 and 2019 was \$1,559 and \$1,629 thousand, respectively.

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

Jumplux Technology Co., Ltd. applied for subsidy under the "Salary and Working Capital Subsidies for Difficult Businesses Affected by Serious Special Infectious Pneumonia" program of the Ministry of Economic Affairs in June 2020. The subsidy period is from April 2020 to June 2020, and the Group has received a subsidy of \$2,057 thousand. The total revenue recognized as profit amounted to \$2,057 thousand for the year ended December 31, 2020 as other income.

The Company applied for the AI on Chip R&D subsidy program of the Ministry of Economic Affairs, and the "Shared Intelligent Computing Chiplet Architecture R&D Program" was reviewed and approved on November 20, 2020. The approved total subsidy amounted to NT\$ 115,356 thousand. As of December 31, 2020, the accumulated subsidy received is NT\$ 44,201 thousand (recognized as other financial assets), and the income from the recognized subsidy is NT\$ 0. In addition, the Company has a special account for subsidies in accordance with regulations, and the monthly withdrawal amount should be withdrawn according to the monthly expenditure summary statement, and the withdrawal amount shall not be higher than the expenditure amount.

29. CONSOLIDATION OF SUBSIDIARIES

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	<u>\$ 112,669</u>

b. Consideration transferred

	Worldplus and Its Subsidiaries
Cash	<u>\$ 112,669</u>

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	<u>(4,758)</u>
	<u>\$ 112,669</u>

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	<u>(64,454)</u>
	<u>\$ 48,215</u>

e. Impact of acquisitions on the results of the Group

	Worldplus and Its Subsidiaries
Net revenue	<u>\$ 2,053</u>
Net loss	<u>\$ (2,582)</u>

If the merger of Worldplus and its subsidiaries occurred on January 1, 2019, the Japanese company's proposed operating income and proposed operating net profit were \$5,516,431 and \$125,834, 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.

30. DISPOSAL OF SUBSIDIARIES

2020

a. Analysis of assets and liabilities from liquidation

The Group completed the liquidation of its subsidiary, Ytrip Technology Co., Ltd. and its subsidiary 1culture Communication Co., Ltd. on June 23 and May 29, 2020, respectively.

	Ytrip Technology Co., Ltd. and Its Subsidiaries
Current assets	
Cash and cash equivalents	\$ 2,106
Other receivables	281
Non-current assets	
Property, plant and equipment	15
Intangible assets	1,814
Current liabilities	
Others	<u>(106)</u>
Net assets disposed of	<u>\$ 4,110</u>

b. Gain on liquidation of subsidiaries

	Ytrip Technology Co., Ltd. and Its Subsidiaries
Consideration received	\$ 1,240
Net assets disposed of	(4,110)
Reclassification of other comprehensive income in respect of the subsidiaries	10,283
Non-controlling interests	<u>382</u>
Gain on disposals	<u>\$ 7,795</u>

c. Net cash inflow on liquidation of subsidiaries

	Ytrip Technology Co., Ltd. and Its Subsidiaries
Consideration received	\$ 1,240
Less: Cash and cash equivalent balances disposed of	<u>(2,106)</u>
	<u>\$ (866)</u>

2019

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

a. Analysis of assets and 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	<u>(29)</u>
Net assets disposed of	<u>\$ 2,543</u>

b. Loss on liquidation of subsidiaries

	Hanyang Technology Co., Ltd.
Consideration received	\$ 1,737
Net assets disposed of	(2,543)
Non-controlling interests	<u>763</u>
Loss on disposal	<u>\$ (43)</u>

c. Net cash inflow on liquidation of subsidiaries

	Hanyang Technology Co., Ltd.
Consideration received	\$ 1,737
Less: Cash and cash equivalent balances disposed of	<u>(2,481)</u>
	<u>\$ (744)</u>

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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 and June 2020 Giant Rock subscribed for additional new shares of Sunplus APP Technology, and increased Giant Rock's controlling interest from 93.33% to 95.00%, 95.00% to 95.65%, 95.65% to 96.16% and 96.16% to 96.32%, respectively.

In September 2020, Sunplus disposed of its 2.92% share in Sunplus Innovation Technology Company, resulting in a decrease in its controlling interest from 68.86% to 65.94%.

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

2020

	Sunplus Innovation Technology Inc.	Sunplus App Technology
Cash consideration paid	\$ 101,014	\$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(31,770)	(183)
Reattribution of other equity from non-controlling interests		
Unrealized loss on financial assets at FVTOCI	<u>(2,112)</u>	<u>-</u>
Differences recognized from equity transactions	<u>\$ 67,132</u>	<u>\$ (183)</u>

	Sunplus Innovation Technology Inc.	Sunplus App Technology	Total
<u>Line items adjusted for equity transactions</u>			
Retained earnings	\$ -	\$ (183)	\$ (183)
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>67,132</u>	<u>-</u>	<u>67,132</u>
	<u>\$ 67,132</u>	<u>\$ (183)</u>	<u>\$ 66,949</u>

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	<u>2,346</u>	<u>(3,394)</u>
Differences recognized from equity transactions	<u>\$ 162</u>	<u>\$ (3,394)</u>

	Sunext Technology Co., Ltd.	Sunplus App Technology	Total
<u>Line items adjusted for equity transactions</u>			
Retained 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	<u>162</u>	<u>-</u>	<u>162</u>
	<u>\$ 162</u>	<u>\$ (3,394)</u>	<u>\$ (3,232)</u>

32. 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.

33. FINANCIAL INSTRUMENTS

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

The management of the Group 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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 656,424	\$ -	\$ -	\$ 656,424
Domestic/foreign unlisted shares	144,984	-	746,101	891,085
Domestic/foreign listed shares	87,933	-	-	87,933
Securities listed in the ROC and other countries - CB	2,820	-	-	2,820
Private funds	<u>-</u>	<u>-</u>	<u>327,856</u>	<u>327,856</u>
	<u>\$ 892,161</u>	<u>\$ -</u>	<u>\$ 1,073,957</u>	<u>\$ 1,966,118</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 81,506	\$ -	\$ -	\$ 81,506
Domestic private listed shares	-	-	11,255	11,255
Domestic/foreign unlisted shares	<u>32,323</u>	<u>-</u>	<u>67,444</u>	<u>99,767</u>
	<u>\$ 113,829</u>	<u>\$ -</u>	<u>\$ 78,699</u>	<u>\$ 192,528</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 1,062,811	\$ -	\$ -	\$ 1,062,811
Domestic/foreign listed shares	75,715	-	-	75,715
Domestic/foreign unlisted shares	7,864	-	696,471	704,335
Securities listed in the ROC and other countries - CB	15,123	-	-	15,123
Private funds	<u>-</u>	<u>-</u>	<u>260,140</u>	<u>260,140</u>
	<u>\$ 1,161,513</u>	<u>\$ -</u>	<u>\$ 956,611</u>	<u>\$ 2,118,124</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed shares	\$ 90,472	\$ -	\$ -	\$ 90,472
Domestic/foreign unlisted shares	<u>18,680</u>	<u>-</u>	<u>80,235</u>	<u>98,915</u>
	<u>\$ 109,152</u>	<u>\$ -</u>	<u>\$ 80,235</u>	<u>\$ 189,387</u>
				(Concluded)

