Sunplus Technology Company Limited

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

Validity of Specific Customer's Revenue

Integrated circuit chip sales accounted for 93% of the Company's total revenue. Operating income declined in 2019, but sales to some customers increased significantly. Therefore, we deem revenue recognition as a key audit matter. For detailed explanation of revenue, refer to Notes 4 and 21 to the accompanying consolidated financial statements.

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

2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormal situations and confirmed the validity of the revenue.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2020

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 321,084	4	$ 780,555	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	515,989	6	661,494	7
Accounts receivable, net (Notes 4, 5, 9, 21 and 29)	141,845	2	171,387	2
Other receivables (Notes 4, 23 and 29)	7,209	-	14,226	-
Inventories (Notes 4 and 10)	273,764	3	256,907	3
Other current assets (Note 15)	32,425	-	24,851	-
Total current assets	1,292,316	15	1,909,420	21
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	413,723	5	266,154	3
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,586	-	4,337	-
Investments accounted for using the equity method (Notes 4, 11 and 29)	6,049,939	69	5,981,209	67
Property, plant and equipment (Notes 4, 5, 12 and 30)	688,706	8	687,187	8
Right-of-use assets (Notes 3, 4, 5 and 13)	179,559	2	-	-
Intangible assets (Notes 4, 5 and 14)	86,258	1	86,495	1
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	1,163	-	-	-
Other financial assets (Notes 15 and 30)	6,100	-	6,100	-
Other non-current assets (Note 15)	7,936	-	8,000	-
Total non-current assets	7,438,455	85	7,041,967	79
TOTAL	$ 8,730,771	100	$ 8,951,387	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank borrowings (Note 16)	$ 53,964	-	$ -	-
Contract liabilities - current (Note 21)	3,373	-	2,547	-
Account payable (Note 17)	62,566	1	108,075	1
Lease liabilities - current (Notes 3, 4, 5 and 13)	4,007	-	-	-
Current portion of long-term bank borrowings (Notes 16 and 30)	-	-	115,000	1
Other current liabilities (Note 18)	189,019	2	188,041	2
Total current liabilities	312,929	3	413,663	4
NON-CURRENT LIABILITIES				
Lease liabilities - non-current (Notes 3, 4, 5 and 13)	177,424	2	-	-
Net defined benefit liabilities (Notes 4 and 19)	-	-	5,275	-
Guarantee deposits	58,687	1	64,131	1
Other non-current liabilities (Note 18)	3,198	-	2,376	-
Total non-current liabilities	239,309	3	71,782	1
Total liabilities	552,238	6	485,445	5
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 20)				
Ordinary shares	5,919,949	68	5,919,949	66
Capital surplus	594,432	7	801,398	9
Retained earnings				
Legal reserve	1,942,388	22	1,941,826	21
Special reserve	308,452	4	67,279	1
(Deficits not yet compensated) Unappropriated earnings	(262,261)	(3)	241,734	3
Total retained earnings	1,988,579	23	2,250,839	25
Other equity	(261,026)	(3)	(442,843)	(5)
Treasury shares	(63,401)	(1)	(63,401)	-
Total equity	8,178,533	94	8,465,942	95
TOTAL	$ 8,730,771	100	$ 8,951,387	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 21 and 29)	$ 1,235,269	100	$ 1,238,780	100
OPERATING COSTS (Notes 10 and 22)	735,366	60	809,472	66
GROSS PROFIT	499,903	40	429,308	34
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	46,290	4	31,670	3
General and administrative expenses	179,275	14	176,445	14
Research and development expenses	543,782	44	460,807	37
Total operating expenses	769,347	62	668,922	54
LOSS FROM OPERATIONS	(269,444)	(22)	(239,614)	(20)
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Other income	61,933	5	52,856	4
Other gains and losses	48,381	4	152,227	12
Finance costs	(6,781)	-	(4,864)	-
Share of profit of associates and joint ventures	186,007	15	47,155	4
Total non-operating income and expenses	289,540	24	247,374	20
PROFIT BEFORE INCOME TAX	20,096	2	7,760	-
INCOME TAX EXPENSE (Notes 4 and 23)	4,787	1	2,144	-
NET PROFIT FOR THE YEAR	15,309	1	5,616	-
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit plans	4,309	-	3,443	-
Unrealized losses on investments in equity instruments at fair value through other comprehensive income	(1,203)	-	(94,350)	(8)
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	(15,559)	(1)	(18,667)	(1)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2019		2018	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				
Exchange differences on translating the financial statements of foreign operations	(13,842)	(1)	19,736	2
Share of other comprehensive loss of subsidiaries and associates accounted for using equity method	(66,063)	(5)	(36,511)	(3)
Other comprehensive loss for the year, net of income tax	(92,358)	(7)	(126,349)	(10)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (77,049)	(6)	$ (120,733)	(10)
EARNINGS PER SHARE (Note 24)				
Basic	$ 0.03		$ 0.01	
Diluted	$ 0.03		$ 0.01	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	Share Capital Issued and Outstanding			Retained Earnings			Other Equity			
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2018	591,995	$ 5,919,949	$ 835,241	$ 1,900,505	$ 22,995	$ 707,497	$ (122,100)	$ (230,011)	$ (63,401)	$ 8,970,675
Appropriation of the 2017 earnings										
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(327,551)	-	-	-	(327,551)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	50,782
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	(86,846)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	(271)
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	(22,606)
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	5,616
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	(111,027)	-	(126,349)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	(111,027)	-	(120,733)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	2,492	-	-	-	-	-	-	2,492
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	37,070	-	-
BALANCE AT DECEMBER 31, 2018	591,995	5,919,949	801,398	1,941,826	67,279	241,734	(138,875)	(303,968)	(63,401)	8,465,942
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	562	-	(562)	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709
Issuance of share dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)
Difference between share price and carrying amount from disposal of subsidiaries	-	-	162	-	-	-	-	-	-	162
Changes of equity of subsidiaries	-	-	-	-	-	(3,394)	-	-	-	(3,394)
Net profit for the year ended December 31, 2019	-	-	-	-	-	15,309	-	-	-	15,309
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	5,339	(79,905)	(17,792)	-	(92,358)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	20,648	(79,905)	(17,792)	-	(77,049)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,281	-	-	-	-	-	-	1,281
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(279,514)	-	279,514	-	-
BALANCE AT DECEMBER 31, 2019	591,995	$ 5,919,949	$ 594,432	$ 1,942,388	$ 308,452	$ (262,261)	$ (218,780)	$ (42,246)	$ (63,401)	$ 8,178,533

