

**Sunplus Technology Company Limited  
and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2019 and 2018 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2019 and 2018, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standard No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Qualified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. The combined total assets of these non-significant subsidiaries as of March 31, 2019 and 2018 were NT\$4,085,977 thousand (34%) and NT\$5,315,544 thousand (40%), respectively, of the total consolidated assets, and their combined total liabilities were NT\$314,730 thousand (16%) and NT\$1,151,083 thousand (43%), respectively, of the total consolidated liabilities. For the three months ended March 31, 2019 and 2018, these non-significant subsidiaries' total comprehensive income (loss) amounted to NT\$50,873 thousand and NT\$(7,560) thousand, respectively, representing 52% and (23)%, respectively, of the total consolidated comprehensive income. In addition, as disclosed in Note 12 to the consolidated financial statements, the cumulative carrying amounts of some associates as of March 31, 2019 and 2018 were NT\$721,994 thousand and NT\$424,522 thousand, respectively. For the three months ended March 31, 2019 and 2018, the share of total comprehensive income (loss) of some associates accounted for using the equity

method were NT\$(16,960) thousand and NT\$1,023 thousand, respectively. These investment amounts disclosed in the consolidated financial statements were based on these associates' unreviewed financial statements for the same reporting periods as those of the Company.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China ("ROC").

The engagement partners on the reviews resulting in this independent auditors' review report are Cheng-Chih Lin and Yu-Feng Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 13, 2019

### 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.*

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,094,761	26	\$ 3,235,721	27	\$ 3,920,603	29
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	1,329,220	11	1,313,747	11	1,747,235	13
Notes and trade receivables, net (Notes 9, 22 and 33)	869,374	7	954,030	8	998,393	8
Other receivables (Note 33)	66,703	-	70,960	1	76,772	1
Inventories (Note 10)	785,511	7	818,948	7	1,092,748	8
Other financial assets (Notes 17 and 34)	123,280	1	153,575	1	284,288	2
Other current assets (Notes 17 and 33)	93,838	1	91,321	1	96,860	1
Total current assets	<u>6,362,687</u>	<u>53</u>	<u>6,638,302</u>	<u>56</u>	<u>8,216,899</u>	<u>62</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (FVTPL) - non-current (Note 7)	790,818	7	737,867	6	561,862	4
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	293,491	3	246,208	2	355,326	3
Investments accounted for using the equity method (Note 12)	721,994	6	729,219	6	424,522	3
Property, plant and equipment (Notes 13 and 34)	2,059,763	17	2,052,359	17	2,175,145	16
Right-of-use assets (Notes 3, 4, 5 and 14)	353,159	3	-	-	-	-
Investment properties (Note 15)	1,046,306	9	1,039,314	9	1,141,042	8
Intangible assets (Note 16)	169,359	1	178,521	2	217,371	2
Deferred tax assets (Note 25)	30,680	-	30,254	-	27,668	-
Other financial assets (Notes 17 and 34)	130,029	1	127,215	1	85,698	1
Other non-current assets (Note 17)	14,244	-	147,725	1	127,751	1
Total non-current assets	<u>5,609,843</u>	<u>47</u>	<u>5,288,682</u>	<u>44</u>	<u>5,116,385</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 11,972,530</u>	<u>100</u>	<u>\$ 11,926,984</u>	<u>100</u>	<u>\$ 13,333,284</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18 and 24)	\$ 176,985	2	\$ 311,215	3	\$ 600,522	5
Contract liabilities - current (Note 23)	11,921	-	7,511	-	45,458	-
Trade payables (Note 19)	483,560	4	484,810	4	625,237	5
Current tax liabilities (Note 25)	55,524	-	56,972	-	61,921	-
Lease liabilities - current (Notes 3, 4, 5 and 14)	10,959	-	-	-	-	-
Deferred revenue - current (Notes 20 and 28)	1,668	-	1,629	-	1,693	-
Current portion of long-term loans (Notes 18 and 34)	235,693	2	250,046	2	288,572	2
Other current liabilities (Note 20)	423,553	4	572,546	5	508,032	4
Total current liabilities	<u>1,399,863</u>	<u>12</u>	<u>1,684,729</u>	<u>14</u>	<u>2,131,435</u>	<u>16</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18 and 34)	-	-	-	-	100,000	1
Lease liabilities - non-current (Notes 3, 4, 5 and 14)	236,061	2	-	-	-	-
Deferred revenue - non-current, net of current portion (Notes 20 and 28)	62,972	-	61,894	-	65,586	-
Net defined benefit liabilities (Note 21)	73,208	1	79,313	1	100,363	1
Guarantee deposits (Note 33)	228,204	2	230,177	2	253,466	2
Other non-current liabilities, net of current portion (Note 20)	3,265	-	3,265	-	889	-
Total non-current liabilities	<u>603,710</u>	<u>5</u>	<u>374,649</u>	<u>3</u>	<u>520,304</u>	<u>4</u>
Total liabilities	<u>2,003,573</u>	<u>17</u>	<u>2,059,378</u>	<u>17</u>	<u>2,651,739</u>	<u>20</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22 and 30)</b>						
Share capital						
Common shares	5,919,949	49	5,919,949	50	5,919,949	44
Capital surplus	805,187	7	801,398	7	835,246	6
Retained earnings						
Legal reserve	1,941,826	16	1,941,826	16	1,900,505	14
Special reserve	67,279	1	67,279	1	22,995	-
Unappropriated earnings (accumulated deficits)	246,794	2	241,734	2	718,306	6
Total retained earnings	<u>2,255,899</u>	<u>19</u>	<u>2,250,839</u>	<u>19</u>	<u>2,641,806</u>	<u>20</u>
Other equity	(379,554)	(3)	(442,843)	(4)	(339,526)	(3)
Treasury shares (Note 34)	(63,401)	(1)	(63,401)	(1)	(63,401)	-
Total equity attributable to owners of the Company	8,538,080	71	8,465,942	71	8,994,074	67
<b>NON-CONTROLLING INTERESTS (Notes 11, 22 and 30)</b>	<u>1,430,877</u>	<u>12</u>	<u>1,401,664</u>	<u>12</u>	<u>1,687,471</u>	<u>13</u>
Total equity	<u>9,968,957</u>	<u>83</u>	<u>9,867,606</u>	<u>83</u>	<u>10,681,545</u>	<u>80</u>
<b>TOTAL</b>	<u>\$ 11,972,530</u>	<u>100</u>	<u>\$ 11,926,984</u>	<u>100</u>	<u>\$ 13,333,284</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 13, 2019)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 23 and 33)	\$ 1,179,600	100	\$ 1,429,579	100
OPERATING COSTS (Notes 10 and 24)	<u>675,023</u>	<u>57</u>	<u>880,326</u>	<u>61</u>
GROSS PROFIT	<u>504,577</u>	<u>43</u>	<u>549,253</u>	<u>39</u>
OPERATING EXPENSES (Notes 24 and 33)				
Selling and marketing	67,375	6	74,355	5
General and administrative	123,309	11	144,386	10
Research and development	<u>357,494</u>	<u>30</u>	<u>453,929</u>	<u>32</u>
Total operating expenses	<u>548,178</u>	<u>47</u>	<u>672,670</u>	<u>47</u>
OTHER REVENUE AND EXPENSES	<u>43</u>	<u>-</u>	<u>9</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(43,558)</u>	<u>(4)</u>	<u>(123,408)</u>	<u>(8)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 24 and 28)				
Other income	23,373	2	22,438	1
Other gains and losses	79,455	7	128,560	9
Finance costs	(5,977)	(1)	(5,433)	-
Share of profit of associates and joint ventures	<u>(16,960)</u>	<u>(1)</u>	<u>1,023</u>	<u>-</u>
Total non-operating income	<u>79,891</u>	<u>7</u>	<u>146,588</u>	<u>10</u>
INCOME BEFORE INCOME TAX	36,333	3	23,180	2
INCOME TAX EXPENSE (Note 26)	<u>7,984</u>	<u>1</u>	<u>7,454</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>28,349</u>	<u>2</u>	<u>15,726</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss (Note 22):				
Unrealized gain (loss) on investments in equity instruments at FVTOCI	17,070	2	(2,451)	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	2,950	-	(358)	-

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# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Note 22):				
Exchange differences on translating foreign operations	46,569	4	18,000	1
Share of other comprehensive income of associates and joint venture	<u>2,754</u>	<u>-</u>	<u>1,416</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>69,343</u>	<u>6</u>	<u>16,607</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>\$ 97,692</u>	<u>8</u>	<u>\$ 32,333</u>	<u>2</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 7,103	-	\$ 10,809	1
Non-controlling interests	<u>21,246</u>	<u>2</u>	<u>4,917</u>	<u>-</u>
	<u>\$ 28,349</u>	<u>2</u>	<u>\$ 15,726</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 70,392	6	\$ 23,394	2
Non-controlling interests	<u>27,300</u>	<u>2</u>	<u>8,939</u>	<u>-</u>
	<u>\$ 97,692</u>	<u>8</u>	<u>\$ 32,333</u>	<u>2</u>
<b>EARNINGS PER SHARE (New Taiwan dollars; Note 26)</b>				
From continuing operations				
Basic	<u>\$ 0.01</u>		<u>\$ 0.02</u>	
Diluted	<u>\$ 0.01</u>		<u>\$ 0.02</u>	

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

(With Deloitte & Touche review report dated May 13, 2019)

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						Other Equity					Total Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares	Total	Non-controlling Interests	
	Share (In Thousand)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)						
BALANCE, JANUARY 1, 2018	591,995	\$ 5,919,949	\$ 835,241	\$ 1,900,505	\$ 22,995	\$ 707,497	\$ (122,100)	\$ (230,011)	\$ (63,401)	\$ 8,970,675	\$ 1,678,527	\$ 10,649,202
Changes in percentage of ownership interests in subsidiaries	-	-	5	-	-	-	-	-	-	5	-	5
Net profit for the three months ended March 31, 2018	-	-	-	-	-	10,809	-	-	-	10,809	4,917	15,726
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	-	15,394	(2,809)	-	12,585	4,022	16,607
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	10,809	15,394	(2,809)	-	23,394	8,939	32,333
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	5	5
BALANCE, MARCH 31, 2018	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 835,246</u>	<u>\$ 1,900,505</u>	<u>\$ 22,995</u>	<u>\$ 718,306</u>	<u>\$ (106,706)</u>	<u>\$ (232,820)</u>	<u>\$ (63,401)</u>	<u>\$ 8,994,074</u>	<u>\$ 1,687,471</u>	<u>\$ 10,681,545</u>
BALANCE, 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
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	3,788	-	-	-	-	-	-	3,788	-	3,788
Difference between share price and book value from disposal of subsidiaries	-	-	1	-	-	-	-	-	-	1	-	1
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	(2,043)	-	-	-	(2,043)	-	(2,043)
Net profit for the three months ended March 31, 2019	-	-	-	-	-	7,103	-	-	-	7,103	21,246	28,349
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	43,269	20,020	-	63,289	6,054	69,343
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	7,103	43,269	20,020	-	70,392	27,300	97,692
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,913	1,913
BALANCE, MARCH 31, 2019	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 805,187</u>	<u>\$ 1,941,826</u>	<u>\$ 67,279</u>	<u>\$ 246,794</u>	<u>\$ (95,606)</u>	<u>\$ (283,948)</u>	<u>\$ (63,401)</u>	<u>\$ 8,538,080</u>	<u>\$ 1,430,877</u>	<u>\$ 9,968,957</u>