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

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

For the Year Ended December 31, 2020

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2020	\$ 956,611	\$ 80,235	\$ 1,036,846
Recognized in profit or loss	140,724	-	140,724
Recognized in other comprehensive income	-	(7,386)	(7,386)
Purchases	116,624	10,004	126,268
Disposals and proceeds from return of capital of investments	(5,548)	(2,628)	(8,176)
Transfer out of Level 3	(131,355)	-	(131,355)
Effect of exchange rate changes	<u>(2,739)</u>	<u>(1,526)</u>	<u>(4,265)</u>
Balance at December 31, 2020	<u>\$ 1,073,957</u>	<u>\$ 78,699</u>	<u>\$ 1,152,656</u>

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	<u>(3,002)</u>	<u>(431)</u>	<u>(3,433)</u>
Balance at December 31, 2019	<u>\$ 956,611</u>	<u>\$ 80,235</u>	<u>\$ 1,036,846</u>

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

- a) The fair values of unlisted equity securities - in the ROC and other countries were determined using the market approach. The market approach is based on the comparable transaction price of the target, based on the financial data of the target company and its peers, and analyzes and evaluates by market multipliers such as P/E ratio, P/B ratio, price-to-sales ratio or other financial ratios. The significant unobservable inputs used are as follows. 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

	2020	2019
Price-to-book ratio	2.41-5.78	1.85-4.42
Price-to-sales ratio	1.86-13.46	2.27-6.37
Discount for lack of marketability	10%-20%	10%-20%

- 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	
	2020	2019
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)	\$ 1,966,118	\$ 2,118,124
Financial assets at amortized cost (1)	5,179,818	4,147,636
Financial assets at fair value through other comprehensive income		
Equity instruments	192,528	189,387
<u>Financial liabilities</u>		
Measured at amortized cost (2)	1,214,367	889,360

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables, other receivable, other financial assets and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, trade payables, long-term loans due within one year and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included mutual funds equity and debt investments, convertible notes, trade receivable, trade payables, borrowings and lease liability. 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 36.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

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

	USD Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss	\$ (13,719)	\$ (18,017)

	RMB Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss	\$ 4,320	\$ 244

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	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 2,585,743	\$ 2,505,022
Financial liabilities	518,255	565,762
Cash flow interest rate risk		
Financial assets	1,321,455	769,506

Financial liabilities

258,000

-

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.

If interest rates had been increased/decreased by 0.125% and all other variables held constant, the Group's post-tax profit for the years ended December 31, 2020 and 2019 would increase/decrease by \$1,329 thousand and \$962 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, 2020 and 2019 would have increased/decreased by \$19,661 and \$21,181 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the year ended December 31, 2020 and 2019 would have increased/decreased by \$1,925 and \$1,894 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 65% and 75% in total trade receivables as of December 31, 2020 and 2019, 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, 2020 and 2019, 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, 2020

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 337,374	\$ 196,200	\$ 308	\$ 36,114	\$ -
Lease liabilities	1,506	3,413	13,651	53,085	256,641
Variable interest rate liabilities	96	-	25,000	205,000	-
Fixed interest rate liabilities	<u>189,117</u>	<u>-</u>	<u>125,102</u>	<u>5,041</u>	<u>140,367</u>
	<u>\$ 528,093</u>	<u>\$ 199,613</u>	<u>\$ 164,061</u>	<u>\$ 299,240</u>	<u>\$ 397,008</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 18,570</u>	<u>\$ 53,085</u>	<u>\$ 49,046</u>	<u>\$ 49,046</u>	<u>\$ 41,689</u>	<u>\$ 116,860</u>

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

Additional information about the maturity analysis for lease liabilities:

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

b) Financing facilities

	December 31	
	2020	2019
Unsecured bank overdraft facility, review annually and payable on demand		
Amount used	\$ 588,140	\$ 323,626
Amount unused	<u>4,361,912</u>	<u>4,515,381</u>
	<u>\$ 4,950,052</u>	<u>\$ 4,839,007</u>

34. TRANSACTIONS WITH RELATED PARTIES

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

a. Name and relationship of related parties

<u>Name</u>	<u>Relationship with the Group</u>
Global View Co., Ltd.	Associate
Beijing Golden Global View Co., Ltd.	Associate (Note 1)
iCatch Technology, Inc.	Associate
Advanced Vehicle Systems Co., Ltd.	Associate (Note 2)

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

Note 2: It is an associate of the company; subsidiary of AutoSys Co., Ltd.

b. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31	
		2020	2019
Sales	Associates	\$ 54,743	\$ 54,712

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	
		2020	2019
Trade receivables	Associates	\$ 9,740	\$ 11,645
Other trade receivable	Associates	\$ 243	\$ 280

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

d. Prepayments (excluding loans to related parties)

Line Item	Related Party Category	December 31	
		2020	2019
Other current assets	Associate	\$ 108	\$ -

e. Other transactions with related parties

Account Item	Related Parties Types	December 31	
		2020	2019
Operating expenses	Associates	\$ 394	\$ 139
Non-operating income and expenses	Associates	\$ 4,504	\$ 10,228

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

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

f. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 48,716	\$ 50,100
Post-employment benefits	1,193	1,297
	\$ 49,909	\$ 51,397

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

35. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2020	2019
Buildings, net	\$ 576,333	\$ 595,735
Pledged time deposits (classified as other financial assets, including current and non-current)	<u>149,729</u>	<u>130,819</u>
	<u>\$ 726,062</u>	<u>\$ 726,554</u>

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

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

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 40,747	28.4800	\$ 1,160,475
CNY	1,519	4.3770	6,649
JPY	371	0.2763	103
HKD	152	3.6730	558
GBP	3	38.9000	117
EUR	1	35.0200	35
Nonmonetary items			
CHF	560	32.305	18,089
<u>Financial liabilities</u>			
Monetary items			
USD	27,028	28.4800	769,757
CNY	5,839	4.3770	26,083

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
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
<u>Financial liabilities</u>			
Monetary items			
USD	26,876	29.980	805,742
CNY	1,643	4.305	7,073
JPY	241	0.276	67

For the years ended December 31, 2020 and 2019, (realized and unrealized) net foreign exchange losses were NT\$10,900 thousand and NT\$27,640 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

37. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees and b. Information on investees:
- 1) Financings provided: Table 1 (attached)
 - 2) Endorsement/guarantee provided: Table 2 (attached)
 - 3) Marketable securities held: Table 3 (attached)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: 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)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 8)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
 - d. Information of major shareholders : List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

Except for Table 1 to Table 9, there's no further information about other significant transactions.