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 20,096	$ 7,760
Adjustments for:		
Depreciation expenses	86,185	45,232
Amortization expenses	42,652	42,802
Net gain on the fair value change of financial assets at fair value through profit or loss	(17,428)	13,218
Financial costs	6,781	4,864
Interest income	(2,490)	(3,467)
Dividend income	(3,702)	(7,986)
Share of profit of subsidiaries, associates and joint ventures	(186,007)	(47,155)
Gain on disposal of subsidiaries	-	(119,154)
Realized gain on the transactions with subsidiaries	(131)	(2,287)
Net loss on foreign currency exchange	1,062	203
Changes in operating assets and liabilities:		
Decrease in other receivables	6,870	22,170
Decrease in trade receivables	27,310	29,387
Decrease (increase) in inventories	(16,857)	20,001
Decrease (increase) in other current assets	(7,347)	4,883
Increase in net defined benefit assets - non-current	(1,163)	-
Increase (decrease) in contract liabilities	826	(996)
decrease in trade payables	(44,951)	(28,717)
Increase (decrease) in other current liabilities	6,979	(34,475)
Decrease in defined benefit liabilities	(966)	(2,146)
Cash used in operations	(82,281)	(55,863)
Interest received	2,633	3,980
Dividends received	206,037	281,986
Interest paid	(6,862)	(5,018)
Income tax paid	(4,787)	(1,680)
Net cash generated from operating activities	114,740	223,405
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets at FVTOCI	548	-
Purchase of financial assets at FVTPL	(293,720)	(454,704)
Proceeds from the sale of financial assets at FVTPL	309,084	313,976
Purchase of investments accounted for using the equity method	(177,633)	(346,554)
Payments for property, plant and equipment	(83,624)	(41,358)
Payments for intangible assets	(45,662)	(65,360)
Decrease in other assets - non-current	-	59,520
Decrease in refundable deposits	64	-
Net cash used in investing activities	(290,943)	(534,480)
CASH FLOWS FROM FINANCING ACTIVITIES		

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2019	2018
Proceeds from short-term borrowings	54,658	-
Repayments of short-term borrowings	-	(59,520)
Repayments of long-term borrowings	(115,000)	(160,000)
Proceeds from guarantee deposits received	1,406	1,860
Refunds of guarantee deposits received	(5,483)	(752)
Repayment of the principal portion of lease liabilities	(3,913)	-
Dividends paid to owners of the Company	(213,118)	(414,397)
Net cash used in financing activities	(281,450)	(632,809)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,818)	1,870
NET DECREASE IN CASH AND CASH EQUIVALENTS	(459,471)	(942,014)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	780,555	1,722,569
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 321,084	$ 780,555

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 30, 2020.

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

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

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

   1) IFRS 16 "Leases"

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

      Definition of a lease

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

      The Company as lessee

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

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

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

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 65,973
Less: Recognition exemption for short-term leases and leases of low-value assets	-
Undiscounted amounts on January 1, 2019	$ 65,973
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 56,503
Add: Adjustments as a result of a different treatment of extension and termination options	128,841
Lease liabilities recognized on January 1, 2019	$ 185,344

The Company as lessor

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

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

	As Originally Stated on January 1, 2019	**Adjustments Arising from Initial Application**	**Restated on January 1, 2019**
Right-of-use assets	$ -	$ 185,344	$ 185,344
Total effect on assets	$ -	$ 185,344	$ 185,344
Lease liabilities - current	$ -	$ 3,913	$ 3,913
Lease liabilities - non-current	-	181,431	181,431
Total effect on liabilities	$ -	$ 185,344	$ 185,344

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

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

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

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2020

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

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

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

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis for Preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

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

f. Investments accounted for using the equity method

The Company uses the equity method to account for investments in subsidiaries, associates and joint ventures.

1) Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

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

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

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

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When testing for impairment, the cash-generating unit is determined based on the financial statements as a whole by comparing its recoverable amount with its carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as a gain, but the increased carrying amount of an asset after a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized on the asset in prior years. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with subsidiary and side stream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these parent company only financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

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

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

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

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

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

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

g. Property, plant and equipment

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

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

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

<u>2018</u>

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial assets. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

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

Revenue from the sale of goods

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

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

Other

Other mainly comes from software development and royalties.

l. Leases

2019

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

1) The Company as lessor

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

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

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

2) The Company as lessee

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

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

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

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

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

<u>2018</u>

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

1) The Company as lessor

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

2) The Company as lessee

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

n. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical Accounting Judgements

a. Lease terms - 2019

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

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

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

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

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

c. Lessees' incremental borrowing rates - 2019

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

6. CASH AND CASH EQUIVALENTS

	December 31 2019	December 31 2018
Cash on hand	$ 447	$ 424
Checking accounts and demand deposits	271,637	522,131
Cash equivalents		
Time deposits	49,000	258,000
	$ 321,084	$ 780,555

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

	December 31 2019	December 31 2018
Bank balance	0.01%-1.70%	0.01%-0.65%

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

	December 31 2019	December 31 2018
Financial assets at FVTPL - current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	$ 515,989	$ 661,494
Financial liabilities at FVTPL - non-current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Securities unlisted in the ROC	$ 337,789	$ 190,050
- Mutual funds	75,119	75,432
- Securities listed in other countries	815	672
	$ 413,723	$ 266,154

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	December 31 2019	December 31 2018
Non-current		
Domestic and foreign investments		
- Unlisted shares and emerging market shares	$ 2,586	$ 4,337

9. ACCOUNTS RECEIVABLE, NET

	December 31	
	2019	2018
Trade receivables		
At amortized cost		
Gross carrying amount	$ 141,845	$ 171,387

Trade receivables

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

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

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

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

December 31, 2019

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount at September 30, 2019	$ 141,845	$ -	$ -	$ -	$ -	$ 141,845
Expected credit losses	-	-	-	-	-	-
Amortized cost at September 30, 2019	$ 141,845	$ -	$ -	$ -	$ -	$ 141,845

December 31, 2018

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	$ 171,387	$ -	$ -	$ -	$ -	$ 171,387
Expected credit losses	-	-	-	-	-	-
Amortized cost at December 31, 2018	$ 171,387	$ -	$ -	$ -	$ -	$ 171,387

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

	December 31	
	2019	2018
Balance at January 1	$ -	$ 107,257
Less: Amounts written off (Note)	-	(107,257)
Balance at December 31	$ -	$ -

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

10. INVENTORIES

	December 31	
	2019	2018
Finished goods	$ 126,606	$ 98,872
Work in progress	125,054	129,316
Raw materials	22,104	28,719
	$ 273,764	$ 256,907

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 were $735,366 thousand and $809,472 thousand, respectively.