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

(With Deloitte & Touche review report dated May 13, 2019)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 36,333	\$ 23,180
Adjustments for:		
Depreciation expenses	62,980	70,319
Amortization expenses	18,611	21,377
Net gain on fair value changes of financial assets at fair value through profit or loss	(60,832)	(83,279)
Finance costs	5,977	5,433
Interest income	(6,219)	(6,992)
Compensation costs of employee share options	-	10
Share of profit of associates	16,960	(1,023)
Gain on disposal of subsidiaries	-	(27,061)
Gain on disposal of property, plant and equipment	(43)	(9)
Net gain on foreign currency exchange	(10,522)	(21,338)
Amortization of prepaid lease payments	-	710
Changes in operating assets and liabilities:		
Decrease in trade receivables	84,567	197,900
Decrease in other receivables	16,130	14,170
(Decrease) increase in inventories	33,437	(85,757)
(Increase) decrease in other current assets	(3,598)	3,566
Increase in contract liabilities	4,226	45,458
Decrease in trade payables	(1,400)	(97,814)
Decrease in deferred revenue	(416)	(420)
Decrease in other current liabilities	(153,034)	(237,193)
Decrease in accrued pension liabilities	(6,105)	(637)
Cash generated from (used in) operations	37,052	(179,400)
Interest received	5,254	5,411
Interest paid	(7,677)	(5,416)
Income tax (paid) refunded	(4,914)	(1)
Net cash generated from (used in) operating activities	<u>29,715</u>	<u>(179,406)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of financial assets at FVTOCI	-	(78,072)
Purchases of financial assets at FVTPL	(519,050)	(648,709)
Proceeds from the sale of financial assets at FVTPL	503,429	664,862
Acquisitions of associates and joint ventures	-	(37,117)
Disposal of associates and joint ventures	-	(187)
Payments for property, plant and equipment	(23,153)	(61,980)
Proceeds from the disposal of property, plant and equipment	44	17
Decrease (increase) in refundable deposits	1,308	(594)
Payments for intangible assets	(8,617)	(43,780)
Decrease in other financial assets	29,764	-

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# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2019	2018
Decrease in other non-current assets	<u>-</u>	<u>5,968</u>
Net cash used in investing activities	<u>(16,275)</u>	<u>(199,592)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of (proceeds from) short-term borrowings	(134,369)	155,175
Repayments of long-term borrowings	(15,000)	(32,532)
Proceeds from guarantee deposits received	6,070	37,352
Refundable guarantee deposits received	(9,277)	(8,502)
Repayments of the principal portion of lease liabilities	(2,707)	-
Decrease in non-controlling interests	<u>(130)</u>	<u>-</u>
Net cash (used in) generated from investing activities	<u>(155,413)</u>	<u>151,493</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>1,013</u>	<u>(8,169)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(140,960)</u>	<u>(235,674)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>3,235,721</u>	<u>4,156,277</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,094,761</u>	<u>\$ 3,920,603</u>

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

(With Deloitte & Touche review report dated May 13, 2019)

(Concluded)



## 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on May 13, 2019.

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

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

Except for the following, whenever applied, 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 would not have any material impact on the Group's accounting policies:

- 1) IFRS 16 "Leases"

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

### Definition of a lease

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

### The Group as lessee

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

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liability for that leasehold building is recognized and measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities on that date. Right-of-use assets are assessing the impairment under IAS 36.

On January 1, 2019, the incremental borrowing rate applicable to the recognition of lease liabilities was 1.58%-2.39%. The difference between the amount of the lease liabilities and the total amount of the future minimum lease payments for non-cancelable operating leases as at December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 99,174
Undiscounted amounts on January 1, 2019	<u>\$ 99,174</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 88,507
Add: Adjustments as a result of a different treatment of extension and termination options	<u>161,220</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 249,727</u>

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

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Prepayments for leases - current	\$ 2,756	\$ (2,756)	\$ -
Prepayments for leases - non-current	102,175	(102,175)	-
Right-of-use assets	<u>-</u>	<u>354,658</u>	<u>354,658</u>
Total effect on assets	<u>\$ 104,931</u>	<u>\$ 249,727</u>	<u>\$ 354,658</u>
Lease liabilities - current	\$ -	\$ 10,907	\$ 10,907
Lease liabilities - non-current	<u>-</u>	<u>238,820</u>	<u>238,820</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 249,727</u>	<u>\$ 249,727</u>

#### The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

#### 2) IFRIC 23 “Uncertainty over Income Tax Treatments”

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

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

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

For long-term interests that, in substance, form part of the Group’s net investment in an associate or joint venture and are governed by IAS 28 paragraph 38, the Group, based on the facts and circumstances that exist on January 1, 2019, performed an assessment of the classification under IFRS 9 applied retrospectively.

4) Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

IFRS 9 stipulates that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of the principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explain that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

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

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

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Unspecified
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

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

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

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

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

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

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Company 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.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control was lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control was lost. The Company accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The fair value of any investment retained in a former subsidiary at the date when control was lost was regarded as the fair value at initial recognition of the cost on the initial recognition of an investment in a joint venture. Before 2017, the fair value of any investment retained in a former subsidiary at the date when control is lost is regarded as the fair value at initial recognition of the cost on the initial recognition of an investment in an associate or a joint venture.

Refer to Note 11 and Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements were consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2018.

1) Leases

2019

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

a) 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. 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.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

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

1) The Group as lessor

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

2) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.



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

Except for the following, the critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2018.

### a. Lease terms - 2019

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

### b. Lessees' incremental borrowing rates - 2019

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

## 6. CASH AND CASH EQUIVALENTS

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Cash on hand	\$ 7,656	\$ 7,521	\$ 9,683
Checking accounts and demand deposits	888,333	1,338,553	1,296,856
Cash equivalents			
Time deposits in banks	2,190,305	1,881,214	2,606,080
Repurchase agreements collateralized by bonds	<u>8,467</u>	<u>8,433</u>	<u>7,984</u>
	<u>\$ 3,094,761</u>	<u>\$ 3,235,721</u>	<u>\$ 3,920,603</u>

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Bank balances	0.01%-1.55%	0.01%-1.55%	0.01%-3.95%
Repurchase agreements collateralized by bonds	1.00%	1.00%	1.00%

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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 1,257,062	\$ 1,280,668	\$ 1,344,221
Securities listed in the ROC and other countries - CB	33,692	28,718	31,179
Securities listed in the ROC	14,944	4,361	275,835
Unlisted debt securities in the ROC	23,522	-	-
Hybrid financial assets			
Convertible preferred shares	-	-	96,000
	<u>\$ 1,329,220</u>	<u>\$ 1,313,747</u>	<u>\$ 1,747,235</u>
<u>Financial liabilities at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Unlisted shares and emerging market shares in the ROC and other countries	\$ 483,762	\$ 462,387	\$ 262,652
Private funds	190,820	160,226	133,171
Mutual funds	76,289	75,432	72,453
Listed shares and emerging market shares in the ROC and other countries	39,947	39,822	4,918
Unlisted debt securities in other countries - CB	-	-	88,668
	<u>\$ 790,818</u>	<u>\$ 737,867</u>	<u>\$ 561,862</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Non-current</u>			
Domestic and foreign investments			
Listed shares and emerging market shares	\$ 81,235	\$ 78,246	\$ 105,686
Unlisted shares and emerging market shares	172,254	127,991	249,640
Private funds	<u>40,002</u>	<u>39,971</u>	<u>-</u>
	<u>\$ 293,491</u>	<u>\$ 246,208</u>	<u>\$ 355,326</u>

## 9. NOTES AND TRADE RECEIVABLES, NET

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Notes receivable</u>			
Notes receivable - operating	\$ _____ -	\$ _____ 16	\$ _____ -
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	869,977	954,518	1,106,084
Less: Allowance for impairment loss	<u>(603)</u>	<u>(504)</u>	<u>(107,691)</u>
	<u>869,374</u>	<u>954,014</u>	<u>998,393</u>
	<u>\$ 869,374</u>	<u>\$ 954,030</u>	<u>\$ 998,393</u>

### Trade receivables

#### For the three months ended March 31, 2019

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 applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

#### March 31, 2019

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount at March 31, 2019	\$ 864,356	\$ 4,611	\$ -	\$ 462	\$ 548	\$ 869,977
Expected credit losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55)</u>	<u>(548)</u>	<u>(603)</u>
Amortized cost at March 31, 2019	<u>\$ 864,356</u>	<u>\$ 4,611</u>	<u>\$ -</u>	<u>\$ 407</u>	<u>\$ -</u>	<u>\$ 869,374</u>

December 31, 2018

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount at December 31, 2018	\$ 953,258	\$ 691	\$ -	\$ -	\$ 569	\$ 954,518
Expected credit losses	-	-	-	-	(504)	(504)
Amortized cost at December 31, 201	<u>\$ 953,258</u>	<u>\$ 691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 954,014</u>

March 31, 2018

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount at March 31, 2018	\$ 998,051	\$ 239	\$ 27	\$ -	\$ 107,767	\$ 1,106,084
Expected credit losses	-	-	-	-	(107,691)	(107,691)
Amortized cost at March 31, 2018	<u>\$ 998,051</u>	<u>\$ 239</u>	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 998,393</u>

Movements of the allowance for impairment loss recognized on notes receivable and trade receivables are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 504	\$ 107,744
Foreign exchange gains and losses	<u>99</u>	<u>(53)</u>
Balance at March 31	<u>\$ 603</u>	<u>\$ 107,691</u>

**10. INVENTORIES**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Finished goods	\$ 303,411	\$ 321,099	\$ 399,264
Work in progress	281,116	290,973	392,603
Raw materials	<u>200,984</u>	<u>206,876</u>	<u>300,881</u>
	<u>\$ 785,511</u>	<u>\$ 818,948</u>	<u>\$ 1,092,748</u>

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2019 and 2018 were \$654,821 thousand and \$860,766 thousand, respectively.

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2019 and 2018 are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Reversal of inventory write-downs	\$ (1,426)	\$ (6,902)
Income from scrap sales	<u>257</u>	<u>57</u>
	<u>\$ (1,169)</u>	<u>\$ (6,845)</u>

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	100.00	-
	Ventureplus Group Inc.	Investment	100.00	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	100.00	-
	Lin Shih Investment	Investment	100.00	100.00	100.00	-
	Sunplus mMobile Inc.	Design of ICs	100.00	100.00	100.00	-
	Sunext Technology Co., Ltd.	Design of ICs	91.47	91.40	61.15	-
	Sunplus Innovation Technology	Design of ICs	61.13	61.13	61.13	-
	Generalplus Technology ("Generalplus")	Design of ICs	34.30	34.30	34.30	Sunplus and its subsidiaries had a 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
	iCatch Technology	Design of ICs	-	-	37.64	The Group lost controlling interest over iCatch as of July 31, 2018; thus the investee is no longer included in the consolidated financial statements; refer to Note 12 for the details.
	Wei-Young Investment Inc.	Investment	100.00	100.00	100.00	-
	Russell Holdings Limited	Investment	100.00	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	89.76	89.76	87.20	-
	Award Glory	Investment	100.00	100.00	100.00	-
	Jumplux Technology	Design of ICs	55.00	55.00	-	Sunplus and its subsidiaries owned 97.08% of the equity in Jumplux Technology.
	Ventureplus	Ventureplus Mauritius Inc.	Investment	100.00	100.00	100.00
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Investment	100.00	100.00	100.00	-
Ventureplus Cayman Inc.	Ytrip Technology	Web research and development	38.47	38.47	68.80	Sunplus and its subsidiaries had a 90.71% stake in Ytrip.
Sunplus App Technology		Manufacturing and sale of computer software; system integration services and information management and education.	75.00	93.33	93.33	-
Sunplus Prof-tek Technology (Shenzhen)		Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
Sunplus Technology (Shanghai)		Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
SunMedia Technology		Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
Sunplus Technology (Beijing)		Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
Sunplus Technology (Shanghai)	Ytrip Technology	Web research and development	44.08	44.08	-	Sunplus and its subsidiaries had a 90.71% stake in Ytrip.
Ytrip Technology	Iculture Communication	Web development and sale	100.00	100.00	100.00	-
Sunplus Venture	Jumplux Technology	Design of ICs	42.08	42.08	72.14	Sunplus and its subsidiaries had a 97.08% stake in Jumplux.
Han Young Technology		Design of ICs	70.00	70.00	70.00	-
Sunext Technology Co., Ltd. ("Sunext")		Design of ICs	-	-	6.98	Sunplus and its subsidiaries had a 91.47% stake in Sunext.
Sunplus mMedia		Design of ICs	7.64	7.64	9.55	Sunplus and its subsidiaries owned 100% of the equity in Sunplus mMedia.
Sunplus Innovation		Design of ICs	5.64	5.64	5.64	Sunplus and its subsidiaries owned 68.86% of the equity in Sunplus Innovation
iCatch Technology, Inc.		Design of ICs	-	-	6.05	The Group lost controlling interest over iCatch as of July 31, 2018; thus the investee is not included in the consolidated financial statements; refer to Note 12 for the details.