38. 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, 2020 and 2019 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2020 and 2019 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	
	2020	2019
IC design	\$ 6,084,210	\$ 5,085,074
Income from lease of property, plant, and equipment	230,273	265,330
Other income	<u>99,657</u>	<u>136,256</u>
	<u>\$ 6,414,140</u>	<u>\$ 5,486,660</u>

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		Non-current Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Asia	\$ 3,816,229	\$ 3,474,148	\$ 2,099,018	\$ 2,159,216
Taiwan	2,536,578	1,955,083	1,445,646	1,294,531
Others	<u>61,333</u>	<u>57,429</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,414,140</u>	<u>\$ 5,486,660</u>	<u>\$ 3,544,664</u>	<u>\$ 3,453,747</u>

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	
	2020	2019
Customer A	\$ 1,011,656	\$ 844,237
Customer B	790,658	Note
Customer C	697,017	651,715

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, 2020

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

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	\$ 12,522	\$ 12,256	\$ 12,256	1.80%	Note 1	\$ -	Note 2	\$ 12,256	-	\$ -	\$ 45,678 (Note 7)	\$ 45,678 (Note 7)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	379,155	242,080	242,080	-	Note 1	-	Note 3	-	-	-	442,278 (Note 8)	442,278 (Note 8)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	307,005	158,064	158,064	0.65%	Note 1	-	Note 4	-	-	-	348,080 (Note 9)	348,080 (Note 9)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	39,354	36,986	36,986	1.80%	Note 1	-	Note 5	36,986	-	-	75,045 (Note 10)	75,045 (Note 10)
6	Lin Shih Investments co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	220,157	102,528	102,528	0.65%	Note 1	-	Note 6	-	-	-	334,800 (Note 11)	334,800 (Note 11)

Note 1: Short-term financing.

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

Note 3: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 4: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 5: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

Note 6: Lin Shin Investments Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 7: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% Sunplus Technology (Shanghai) Co., Ltd.'s net equity as of its latest financial statement.

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

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

Note 11: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shih Investments Co., Ltd.'s net equity as of its latest financial statement.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

(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	Sun Media Technology Co., Ltd.	3 (Note 3)	\$ 841,376 (Note 4)	\$ 169,365	\$ -	\$ -	\$ -	-	\$ 1,682,753 (Note 5)	Yes	No	Yes
1 (Note 2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 3)	331,708 (Note 6)	122,860	113,920	113,920	113,920	20.61	331,708 (Note 6)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

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

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

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

Note 6: Russell 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.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2020

(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, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Yuanta USD Money Market USD	-	Financial assets at FVTPL - current	99	\$ 29,943	-	\$ 29,943	Note 3
	Yuanta Emerging Asia USD Bond Fund	-	Financial assets at FVTPL - current	139	44,044	-	44,044	Note 3
	Pine Bridge Multi-Income Fund	-	Financial assets at FVTPL - current	95	30,818	-	30,818	Note 3
	Taishin 1699 Money Market	-	Financial assets at FVTPL - current	2,200	30,027	-	30,027	Note 3
	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	1,500	69,090	-	69,090	Note 4
	Triknightr Capital Corporation	-	Financial assets at FVTPL - non-current	29,825	311,021	5	311,021	Note 1
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	-	-	-	Note 1
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at FVTPL - non-current	1,500	14,849	-	14,849	Note 3
	Lin Shih Investment Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at FVTPL - current	101	4,075	-	4,075
UPI Semiconductor Corp.		-	Financial assets at FVTPL - current	300	48,600	-	48,600	Note 1
A-Spine Asia Co., Ltd.		-	Financial assets at FVTPL - current	197	11,135	-	11,135	Note 1
Enterex International Limited - CB		-	Financial assets at FVTPL - current	30	2,820	-	2,820	Note 2
Yong Feng Yu Inc.		-	Financial assets at FVTPL - current	642	29,834	-	29,834	Note 4
Minton Optic Industry Co., Ltd.		-	Financial assets at FVTPL - non-current	4,272	-	7	-	Note 1
Genius Vision Digital Co., Ltd.		-	Financial assets at FVTPL - non-current	300	-	4	-	Note 1
Sanjet Technology Corporation		-	Financial assets at FVTPL - non-current	8	-	-	-	Note 1
Ortery Technologies, Inc.		-	Financial assets at FVTPL - non-current	103	-	1	-	Note 1
Lead Sun Corporation		-	Financial assets at FVTPL - non-current	1,000	28,130	12	28,130	Note 1
Chain Sea Information Integration Co., Ltd.		-	Financial assets at FVTPL - non-current	48	474	1	474	Note 1
AIII CO., Ltd.		-	Financial assets at FVTPL - non-current	26	431	-	431	Note 1
GEMFOR Leading Financial Solution Provider Fund		-	Financial assets at FVTPL - non-current	13	216	-	216	Note 1
Ability Enterprise Co., Ltd.		-	Financial assets at FVTOCI - non-current	5,434	81,506	2	81,506	Note 2
Sunplus Technology Co., Ltd.		Parent company	Financial assets at FVTOCI - non-current	3,560	65,148	1	65,148	Note 2
Prine Rich International Co., Ltd.		-	Financial assets at FVTOCI - non-current	33	4,260	-	4,260	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	Synerchip Inc.	-	Financial assets at FVTPL - non-current	6,452	\$ -	12	\$ -	Note 1
	OZ Optics Limited	-	Financial assets at FVTPL - non-current	1,000	-	8	-	Note 1
	Ortega InfoSystem, Inc.	-	Financial assets at FVTPL - non-current	2,557	-	-	-	Note 1
	Innobrige International Inc.	-	Financial assets at FVTPL - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at FVTPL - non-current	1,250	-	1	-	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at FVTPL - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at FVTPL - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	14,100	2	14,100	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	57,045	6	57,045	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	19,651	13	19,651	Note 1
Sunplus Venture Capital Co., Ltd.	Charles Schwab - Money Fund	-	Financial assets at FVTPL - current	-	1,934	-	1,934	Note 1
	Taiwan Mask Corp.	-	Financial assets at FVTPL - current	108	4,358	-	4,358	Note 2
	eWave System, Inc.	-	Financial assets at FVTPL - non-current	1,833	-	22	-	Note 1
	VenGlobal International Fund	-	Financial assets at FVTPL - non-current	1	-	-	-	Note 1
	Book4u Company Limited	-	Financial assets at FVTPL - non-current	9	-	-	-	Note 1
	Sanjet Technology Corp.	-	Financial assets at FVTPL - non-current	49	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at FVTPL - non-current	1,900	-	10	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at FVTPL - non-current	5,000	-	8	-	Note 1
	Genius Vision Digital Co., Ltd.	-	Financial assets at FVTPL - non-current	375	-	5	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets at FVTPL - non-current	68	-	1	-	Note 1
	CYBERON Corporation	-	Financial assets at FVTPL - non-current	786	24,080	8	24,080	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at FVTPL - non-current	5,000	55,735	7	55,735	Note 1
	Huijia Health Life Technology	-	Financial assets at FVTPL - non-current	1,000	17,280	5	17,280	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	900	35,190	1	35,190	Note 2
	Raynergy Tek Inc.	-	Financial assets at FVTPL - non-current	5,210	75,962	15	75,962	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Fuyou Venture Capital Limited Partnership	-	Financial assets at FVTPL - non-current	-	\$ 34,649	10	\$ 34,649	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at FVTPL - non-current	-	67,035	2	67,035	Note 1
	TIEF Fund LP	-	Financial assets at FVTPL - non-current	-	40,506	7	40,506	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	44,862	8	44,862	Note 1
	Promise Technology Inc.	-	Financial assets at FVTOCI - non-current	962	11,255	-	11,255	Note 1
	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	1,247	32,323	4	32,323	Note 4
	Qun-Kin Venture Capital	-	Financial assets at FVTOCI - non-current	3,000	22,114	6	22,114	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,364	3,330	4	3,330	Note 1
Wei-Young Investment Inc.	ASE Industrial Holding Co., Ltd.	-	Financial assets at FVTPL - current	300	24,390	-	24,390	Note 2
	LITE-ON Technology Corporation	-	Financial assets at FVTPL - current	400	19,200	-	19,200	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	GF Live Treasury Currency B	-	Financial assets at FVTPL - current	5,100	22,339	-	22,339	Note 3
	GF Every Day The Red Haired Type Money Market Fund B	-	Financial assets at FVTPL - current	900	3,980	-	3,980	Note 3
	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at FVTPL - non-current	-	41,529	16	41,529	Note 1
	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	39,692	3	39,692	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at FVTPL - current	8,725	90,988	-	90,988	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at FVTPL - current	810	10,246	-	10,246	Note 3
	Yuata De-Bao Money Market Fund	-	Financial assets at FVTPL - current	6,610	80,043	-	80,043	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL - current	3,933	60,003	-	60,003	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at FVTPL - current	6,658	90,402	-	90,402	Note 3
	Taishin Ta-Chong Money Market Fund	-	Financial assets at FVTPL - current	4,192	60,029	-	60,029	Note 3
	Taishin 1699 Money Market	-	Financial assets at FVTPL - current	5,877	80,192	-	80,192	Note 3
	Advanced Silicon SA	-	Financial assets at FVTOCI - non-current	1,000	18,089	10	18,089	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets at FVTOCI - non-current	2,000	-	8	-	Note 1
	PointGrab Ltd.	-	Financial assets at FVTOCI - non-current	182	-	1	-	Note 1
	Magic Sky Limited	GTA Co., Ltd.	-	Financial assets at FVTPL - non-current	1,413	-	-	-
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	161,475	13	161,475	Note 1
Sunext Technology Co., Ltd.	Evergeen Steel Co., Ltd.	-	Financial assets at FVTPL - current	1,000	46,060	-	46,060	Note 4