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

	Years Ended December 31	
	2019	2018
Inventory write-downs (reversed)	$ 3,047	$ (17,880)
Income from scrap sales	103	87
	$ 3,150	$ (17,793)

The reversals of previous write-downs for the year ended December 31, 2019 resulted from reduced inventories.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	$ 5,489,062	$ 5,384,684
Investments in associates	560,877	596,525
	$ 6,049,939	$ 5,981,209

a. Investments in subsidiaries

	December 31	
	2019	**2018**
Listed companies		
Generalplus Technology Corp.	$ 681,743	$ 704,549
Non-listed Company		
Ventureplus Group Inc.	1,373,861	1,354,351
Sunplus Venture Capital Co., Ltd.	1,049,350	1,028,567
Lin Shih Investment Co., Ltd.	744,832	750,558
Russell Holdings Limited	569,284	579,038
Sunplus Innovation Technology	573,897	523,083
Sunext Technology Co., Ltd.	194,234	174,391
Award Glory Ltd.	160,186	33,116
Wei-Young Investment Inc.	49,602	56,947
Magic Sky Limited	32,282	82,747
Sunplus mMobile Inc.	29,576	29,785
Sunplus mMedia Inc.	23,627	46,128
Sunplus Management Consulting	3,768	3,910
Jumplux Technology Co., Ltd.	2,785	17,475
Sunplus Technology (H.K.)	35	39
	$ 5,489,062	$ 5,384,684

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

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

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

	December 31	
	2019	**2018**
Listed companies		
Generalplus Technology Corp.	34%	34%
Non-listed Company		
Ventureplus Group Inc.	100%	100%
Sunplus Venture Capital Co., Ltd.	100%	100%
Lin Shih Investment Co., Ltd.	100%	100%
Russell Holdings Limited	100%	100%
Sunplus Innovation Technology	61%	61%
Sunext Technology Co., Ltd.	93%	91%
Award Glory Ltd.	100%	100%
Wei-Young Investment Inc.	100%	100%
Magic Sky Limited	100%	100%
Sunplus mMobile Inc.	100%	100%
Sunplus mMedia Inc.	90%	90%
Sunplus Management Consulting	100%	100%
Jumplux Technology	55%	55%
Sunplus Technology (H.K.)	100%	100%

b. Investments in associates

	December 31	
	2019	2018
Associates		
Global View Co., Ltd.	$ 297,640	$ 307,106
iCatch Technology Inc.	263,237	289,419
	$ 560,877	$ 596,525

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2019**	**2018**
Global View Co., Ltd.	13%	13%
iCatch Technology Inc.	29%	30%

Refer to Table 5 and Table 6 "Information on Investees" "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associates.

iCatch Technology Inc. has independently operated its financial activities since July 31, 2018 due to operational needs; thus, the Company assessed that the control of iCatch Technology Inc. was lost. On July 31, 2018 the equity investment was remeasured at fair value, and a disposal gain of $119,154 thousand was recognized.

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

	December 31	
	2019	2018
Global View Co., Ltd.	$ 239,889	$ 248,530

All the associates are accounted for using the equity method.

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

	December 31	
	2019	2018
Total assets	$ 2,150,913	$ 2,346,302
Total liabilities	$ 307,922	$ 365,599

	Years Ended December 31	
	2019	2018
Revenue	$ 1,088,352	$ 1,005,661
Loss for the period	$ (8,509)	$ (35,177)
Comprehensive income	$ (6,310)	$ (95,076)
Share of profits of associates accounted for using the equity method	$ (16,832)	$ (18,098)

The amounts of share of profits of associates are based on the associates' financial statements audited by the auditors.

12. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Company - 2019

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment and Construction in Process	Total
Cost							
Balance at beginning of year	$ 969,205	$ 32,191	$ 1,770	$ 198,906	$ 35,002	$ 2,940	$ 1,240,014
Additions	-	290	3,500	59,453	10,154	8,749	82,146
Disposals	-	(5,408)	(626)	(162,640)	(18,766)	-	(187,440)
Reclassified	-	-	-	113	10,380	(10,720)	(227)
Balance at end of year	$ 969,205	$ 27,073	$ 4,644	$ 95,832	$ 36,770	$ 969	$ 1,134,493
Accumulated depreciation and impairment							
Balance at beginning of year	$ 342,662	$ 19,654	$ 1,085	$ 169,575	$ 19,851	$ -	$ 552,827
Depreciation expense	19,721	3,277	1,008	47,796	8,598	-	80,400
Disposals	-	(5,408)	(626)	(162,640)	(18,766)	-	(187,440)
Balance at end of year	$ 362,383	$ 17,523	$ 1,467	$ 54,731	$ 9,683	$ -	$ 445,787
Net, end of year	$ 606,822	$ 9,550	$ 3,177	$ 41,101	$ 27,087	$ 969	$ 688,706

b. 2018

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment and Construction in Process	Total
Cost							
Balance at beginning of year	$ 969,205	$ 41,392	$ 2,225	$ 164,145	$ 28,080	$ -	$ 1,205,047
Additions	-	275	-	36,552	9,709	2,940	49,476
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance at end of year	$ 969,205	$ 32,191	$ 1,770	$ 198,906	$ 35,002	$ 2,940	$ 1,240,014
Accumulated depreciation and impairment							
Balance at beginning of year	$ 322,941	$ 25,176	$ 1,003	$ 156,667	$ 16,317	$ -	$ 522,104
Depreciation expense	19,721	3,954	537	14,699	6,321	-	45,232
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance at end of year	$ 342,662	$ 19,654	$ 1,085	$ 169,575	$ 19,851	$ -	$ 552,827
Net, end of year	$ 626,543	$ 12,537	$ 685	$ 29,331	$ 15,151	$ 2,940	$ 687,187

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

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 179,559
Depreciation charge for right-of-use assets	
Land	$ 5,785

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 4,007
Non-current	$ 177,424

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	2.39%

c. Material lease-in activities and terms

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

d. Other lease information

2019

	2019
Expenses relating to short-term leases	$ 1,265
Expenses relating to low-value asset leases	$ 448
Total cash outflow for leases	$ 10,080

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

2018

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

	December 31, 2018
Not later than 1 year	$ 8,318
Later than 1 year and not later than 5 years	21,079
Later than 5 years	36,576
	$ 65,973

14. INTANGIBLE ASSETS

	Year Ended December 31, 2019			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 314,894	$ 11,120	$ 97,099	$ 423,113
Additions	41,125	1,465	-	42,590
Disposals	(23,509)	(4,379)	-	(27,888)
Reclassified	(350)	-	-	(350)
Balance at December 31	$ 332,160	$ 8,206	$ 97,099	$ 437,465
Accumulated amortization				
Balance at January 1	$ 122,383	$ 6,000	$ 75,522	$ 203,905
Amortization expense	38,721	3,931	-	42,652
Disposals	(23,509)	(4,379)	-	(27,888)
Reclassified	(175)	-	-	(175)
Balance at December 31	$ 137,420	$ 5,552	$ 75,522	$ 218,494
Accumulated deficit				
Balance at December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2019	$ 83,604	$ 2,654	$ -	$ 86,258