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			March 31, 2019	December 31, 2018	March 31, 2018	
Lin Shih	Generalplus Technology	Design of ICs	13.69	13.69	13.69	Sunplus and its subsidiaries had a 47.99% stake in Generalplus and the Group had controlling interest over Generalplus Technology, Inc.; the investee is included in the consolidated financial statements
	Sunext Technology	Design of ICs	-	-	5.29	Due to organizational restructuring, the Company transferred its equity to Sunplus in 2018.
	Sunplus mMedia	Design of ICs	2.60	2.60	3.25	Sunplus and its subsidiaries owned 100% of the equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.09	2.09	2.09	Sunplus and its subsidiaries owned 68.86% of the equity in Sunplus Innovation
	iCatch Technology	Design of ICs	-	-	1.75	The Group lost controlling interest over iCatch as of July 31, 2018; thus the investee is not included in the consolidated financial statements; refer to Note 12 for the details.
Generalplus	Generalplus Samoa	Investment	100.00	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	After-sales service	100.00	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	100.00	-
Wei-Young	Sunext Technology Co., Ltd.	Design and sale of ICs	-	-	0.03	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018.
Russell	Sunext Technology Co., Ltd.	Design and sale of ICs	-	-	0.70	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018.
Sunplus mMedia Inc.	Jumplux Technology	Design and sale of ICs	-	-	22.86	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018.
Award Glory	Sunny Fancy	Investment	100.00	100.00	100.00	-
Sunny Fancy	Giant Kingdom	Investment	100.00	100.00	100.00	-
	Giant Rock	Investment	100.00	100.00	100.00	-
Giant Kingdom	Ytrip Technology	Web research and development	8.16	8.16	14.60	Sunplus and its subsidiaries had a 90.71% stake in Ytrip Technology.
Giant Rock	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	25.00	-	-	Sunplus and its subsidiaries had a 95.00% stake in Sunplus App.

(Concluded)

The financial statements of the above subsidiaries as of and for the three months ended March 31, 2019 and 2018 had been reviewed, with the exception of Generalplus, Sunplus mMobile Inc., Ventureplus Group Inc., Ventureplus Mauritius Inc. and Ventureplus Cayman Inc., and non-significant subsidiaries Sunplus Technology (Shanghai) and Sunplus Prof-tek Technology (Shenzhen).

b. Subsidiaries excluded from the consolidated financial statements

Company name	Voting Ratio of Non-controlling Equity		
	March 31, 2019	December 31, 2018	March 31, 2018
Generalplus Technology Inc.	52.01%	52.01%	52.01%
Sunplus Innovation Technology	31.14%	31.14%	31.14%
iCatch Technology	-	-	54.56%

Refer to Table 6 for information on country of registration and principal business.

Company Name	Profit Attributable to Non-controlling Interests		Non-controlling Interests		
	Three Months Ended		March 31, 2019	December 31, 2018	March 31, 2018
	2019	2018			
Generalplus Technology Inc.	\$ 16,812	\$ 25,864	\$ 1,132,743	\$ 1,109,947	\$ 1,168,707
Sunplus Innovation Technology	5,303	165	288,366	283,063	263,477
iCatch Technology	-	(18,401)	-	-	232,189

The summarized financial information below represents amounts before intragroup eliminations.

	March 31, 2019	December 31, 2018	March 31, 2018
Current assets	\$ 3,086,697	\$ 3,201,689	\$ 3,840,071
Non-current assets	828,320	760,401	792,714
Current liabilities	665,210	828,965	978,115
Non-current liabilities	<u>231,499</u>	<u>175,669</u>	<u>221,523</u>
Equity	<u>\$ 3,018,308</u>	<u>\$ 2,957,456</u>	<u>\$ 3,433,147</u>
Equity attributable to:			
Owners of the Company	\$ 1,597,199	\$ 1,564,446	\$ 1,768,774
Non-controlling interests	<u>1,421,109</u>	<u>1,393,010</u>	<u>1,664,373</u>
	<u>\$ 3,018,308</u>	<u>\$ 2,957,456</u>	<u>\$ 3,433,147</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2019</b>	<b>2018</b>
Operating revenue		<u>\$ 726,641</u>	<u>\$ 1,000,224</u>
Net income		\$ 49,347	\$ 16,532
Other comprehensive income (loss)		<u>11,505</u>	<u>8,349</u>
Total other comprehensive income		<u>\$ 60,852</u>	<u>\$ 24,881</u>
Equity attributable to:			
Owners of the Company		\$ 27,232	\$ 8,904
Non-controlling interests		<u>22,115</u>	<u>7,628</u>
		<u>\$ 49,347</u>	<u>\$ 16,532</u>
Total other comprehensive income attributable to:			
Owners of the Company		\$ 32,753	\$ 12,910
Non-controlling interests		<u>28,099</u>	<u>11,971</u>
		<u>\$ 60,852</u>	<u>\$ 24,881</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Cash flows		
Cash flows used in operating activities	\$ 88,551	\$ (83,649)
Cash flows used in investing activities	240	(96,051)
Cash flows used in financing activities	(68,437)	63,259
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>288</u>	<u>(2,185)</u>
Net cash generated from (used in)	<u>\$ 20,642</u>	<u>\$ (118,626)</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>\$ -</u> (Concluded)

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Investments in associates	<u>\$ 721,994</u>	<u>\$ 729,219</u>	<u>\$ 424,522</u>

### a. Investments in associates

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Listed companies			
Global View Co., Ltd.	\$ 315,001	\$ 307,106	\$ 381,432
iCatch Technology	328,781	350,859	-
Autsys Co., Ltd.	78,212	71,254	-
Xiamen Xm-plus	<u>-</u>	<u>-</u>	<u>43,090</u>
	<u>\$ 721,994</u>	<u>\$ 729,219</u>	<u>\$ 424,522</u>

<b>Name of Associate</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Global View Co., Ltd.	13%	13%	13%
iCatch Technology	36%	36%	-
Autsys Co., Ltd.	17%	19%	-
Xiamen Xm-plus	-	-	45%

Refer to Table 5 following these notes to consolidated financial statements for information on the associates' business types, main operating locations and registered countries, and Table 6 following these notes for the information on investments in mainland China.

In March 2018, the Company did not participate in the cash capital increase of Sunplus Technology Xiamen Xm-plus in accordance with the shareholding ratio, resulting in the decrease of Company's shareholding ratio from 100% to 45%, and the number of directors was less than half the usual number, hence, the control of Sunplus Technology Xiamen Xm-plus was lost. As a result, the Company's equity investment in Xiamen Xm-plus was reclassified to "investments accounted for using the equity method"



on March 31, 2018 and the equity investment was remeasured at fair value, and a disposal gain of \$27,061 thousand was recognized.

In July and November 2018, the Company did not participate in the cash capital increase of Sunplus Technology Xiamen Xm-plus in accordance with the shareholding ratio, resulting in the decrease of Company's shareholding ratio from 45% to 19%.

The board of directors of Xiamen Xm-plus Technology Ltd. was re-elected on December 19, 2018. The Company had lost significant influence on Xiamen Xm-plus Technology Ltd. As a result, the "investments accounted for using the equity method" is classified as "financial assets at fair value through profit or loss".

iCatch Technology Inc. has independently operated its financial activities since July 31, 2018 due to operational needs, thus the Company assessed that the control of iCatch Technology Inc. was lost. As a result, the Company reclassified its equity in iCatch Technology Inc. as "investments accounted for using the equity method" on July 31, 2018 and the equity investment was re-measured at fair value, and a disposal gain of \$143,836 thousand was recognized.

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

Name of Associate	March 31, 2019	December 31, 2018	March 31, 2018
Global View Co., Ltd.	<u>\$ 289,265</u>	<u>\$ 248,530</u>	<u>\$ 502,820</u>

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

The financial statements of the above entities as of and for the three months ended March 31, 2019 and 2018 were not reviewed.

### 13. PROPERTY, PLANT AND EQUIPMENT

#### a. Assets used by the Group - 2019

	For the Three Months Ended March 31, 2018									
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Prepayments for Equipment	Total
<u>Cost</u>										
Balance, beginning of period	\$ 2,383,245	\$ 193,874	\$ 13,729	\$ 616,529	\$ 5,904	\$ 266,331	\$ 2,782	\$ 23,959	\$ 2,940	\$ 3,509,293
Additions	-	-	45	18,239	-	1,259	456	110	1,838	21,947
Disposals	-	-	-	(1,170)	-	(870)	-	-	-	(2,040)
Reclassifications	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	27,992	1,976	227	1,745	127	3,723	34	324	-	36,148
Balance, end of period	<u>\$ 2,411,237</u>	<u>\$ 195,850</u>	<u>\$ 14,001</u>	<u>\$ 635,343</u>	<u>\$ 6,031</u>	<u>\$ 270,443</u>	<u>\$ 3,272</u>	<u>\$ 24,393</u>	<u>\$ 4,778</u>	<u>\$ 3,565,348</u>
<u>Accumulated depreciation</u>										
Balance, beginning of period	\$ 507,818	\$ 126,857	\$ 12,759	\$ 540,595	\$ 3,633	\$ 231,996	\$ 2,331	\$ 19,447	\$ -	\$ 1,445,436
Depreciation expenses	13,505	5,319	566	15,656	303	4,109	1,291	150	-	40,899
Disposals	-	-	-	(1,169)	-	(870)	-	-	-	(2,039)
Reclassifications	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	2,881	2,397	(138)	1,870	74	3,476	(1,177)	408	-	9,791
Balance, end of period	<u>\$ 524,204</u>	<u>\$ 134,573</u>	<u>\$ 13,187</u>	<u>\$ 556,952</u>	<u>\$ 4,010</u>	<u>\$ 238,711</u>	<u>\$ 2,445</u>	<u>\$ 20,005</u>	<u>\$ -</u>	<u>\$ 1,494,087</u>
<u>Accumulated impairment</u>										
Balance, beginning and end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>
Net balance, end of period	<u>\$ 1,887,033</u>	<u>\$ 61,277</u>	<u>\$ 814</u>	<u>\$ 66,893</u>	<u>\$ 2,021</u>	<u>\$ 31,732</u>	<u>\$ 827</u>	<u>\$ 4,388</u>	<u>\$ 4,778</u>	<u>\$ 2,059,763</u>

b. 2018

For the Three Months Ended March 31, 2019										
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance, beginning of period	\$ 2,407,349	\$ 184,489	\$ 15,131	\$ 566,450	\$ 7,846	\$ 257,883	\$ 26,352	\$ 21,772	\$ -	\$ 3,487,272
Additions	-	275	-	40,658	-	1,277	-	215	45	42,470
Disposals	-	-	(29)	(2,870)	-	(927)	-	(42)	-	(3,868)
Reclassifications	-	23,676	-	-	-	-	(23,676)	-	-	-
Consolidated changes	-	-	-	-	-	(610)	-	-	-	(610)
Effect of exchange rate changes	21,252	1,552	248	1,179	130	2,877	209	214	-	27,661
Balance, end of period	<u>\$ 2,428,601</u>	<u>\$ 209,992</u>	<u>\$ 15,350</u>	<u>\$ 605,417</u>	<u>\$ 7,976</u>	<u>\$ 260,500</u>	<u>\$ 2,885</u>	<u>\$ 22,159</u>	<u>\$ 45</u>	<u>\$ 3,552,925</u>
<u>Accumulated depreciation</u>										
Balance, beginning of period	\$ 456,802	\$ 109,497	\$ 13,500	\$ 478,413	\$ 3,556	\$ 226,324	\$ 4,695	\$ 18,833	\$ -	\$ 1,311,620
Additions	13,578	5,098	1,064	25,795	348	4,146	1,334	629	-	51,992
Disposals	-	-	(21)	(2,870)	-	(927)	-	(42)	-	(3,860)
Reclassifications	-	2,762	-	-	-	-	(2,762)	-	-	-
Consolidated changes	-	-	-	-	-	(15)	-	-	-	(15)
Effect of exchange rate changes	1,672	2,460	(732)	1,686	55	2,619	(1,024)	(191)	-	6,545
Balance, end of period	<u>\$ 472,052</u>	<u>\$ 119,817</u>	<u>\$ 13,811</u>	<u>\$ 503,024</u>	<u>\$ 3,959</u>	<u>\$ 232,147</u>	<u>\$ 2,243</u>	<u>\$ 19,229</u>	<u>\$ -</u>	<u>\$ 1,366,282</u>
<u>Accumulated impairment</u>										
Balance, beginning and end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>
Net balance, end of period	<u>\$ 1,956,549</u>	<u>\$ 90,175</u>	<u>\$ 1,539</u>	<u>\$ 90,895</u>	<u>\$ 4,017</u>	<u>\$ 28,353</u>	<u>\$ 642</u>	<u>\$ 2,930</u>	<u>\$ 45</u>	<u>\$ 2,175,145</u>