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Jsilicon Technology Co., Ltd. (Ru Dong)	GF Live Treasury Currency A	-	Financial assets at FVTPL - current	500	\$ 2,196	-	\$ 2,196	Note 3
	GF Every Day The Red Haired Type Money Market Fund B	-	Financial assets at FVTPL - current	500	2,196	-	2,196	Note 3
	GF Purse Money Market Fund A	-	Financial assets at FVTPL - current	500	2,195	-	2,195	Note 3

Note 1: The market value was based on the carrying amount as of December 31 2020.

Note 2: The market value was based on the closing price as of December 31, 2020.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2020.

Note 4: The market value was based on the average quoted price as of December 31, 2020.

(Concluded)

SUMPLUS 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, 2020**

(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 2)			Ending Balance (Note 3)		
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Sunplus Innovation Technology Inc.	Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss-current	-	\$ -	-	\$ -	13,227	\$ 160,000	6,617	\$ 80,028	\$ 80,000	\$ 28	6,610	\$ 80,043

Note 1: The cumulative amount of buying and selling should be calculated separately at market price whether it reaches NT\$ 300 million or 20% of the paid-in capital.

Note 2: Paid-in capital refers to the paid-in capital of Sunplus Innovation Technology Inc.

Note 3: The amount of ending balance includes the amount of unrealized gains and losses.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd. (the "Company")	Generalplus Technology Inc.	1	Sales	\$ 4,458	Note 1	0.07%
			Notes and accounts receivable	954	Note 1	0.01%
			Other receivable	3	Note 3	-
			Non-operating income	141	Note 3	-
	Sunext Technology Co., Ltd.	1	Sales	181	Note 1	-
			Non-operating income	1,692	Note 2	0.03%
			Notes and accounts receivable	58	Note 1	-
			Other receivable	301	Note 3	-
			Cost of goods sold	60	Note 2	-
	Sunplus Innovation Technology Inc.	1	Sales	376	Note 1	0.01%
			Non-operating income	3,827	Note 2	0.06%
			Research and development expenses	35	Note 2	-
			Notes and accounts receivable	63	Note 1	-
			Other receivables	281	Note 3	-
Jumplux Technology Co., Ltd.	1	Sales	3,090	Note 1	0.05%	
		Non-operating income	16,938	Notes 2 and 4	0.26%	
		Notes and accounts receivable	330	Note 1	-	
		Other receivables	1,253	Note 3	0.01%	
Genki Tek Co.	1	Other receivables	100	Note 3	-	
		Non-operating income	885	Note 2	0.01%	
Chongqing CQPlus1 Technology Co., Ltd.	1	Cost of goods sold	2,346	Note 2	0.04%	
		Other payables	525	Note 1	-	
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Other payables	1,120	Note 3	0.01%
			Marketing expenses	4,149	Note 2	0.06%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other payables	8,716	Note 3	0.07%
			Marketing expenses	23,833	Note 2	0.37%
Generalplus Technology Inc.	Generalplus Technology (H.K.) Inc.	2	Marketing expenses	12,292	Note 2	0.19%
			Other payables	2,867	Note 3	0.02%
	Generalplus Technology (Shenzhen) Inc.	2	Sales	16,796	Note 2	0.26%
			Research and development expenses	70,195	Note 2	1.09%
			Other payables	16,646	Note 3	1.32%
Sunplus Innovation Technology Inc.		2	Sales	18	Note 1	-
			Notes and accounts receivable	9	Note 3	-
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other payables	1,640	Note 3	0.01%
			Research and development expenses	1,610	Note 2	0.03%
	Jumplux Technology Co., Ltd.	2	Sales	3,368	Note 1	0.05%

(Continued)

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Technology (Beijing)	2	Other payables	\$ 294	Note 3	-
			Research and development expenses	366	Note 2	0.01%
	Chongqing CQPlus1 Technology Co., Ltd.	2	Other payables	1,377	Note 3	0.01%
			Research and development expenses	1,331	Note 2	0.02%
Jumplux Technology Co., Ltd.	Jsilicon Technology Co., Ltd. (Ru Domng)	2	Sales	23,636	Note 1	0.37%
Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	102,836	Note 3	0.81%
			Interest revenue	1,343	Note 2	0.02%
Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	158,530	Note 3	1.26%
			Interest revenue	2,498	Note 2	0.04%
Russell Holdings Limited	Sun Media Technology Co., Ltd.	2	Other receivables	242,756	Note 3	1.92%
Sunplus Technology (Beijing)	Chongqing CQPlus1 Technology Co., Ltd.	2	Sales	701	Note 1	0.01%
Sunplus App Technology	Sunplus Technology (Beijing)	2	Management expenses	783	Note 2	0.01%
			Refundable deposits	52	Note 2	-
			Other current assets	104	Note 2	-

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

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

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

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

Note 5: 1 - From parent company to subsidiary.
2 - Between subsidiaries.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2020