	Year Ended December 31, 2018			
	Technology License Fees	**Software**	**Patents**	**Total**
Cost				
Balance at January 1	$ 271,582	$ 16,382	$ 97,099	$ 385,063
Additions	63,880	3,276	-	67,156
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 314,894	$ 11,120	$ 97,099	$ 423,113
Accumulated amortization				
Balance at January 1	$ 104,915	$ 9,772	$ 75,522	$ 190,209
Amortization expense	38,036	4,766	-	42,802
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 122,383	$ 6,000	$ 75,522	$ 203,905
Accumulated deficit				
Balance at January 1 and December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2018	$ 81,375	$ 5,120	$ -	$ 86,495

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

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

An analysis of the amortization by function:

	December 31	
	2019	**2018**
Operating costs	$ -	$ 191
Selling and marketing expenses	-	3
General and administrative expenses	3,430	3,933
Research and development expenses	39,222	38,675
	$ 42,652	$ 42,802

15. OTHER ASSETS

	December 31	
	2019	2018
Current		
Other assets		
Prepayments for EDA tools	$ 15,570	$ 16,019
Prepaid technical licensing fee	9,103	-
Prepaid royalty	4,691	5,170
Others	3,061	3,662
	$ 32,425	$ 24,851
Non-current		
Other financial assets		
Pledged time deposits (a)	$ 6,100	$ 6,100
Other assets		
Refundable deposits	$ 136	$ 200
Others	7,800	7,800
	$ 7,936	$ 8,000

a. Refer to Note 30 for information on pledged time deposits.

16. LOANS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings		
Bank loans	$ 53,964	$ -

The weighted average effective interest rate on the bank loans as of December 31, 2019 were 2.402%-2.537%.

b. Long-term borrowings

The borrowings of the Company were as follows:

	December 31	
	2019	2018
Loans on credit	$ -	$ 115,000
Less: Current portion	-	115,000
Long-term borrowings - non-current	$ -	$ -

The effective rate borrowings as of December 31 2018 were 1.545%-1.600%.

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

17. ACCOUNTS AND NOTES PAYABLE

	December 31	
	2019	2018
Accounts payable		
Payable - operating	$ 62,566	$ 108,075

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

18. OTHER LIABILITIES

	December 31	
	2019	2018
Current		
Other liabilities		
Salaries or bonuses	$ 96,390	$ 102,634
Payable for royalties	36,862	19,459
Refund liabilities (Note 21)	8,806	9,014
Labor/health insurance	7,897	7,491
Payable on machinery and equipment	5,470	7,770
Compensation due to directors	515	199
Others	33,079	41,474
	$ 189,019	$ 188,041
Non-current		
Payable on machinery and equipment	$ 3,198	$ 2,376

19. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Defined benefit plans

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation, Jumplux Technology, Sunplus mMedia and iCatch of the Company had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy. According to the letter of Zhuhuanzi No. 1090003642 issued by the Hsinchu Science Park Administration of the Ministry of Science and Technology, the Company ceased its retirement fund contribution temporarily from January 1, 2020 to December 31, 2020.

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

	December 31	
	2019	**2018**
Present value of funded defined benefit obligation	$ 173,083	$ 169,342
Fair value of plan assets	(174,246)	(164,067)
Net defined benefit (assets) liabilities	$ (1,163)	$ 5,275

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

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Liabilities (Assets) Arising from Defined Benefit Obligation**
Balance at January 1, 2018	$ 165,832	$ 154,968	$ 10,864
Service cost			
Current service cost	587	-	587
Interest expense	2,322	2,190	132
Recognized in profit or loss	2,909	2,190	719
Remeasurement			
Return on plan assets	-	4,044	(4,044)
Actuarial (gain) loss-changes in financial assumptions	5,484	-	5,484
Adjustment on actuarial (gain) loss-experience adjustment	(4,883)	-	(4,883)
Recognized in other comprehensive income	601	4,044	(3,443)
Contributions from employer	-	2,865	(2,865)
Balance at December 31, 2018	$ 169,342	$ 164,067	$ 5,275

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Liabilities (Assets) Arising from Defined Benefit Obligation
Balance at January 1, 2019	$ 169,342	$ 164,067	$ 5,275
Service cost			
Current service cost	605	-	605
Interest expense	1,947	1,903	44
Recognized in profit or loss	2,552	1,903	649
Remeasurement			
Return on plan assets	-	5,498	(5,498)
Actuarial (gain) loss-changes in financial assumptions	3,042	-	3,042
Adjustment on actuarial (gain) loss-experience adjustment	(1,853)	-	(1,853)
Recognized in other comprehensive income	1,189	5,498	(4,309)
Contributions from employer	-	2,778	(2,778)
Balance at December 31, 2019	$ 173,083	$ 174,246	$ (1,163)

(Concluded)

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

	For the Year Ended December 31	
	2019	2018
Operating costs	$ 105	$ 153
Selling and marketing expenses	6	6
General and administrative expenses	215	232
Research and development expenses	323	328
	$ 649	$ 719

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

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

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

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

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

	December 31	
	2019	2018
Discount rate(s)	1.00%	1.15%
Expected rate(s) of salary increase	4.00%	4.00%
Resignation rate	0%-28%	0%-28%

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

	December 31	
	2019	2018
Discount rate(s)		
0.25% increase	$ (5,029)	$ (5,484)
0.25% decrease	$ 5,237	$ 5,726
Expected rate(s) of salary increase		
1% increase	$ 21,475	$ 23,638
1% decrease	$ (18,693)	$ (20,348)

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

	December 31	
	2019	2018
The expected contributions to the plan for the next year	$ 2,778	$ 2,866
The average duration of the defined benefit obligation	14 years	15 years

20. EQUITY

a. Share capital

1) Ordinary shares:

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

Fully paid ordinary shares, which have a par value of $10.00, carry one vote per share and a right to dividends.

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

2) Global depositary receipts

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

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of 2019 and 2018 for each component of capital surplus was as follows:

	December 31	
	2019	**2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
From the issuance of ordinary shares	$ 196,095	$ 409,213
From the acquisition of a subsidiary	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,184	140,022
May be used to offset a deficit only		
From treasury share transactions	45,239	43,958
Changes in net equity of associates or joint ventures accounted for using the equity method	55,491	50,782
	$ 594,432	$ 801,398

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

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

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 22-f.

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

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

The appropriations from the 2018 and 2017 earnings were approved at the shareholders' meetings in June 10, 2019 and on June 11, 2018, respectively. The appropriations, including dividends, were as follows:

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

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

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

d. Special reserve

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

e. Other equity items

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

	Years Ended December 31	
	2019	**2018**
Balance at January 1	$ (138,875)	$ (122,100)
Exchange differences on translating the financial statements of foreign operations	(13,842)	19,736
Share of exchange differences of associates accounted for using the equity method	(66,063)	(36,511)
Balance at December 31	$ (218,780)	$ (138,875)

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (303,968)	$ (230,011)
Current		
Unrealized gain (loss)	(1,203)	(94,350)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	279,514	37,070
Share of unrealized gain (loss) on associates accounted for using the equity method	(16,589)	(16,677)
Balance at December 31	$ (42,246)	$ (303,968)

f. Non-controlling interests

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

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

	Number of Shares Held (In Thousand)	Carrying Amount	Market Price
December 31, 2019			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 48,238
December 31, 2018			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,050

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

21. REVENUE

	Years Ended December 31	
	2019	2018
Revenue from the sale of goods	$ 1,143,333	$ 1,114,399
Other	91,936	124,381
	$ 1,235,269	$ 1,238,780

a. Contract information

Revenue from the sale of goods

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

Other

Other mainly comes from software development and royalties.