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

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

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

#### 14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

March 31, 2019

Carrying amounts

Land	\$ 325,694
Buildings	27,141
Transportation equipment	<u>324</u>
	<u>\$ 353,159</u>

**For the Three  
Months Ended  
March 31, 2019**

Depreciation charge for right-of-use assets	
Land	\$ 2,402
Buildings	1,591
Transportation equipment	<u>38</u>
	<u>\$ 4,031</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (262)</u>

b. Lease liabilities - 2019

**March 31, 2019**

Carrying amounts

Current	\$ <u>10,959</u>
Non-current	<u>\$236,061</u>

Range of discount rate for lease liabilities was as follows:

**March 31, 2019**

Land	2.39%
Buildings	1.58%
Transportation equipment	1.58%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and dormitory with lease terms of 5 to 50 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. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group also leases transportation equipment for the use of official transport with lease terms of 3 years.

d. Subleases

Sublease of right-of-use assets - 2019

The Group subleases its right-of-use assets for dormitory under operating leases with lease terms of 2 years and has the right to choose the lease term. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. When using the right of renewal, the lessee adjusts the rent according to the market rental rates.

In addition to the fixed lease payments, the lease contracts are also indicated. The maturity analysis of lease payments receivable under operating subleases was as follows:

	<b>March 31, 2019</b>
Year 1	\$ 1,050
Year 2	<u>787</u>
	<u>\$ 1,837</u>

e. Other lease information

2019

	<b>For the Three Months Ended March 31, 2019</b>
Expenses relating to short-term leases	<u>\$ 3,205</u>
Total cash outflow for leases	<u>\$ 7,345</u>

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

2018

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

	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Not later than 1 year	\$ 16,561	\$ 14,988
Later than 1 year and not later than 5 years	46,037	29,212
Later than 5 years	<u>36,576</u>	<u>39,070</u>
	<u>\$ 99,174</u>	<u>\$ 83,270</u>

## 15. INVESTMENT PROPERTIES

Cost

Balance at January 1, 2019	\$ 1,400,135
Effect of exchange rate differences	<u>33,815</u>
Balance at March 31, 2019	<u>\$ 1,433,950</u>

(Continued)

Accumulated depreciation

Balance at January 1, 2019	\$ (360,821)
Depreciation expenses	(18,050)
Effect of exchange rate differences	<u>(8,773)</u>
Balance at March 31, 2019	<u>\$ (387,644)</u>
	<u>\$ 1,046,306</u>
Balance at December 31, 2018 and January 1, 2019	<u>\$ 1,039,314</u>

Cost

Balance at January 1, 2018	\$ 1,435,061
Effect of exchange rate differences	<u>25,778</u>
Balance at March 31, 2018	<u>\$ 1,460,839</u>

Accumulated depreciation

Balance at January 1, 2018	\$ (296,010)
Depreciation expenses	(18,327)
Effect of exchange rate differences	<u>(5,460)</u>
Balance at March 31, 2018	<u>\$ (319,797)</u>
Balance at March 31, 2018	<u>\$ 1,141,042</u> (Concluded)

The investment properties held by the Group are depreciated over their useful lives of 5 to 20 years, using the straight-line method.

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

	<b>March 31, 2019</b>
Year 1	\$ 136,051
Year 2	89,912
Year 3	<u>18,793</u>
	<u>\$ 244,756</u>

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

	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Not later than 1 year	\$ 226,650	\$ 194,280
Later than 1 year and not later than 5 years	568,499	532,942
Later than 5 years	<u>581,826</u>	<u>673,761</u>
	<u>\$ 1,376,975</u>	<u>\$ 1,400,983</u>

The fair value of the investment properties of SunMedia Technology had been determined on the basis of valuations carried out on December 31, 2018 and 2017 by Sichuan Zongli Real Estate Land Assets Evaluation Co., Ltd. and Beijing Great Wall Joint Property Assessment LLC. The fair value was measured by using Level 3 inputs. The evaluation adopted the income method, and the important unobservable input values used included the discounted value. The evaluated fair value is as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Fair value	\$ 1,267,909	\$ 1,267,909	\$ 1,667,833

The investment properties were valued by independent valutors; the Company determined that the fair values reported as of December 31, 2018 and 2017 were still valid as of March 31, 2019 and 2018, respectively.

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Fair value	\$ 2,471,410	\$ 2,471,410	\$ 2,310,166

The investment properties were valued by independent valutors; the Company determined that the fair values reported as of December 31, 2018 and 2017 were still valid as of March 31, 2019 and 2018, respectively.

The rental incomes were \$39,762 thousand and \$56,930 thousand for the three months ended March 31, 2019 and 2018, respectively.

## 16. INTANGIBLE ASSETS

	<b>For the Three Months Ended March 31, 2019</b>				
	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Goodwill</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1	\$ 778,507	\$ 298,609	\$ 114,504	\$ 30,596	\$ 1,222,216
Additions	3,016	5,735	-	-	8,751
Deductions	-	(283)	-	-	(283)
Effect of exchange rate differences	580	779	7	-	1,366
Balance at March 31	<u>\$ 782,103</u>	<u>\$ 304,840</u>	<u>\$ 114,511</u>	<u>\$ 30,596</u>	<u>\$ 1,232,050</u>
<u>Accumulated amortization</u>					
Balance at January 1	\$ 556,915	\$ 270,852	\$ 83,215	\$ -	\$ 910,982
Amortization expenses	11,862	6,407	342	-	18,611
Deductions	-	(283)	-	-	(283)
Effect of exchange rate differences	219	446	3	-	668
Balance at March 31	<u>\$ 568,996</u>	<u>\$ 277,422</u>	<u>\$ 83,560</u>	<u>\$ -</u>	<u>\$ 929,978</u>
<u>Accumulated deficit</u>					
Balance at January 1 and March 31	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Net balance at March 31	<u>\$ 101,971</u>	<u>\$ 27,418</u>	<u>\$ 9,374</u>	<u>\$ 30,596</u>	<u>\$ 169,359</u>
Net balance at December 31, 2018 and January 1, 2019	<u>\$ 110,456</u>	<u>\$ 27,757</u>	<u>\$ 9,712</u>	<u>\$ 30,596</u>	<u>\$ 178,521</u>

	<b>For the Three Months Ended March 31, 2018</b>				
	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Goodwill</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1	\$ 762,432	\$ 310,734	\$ 114,510	\$ 30,596	\$ 1,218,272
Additions	40,267	1,826	-	-	42,093
Effect of exchange rate differences	439	529	5	-	973
Consolidated changes	-	(79)	-	-	(79)
Balance at March 31	<u>\$ 803,138</u>	<u>\$ 313,010</u>	<u>\$ 114,515</u>	<u>\$ 30,596</u>	<u>\$ 1,261,259</u>
<u>Accumulated amortization</u>					
Balance at January 1	\$ 528,672	\$ 275,297	\$ 81,846	\$ -	\$ 885,815
Amortization expenses	13,298	7,737	342	-	21,377
Effect of exchange rate differences	84	286	2	-	372
Consolidated changes	-	(2)	-	-	(2)
Balance at March 31	<u>\$ 542,054</u>	<u>\$ 283,318</u>	<u>\$ 82,190</u>	<u>\$ -</u>	<u>\$ 907,562</u>
<u>Accumulated amortization</u>					
Balance at January 1 and March 31	<u>\$ 114,749</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 136,326</u>
Net balance at March 31	<u>\$ 146,335</u>	<u>\$ 29,692</u>	<u>\$ 10,748</u>	<u>\$ 30,596</u>	<u>\$ 217,371</u>

The above-mentioned intangible assets are depreciated 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
Technological know-how	5 years

An analysis of amortization by function

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Operating costs	\$ -	\$ 105
Selling and marketing expenses	26	31
General and administrative expenses	1,530	1,774
Research and development expenses	<u>17,055</u>	<u>19,467</u>
	<u>\$ 18,611</u>	<u>\$ 21,377</u>

## 17. OTHER ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
Other financial assets			
Pledged time deposits (a)	<u>\$ 123,280</u>	<u>\$ 153,575</u>	<u>\$ 284,288</u>
Other assets			
Pledged for EDA tools	\$ 15,399	\$ 17,194	\$ 20,032
Finance lease payables (c)	-	2,756	2,864
Others	<u>78,439</u>	<u>71,371</u>	<u>73,964</u>
	<u>\$ 93,838</u>	<u>\$ 91,321</u>	<u>\$ 96,860</u>
<u>Non-current</u>			
Other financial assets			
Pledged time deposits (a)	\$ 10,949	\$ 10,943	\$ 11,346
Time deposits (b)	<u>119,080</u>	<u>116,272</u>	<u>74,352</u>
	<u>\$ 130,029</u>	<u>\$ 127,215</u>	<u>\$ 85,698</u>
Other assets			
Refundable deposits	\$ 6,444	\$ 7,749	\$ 8,050
Finance lease payables (c)	-	102,175	108,321
Prepaid long-term investment	-	30,001	-
Others	<u>7,800</u>	<u>7,800</u>	<u>11,380</u>
	<u>\$ 14,244</u>	<u>\$ 147,725</u>	<u>\$ 127,751</u>

- a. Refer to Note 34 for information on pledged time deposits.
- b. Generalplus Shenzhen invested RMB26,000 thousand, RMB26,000 thousand and RMB16,000 thousand in long-term certificates of deposit with the bank in March 31, 2019, December 31, 2018 and March 31 (for durations of three years, three years and two to three years), respectively. The interest rates for such certificates of deposit are at fixed rates.
- c. The amounts of the Group's finance lease payables for land grants in China as of December 31, 2018 and March 31, 2018 were \$104,931 thousand and \$111,185 thousand, respectively.



## 18. LOANS

### Short-term borrowings

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Secured borrowings</u>			
Bank loans	\$ 123,358	\$ 122,769	\$ 146,105
<u>Unsecured borrowings</u>			
Bank loans	<u>53,627</u>	<u>188,446</u>	<u>454,417</u>
	<u>\$ 176,985</u>	<u>\$ 311,215</u>	<u>\$ 600,522</u>

The weighted average effective interest rate intervals for bank loans as of March 31, 2019, December 31, 2018 and March 31, 2018, were 2.500%-3.236%, 2.500%-3.594% and 1.750%-3.200% per annum, respectively.

### Long-term borrowings

The borrowings of the Group are as follows:

	<b>Maturity Date</b>	<b>Significant Covenant</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Floating rate borrowings</u>					
Unsecured bank borrowings	2019.10.14	Repayable in October 2019	\$ 135,693	\$ 135,046	\$ 128,572
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016	100,000	100,000	200,000
Unsecured bank borrowings	2019.02.14	Repayable quarterly from February 2014	<u>-</u>	<u>15,000</u>	<u>60,000</u>
			235,693	250,046	388,572
Less: Current portion			<u>235,693</u>	<u>250,046</u>	<u>288,572</u>
Long-term borrowings			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,000</u>

The intervals of effective borrowing rates as of March 31, 2019, December 31, 2018 and March 31, 2018, were 1.545%-4.070%, 1.545%-3.959% and 1.545%-3.227%, respectively.