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,290,639 (US\$ 74,605 RMB\$ 37,900)	\$ 2,290,639 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,460,438	\$ 70,116	\$ 70,116	Subsidiary
	Award Glory Ltd.	Belize	Investment	222,400 (US\$ 5,642 RMB\$ 14,100)	219,336 (US\$ 5,642 RMB\$ 13,400)	-	100	268,500	107,601	107,601	Subsidiary
	Global View Co., Ltd.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	346,011	399,236	52,151	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	771,853	73,864	72,796	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	713,447	282,037	96,740	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	829,982	999,982	83,000	100	870,199	(11,787)	(11,787)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	382,894	414,663	29,949	58	746,919	467,669	280,285	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	715,133 (US\$ 25,110)	702,317 (US\$ 24,660)	25,110	100	552,847	(4,795)	(4,795)	Subsidiary (Note 2)
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	29	245,579	(76,538)	(25,750)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	983,237	58,778	93	211,723	18,896	17,489	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,327	(334)	(300)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,578	(190)	(190)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	40,678 (HK\$ 11,075)	40,678 (HK\$ 11,075)	11,075	100	30	(4)	(4)	Subsidiary
	Magic Sky Limited	Samoa	Investment	291,635 (US\$ 10,240)	289,357 (US\$ 10,160)	-	100	2,435	(31,245)	(31,245)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,406	(170)	(170)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	59,391	9,789	9,789	Subsidiary
Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	(10,042)	(25,900)	(14,246)	Subsidiary	
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	285,983	282,037	38,598	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	24,585	467,669	9,768	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	12,244	(76,538)	(1,034)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,340	(334)	(9)	Subsidiary
	Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	-	125	13	1,064	(1,487)	(186)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	(7,683)	(25,900)	(10,899)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	73,405	467,669	26,392	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	42,295	(76,538)	(3,573)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	431	(334)	(26)	Subsidiary
	Genki Tek Co.	Taipei, Taiwan	Software development	20,000	-	2,000	63	15,018	(7,971)	(4,982)	Subsidiary
	Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	-	125	13	1,064	(1,487)	(186)	Investee
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	71,200 (US\$ 2,500)	71,200 (US\$ 2,500)	5,000	16	71,439	(35,131)	(5,709)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,290,639 (US\$ 74,605 RMB\$ 37,900)	2,290,639 (US\$ 74,605 RMB\$ 37,900)	-	100	1,460,436	70,117	70,117	Subsidiary

Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,290,639 (US\$ 74,605 RMB\$ 37,900)	2,290,639 (US\$ 74,605 RMB\$ 37,900)	-	100	1,460,415	70,118	70,118	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	543,683 (US\$ 19,090)	543,683 (US\$ 19,090)	19,090	100	499,149	15,407	15,407	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	543,683 (US\$ 19,090)	543,683 (US\$ 19,090)	19,090	100	499,292	15,407	15,407	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	11,107 (US\$ 390)	11,107 (US\$ 390)	-	100	6,001	1,576	1,576	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	\$ 222,400 (US\$ 5,642 RMB\$ 14,100)	\$ 219,336 (US\$ 5,642 RMB\$ 13,400)	-	100	\$ 268,500	\$ 107,601	\$ 107,601	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	21,987 (US\$ 772)	21,987 (US\$ 772)	-	100	301	167	167	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	97,885 (US\$ 1,270 RMB\$ 14,100)	94,821 (US\$ 1,270 RMB\$ 13,400)	-	100	163,631	112,579	112,579	Subsidiary
	Worldplus Holdings L.L.C.	America	Investment	102,528 (US\$ 3,600)	102,528 (US\$ 3,600)	-	100	104,569	(5,146)	(5,146)	Subsidiary
	Giant Best Ltd.	Seychelles	Investment	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2020.

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

Note 3: The establishment registration has been completed at the end of December 2020, but the actual remittance has not been completed yet.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental	\$ 489,856 (US\$ 17,200)	Note 1	\$ 502,814 (US\$ 17,655)	\$ -	\$ -	\$ 502,814 (US\$ 17,655)	100%	\$ 21,637	\$ 21,637	\$ 456,784	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental	918,480 (US\$ 32,250)	Note 1	918,480 (US\$ 32,250)	-	-	918,480 (US\$ 32,250)	100%	(19,319)	(19,319)	750,454	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental	569,600 (US\$ 20,000)	Note 1	569,600 (US\$ 20,000)	-	-	569,600 (US\$ 20,000)	100%	60,077	60,077	194,410	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	119,054 (RMB 27,200)	Note 1	108,606 (US\$ 586 RMB 21,000)	5,252 (RMB 1,200)	-	113,859 (US\$ 586 RMB 22,200)	96%	(4,656)	(4,480)	4,623	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services	268,091 (RMB 61,250)	Note 1	128,473 (US\$ 4,511)	-	-	128,473 (US\$ 4,511)	-	168	153	Note 7	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental	118,179 (RMB 27,000)	Note 1	118,179 (RMB 27,000)	-	-	118,179 (RMB 27,000)	100%	1,747	1,747	51,826	-
Iculture Communication Co., Ltd.	System development	14,225 (RMB 3,250)	Note 3	-	-	-	-	-	(72)	(72)	Note 8	-
JSilicon Technology Co., Ltd. (Ru Dong)	Development of computer software, system integration services	87,540 (RMB 20,000)	Note 4	-	-	-	-	100%	(43,990)	(43,990)	27,323	-
Lingyao Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	83,334 (RMB 19,039)	Note 6	102,528 (US\$ 3,600)	-	-	102,528 (US\$ 3,600)	100%	(3,813)	(5,146)	104,569	-
Chongqing CQPlus1 Technology Co., Ltd.	Development of computer software, system integration services	131,310 (RMB 30,000)	Note 5	-	-	-	-	100%	(38,399)	(38,399)	81,133	-

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,498,419 (US\$ 79,872 RMB 51,100)	\$ 2,509,959 (US\$ 78,602 RMB 62,000)	\$ 5,048,258

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 35,885 (US\$ 1,260)	\$ 35,885 (US\$ 1,260)	\$ 522,119

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 523,576 (US\$ 18,700)	Note 1	\$ 523,576 (US\$ 18,700)	\$ -	\$ -	\$ 523,576 (US\$ 18,700)	100%	\$ 13,831	\$ 13,831	\$ 493,271	\$ -

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 523,576 (US\$ 18,700)	\$ 523,576 (US\$ 18,700)	\$ 1,265,588

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

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

Note 3: Ytrip Technology Co., Ltd.'s indirect investment 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) and Sunplus Prof-tek (Shenzhen) Technology Co., Ltd. reinvested in a company located in mainland China.

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

Note 7: The liquidation of Ytrip Technology was completed on June 23, 2020.

Note 8: The liquidation of ICulture Communication was completed on May 29, 2020.

Note 9: 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 10: The original foreign currency was derived from the exchange rate on December 31, 2020.