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 9)	$ 141,845	$ 171,387	$ 200,733
Contract liabilities - current	$ 3,373	$ 2,547	$ -

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

c. Disaggregation of revenue

	Reportable Segments	
	Direct Sales	
	2019	2018
Primary geographical markets		
Asia	$ 984,862	$ 962,788
Taiwan	208,641	225,802
Others	41,766	50,190
	$ 1,235,269	$ 1,238,780
Timing of revenue recognition		
Satisfied at a point in time	$ 1,224,955	$ 1,216,620
Satisfied over time	10,314	22,160
	$ 1,235,269	$ 1,238,780

22. NET PROFIT

Net profit included the following items:

a. Other income

	Years Ended December 31	
	2019	2018
Rent income	$ 29,932	$ 29,740
Dividend income	3,702	7,986
Interest income	2,490	3,467
Others	25,809	11,663
	$ 61,933	$ 52,856

b. Other gains and losses

	Years Ended December 31	
	2019	2018
Service income of management support	$ 34,023	$ 44,542
Net loss on financial assets and liabilities		
Net loss on financial assets designated as at FVTPL (Note 7)	17,428	(13,218)
Net foreign exchange gain (loss)	(3,070)	1,749
Gain on disposal of subsidiaries	-	119,154
	$ 48,381	$ 152,227

c. Finance costs

	Years Ended December 31	
	2019	2018
Interest on lease liabilites	$ 4,405	$ -
Interest on bank loans	1,132	3,887
Other financial costs	1,244	977
	$ 6,781	$ 4,864

d. Depreciation and amortization

	Years Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	$ 3,789	$ 4,044
Operating expenses	82,396	41,188
	$ 86,185	$ 45,232
An analysis of amortization by function		
Operating costs	$ -	$ 191
Operating expenses	42,652	42,611
	$ 42,652	$ 42,802

e. Employee benefit expense

	Years Ended December 31	
	2019	2018
Short-term benefits	$ 448,979	$ 422,759
Post-employment benefits		
Defined contribution plans	19,742	18,402
Defined benefit plans (Note 19)	649	719
	20,391	19,121
Other employee benefits	10,874	10,314
Total employee benefit expense	$ 480,154	$ 452,194
An analysis of employee benefit expense by function		
Operating costs	$ 40,642	$ 61,245
Operating expenses	439,512	390,949
	$ 480,154	$ 452,194

f. Employees' compensation and remuneration of directors

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

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	1.0%	1.0%
Remuneration of directors	1.5%	1.5%

Amount

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

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

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

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

g. Gain or loss on exchange rate changes

	Years Ended December 31	
	2019	2018
Exchange rate gains	$ 22,155	$ 21,272
Exchange rate losses	(25,225)	(19,523)
	$ (3,070)	$ 1,749

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Years Ended December 31	
	2019	2018
Current tax		
In respect of the current year	$ 4,787	$ 1,680
Adjustments for prior periods	-	464
Deferred tax		
In respect of the current year	-	(373)
Changes in tax rates	-	373
Income tax expense recognized in profit or loss	$ 4,787	$ 2,144

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

	Years Ended December 31	
	2019	2018
Profit before tax	$ 20,096	$ 7,760
Income tax expense calculated at the statutory rate	$ 4,019	$ 1,552
Tax effect of adjusting items:		
Nondeductible expenses	(37,633)	(31,528)
Temporary differences	(8,659)	(21,414)
Tax-exempt income	(42)	(47)
Current income tax expense	(42,315)	(51,437)
Unrecognized investment credit	42,315	51,437
Foreign income tax expense	4,787	1,680
Adjustments for prior years' tax	-	464
Income tax expense recognized in profit or loss	$ 4,787	$ 2,144

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

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

b. Current tax assets and liabilities

	December 31 2019	December 31 2018
Current tax assets		
Tax refund receivable (classified as other receivables)	$ 486	$ 508

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Depreciation expense	$ 763	$ 3,029	$ 3,792
Exchange (gains) losses	(297)	195	(102)
Others	2,019	(3,224)	(1,205)
	$ 2,485	$ -	$ 2,485

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Depreciation expense	$ 791	$ (28)	$ 763
Exchange (gains) losses	(468)	171	(297)
Others	2,162	(143)	2,019
	$ 2,485	$ -	$ 2,485

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

	December 31 2019	December 31 2018
Loss carryforwards		
Expiry in 2019	$ -	$ 190,618
Expiry in 2020	211,457	211,457
Expiry in 2021	322,509	322,509
Expiry in 2022	394,894	394,894
Expiry in 2023	1,144,831	1,144,831
Expiry in 2027	24,228	24,228
Expiry in 2029	19,642	-
	$ 2,117,561	$ 2,288,537
Deductible temporary differences	$ 69,427	$ 124,021

e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2019:

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

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

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

f. Income tax assessments

The income tax returns of the Company before 2017 had been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2019	2018
Basic gain per share	$ 0.03	$ 0.01
Diluted earnings per share	$ 0.03	$ 0.01

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

Net profit for the year

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

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

	Years Ended December 31	
	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per shares	$ 588,435	$ 588,435
Effect of dilutive potential ordinary shares:		
Employee bonuses	16	60
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 588,451	$ 588,495

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

25. DISPOSAL OF SUBSIDIARIES

iCatch Technology Inc. has independently operated its financial activities since July 31, 2018 due to operational needs; thus, the Company assessed that the control of iCatch Technology Inc. was lost. For details about the partial disposal of iCatch Technology Inc., refer to Note 29 to the Company's consolidated financial statements for the year ended December 31, 2018.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

For details about the partial disposal of Sunext Technology Co., Ltd. and Jumplux Technology, refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2018.