The loan contracts require the Company to maintain certain financial ratios, such as the debt ratio and current ratio as well as interest protection multiples. However, the Company's inability to meet the ratio requirements would not be deemed as a violation of the contracts.

## 19. TRADE PAYABLES

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Accounts payable</u>			
Payables - operating	<u>\$ 483,560</u>	<u>\$ 484,810</u>	<u>\$ 625,237</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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
Other payables			
Salaries or bonuses	\$ 154,958	\$ 299,445	\$ 175,586
Compensation due to employees and directors	62,738	59,190	96,757
Commission payables	47,061	39,772	38,840
Labor/health insurance	26,682	29,424	26,836
Payables for royalties	25,729	20,121	46,665
Payables for purchases of equipment	11,424	12,630	3,934
Refund liabilities	8,630	14,796	11,451
Payables for labor costs	5,748	6,403	6,933
Receipts in advance	1,765	3,767	1,620
Others	<u>78,818</u>	<u>86,998</u>	<u>99,410</u>
	<u>\$ 423,553</u>	<u>\$ 572,546</u>	<u>\$ 508,032</u>
<u>Deferred revenue</u>			
Arising from government grants (Note 28)	<u>\$ 1,668</u>	<u>\$ 1,629</u>	<u>\$ 1,693</u>
<u>Non-current</u>			
Other payable			
Payables for purchases of equipment	\$ 2,376	\$ 2,376	\$ -
Decommissioning liabilities	<u>889</u>	<u>889</u>	<u>889</u>
	<u>\$ 3,265</u>	<u>\$ 3,265</u>	<u>\$ 889</u>
<u>Deferred revenue</u>			
Arising from government grants (Note 28)	<u>\$ 62,972</u>	<u>\$ 61,894</u>	<u>\$ 65,586</u>

## 21. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans were \$424 thousand and \$548 thousand as of the three months ended March 31, 2019 and 2018, respectively, and were calculated using the respective annual, actuarially determined pension cost discount rates as of December 31, 2018 and 2017.

## 22. EQUITY

### a. Share capital

#### 1) Common shares:

	March 31, 2019	December 31, 2018	March 31, 2018
Numbers of shares authorized (in thousands)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Value of shares authorized	<u>\$ 12,000,000</u>	<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>	<u>591,995</u>
Value of shares issued	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

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

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

#### 2) Global depositary receipts

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

### b. Capital surplus

	March 31, 2019	December 31, 2018	March 31, 2018
Used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)			
Arising from the issuance of common shares	\$ 409,213	\$ 409,213	\$ 496,059
Arising from the acquisition of a subsidiary	157,423	157,423	157,423
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,023	140,022	140,293
Used to offset a deficit only			
From treasury share transactions	43,958	43,958	41,466
Changes in net equity of associates or joint ventures accounted for using the equity method	54,570	50,782	-
Changes in percentage of ownership interest in subsidiaries (b)	<u>-</u>	<u>-</u>	<u>5</u>
	<u>\$ 805,187</u>	<u>\$ 801,398</u>	<u>\$ 835,246</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.
  - b) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than an actual disposal or acquisition or from changes in capital surplus of subsidiaries accounted for by using the equity method.
- c. Retained earnings and dividend policy

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

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 24-7.

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

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

The appropriations of earnings for 2018 and 2017 proposed by the board of directors on March 20, 2019 and approved in the shareholders' meeting on June 11, 2018, respectively, are as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Legal reserve	\$ 561	\$ 41,321	\$ -	\$ -
Special reserve	241,173	44,284	-	-
Cash dividends	-	327,551	-	0.5333

The Company's directors also proposed to issue cash dividends from the capital surplus of \$213,118 thousand in the board of directors' meeting on March 20, 2019.

The Company's directors also approved to issue cash dividends from the capital surplus of \$86,846 thousand in the shareholders' meeting on June 11, 2018.

The appropriation of earnings for 2018 is subject to resolution in the shareholders' meeting to be held on June 10, 2019.

d. Special reserve

**For the Three Months Ended  
March 31**

	<b>2019</b>	<b>2018</b>
Balance at January 1 and March 31	<u>\$ 67,279</u>	<u>\$ 22,995</u>

e. Other equity items

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

**For the Three Months Ended  
March 31**

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (138,875)	\$ (122,100)
Exchange differences on translating foreign operations	40,515	13,978
Share of exchange differences of associates accounted for using the equity method	<u>2,754</u>	<u>1,416</u>
Balance at March 31	<u>\$ (95,606)</u>	<u>\$ (106,706)</u>

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

**For the Three Months Ended  
March 31**

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (303,968)	\$ (230,011)
Current		
Unrealized gain (loss)	17,070	(2,451)
Share of unrealized gain (loss) on associates accounted for using the equity method	<u>2,950</u>	<u>(358)</u>
Balance at March 31	<u>\$ (283,948)</u>	<u>\$ (232,820)</u>

f. Non-controlling interests

**For the Three Months Ended  
March 31**

	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 1,401,664	\$ 1,678,527
Attributable to non-controlling interests:		
Share of profit for the period	21,246	4,917
Exchange differences on translating foreign operations	6,054	4,022
Non-controlling interests relating to outstanding vested share options held by the employees of subsidiaries	-	10
Others	<u>1,913</u>	<u>(5)</u>
Balance at March 31	<u>\$ 1,430,877</u>	<u>\$ 1,687,471</u>

g. Treasury shares

<b>Purpose of Buyback</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
Number of shares as of January 1, 2018	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as of March 31, 2018	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Number of shares as of January 1, 2019	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as of March 31, 2019	<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 are as follows:

<b>Purpose of Buyback</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Shares Held by Its Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
<u>March 31, 2019</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 47,704</u>
<u>December 31, 2018</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 40,050</u>
<u>March 31, 2018</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 57,494</u>

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

## 23. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Revenue from contracts with customers	\$ 1,109,295	\$ 1,336,359
Rental income from property	39,762	56,930
Others	<u>30,543</u>	<u>36,290</u>
	<u>\$ 1,179,600</u>	<u>\$ 1,429,579</u>

a. Contract balances

	March 31, 2019	December 31, 2018	March 31, 2018	January 1, 2018
Trade receivables (Note 9)	\$ 869,374	\$ 954,030	\$ 998,393	\$ 1,197,626
Contract liabilities - current	\$ 11,921	\$ 7,511	\$ 45,458	\$ 37,384

b. Disaggregation of revenue

For the three months ended March 31, 2019

	<b>Reportable Segments</b>
	<b>Direct Sales</b>
<u>Primary geographical markets</u>	
Asia	\$ 790,722
Taiwan	378,834
Others	<u>10,044</u>
	<u>\$ 1,179,600</u>
<u>Timing of revenue recognition</u>	
Satisfied at a point in time	\$ 1,139,838
Satisfied over time	<u>39,762</u>
	<u>\$ 1,179,600</u>

For the three months ended March 31, 2018

	<b>Reportable Segments</b>
	<b>Direct Sales</b>
<u>Primary geographical markets</u>	
Asia	\$ 930,650
Taiwan	477,429
Others	<u>21,500</u>
	<u>\$ 1,429,579</u>
<u>Timing of revenue recognition</u>	
Satisfied at a point in time	\$ 1,372,649
Satisfied over time	<u>56,930</u>
	<u>\$ 1,429,579</u>

## 24. NET PROFIT

Net profit includes the following items:

### Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Interest income	\$ 6,219	\$ 6,992
Others	<u>17,154</u>	<u>15,446</u>
	<u>\$ 23,373</u>	<u>\$ 22,438</u>

### Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Net gain (loss) on financial assets and liabilities		
Net gain (loss) on financial assets designated as at FVTPL (Note 7)	\$ 60,832	\$ 83,279
Net foreign exchange gain (loss)	15,495	16,717
Gain on disposal of associates	-	27,061
Others	<u>3,128</u>	<u>1,503</u>
	<u>\$ 79,455</u>	<u>\$ 128,560</u>

### Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Interest on bank loans	\$ 4,046	\$ 5,041
Interest on lease liabilities	1,433	-
Other finance costs	<u>498</u>	<u>392</u>
	<u>\$ 5,977</u>	<u>\$ 5,433</u>

### Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
An analysis of depreciation by function		
Operating costs	\$ 19,857	\$ 20,418
Operating expenses	<u>43,123</u>	<u>49,901</u>
	<u>\$ 62,980</u>	<u>\$ 70,319</u>

(Continued)



	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
An analysis of amortization by function		
Operating costs	\$ -	\$ 105
Operating expenses	<u>18,611</u>	<u>21,272</u>
	<u>\$ 18,611</u>	<u>\$ 21,377</u> (Concluded)

Operating expenses directly related to investment properties

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Direct operating expenses from investment properties that generate rental income	<u>\$ 17,717</u>	<u>\$ 19,540</u>

Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term benefits	\$ 375,738	\$ 447,843
Post-employment benefits		
Defined contribution plans	11,705	14,030
Defined benefit plans	424	548
Share-based payments		
Equity-settled	-	10
Other employee benefits	<u>9,210</u>	<u>11,401</u>
Total employee benefits expense	<u>\$ 397,077</u>	<u>\$ 473,832</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 53,547	\$ 74,736
Operating expenses	<u>343,530</u>	<u>399,096</u>
	<u>\$ 397,077</u>	<u>\$ 473,832</u>

## Employees' compensation and remuneration of directors and supervisors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The employees' compensation and remuneration of directors and supervisors for the three months ended March 31, 2019 and 2018 are as follows:

### Accrual rate

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

### Amount

	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Employees' compensation	\$ 90	\$ -	\$ 111	\$ -
Remuneration of directors	135	-	166	-

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

The appropriations of earnings for 2018 and 2017 were proposed by the board of directors on March 20, 2019 and March 14, 2018, respectively, and are as follows:

	<b>For the Year Ended December 31, 2018</b>		<b>For the Year Ended December 31, 2017</b>	
	<b>Cash Dividends</b>	<b>Share Dividends</b>	<b>Cash Dividends</b>	<b>Share Dividends</b>
Bonuses to employees	\$ 80	\$ -	\$ 4,323	\$ -
Remuneration of directors	119	-	6,484	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2018 and 2017.

Information on employees' compensation and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

Gain or loss on exchange rate changes

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Exchange rate gains	\$ 17,792	\$ 66,490
Exchange rate losses	<u>(2,297)</u>	<u>(49,773)</u>
	<u>\$ 15,495</u>	<u>\$ 16,717</u>

**25. INCOME TAXES**

Income tax recognized in profit or loss

The major components of tax expense are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current year	\$ 15,727	\$ 15,833
Adjustments for prior periods	<u>(7,317)</u>	<u>(8,000)</u>
	8,410	7,833
Deferred tax		
In respect of the current year	<u>(426)</u>	<u>(379)</u>
Income tax expense recognized in profit or loss	<u>\$ 7,984</u>	<u>\$ 7,454</u>

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

Income tax assessments

The income tax returns of Sunplus through 2015, Generalplus, Sunext and Jumplux through 2016 and Sunplus Innovation, Sunplus Management Consulting, Sunplus mMobile, Wei-Young, Lin Shih, Sunplus Venture and Sunplus mMedia through 2017 had been assessed by the tax authorities.