(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, 2020

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

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Notes/Trade Receivables (Payables)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Market Transactions	Ending Balance	%		
Generalplus Technology (Shenzhen) Corp.	Development and processing services	\$ 70,195	15	Based on contract	Based on contract	Not comparable with market transactions	\$ 16,646	85.16	\$ -	NA
	Sales	16,796	0.58	Based on contract	Based on contract	Not comparable with market transactions	-	-	(344)	NA

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

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

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

7.5 Financial Difficulties

Impact to the Company or subsidiaries if any turnover problems: None

VIII. Financial Analysis

7.6 Financial Status

7.6.1 Financial Analysis Comparison 2018 vs. 2019

Unit: NT\$K

Item	Year	2019	2020	Variation	
				Increase (Decrease)	YoY %
Current Assets		5,940,147	6,777,941	837,794	14
Property, Plant & Equipment		1,968,803	1,971,252	2,449	-
Intangible Assets		176,233	328,591	152,358	86
Other Assets		3,404,584	3,542,805	138,221	4
Total Assets		11,489,767	12,620,589	1,130,822	10
Current Liabilities		1,342,416	1,824,672	482,256	36
Non-Current Liabilities		574,660	776,916	202,256	35
Total Liabilities		1,917,076	2,601,588	684,512	36
Equity Attributed to Shareholder of the parent		8,178,533	8,413,763	235,230	3
Capital Stock		5,919,949	5,919,949	-	-
Capital Surplus		594,432	500,820	(93,612)	(16)
Retained Earnings		1,988,579	2,317,473	328,894	17
Equity : Others		(261,026)	(261,078)	(52)	-
Treasury Stock		(63,401)	(63,401)	-	-
Minor interest		1,394,158	1,605,238	211,080	15
Total Shareholder's Equities		9,572,691	10,019,001	446,310	5

Remark:

1. The increase in intangible assets was mainly due to the increase in technology licensing.
2. The increase in current liabilities was mainly due to the increase in salaries and bonuses, accounts payable and current income tax liabilities.
3. The increase in non-current liabilities was mainly due to the increase in long-term loans.
4. The increase in total liabilities was mainly due to the increase in salaries and bonuses, accounts payable, current income tax liabilities and long-term loans.

7.7 Operational Results

7.7.1 Operation Results Comparison 2019 vs. 2020

Unit: NT\$K

Item	Year	2019	2020	Variation	
				Increase (decrease)	YoY %
Net Sales		5,486,660	6,414,140	927,480	17
Gross Profit		2,348,905	2,925,096	576,191	25
Income (Loss) From Operating		131,741	516,167	384,426	292
Non-Operating Income (Expense)		112,479	268,571	156,092	139
Income (Loss) Before Tax		244,220	784,738	540,518	221
Income (Loss) From Operations of Continued Segments		174,752	618,827	444,075	254
Net Revenue (Loss) for the period		174,752	618,827	444,075	254
Other Comprehensive Income (Loss) for the period		(102,073)	5,718	107,791	(106)
Total Comprehensive Profit (Loss) for the period		72,679	624,545	551,866	759

Remarks:

1. The increase in operating gross profit was mainly due to the growth in revenue this year and the optimization of the sales mix.
2. The increase in operating net profit was mainly due to the increase in revenue this year.
3. The net increase in non-operating income and expenses was mainly due to the increase in the net profit of financial assets measured at fair value through profit and loss this year.
4. The increase in net profit before tax and net profit after tax in the current period was mainly due to the increase in operating profit and non-operating income this year.
5. The increase in other comprehensive gains and losses in the current period was mainly due to the decrease in the conversion losses in the financial statements of foreign operating institutions this year.
6. The increase in total comprehensive profit and loss for the current period was mainly due to the increase in net profit for the year.

7.8 Cash Flow

7.8.1 Cash Flow Analysis

a) Cash Flow Analysis 2018 vs. 2019

Item \ Year	2019	2020	YoY %
Cash flow ratio	48.54	43.41	(11)
Cash flow adequacy ratio	81.59	79.28	(3)
Cash flow reinvestment ratio	2.44	3.85	58

1. The increase in cash reinvestment ratio was mainly due to the increase in net cash flow from operating activities.

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
\$3,400,482	1,342,831	(467,538)	4,275,775	-	-

1. Analysis of Cash Flow:
 (1) From Operating: Cash flow in for predicting making profits in 2021.
 (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.

7.9 Major Capital Expenditure

7.9.1 Major Capital Expenditure and Sources: None.

7.9.2 Benefits from the Capital Expenditure: None.

7.10 Long-Term Investment

Not applicable

7.11 Risk Management

7.11.1 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.

7.11.2 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.

7.11.3 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	<ol style="list-style-type: none"> (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	<ol style="list-style-type: none"> (1) A new generation of speech synthesis control chip <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (a) Low-power platform capable of single battery operation (b) OTP memory, can quickly update the code (4) Multimedia application control IC: <ol style="list-style-type: none"> (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: <ol style="list-style-type: none"> (a) Cortex-M0 motor drive control IC (b) Highly integrated wireless charging IC (c) High-sensitivity touch IC (6) Other ICs: <ol style="list-style-type: none"> (a) Various peripheral chips supporting the main control IC (b) More complete power control IC (c) Higher quality audio amplifier IC
Sunplus Innovation Technology	<ol style="list-style-type: none"> (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	<ol style="list-style-type: none"> (1) Front-mounted vehicle specification USB3.2 TYPE C MediaHUB IC (2) USB3.2 10Gbps x 2 PHY IP (3) MIPI APHY TX/RX IP

7.11.4 Political and Regulatory Environment:

We will keep watch for any further updates and take actions to reduce the impacts on the company.

7.11.5 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.

7.11.6 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.

7.11.7 Mergers & Acquisitions

None

7.11.8 Expansion of Facilities

None

7.11.9 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 2019 and 2020 accounted for 15% and 16% of the total net revenue for the year, no sales focus on the risk of a single customer.

7.11.10 Major Shareholding Change

None

7.11.11 Ownership Change

None

7.11.12 Litigation Proceedings

None

7.11.13 Other Risks

The principle of the importance of corporate social responsibility, conduct risk assessment of important issues, and formulate relevant risk management policies or strategies based on the assessed risks:

Major issues	Risk assessment project	Risk management policy or strategy
surroundings	Environmental protection and energy saving and carbon reduction	The company is committed to environmental protection and energy saving. Located in the upstream of the semiconductor industry, the company exerts its excellent R&D technology and continues to promote high-end semiconductor process technology to save chip energy consumption, thereby driving the use of power energy in downstream consumer electronic terminal products. Through the implementation of environmental management (EMS) and the institutionalized PDCA management cycle, the impact on the environment is effectively reduced; at the same time, the implementation plan and program are formulated every year, and the progress of each goal is tracked and reviewed regularly to ensure the goal Reach
society	1. Occupational Safety and Health	1. The company obtained two international and Taiwan occupational safety and health management system (ISO45001 and TOSHMS) dual certifications in 2019, and regularly holds fire drills and

		occupational safety and health education and training every year to cultivate employees' emergency response and self-safety management capabilities
	2. Product safety	2. The company's products comply with the government's product and service laws and regulations, and comply with the European Union's hazardous substances RoHS/REACH regulations. Through rigorous quality system management, we provide customers with stable product quality. At the same time, in order to ensure the quality of customer service and improve customer satisfaction, we set up customer service lines and communication websites. We actively conduct customer service satisfaction surveys on a regular basis every year to strengthen our relationship with customers. The cooperative relationship between the two parties, through the mutually beneficial and common prosperity relationship with customers, has become the cornerstone of the sustainable development of the enterprise
Corporate Governance	Socio-economic and legal compliance	Through the establishment of a governance organization and implementation of internal control mechanisms, to ensure that all personnel and operations of the company actually comply with relevant laws and regulations