27. CAPITAL MANAGEMENT

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

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

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

28. FINANCIAL INSTRUMENTS

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

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

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

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

   1) Fair value hierarchy

      December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 591,108	$ -	$ -	$ 591,108
Unlisted shares - ROC	-	-	337,789	337,789
Listed shares in other countries	815	-	-	815
	$ 591,923	$ -	$ 337,789	$ 929,712
Financial assets at FVTOCI				
Unlisted shares - ROC	$ -	$ -	$ 2,586	$ 2,586

      December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 736,926	$ -	$ -	$ 736,926
Unlisted shares - ROC	-	-	190,050	190,050
Listed shares in other countries	672	-	-	672
	$ 737,598	$ -	$ 190,050	$ 927,648
Financial assets at FVTOCI				
Unlisted shares in ROC and other countries	$ -	$ -	$ 4,337	$ 4,337

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

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

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2018	$ 190,050	$ 4,337	$ 194,387
Recognized in profit or loss	8,989	-	8,989
Recognized in other comprehensive income	-	(1,203)	(1,203)
Purchases	142,500	-	142,500
Disposals and proceeds from return of capital of investments	(3,750)	(548)	(4,298)
Balance at December 31, 2018	$ 337,789	$ 2,586	$ 340,375

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2018	$ 111,851	$ 98,687	$ 210,538
Recognized in profit or loss	(26,801)	-	(26,801)
Recognized in other comprehensive income	-	(94,350)	(94,350)
Purchases	201,000	-	201,000
Disposal	(96,000)	-	(96,000)
Balance at December 31, 2018	$ 190,050	$ 4,337	$ 194,387

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
Financial assets at FVTPL	$ 929,712	$ 927,648
Financial assets at amortized cost (i)	476,374	927,468
Financial assets at fair value through other comprehensive income		
Equity instruments	2,586	4,337
Financial liabilities		
Measured at amortized cost (ii)	175,217	287,206

i) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, refundable deposits, trade and other receivables and other financial assets. Those reclassified to held-for-sale disposal groups are also included.

ii) The balances include available-for-sale financial assets carried at cost.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

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

	USD Impact	
	Years Ended December 31	
	2019	**2018**
Profit or loss	$ (1,783)	$ (3,163)

	RMB Impact	
	Years Ended December 31	
	2019	**2018**
Profit or loss	$ (11)	$ (1,007)

b) Interest rate risk

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

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

	December 31	
	2019	**2018**
Fair value interest rate risk		
Financial assets	$ 55,100	$ 264,100
Financial liabilities	235,395	-
Cash flow interest rate risk		
Financial assets	271,637	521,977
Financial liabilities	-	115,000

Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2019 and 2018 would decrease/increase by $340 thousand and $509 thousand, respectively.

c) Other price risk

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

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

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by $9,297 and $9,276 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by $26 and $43 thousand, respectively.

2) Credit risk

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

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

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

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

The Company's concentration of credit risk of 92% and 91% in total trade receivables as of December 31, 2019 and 2018, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2019 and 2018, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest rate risk tables

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

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 47,708	$ 46,288	$ -	$ -	$ -
Lease liabilities	693	1,386	6,239	33,271	223,324
Fixed interest rate liabilities	30,004	23,984	-	2,401	56,286
	$ 78,405	$ 71,658	$ 6,239	$ 35,672	$ 279,610

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 8,318	$ 33,271	$ 41,589	$ 41,589	$ 36,439	$ 103,707

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 109,063	$ 38,642	$ -	$ -	$ -
Variable interest rate liabilities	105	15,000	100,000	-	-
Fixed interest rate liabilities	-	-	-	2,633	61,427
	$ 109,168	$ 53,642	$ 100,000	$ 2,633	$ 61,427

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	$ 53,964	$ 115,000
Amount unused	2,545,436	3,121,450
	$ 2,599,400	$ 3,236,450

29. TRANSACTIONS WITH RELATED PARTIES

a. Name and relationship of related parties

Related Party Name	Related Party Category
Xiamen Xm-plus Technology Ltd.	Associate (Note 1)
AutoSys Co., Ltd.	Associate (Note 2)
Jumplux Technology Co., Ltd.	Subsidiary
Generalplus Technology Inc.	Subsidiary
Sunext Technology Co., Ltd.	Subsidiary
Sunplus Innovation Technology Inc.	Subsidiary
Sunplus mMedia Inc.	Subsidiary
Sunplus Venture Capital Co., Ltd.	Subsidiary
Lin Shih Investment Co., Ltd.	Subsidiary
Wei-Young Investment Inc.	Subsidiary
Russell Holdings Limited	Subsidiary

Note 1: The board of directors of Xiamen Xm-plus Technology Ltd. was re-elected on December 19, 2018. The company judged that it had lost significant influence on Xiamen Xm-plus Technology Ltd.

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

b. Sales of goods

Account Items	Related Parties Types	For the Year Ended December 31 2019	2018
Sales of goods	Subsidiaries	$ 7,690	$ 19,460
	Associates	10,065	28,058
		$ 17,755	$ 47,518

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

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

Account Item	Related Party	December 31 2019	2018
Trade receivables	Subsidiaries	$ 597	$ 2,047
	Associates	1,258	2,400
		$ 1,855	$ 4,447
Other receivable	Subsidiaries	$ 1,723	$ 5,339
	Associates	280	1,358
		$ 2,003	$ 6,697

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

d. Other transactions with related parties

Account Item	Related Parties Types	For the Year Ended December 31	
		2019	2018
Operating expenses	Subsidiaries	$ 161	$ -
Non-operating income and expenses	Subsidiaries	$ 26,558	$ 44,508
	Associates	10,228	8,072
		$ 36,786	$ 52,580

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

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

e. Acquisitions of investments accounted for using the equity method

For the year ended December 31, 2019

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiary	Investments accounted for using the equity method	-	Sunext Technology Co., Ltd.	$ -

For the year ended December 31, 2018

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiary	Investments accounted for using the equity method	3,200	Jumplux Technology Co., Ltd.	$ 32,000
Subsidiary	Investments accounted for using the equity method	8,251	Sunext Technology Co., Ltd.	24,752

The Company acquired shares of Sunext Technology Co., Ltd. from Sunplus Venture Capital Co., Ltd., in June, 2019.

The Company acquired shares of Jumplux Technology Co., Ltd. from Sunplus mMedia Inc. in August 2018 and acquired Sunext Technology Co., Ltd. from Sunplus Venture Capital Co., Ltd., Lin Shih Investment Co., Ltd., Wei-Young Investment Inc. and Russell Holdings Limited from October to December 2018.

f. Compensation of key management personnel

	For the Year Ended December 31	
	2019	**2018**
Short-term employee benefits	$ 11,721	$ 18,100
Post-employment benefits	269	269
	$ 11,990	$ 18,369

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

30. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2019	**2018**
Buildings, net	$ 595,735	$ 615,136
Pledged time deposits (classified to other financial assets, including current and non-current)	6,100	6,100
	$ 601,835	$ 621,236

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

The following information is summarized and expressed in foreign currencies other than the functional currency. The disclosed exchange rate refers to the rate at which such foreign currencies are converted into the functional currency. The significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2019

	Foreign Currencies (In Thousands)	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD	$ 7,103	29.980	$ 212,948
JPY	208	0.276	57
CNY	117	4.305	504
HKD	15	3.849	58
GBP	3	39.360	118
Nonmonetary items subsidiaries accounted for using equity method			
USD	20,066	29.980	601,579
HKD	9	3.849	35

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 5,320	29.980	$ 159,494
CNY	106	4.305	456

(Concluded)