**26. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Basic earnings per share	<u>\$ 0.01</u>	<u>\$ 0.02</u>
Diluted earnings per share	<u>\$ 0.01</u>	<u>\$ 0.02</u>

The earnings and weighted average number of common shares outstanding used in the computation of earnings per share are as follows:

Net profit for the period

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Profit for the period attributable to owners of the Company	\$ 7,103	\$ 10,809
Effect of potentially dilutive common shares		
Bonuses to employees	<u>          -</u>	<u>          -</u>
Earnings used in the computation of diluted EPS from continuing operations	<u>\$ 7,103</u>	<u>\$ 10,809</u>

Weighted average number of common shares outstanding (in thousands of shares):

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Weighted average number of common shares used in the computation of basic earnings per share	588,435	588,435
Effect of dilutive potential common shares:		
Bonuses issued to employees	<u>        12</u>	<u>        220</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>588,447</u>	<u>588,655</u>

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

## **27. SHARE-BASED PAYMENT ARRANGEMENTS**

iCatch Technology Inc.

iCatch Technology Inc. had authorized 5,929 and 1,571 thousand units of employee share options as at September 2013 (“2013 option plan”) and August 2014 (“2014 option plan”), respectively, and each unit could be acquired for 1,000 shares. Share options were given to employees who satisfied specific conditions. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Exercise price was \$10 per share. If there is any changes of common shares after grant date, option exercise price will be adjusted.

Information about the iCatch's outstanding options for the three months ended March 31, 2018 was as follows:

	<b>2018</b>	
	<b>Number of Options (In Thousands)</b>	<b>Weighted- Average Exercise Price (NT\$)</b>
Balance at January 1	5,550	\$ 10
Retirement	(30)	10
Options granted	<u>-</u>	-
Balance at March 31	<u>5,520</u>	10
Options exercisable, end of period	<u>5,127</u>	

As of March 31, 2018, information about iCatch's 2013 first option plan outstanding and exercisable options was as follows:

	<b>March 31, 2018</b>
Exercise price (NT\$)	\$ 10
Remaining contractual life (years)	1.45

As of March 31, 2018, information about iCatch's 2013 second option plan outstanding and exercisable options was as follows:

	<b>March 31, 2018</b>
Exercise price (NT\$)	\$ 10
Remaining contractual life (years)	2.35

Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	<b>First Time 2013</b>	<b>Second Time 2013</b>
Grant-date share price (NT\$)	\$ 3.25	\$ 2.22
Exercise price (NT\$)	10	10
Expected volatility	31.89%	45.42%
Expected dividend yield	-	-
Expected life (years)	4.375	4.375
Risk-free interest rate	1.67%	1.59%

## 28. GOVERNMENT GRANTS

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

The total revenue recognized as profit amounted to \$416 thousand and \$420 thousand for the three months ended March 31, 2019 and 2018, respectively.

## 29. DISPOSAL OF SUBSIDIARIES

In March 2018, the Company did not participate in the cash capital increase of Sunplus Technology Xiamen Xm-plus in accordance with the shareholding ratio, resulting in the decrease of company's shareholding ratio from 100% to 45%, and the number of directors was less than half the usual number, hence the control of Sunplus Technology Xiamen Xm-plus was lost.

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

	<b>Sunplus Technology Xiamen Xm-plus</b>
Current assets	
Cash and cash equivalents	\$ 187
Inventories	971
Other receivables	63
Other current assets	1,009
Non-current assets	
Property, plant and equipment	595
Intangible assets	77
Current liabilities	
Trade payables	(170)
Other current liabilities	<u>(20,710)</u>
Net liabilities disposed of	<u>\$ (17,978)</u>

- b. Gain on disposal of subsidiaries

	<b>Sunplus Technology Xiamen Xm-plus</b>
Collection price of investments accounted for using the equity method	\$ 9,294
Disposed of net liabilities (assets)	17,978
Reclassification of net assets and related hedging instruments to accumulated exchange differences on profit (loss) due to loss of control of subsidiaries	<u>(211)</u>
Gain on disposal	<u>\$ 27,061</u>

### 30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

In February 2019, Giant Rock subscribed for the cash capital increase of Sunplus APP Technology, increasing its controlling interest from 93.33% to 95.00%.

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

	<b>Sunext Technology Co., Ltd.</b>	<b>Sunplus APP Technology</b>
Cash consideration paid	\$ (129)	\$ -
The proportionate share of the carrying amount of net assets of the subsidiary transferred to non-controlling interests	<u>130</u>	<u>(2,043)</u>
Differences recognized from equity transactions	<u>\$ 1</u>	<u>\$ (2,043)</u>

	<b>Sunext Technology Co., Ltd.</b>	<b>Sunplus APP Technology</b>	<b>Total</b>
<u>Line items adjusted for equity transactions</u>			
Retained earnings	\$ -	\$ (2,403)	\$ (2,403)
Capital surplus - difference between share price and book value and book value from disposal of subsidiaries	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$ 1</u>	<u>\$ (2,403)</u>	<u>\$ (2,402)</u>

### 31. CAPITAL MANAGEMENT

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

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

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

### 32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 1,333,351	\$ -	\$ -	\$ 1,333,351
Listed shares and emerging market shares	54,891	-	-	54,891
Securities listed in the ROC - CB	33,692	-	-	33,692
Unlisted shares and emerging market shares	3,122	-	504,162	507,284
Private funds	<u>-</u>	<u>-</u>	<u>190,820</u>	<u>190,820</u>
	<u>\$ 1,425,056</u>	<u>\$ -</u>	<u>\$ 694,982</u>	<u>\$ 2,120,038</u>
Financial assets at FVTOCI				
Listed shares and emerging market shares	\$ 81,235	\$ -	\$ -	\$ 81,235
Unlisted shares emerging market shares	22,848	-	149,406	172,254
Private funds	<u>-</u>	<u>-</u>	<u>40,002</u>	<u>40,002</u>
	<u>\$ 104,083</u>	<u>\$ -</u>	<u>\$ 189,408</u>	<u>\$ 293,491</u>

December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Mutual funds	\$ 1,356,100	\$ -	\$ -	\$ 1,356,100
Listed shares and emerging market shares	44,183	-	-	44,183
Unlisted shares and emerging market shares	-	-	462,387	462,387
Securities listed in the ROC - CB	28,718	-	-	28,718
Private funds	<u>-</u>	<u>-</u>	<u>160,226</u>	<u>160,226</u>
	<u>\$ 1,429,001</u>	<u>\$ -</u>	<u>\$ 622,613</u>	<u>\$ 2,051,614</u>

(Continued)



	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed shares and emerging market shares	\$ 78,246	\$ -	\$ -	\$ 78,246
Unlisted shares and emerging market shares	17,320	-	110,671	127,991
Private funds	<u>-</u>	<u>-</u>	<u>39,971</u>	<u>39,971</u>
	<u>\$ 95,566</u>	<u>\$ -</u>	<u>\$ 150,642</u>	<u>\$ 246,208</u>
				(Concluded)

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	\$ 280,753	\$ -	\$ -	\$ 280,753
Unlisted debt securities in ROC	-	-	358,652	358,652
Mutual funds	1,416,674	-	-	1,416,674
Securities listed in ROC - CB	31,179	-	-	31,179
Unlisted debt securities in other countries - CB	-	-	88,668	88,668
Private funds	<u>-</u>	<u>-</u>	<u>133,171</u>	<u>133,171</u>
	<u>\$ 1,728,606</u>	<u>\$ -</u>	<u>\$ 580,491</u>	<u>\$ 2,309,097</u>
Financial assets at FVTOCI				
Listed shares	\$ 105,686	\$ -	\$ -	\$ 105,686
Unlisted shares	<u>-</u>	<u>-</u>	<u>249,640</u>	<u>249,640</u>
	<u>\$ 105,686</u>	<u>\$ -</u>	<u>\$ 249,640</u>	<u>\$ 355,326</u>

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

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

For the three months ended March 31, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2019	\$ 622,613	\$ 150,642	\$ 773,255
Recognized in profit or loss	13,374	-	13,374
Recognized in other comprehensive income	-	8,557	8,557
Purchases	57,432	-	57,432
Reclassifications	-	30,001	30,001
Effect of exchange rate changes	<u>1,563</u>	<u>208</u>	<u>1,771</u>
Balance at March 31, 2019	<u>\$ 694,982</u>	<u>\$ 189,408</u>	<u>\$ 884,390</u>

For the three months ended March 31, 2018

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2018	\$ 442,888	\$ 171,568	\$ 614,456
Recognized in profit or loss	72,342	-	-
Recognized in other comprehensive income	-	-	-
Purchases	154,774	78,072	232,846
Sales	(88,338)	-	(15,996)
Effect of exchange rate changes	<u>(1,175)</u>	<u>-</u>	<u>(1,175)</u>
Balance at March 31, 2018	<u>\$ 580,491</u>	<u>\$ 249,640</u>	<u>\$ 830,131</u>

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

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Price-to-book ratio	0.84-4.50	0.66-4.16	0.94-3.37
Price-to-sales ratio	0.80-7.52	0.69-7.52	1.25-1.38
Discount for lack of marketability	10%-30%	10%-30%	10%-50%

- b) The fair values of unlisted shares and emerging market shares and private funds 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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)	\$ 2,120,038	\$ 2,051,614	\$ 2,309,097
Financial assets at amortized cost (i)	4,290,591	4,549,520	5,373,804
Financial assets at fair value through other comprehensive income			
Equity instruments	293,491	246,208	355,326

Financial liabilities

Measured at amortized cost (ii)	1,124,442	1,276,248	1,867,797
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- i) The balances include financial assets, which comprise cash and cash equivalents, note and trade receivables, other trade receivables, other financial assets and refundable deposits.
- ii) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, note and trade payables, long-term liabilities - current portion, long term loans and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, convertible notes, trade receivables, trade payables, bonds payable, borrowings and lease liabilities. 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 the 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 reports 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 denominated in foreign currencies, and management's use of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

For exchange rate risk management, each foreign currency denominated 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.

For 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, refer to Note 35.

## Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Company sensitivity to a US\$1.00 and RMB1.00 increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity analysis considers the currencies of USD and RMB in circulation, and adjusts the end-of-term conversion to exchange rate change of \$1.00. The sensitivity analysis covers cash and cash equivalents, notes and accounts receivable, other receivables, accounts payable, other accounts payable, long-term and short-term loans, other financial assets, 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 (negative).

	<b>USD Impact</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Profit or loss	\$ (7,033)	\$ (24,526)

  

	<b>RMB Impact</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Profit or loss	\$ 494	\$ (6,026)

### 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 appetites, 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 are as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Fair value interest rate risk			
Financial assets	\$ 2,392,908	\$ 2,025,410	\$ 2,984,050
Financial liabilities	424,005	311,215	429,288
Cash flow interest rate risk			
Financial assets	947,348	1,367,150	1,296,698
Financial liabilities	235,693	250,046	559,806

### Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables been held constant, the Group's post-tax profit would have increased/decreased by \$890 thousand, respectively, for the three months ended March 31, 2019 and increased/decreased by \$921 thousand, respectively, for the three months ended March 31, 2018.

#### 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 three months ended March 31, 2018 would have increased/decreased by \$21,200 thousand and \$23,091 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the three months ended March 31, 2018 would have increased/decreased by \$2,935 thousand and \$3,553 thousand, respectively.

#### 2) Credit risk

Credit risk refers to the risk that a 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 the failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises 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 consist 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 covers are purchased.

The Group's concentration of credit risk of 61%, 59% and 58% in total trade receivables as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively, was related to the five largest customers within the property construction business segment.

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2019, December 31, 2018 and March 31, 2018, the Group had available unutilized overdraft and financing facilities set out below.

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

The following tables detail the Group's remaining contractual maturities 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 include both interest and principal cash flows.