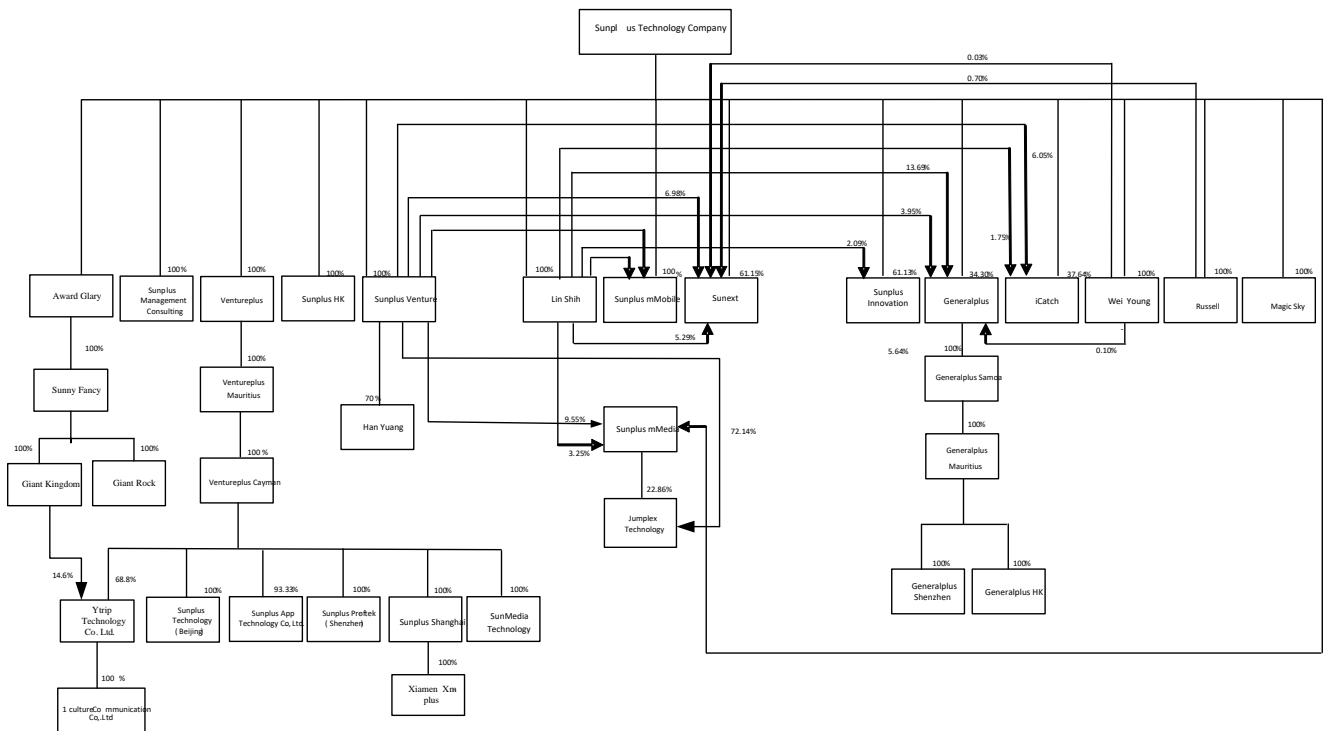
7.12 Other Remarks

None

IX. SPECIAL NOTES

9.1 Affiliates

9.1.1 Affiliated Chart



9.1.2 Affiliated Companies

December 31, 2020

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
Beijing Sunplus-Ehue Tech Co., Ltd.	December 11, 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
GenkiTek	March 06, 2020	6th Floor, No. 22, Alley 38, Lane 91, Section 1, Hu Road, Neihu District, Taipei City	32,000	Software development

Note: End of 2020, exchange rate as ref.:

HK\$1=NT\$3.673

US\$1=NT\$28.48

RMB\$1=NT\$4.377

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
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 design ⁷ 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
GenkiTek	Software development	Strategic subsidiary

9.1.4 Directors, Supervisors, and Presidents of Affiliated Companies

December 31, 2020

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Sunplus Technology (HK) Co., Ltd.	Chairman Director	Sunplus Technology	*HK\$11,075,000	100%
		Chou-Chye Huang (repr.)	-	-
		Ming-Cheng Hsieh	-	-
Lin Shih Investment Co., Ltd.	Chairman & President	Sunplus Technology	70,000,000	100%
		Chou-Chye Huang (repr.)	-	-
			-	-
			-	-
Russell Holdings Ltd.		Sunplus Technology	*US\$24,060,000	100%

	Director	Chou-Chye Huang (repr.)	-	-
Sunplus Venture Capital Co., Ltd.	Chairman & President	Sunplus Technology	100,000,000	100%
		Chou-Chye Huang (repr.)	-	-
			-	-
			-	-
Ventureplus Group Inc.	Director	Sunplus Technology	RMB37,900,000 & US74,605,000 (Note1)	100%
		Chou-Chye Huang (repr.)	-	-
Ventureplus Mauritius Inc.	Director	Ventureplus Group	RMB37,900,000 & US74,605,000 (Note1)	100%
		Chou-Chye Huang (repr.)	-	-
Ventureplus Cayman Inc.	Director	Ventureplus Mauritius	RMB37,900,000 & US74,605,000 (Note1)	100%
		Chou-Chye Huang (repr.)	-	-
Shanghai Sunplus Technology Co., Ltd.	Chairman Director & President	Ventureplus Cayman	US\$17,655,000 (Note1)	100%
		Chou-Chye Huang (repr.)	-	-
	Director Supervisor	Zai-De Wang	-	-
		Tang-Yi Huang Shu-Lan Wang	-	-
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	Chairman President Supervisor	Ventureplus Cayman	*US\$32,250,000	100%
		Chou-Chye Huang (repr.)	-	-
		Tang-Yi Huang Shu-Lan Wang	-	-
Sunmedia Technology Co., Ltd.	Chairman President Supervisor	Ventureplus Cayman	*US\$20,000,000	100%
		Chou-Chye Huang (repr.)	-	-
		Cheng-Cai Chang Shu-Lan Wang	-	-
Sunplus App Technology Co., Ltd.	Chairman Supervisor Director Director	Ventureplus Cayman	RMB10,000,000 & USD586,000 (Note1)	93.33%
		Chou-Chye Huang (repr.)	-	-
		Yu-Lun Liu	-	-
		Shu-Lan Wang	-	-
	Director	Ya-Fei Luo	RMB438,000	1.68%
	E-Director & President	Chen-Tsai Chang	-	-
	Supervisor	Shao-Ling Chan	-	-