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,594	30.715	$ 233,250
JPY	279	0.278	78
CNY	1,012	4.472	4,526
HKD	34	3.921	133
GBP	3	38.880	117
Nonmonetary items subsidiaries accounted for using equity method			
USD	21,546	30.715	661,785
HKD	10	3.921	39
Financial liabilities			
Monetary items			
USD	4,431	30.715	136,098
CNY	5	4.472	22

The significant unrealized foreign exchange gains (losses) were as follows:

	2019		2018	
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
USD	29.980 (USD:NTD)	$ (537)	30.715 (USD:NTD)	$ (1,234)
CNY	4.305 (CNY:NTD)	25	4.472 (CNY:NTD)	(32)
		$ (512)		$ (1,266)

32. ADDITIONAL DISCLOSURES

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

   1) Financings provided: Table 1 (attached)

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

   3) Marketable securities held: Table 3 (attached)

   4) Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the paid-in capital: Table 4 (attached)

   5) Information on investee: Table 5 (attached)

b. Information on investments in mainland China

   1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	$ 91,300	$ -	$ -	1.8%	Note 1	$ -	Note 2	$ -	-	$ -	$ 256,983 (Note 8)	$ 256,983 (Note 8)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	25,108	12,522	12,522	1.8%	Note 1	-	Note 3	12,522	-	-	21,415 (Note 9)	42,830 (Note 9)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	335,477	261,077	261,077	2.05%	Note 1	-	Note 4	-	-	-	455,427 (Note 10)	455,427 (Note 10)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	293,926	232,426	232,426	2.05%	Note 1	-	Note 5	-	-	-	419,740 (Note 11)	419,740 (Note 11)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	39,354	39,354	1.8%	Note 1	-	Note 6	39,354	-	-	37,851 (Note 12)	75.703 (Note 12)
5	Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	135,170	121,645	121,164	2.05%	Note 1	-	Note 7	-	-	-	317,228 (Note 13)	317,228 (Note 13)

Note 1: Short-term financing.

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

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

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

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

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

Note 7: Lin Shih Investment Co., Ltd. Provided funds for the operating needs of Sun Media Technology Co., Ltd.

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

Note 9: The aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. (“Sunplus Shanghai”), and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai’s net equity, with net equity based on its latest financial statements.

Note 10: The foreign company has voting shares that are directly and indirectly wholly owned by the Company’s parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 80% of Russell Holdings Ltd.’s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 11: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital Co., Ltd.’s net equity as of its latest financial statements.

Note 12: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai’s net equity.

Note 13: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shih Investment Co., Ltd.’s net equity as of its latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral (Property, Plant, or Equipment)	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited ("Sunplus")	Sun Media Technology Co., Ltd.	3 (Note 4)	$ 817,853 (Note 5)	$ 428,573	$ 169,365	$ 107,625	$ -	2.07	$ 1,635,707 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	817,853 (Note 5)	10,000	-	-	-	-	1,635,707 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	341,570 (Note 7)	279,585	122,860	122,860	122,860	21.58	341,570 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Nomura Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	616	$ 10,096	-	$ 10,096	Note 3
	Mega RMB Money Market Fund	-	Financial assets at fair value through profit or loss - current	466	24,146	-	24,146	Note 3
	FSITC RMB Money Market Fund TWD	-	Financial assets at fair value through profit or loss - current	5,387	52,658	-	52,658	Note 3
	FSITC US Top 100 bond fund A	-	Financial assets at fair value through profit or loss - current	2,000	20,100	-	20,100	Note 3
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,216	30,100	-	30,100	Note 3
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	13,197	166,162	-	166,162	Note 3
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,851	31,058	-	31,058	Note 3
	Yuanta USD Money Market Fund USD	-	Financial assets at fair value through profit or loss - current	239	75,886	-	75,886	Note 3
	PineBridge Muliti - Income Fund	-	Financial assets at fair value through profit or loss - current	95	30,516	-	30,516	Note 3
	Prudential Financial RMB Money Market Fund TWD	-	Financial assets at fair value through profit or loss - current	5,810	57,349	-	57,349	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	17,918	-	17,918	Note 3
	Harvest Series 1 Fund	-	Financial assets at fair value through profit or loss - non-current	2	59,960	-	59,960	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	15,159	-	15,159	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	815	-	815	Note 2
	Triknight Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	29,625	285,289	5	285,289	Note 1
	EVERGREEN STEEL Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	1,500	52,500	-	52,500	Note 1
	Network Capital Global	-	Financial assets at fair value through other comprehensive income - non-current	380	2,586	7	2,586	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	UPI Semiconductor Corp.	-	Financial assets at fair value through profit or loss - current	300	$ 18,420	-	$ 18,420	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at fair value through profit or loss - current	220	19,620	-	19,620	Note 1
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	3,479	-	3,479	Note 2
	Enterex International Limited - CB	-	Financial assets at fair value through profit or loss - current	30	2,700	-	2,700	Note 2
	Kee Song Bio - Technology Holdings Limited	-	Financial assets at fair value through profit or loss - current	50	4,423	-	4,423	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	8,000	-	8,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	300	-	4	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss – non-current	103	-	1	-	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	43	474	-	474	Note 1
	AIII Co., Ltd.	-	Financial assets at fair value through profit or loss – non-current	26	431	-	431	Note 1
	GEMFOR Leading Financial Solution Provider fund	-	Financial assets at fair value through profit or loss - non-current	13	216	-	216	Note 1
	Sanjet Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,272	-	7	-	Note 1
	Lead Sun Corporation	-	Financial assets at fair value through profit or loss - non-current	-	27,934	12	27,934	Note 1
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	90,472	2	90,472	Note 2
	Sunplus Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	3,560	48,238	1	48,238	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	4,600	-	4,600	Note 1
Russell Holdings Limited	Synerchip Inc.	-	Financial assets at fair value through profit or loss - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at fair value through profit or loss - non-current	1,000	-	8	-	Note 1
	Innobrige International Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	15	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	Ether Precision Inc.	-	Financial assets at fair value through profit or loss - non-current	1,250	$ -	1	$ -	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at fair value through profit or loss - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	5,563	3	5,563	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	24,411	6	24,411	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	20,386	13	20,386	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	3,721	-	3,721	Note 2
	Charles Schwab - Money Fund	-	Financial assets at fair value through profit or loss - current	-	2,032	-	2,032	Note 2
	Cyberon Corporation	-	Financial assets at fair value through profit or loss - non-current	786	27,530	8	27,530	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	54,950	7	54,950	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss - non-current	68	-	1	-	Note 1
	Funyou Venture Capital Limited Partnersh	-	Financial assets at fair value through profit or loss - non-current	-	19,877	10	19,877	Note 1
	Book4u Company Limited	-	Financial assets at fair value through profit or loss - non-current	9	-	-	-	Note 1
	Sanjet Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	49	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at fair value through profit or loss - non-current	1,900	-	10	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	-	8	-	Note 1
	Raynergy Tek Inc.	-	Financial assets at fair value through profit or loss - non-current	4,500	81,630	16	81,630	Note 1
	Genius Vision Digital	-	Financial assets at fair value through profit or loss - non-current	375	-	5	-	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at fair value through profit or loss - non-current	-	54,379	2	54,379	Note 1
	VenGlobal International Fund	-	Financial assets at fair value through profit or loss - non-current	1	-	-	-	Note 1
	TIEF Fund LP	-	Financial assets at fair value through profit or loss - non-current	-	40,721	7	40,721	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	900	32,940	1	32,940	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Huijia Health Life Technology	-	Financial assets at fair value through profit or loss - non-current	1,000	$ 30,000	6	$ 30,000	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	45,630	8	45,630	Note 1
	eWave System, Inc.	-	Financial assets at fair value through profit or loss - non-current	1,833	-	22	-	Note 1
	Feature Integration Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,247	18,680	4	18,680	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	24,000	6	24,000	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,364	5,110	4	5,110	Note 1
Wei-Young Investment Inc.	Shiny Brands Group Co., Ltd.	-	Financial assets at fair value through profit or loss - current	105	7,864	-	7,864	Note 2
	Cheng Mei Materials Technology Corporation	-	Financial assets at fair value through profit or loss - current	2,000	14,600	-	14,600	Note 2
	Chipbond Technology Corporation	-	Financial assets at fair value through profit or loss - current	300	20,160	-	20,160	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	GF Every Day The Red Haired Type Money Market Fund B		Financial assets at fair value through profit or loss - current	13,100	56,579	-	56,579	Note 3
	GF Live Treasury Currency B	-	Financial assets at fair value through profit or loss - current	13,550	58,493	-	58,493	Note 3
	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at fair value through profit or loss - non-current	-	41,625	16	41,625	Note 1
	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	11,520	3	11,520	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market Fund	-	Financial assets at fair value through profit or loss - current	7,869	81,669	-	81,669	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	810	10,199	-	10,199	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,963	60,241	-	60,241	Note 3
	Fuh Hwa You Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,235	30,226	-	30,226	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,333	70,939	-	70,939	Note 3
	Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,212	30,042	-	30,042	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	22,705	10	22,705	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	$ 848	8	$ 848	Note 1
	Point Grab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - non-current	-	32,079	-	32,079	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	46,813	15	46,813	Note 1
Sunext Technology Co., Ltd.	Yunata Taiwan Dividend + ETF Feeder Fund	-	Financial assets at fair value through profit or loss - current	2,843	31,609	-	31,609	Note 3
	Yunata Taiwan Top 50 ETF Feeder Fund	-	Financial assets at fair value through profit or loss - current	467	5,715	-	5,715	Note 3
	EVERGREEN STEEL Co.,Ltd.		Financial assets at fair value through profit or loss - current	1,000	35,000	-	35,000	Note 1
Jsilicon Technology Co., Ltd.	GF Live Treasure Currency B	-	Financial assets at fair value through profit or loss - current	7,888	33,959	-	33,959	Note 3