#### March 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 263,172	\$ 271,192	\$ -	\$ 37,348	\$ -
Finance lease liabilities	1,380	2,884	12,297	62,504	272,316
Variable interest rate liabilities	89	50,000	185,693	-	-
Fixed interest rate liabilities	<u>53,627</u>	<u>-</u>	<u>123,358</u>	<u>6,965</u>	<u>151,638</u>
	<u>\$ 318,268</u>	<u>\$ 324,076</u>	<u>\$ 321,348</u>	<u>\$ 106,817</u>	<u>\$ 423,954</u>

#### Additional information about the maturity analysis for lease liabilities

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 16,561</u>	<u>\$ 62,504</u>	<u>\$ 49,046</u>	<u>\$ 49,046</u>	<u>\$ 45,551</u>	<u>\$ 128,673</u>

#### December 31, 2018

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

March 31, 2018

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 311,032	\$ 374,317	\$ 2,423	\$ 41,639	\$ -
Variable interest rate liabilities	234	65,000	266,234	228,572	-
Fixed interest rate liabilities	<u>236,980</u>	<u>192,673</u>	<u>-</u>	<u>13,196</u>	<u>141,048</u>
	<u>\$ 548,246</u>	<u>\$ 631,990</u>	<u>\$ 268,657</u>	<u>\$ 283,407</u>	<u>\$ 141,048</u>

b) Financing facilities

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured bank overdraft facilities			
Amount used	\$ 412,515	\$ 561,504	\$ 932,326
Amount unused	<u>4,288,691</u>	<u>4,479,716</u>	<u>4,539,775</u>
	<u>\$ 4,701,206</u>	<u>\$ 5,041,220</u>	<u>\$ 5,472,101</u>

### 33. TRANSACTIONS WITH RELATED PARTIES

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

a. Names and relationships of related parties

<u>Name</u>	<u>Relationship with the Group</u>
Beijing Golden Global View Co., Ltd.	Associate (Note 1)
iCatch Technology Co., Ltd.	Associate (Note 2)
Advanced Vehicle Systems Co., Ltd.	Associate (Note 3)

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

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

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

b. Sales of goods

<u>Line Item</u>	<u>Related Party Category</u>	<u>For the Three Months Ended March 31</u>	
		<u>2019</u>	<u>2018</u>
Sales	Associates	<u>\$ 17,125</u>	<u>\$ 290</u>

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

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

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Trade receivables	Associates	<u>\$ 14,081</u>	<u>\$ 17,941</u>	<u>\$ 305</u>
Other trade receivables	Associates	<u>\$ 1,255</u>	<u>\$ 1,358</u>	<u>\$ -</u>

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

d. Other transactions with related parties

<b>Line Item</b>	<b>Related Party Category</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Deposits received	Associates	<u>\$ -</u>	<u>\$ 871</u>	<u>\$ 906</u>

<b>Account Item</b>	<b>Related Party</b>	<b>Type</b>	<b>For the Three Months Ended March 31</b>	
			<b>2019</b>	<b>2018</b>
Operating expenses	Associates		<u>\$ 139</u>	<u>\$ 1,306</u>
Non-operating revenue	Associates		<u>\$ 2,681</u>	<u>\$ -</u>

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

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

e. Compensation of key management personnel

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits	\$ 15,122	\$ 15,487
Post-employment benefits	<u>351</u>	<u>422</u>
	<u>\$ 15,473</u>	<u>\$ 15,909</u>

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



### 34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

Certain assets pledged or mortgaged as collateral for commercial paper payables, loans, import duties, operating leases and administrative remedies for certificates of no overdue taxes are as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Buildings, net	\$ 610,286	\$ 615,136	\$ 629,688
Pledged time deposits (classified as other financial assets, including current and non-current)	<u>134,229</u>	<u>164,518</u>	<u>295,634</u>
	<u>\$ 744,515</u>	<u>\$ 779,654</u>	<u>\$ 925,322</u>

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

The significant financial assets and liabilities denominated in foreign currencies are as follows:

March 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 35,629	30.820	\$ 1,098,086
CNY	1,570	4.580	7,191
JPY	752	0.278	209
HKD	223	3.926	875
GBP	3	40.110	120
EUR	1	34.610	35
Nonmonetary items			
USD	45	30.820	1,387
<u>Financial liabilities</u>			
Monetary items			
USD	28,596	30.820	881,329
CNY	2,064	4.580	9,453
JPY	962	0.278	267
CHF	753	30.940	23,298

December 31, 2018

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

Financial liabilities

Monetary items			
USD	33,199	30.715	1,019,707
CNY	2,281	4.472	10,201

March 31, 2018

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,512	29.105	\$ 1,586,572
CNY	10,555	4.647	49,049
JPY	784	0.274	215
HKD	209	3.708	775
GBP	3	40.79	122
EUR	3	35.87	108
Nonmonetary items			
USD	129	30.571	3,944

Financial liabilities

Monetary items			
USD	29,986	29.105	872,743
CNY	4,529	4.647	21,046
JPY	697	0.274	191
EUR	24	35.87	861

The foreign currency exchange gains and losses (realized and unrealized) amounted to \$15,495 thousand and \$16,717 thousand for the three months ended March 31, 2019 and 2018, respectively. Due to the diversity of the Group's assets and liabilities denominated in foreign currencies, it is impractical to disclose foreign currency exchange gains and losses by each significant foreign currency other than those with significant impact.

### 36. ADDITIONAL DISCLOSURES

- a. The following are the additional disclosures required for the Group and its investees by the Securities and Futures Bureau:
  - 1) Financings provided: Table 1 (attached)
  - 2) Endorsements/guarantees provided: Table 2 (attached)
  - 3) Marketable securities held: Table 3 (attached)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: No.
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
  - 9) Trading in derivative instruments: No.
  - 10) Intercompany relationships and significant intercompany transactions: Table 4 (attached)
  - 11) Information on investees: Table 5 (attached)
- b. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 6)
  - 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 7)
    - 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 receipt of services.

Except for the information disclosed in Tables 1 to 7, there is no further information about other significant transactions.

### **37. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and the sales of products are centralized, the Group reports information as 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 three months ended March 31, 2019 and 2018 are shown in the accompanying consolidated statements of comprehensive income, and the assets by segment as of March 31, 2019 and 2018 are shown in the accompanying consolidated balance sheets.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	\$ 25,108	\$ 20,543	\$ 20,543	1.80%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 21,637 (Note 7)	\$ 43,274 (Note 7)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	91,300	91,300	91,300	1.80%	Note 1	-	Note 3	-	-	-	259,645 (Note 8)	259,645 (Note 8)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	331,322	252,960	252,960	2.45%	Note 1	-	Note 4	-	-	-	463,230 (Note 9)	463,230 (Note 9)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	233,662	233,662	233,662	2.45%	Note 1	-	Note 5	-	-	-	411,427 (Note 10)	411,427 (Note 10)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	40,248	40,248	1.80%	Note 1	-	Note 6	-	-	-	40,850 (Note 11)	81,700 (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: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 4: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 5: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 6: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

Note 7: The aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai"), and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity, with net equity based on its latest financial statements.

Note 8: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 60% of Sunplus Technology (Shanghai) Co., Ltd.'s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 9: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 80% of Russell Holdings Ltd.'s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 10: 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 11: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE THREE MONTHS ENDED MARCH 31, 2019

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

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral (Property, Plant, or Equipment)	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Gua rantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited ("Sunplus")	Sun Media Technology Co., Ltd.	3 (Note 4)	\$ 853,808 (Note 5)	\$ 417,528	\$ 305,193	\$ 243,453	\$ -	3.57	\$ 1,707,616 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	853,808 (Note 5)	10,000	10,000	10,000	-	0.12	1,707,616 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	347,423 (Note 7)	156,725	156,725	156,725	125,380	27.07	347,423 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: The endorser directly holds more than 50% of the common shares of the endorsee.

Note 4: Sunplus and its subsidiaries jointly hold more than 50% of the common shares of the endorsee.

Note 5: For each transaction entity, the guarantee amount should not exceed 10% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 6: The guarantee amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the provider's latest financial statements.

Note 7: Russell Holdings Ltd. and the endorsement guaranty object are the parent company which holds 100% voting rights directly or indirectly. For each transaction entity, the guarantee amount should not exceed 60% of the endorsement/guarantee provider's net equity, i.e. Russell Holdings Ltd. provider's latest financial statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED MARCH 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise, U.S. Dollars and Renminbi in Thousands)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	616	\$ 10,056	-	\$ 10,056	Note 3
	Mega RMB Money Market RMB	-	Financial assets at fair value through profit or loss - current	466	25,182	-	25,182	Note 3
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,387	54,868	-	54,868	Note 3
	Yuanta AUD Money Market	-	Financial assets at fair value through profit or loss - current	2,000	18,728	-	18,728	Note 3
	Taishin China-US Money Market	-	Financial assets at fair value through profit or loss - current	3,000	30,791	-	30,791	Note 3
	Yuanta USD Money Market TWD	-	Financial assets at fair value through profit or loss - current	4,396	42,743	-	42,743	Note 3
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	13,197	165,460	-	165,460	Note 3
	PineBridge Preferred Securities	-	Financial assets at fair value through profit or loss - current	2,946	30,847	-	30,847	Note 3
	UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss - current	1,851	30,926	-	30,926	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	247	79,289	-	79,289	Note 3
	PineBridge Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	31,324	-	31,324	Note 3
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	3,420	50,657	-	50,657	Note 3
	Prudential Financial RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,810	59,478	-	59,478	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	18,645	-	18,645	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,141	100,117	-	100,117	Note 3
	Pictet-Security RI	-	Financial assets at fair value through profit or loss - non-current	2	61,640	-	61,640	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	14,649	-	14,649	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	797	-	797	Note 2
Triknights Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	21,000	190,050	5	190,050	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Availink Inc.	-	Financial assets at fair value through other comprehensive income - non-current	9,039	\$ 779	-	\$ 779	Note 1
	Network Capital Global Fund	-	Financial assets at fair value through other comprehensive income - non-current	380	3,747	7	3,747	Note 1
Lin Shih Investment Co., Ltd.	CTBC Global iSport Fund	-	Financial assets at fair value through profit or loss - current	1,000	10,330	-	10,330	Note 3
	Yuanta Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	26,430	-	26,430	Note 3
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	870	10,055	-	10,055	Note 3
	Ruentex Material Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20	538	-	538	Note 2
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	2,727	-	2,727	Note 2
	Global Pmx Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	200	20,060	-	20,060	Note 2
	Laster Tech Corporation Ltd. - CB	-	Financial assets at fair value through profit or loss - current	15	1,487	-	1,487	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	7,920	-	7,920	Note 2
	uPI Semiconductor	-	Financial assets at fair value through profit or loss - current	300	20,400	-	20,400	Note 1
	Kee Song Bio - Technology Holdings Limited	-	Financial assets at fair value through profit or loss - current	50	4,225	-	4,225	Note 2
	Wiwynn Corporation	-	Financial assets at fair value through profit or loss - current	15	5,888	-	5,888	Note 2
	Gemtek Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	125	2,875	-	2,875	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	600	-	4	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss - non-current	103	-	1	-	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	69	1,121	-	1,121	Note 1
	Sanjet Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,272	-	7	-	Note 1
Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	81,235	2	81,235	Note 2	
Sunplus Technology Co., Ltd.	Parent company	-	Financial assets at fair value through other comprehensive income - non-current	3,560	47,704	1	47,704	Note 2

(Continued)



Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Lead Sun Corporation	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 30,756	-	\$ 30,756	Note 1
	Prine Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	3,660	-	3,660	Note 1
Russell Holdings Limited	Synerchip Inc.	-	Financial assets at fair value through profit or loss - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at fair value through profit or loss - non-current	1,000	-	8	-	Note 1
	Ortega InfoSystem, Inc.	-	Financial assets at fair value through profit or loss - non-current	2,557	-	-	-	Note 1
	Innobrige International Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at fair value through profit or loss - non-current	1,250	-	1	-	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at fair value through profit or loss - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	6,164	-	6,164	Note 1
	Availink Inc.	-	Financial assets at fair value through other comprehensive income	9,920	39,472	8	39,472	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	21,186	13	21,186	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	-	9,246	8	9,246	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	2,916	-	2,916	Note 2
	Cyberon Corporation	-	Financial assets at fair value through profit or loss - non-current	786	34,190	8	34,190	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	54,500	7	54,500	Note 1
	Fuyou Venture Capital Limited Partnersh	-	Financial assets at fair value through profit or loss - non-current	-	20,000	10	20,000	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss - non-current	68	-	1	-	Note 1
	Book4u Company Limited	-	Financial assets at fair value through profit or loss - non-current	9	-	-	-	Note 1
	Sanjet Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	49	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at fair value through profit or loss - non-current	1,900	-	10	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Information Technology Total Services	-	Financial assets at fair value through profit or loss - non-current	51	\$ -	-	\$ -	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	-	8	-	Note 1
	Raynergy Tek Inc.	-	Financial assets at fair value through profit or loss - non-current	4,500	64,890	16	64,890	Note 1
	Genius Vision Digital	-	Financial assets at fair value through profit or loss - non-current	750	-	5	-	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at fair value through profit or loss - non-current	-	43,487	2	43,487	Note 1
	VenGlobal International Fund	-	Financial assets at fair value through profit or loss - non-current	1	-	-	-	Note 1
	TIEF Fund LP	-	Financial assets at fair value through profit or loss - non-current	-	43,742	7	43,742	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	900	39,150	2	39,150	Note 2
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	32,664	8	32,664	Note 1
	eWave System, Inc.	-	Financial assets at fair value through profit or loss - non-current	1,833	-	22	-	Note 1
	Feature Integration Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,386	22,848	4	22,848	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	25,200	6	25,200	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,364	30,001	-	30,001	Note 1
Wei-Young Investment Inc.	Shiny Brands Group Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20,000	3,122	-	3,122	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	GF Live Treasure Currency B	-	Financial assets at fair value through profit or loss - current	10,000	46,048	-	46,048	Note 3
	GF Every Day The Red Haired Type Money Market Fund B	-	Financial assets at fair value through profit or loss - current	1,700	7,974	-	7,974	Note 3
	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at fair value through profit or loss - non-current	-	44,763	16	44,763	Note 1
	Xiamen Xm-plus Technology Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	11,080	3	11,080	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at fair value through profit or loss - current	12,398	128,130	-	128,130	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	810	\$ 10,156	-	\$ 10,156	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	150	47,970	-	47,970	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,963	60,011	-	60,011	Note 3
	Yuanta De-Li Money Market	-	Financial assets at fair value through profit or loss - current	4,333	70,649	-	70,649	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	2,235	30,111	-	30,111	Note 3
	Yuanta De-Bao Money Market	-	Financial assets at fair value through profit or loss - current	5,000	60,087	-	60,087	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	24,513	10	24,513	Note 1
Sunplus Innovation Technology Inc.	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	848	8	848	Note 1
	Point Grab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	82,906	-	82,906	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	45,025	15	45,025	Note 1

Note 1: The market value was based on the carrying amount as of March 31, 2019.

Note 2: The market value was based on the closing price as of March 31, 2019.

Note 3: The market value was based on the net asset value of the fund as of March 31, 2019.

Note 4: The exchange rate was based on the exchange rate as of March 31, 2019

(Concluded)

TABLE 4

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2019

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

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
			Financial Statement Account Item	Amount	Terms	
Sunplus Technology Co., Ltd. (the "Company")	Generalplus Technology Inc.	1	Sales	\$ 484	Note 1	0.04%
			Notes and accounts receivable	305	Note 1	-
	Sunext Technology Co., Ltd.	1	Sales	46	Note 1	-
			Non-operating income	424	Notes 2 and 4	0.04%
			Notes and accounts receivable	35	Note 1	-
			Other receivables	223	Note 3	-
Sunplus Innovation Technology Inc.	1	Sales	106	Note 1	0.01%	
		Non-operating income	929	Note 2	0.08%	
		Notes and accounts receivable	74	Note 1	-	
		Other receivables	634	Note 3	0.01%	
Jumplux Technology Co., Ltd.	1	Sales	2,005	Note 1	0.17%	
		Non-operating income	3,685	Notes 2 and 4	0.31%	
		Notes and accounts receivable	1,208	Note 1	0.01%	
		Other receivables	2,418	Note 3	0.02%	
Sunplus mMedia Inc.	1	Non-operating income	2,367	Notes 2 and 4	0.20%	
		Other receivables	1,386	Note 3	0.01%	
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Accrued expenses	750	Note 3	0.01%
			Marketing expenses	743	Note 2	0.06%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Accrued expenses	5,797	Note 3	0.05%
			Marketing expenses	5,749	Note 2	0.49%
Generalplus Technology Inc.	Generalplus Technology (H.K.) Inc.	2	Marketing expenses	2,057	Note 2	0.17%
			Other accrued expenses	2,059	Note 3	0.02%
	Generalplus Technology (Shenzhen) Inc.	2	Sales	1,771	Note 1	0.15%
			Research and development expenses	22,824	Note 2	1.93%
Other accrued expenses			42,146	Note 3	0.03%	
		Accounts receivable	793	Note 3	0.01%	
Sunplus Innovation Technology Inc.	2	Sales	145	Note 1	0.01%	
		Accounts receivable	152	Note 1	-	
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other receivables	91,600	Note 3	0.77%
			Prepaid expenses	4,122	Note 3	0.03%
			Interest revenue	392	Note 2	0.03%

(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 App Technology	2	Interest revenue	\$ 104	Note 2	0.01%
			Other receivables	20,610	Note 3	0.17%
Sunplus Technology (Beijing)	Sunplus Technology (Beijing)	2	Research and development expenses	8	Note 2	-
			Accrued expenses	8	Note 3	-
Jumplux Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Accrued expenses	2,758	Note 3	0.02%
			Research and development expenses	2,732	Note 2	0.23%
Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	2	Interest revenue	1,019	Note 2	0.09%
			Other receivables	234,362	Note 3	1.96%
Russell Holdings Limited	Sun Media Technology Co., Ltd.	2	Other receivables	262,274	Note 3	2.19%
			Interest revenue	1,584	Note 2	0.13%
Sun Media Technology Co., Ltd.	Sunplus Technology (Beijing)	2	General and administrative	38	Note 2	-
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Sunplus App Technology	2	Interest revenue	167	Note 2	0.01%
			Other receivables	41,220	Note 3	0.34%

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 OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise, U.S. Dollars and Renminbi in Thousands)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,472,908 (US\$ 74,605 RMB 37,900)	\$ 2,472,908 (US\$ 74,605 RMB 37,900)	-	100	\$ 1,428,814	\$ 11,148	\$ 11,148	Subsidiary
	Award Glory Ltd.	Belize	Investment	94,536 (US\$ 2,042 RMB 6,900)	62,934 (US\$ 2,042)	-	100	35,190	3,353	3,353	Subsidiary
	Global View Co., Ltd.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	315,001	19,699	2,512	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	763,279	7,871	7,871	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	719,614	32,319	11,086	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,060,262	26,142	26,142	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	533,491	17,028	10,409	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	760,021 (US\$ 24,660)	760,021 (US\$ 24,660)	24,660	100	598,811	5,783	5,783	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	30	270,901	(58,734)	(18,670)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	981,183	981,053	58,093	91	174,627	116	106	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	357,565	22,441	90	33,074	(14,544)	(13,055)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,909	-	-	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	43,480 (HK\$ 11,075)	43,480 (HK\$ 11,075)	11,075	100	39	-	-	Subsidiary
	Magic Sky Limited	Samoa	Investment	313,131 (US\$ 10,160)	309,186 (US\$ 10,032)	-	100	85,025	(625)	(625)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,730	(55)	(55)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	60,137	3,191	3,191	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	10,007	(13,578)	(7,468)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	288,534	32,319	4,423	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	16,018	17,028	356	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	12,994	(58,734)	(806)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,622	(14,544)	(378)	Subsidiary
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	7,656	(13,578)	(5,714)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	50,259	17,028	961	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	44,886	(58,734)	(2,785)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	-	-	-	-	116	-	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	1,260	(14,544)	(1,111)	Subsidiary
Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary	
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	77,050 (US\$ 2,500)	77,050 (US\$ 2,500)	5,000	17	78,212	(1,790)	2,789	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,472,908 (US\$ 74,605 RMB 37,900)	2,472,908 (US\$ 74,605 RMB 37,900)	-	100	1,428,811	11,165	11,165	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,472,908 (US\$ 74,605 RMB 37,900)	2,472,908 (US\$ 74,605 RMB 37,900)	-	100	1,428,789	11,165	11,165	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	588,354 (US\$ 19,090)	588,354 (US\$ 19,090)	19,090	100	495,370	3,049	3,049	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	588,354 (US\$ 19,090)	588,354 (US\$ 19,090)	19,090	100	439,368	3,049	3,049	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	\$ 12,020 (US\$ 390)	\$ 12,020 (US\$ 390)	-	100	\$ 4,280	\$ (981)	\$ (981)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	94,536 (US\$ 2,042 RMB 6,900)	62,934 (US\$ 2,042)	-	100	35,190	3,353	3,353	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,793 (US\$ 772)	23,793 (US\$ 772)	-	100	784	(40)	(40)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	70,743 (US\$ 1,270 RMB 6,900)	39,141 (US\$ 1,270)	-	100	34,407	3,393	3,393	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of March 31, 2019.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise, U.S. Dollars and Renminbi in Thousands)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investments from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2019	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Value as of March 31, 2019	Accumulated Inward Remittance of Earnings as of March 31, 2019
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental services	\$ 530,104 (US\$ 17,200)	Note 1	\$ 544,127 (US\$ 17,655)	\$ -	\$ -	\$ 544,127 (US\$ 17,655)	100	\$ 15,150	\$ 15,150	\$ 458,391	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services, building rental services and property management	993,945 (US\$ 32,250)	Note 1	993,945 (US\$ 32,250)	-	-	993,945 (US\$ 32,250)	100	(7,548)	(7,548)	829,158	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental services	616,400 (US\$ 20,000)	Note 1	616,400 (US\$ 20,000)	-	-	616,400 (US\$ 20,000)	100	9,295	9,295	113,970	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	91,600 (RMB 20,000)	Note 1	63,861 (US\$ 586 RMB 10,000)	22,900 (RMB 5,000)	-	63,861 (US\$ 586 RMB 15,000)	95	(7,157)	(6,723)	(40,351)	-
Ytrip Technology Co., Ltd.	Computer system integration services, supply of general advertising and other information technology services.	280,525 (RMB 61,250)	Note 1	139,029 (US\$ 4,511)	-	-	139,029 (US\$ 4,511)	91	(501)	(455)	(1,406)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	123,660 (RMB 27,000)	Note 1	123,660 (RMB 27,000)	-	-	123,660 (RMB 27,000)	100	589	589	49,828	-
Iculture Communication Co., Ltd.	System development	14,885 (RMB 3,250)	Note 4	-	-	-	-	100	(4)	(4)	122	-

Accumulated Investments in Mainland China as of March 31, 2019	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investments
\$ 2,551,765 (US\$ 76,272 RMB 43,900 )	\$ 2,595,522 (US\$ 75,002 RMB 62,000 )	\$ 5,122,848

## Sunplus Venture Capital Co., Ltd.

Accumulated Investments in Mainland China as of March 31, 2019	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investments
\$ 38,833 (US\$ 1,260 )	\$ 38,833 (US\$ 1,260 )	\$ 617,140

(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 Investments from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investments from Taiwan as of March 31, 2019	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Gain	Carrying Value as of March 31, 2019	Accumulated Inward Remittance of Earnings as of March 31, 2019
					Outflow	Inflow						
Generalplus Technology (Shenzhen) Corp.	IC product development, after sales service and market research	\$ 576,334 (US\$ 18,700)	Note 1	\$ 576,334 (US\$ 18,700)	\$ -	\$ -	\$ 576,334 (US\$ 18,700)	100.00	\$ 4,030	\$ 4,030	\$ 491,069	\$ -

Accumulated Investments in Mainland China as of March 31, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investments
\$ 576,334 (US\$ 18,700 )	\$ 576,334 (US\$ 18,700 )	\$ 1,276,775

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

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

Note 3: Based on the financial statements which had not been reviewed in the same period.

Note 4: Ytrip Technology Co., Ltd.'s indirect investment in a company located in mainland China.

Note 5: The initial exchange rate was based on the exchange rate as of March 31, 2019.

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2019**  
**(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	\$ 22,824	20.41	Based on contract	Based on contract	Not comparable with market transactions	\$ 42,146	95.28	\$ -	NA