Beijing Sunplus-Ehue Tech Co., Ltd.	Chairman Director Director Supervisor	Ventureplus Cayman Inc. Chou-Chye Huang (repr.) Wayne Shen Shu-Lan Wang Yin-Chi Chu	*RMB\$27,000,000	100%
Magic Sky Limited	Director	Sunplus Technology Chou-Chye Huang (repr.)	US\$10,160,000	100%
Sunext Technology Co., Ltd.	Chairman Director Director Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Shu-Lan Wang Mei-Juan Chen Wayne Shen	58,778,442 - - - - -	100% - - - - -
Sunplus Management Consulting Inc.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	500,000 - - - -	100% - - - -
WeiYing Investment Co., Ltd.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	5,400,000 - - - -	100% - - - -
Generalplus Technology Inc.	Chairman Vice Chairman Director Director Independent Director Independent Director Independent Director	Sunplus Technology Chou-Chye Huang (repr.) Shi-Rong Wang (Repr.) Hou-Shien Chu Shi-Hao Liu Chia-Ming Chai Nai-Shin Lai Jing-Min Chen	37,324,304 - 500,000 1,266,752 - - - - -	34.30% - 0.46% 1.16% - - - - -
Generalplus International (Samoa) Inc.	Chairman	Generalplus Technology Chou-Chye Huang (repr.)	*US\$19,090,000 -	100% -
Generalplus (Mauritius) Inc.	Chairman	Generalplus International (Samoa) Chou-Chye Huang (repr.)	*US\$19,090,000 -	100% -

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Lingjia Technology (Shenzhen) Inc.	Chairman	Generalplus International (Mauritius)	*US\$18,700,000	100%
	Director and General Manager Director	Chou-Chye Huang (repr.) Zhi-yi Yang Jian-yi Liu	- - -	- - -
Generalplus Technology (HK) Inc.	Director	Generalplus (Mauritius) Inc. Yi-Xing Jia (repr.)	*US\$390,000 -	100% -
	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	16,240,000 - -	100% - -
Sunplus Innovation Technology Inc.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	31,449,751 -	61.13% -
	Director	Shu-Lan Wang (repr.)	-	-
	Director	Wayne Shen (repr.)	-	-
	Director & President	Chih-Hao Kung	2,476,473	4.81%
	Director	Lin-Shih Investment	1,074,664	2.09%
	Supervisor Supervisor	Chi-Ying Chiu Wen-Chin Li	527,880 -	1.03% -
Sunplus mMedia Inc.	Chairman & President	Sunplus Technology Chou-Chye Huang (repr.)	22,440,723 -	89.76% -
	Director	Wayne Shen (repr.)	-	-
	Director	Shu-Lan Wang (repr.)	-	-
	Supervisor	Lin-Shih Investment	650,185	2.60%
Jumplux Technology	Chairman	Sunplus mMedia Chou-Chye Huang (repr.)	13,200,000	55.00%
	Director	Shu-Lan Wang	-	-
	Director	Mei-Juan Chen	-	-
	Supervisor	Sunplus Venture Capital	10,100,000	42.08%
Award Glory Ltd.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	US\$5,642,000	100%
			RMB13,400,000 (Note1)	(Note1)
			-	-
Sunny Fancy Ltd.	Chairman	Award Glory Ltd. Chou-Chye Huang (repr.)	US\$5,642,000	100%
			RMB13,400,000 (Note1)	(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	100%
			RMB13,400,000 (Note1)	(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%
GenkiTek	Chairman of the board Director Director Director and General Manager Director Supervisor	Lingyang Venture Capital (Stock) Company Representative: Huang Zhoujie Guo Junde Zheng Shuzhen Shen Zhicong Wang Mingzheng Huang Yiwen	2,000,000 500,000	62.50% 6.25% 15.63%

*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, 2020

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.	40,678	30	0	30	0	(4)	(4)	not applicable
Lin Shih Investment Co., Ltd.	700,000	838,226	1,225	837,001	81,731	80,438	73,864	1.06
Russell Holdings Ltd.	702,317	552,897	50	552,847	0	(6,079)	(4,795)	not applicable
Sunplus Venture Capital Co., Ltd.	830,000	877,982	7,783	870,199	20,761	(5,663)	(11,787)	(0.14)
Ventureplus Group Inc.	2,526,650	1,460,438	0	1,460,438	70,116	70,116	70,116	not applicable
Ventureplus Mauritius Inc.	2,526,656	1,460,436	0	1,460,436	70,118	70,118	70,117	not applicable
Ventureplus Cayman Inc.	2,526,661	1,460,415	0	1,460,415	70,521	70,305	70,118	not applicable
Shanghai Sunplus Technology Co., Ltd.	489,856	509,855	53,071	456,784	152,997	64,883	21,637	not applicable
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	918,480	772,917	22,463	750,454	127,789	(12,379)	(19,319)	not applicable
Sunmedia Technology Co., Ltd.	569,600	917,130	722,720	194,410	211,519	25,501	60,077	not applicable
Sunplus App Technology Co., Ltd.	119,054	4,883	83	4,800	1,294	(3,598)	(4,656)	not applicable
Beijing Sunplus-Ehue Tech Co., Ltd.	118,179	56,197	4,371	51,826	10,274	(4,640)	1,747	not applicable
Magic Sky Limited	289,357	2,435	0	2,435	0	(31,248)	(31,245)	not applicable
Sunext Technology Co., Ltd.	635,091	233,549	4,786	228,763	15,302	5,193	18,896	0.30
Sunplus Management Consulting Inc.	5,000	3,578	0	3,578	0	(205)	(190)	(0.38)
WeiYing Investment Co., Ltd.	54,000	59,494	103	59,391	9,996	9,848	9,789	1.81
Generalplus Technology Inc.	1,088,158	2,863,209	753,896	2,109,313	2,845,578	318,834	282,037	2.59
Generalplus International (Samoa) Inc.	543,683	499,149	0	499,149	15,407	15,407	15,407	not applicable
Generalplus (Mauritius) Inc.	543,683	499,149	0	499,149	15,407	15,407	15,407	not applicable
Generalplus Technology (Shenzhen) Inc.	532,576	517,959	24,688	493,271	141,066	3,755	13,831	not applicable

Generalplus Technology (HK) Inc.	11,107	8,266	2,265	6,001	12,393	859	1,576	not applicable
Sunplus mMobile Inc.	162,400	29,516	110	29,406	0	(168)	(170)	(0.01)
Sunplus Innovation Technology Inc.	524,501	1,876,114	566,219	1,309,895	1,823,937	574,132	467,669	9.09
Sunplus mMedia Inc.	250,000	5,888	70	5,818	19	(346)	(334)	(0.01)
Jumplux Technology Inc.	240,000	31,258	49,515	(18,257)	58,952	(26,757)	(25,900)	(1.08)
Award Glory Ltd.	219,960	268,500	0	268,500	107,601	107,601	107,601	not applicable
Sunny Fancy Ltd.	219,960	268,500	0	268,500	107,601	107,601	107,601	not applicable
Giant Kingdom Ltd.	25,157	301	0	301	204	178	167	not applicable
Giant Rock Inc.	82,134	163,631	0	163,631	119,303	112,648	112,579	not applicable
Rudong Jiexin Electronic Technology Co., Ltd.	87,540	27,947	624	27,323	0	(44,680)	(43,990)	not applicable
Chongqing Shuangxin Technology Co., Ltd.	131,310	103,679	22,546	81,133	61,534	(39,244)	(38,399)	not applicable
Worldplus Holdings L.L.C.	112,669	104,569	0	104,569	0	(5,146)	(5,146)	not applicable
Lingyao Technology (Shenzhen) Co., Ltd.	83,334	63,706	8,983	54,723	8,111	(5,274)	(3,813)	not applicable
GenkiTek	32,000	26,692	2,663	24,029	307	(8,036)	(7,971)	(2.49)

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 2020(as of January 1, 2020 to December 31, 2020) 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 29, 2021

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, 2021