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition(Note 1)		Disposal(Note 1)				Ending Balance(Note 3)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	5,721	$ 59,048	29,017	$ 300,000	26,869	$ 278,000	$ 277,539	$ 461	7,869	$ 81,669

Note 1: The cumulative purchase and sale amount shall be calculated separately at the market price to determine whether it has reached NT$300 million or 20% of the paid-up capital.

Note 2: The paid-in capital refers to the paid-in capital of the parent company.

Note 3: The amount on the end of the period is the amount of unrealized profit or loss.

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,399,817 (US$ 74,605 RMB 37,900)	$ 2,399,817 (US$ 74,605 RMB 37,900)	-	100	$ 1,373,861	$ 21,479	$ 21,479	Subsidiary
	Award Glory Ltd.	Belize	Investment	226,834 (US$ 5,642 RMB 13,400)	61,219 (US$ 2,042)	-	100	160,186	8,497	8,497	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	297,640	85,934	11,165	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	744,832	43,053	41,771	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	681,743	223,584	76,690	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,049,350	43,973	43,973	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	573,897	135,651	82,919	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	739,307 (US$ 24,660)	721,319 (US$ 24,060)	24,660	100	569,284	5,887	5,887	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	29	263,237	(79,931)	(27,997)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	981,053	58,778	93	194,234	19,076	17,497	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,627	(25,068)	(22,501)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,768	(142)	(142)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	42,628 (HK$ 11,075)	42,628 (HK$ 11,075)	11,075	100	35	(3)	(3)	Subsidiary
	Magic Sky Limited	Samoa	Investment	304,597 (US$ 10,160)	302,049 (US$ 10,075)	-	100	32,282	(53,190)	(53,190)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,576	(209)	(209)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	49,602	(5,239)	(5,239)	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	2,785	(26,527)	(14,590)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	273,385	223,584	30,599	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	17,399	135,651	2,834	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	12,784	(79,931)	(1,094)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,348	(25,068)	(652)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	2,130	(26,527)	(11,163)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	53,990	135,651	7,655	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	44,159	(79,931)	(3,779)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	457	(25,068)	(1,914)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	-	4,200	-	-	-	-	-	Subsidiary (Note 2)
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British west Indies	Investment	74,950 (US$ 2,500)	74,950 (US$ 2,500)	-	16	77,208	(1,845)	(1,793)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,399,817 (US$ 74,605 RMB 37,900)	2,399,817 (US$ 74,605 RMB 37,900)	-	100	1,373,859	21,496	21,496	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,399,817 (US$ 74,605 RMB 37,900)	2,399,817 (US$ 74,605 RMB 37,900)	-	100	1,373,837	21,497	21,497	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	572,318 (US$ 19,090)	572,318 (US$ 19,090)	19,090	100	475,396	13,484	13,484	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	572,318 (US$ 19,090)	572,318 (US$ 19,090)	19,090	100	475,394	13,484	13,484	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,692 (US$ 390)	$ 11,692 (US$ 390)	-	100	$ 4,691	$ (456)	$ (456)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	226,834 (US$ 5,642 RMB 13,400)	61,212 (US$ 2,042)	-	100	160,186	8,497	8,497	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,145 (US$ 772)	23,145 (US$ 772)	-	100	558	(240)	(240)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	95,762 (US$ 1,270 RMB 13,400)	38,075 (US$ 1,270)	-	100	50,758	11,319	11,319	Subsidiary
	WORLDPLUS HOLDINGS L.L.C.	America	Investment	107,928 (US$ 3,600)	-	-	100	108,870	(2,138)	(2,582)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2018.

Note 2: Han Young Technology Co., Ltd. was liquidated in November 2019.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental services	$ 515,656 (US$ 17,200)	Note 1	$ 529,297 (US$ 17,655)	$ -	$ -	$ 529,297 (US$ 17,655)	100	$ 13,082	$ 13,082	$ 428,305	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services, building rental services and property management	966,855 (US$ 32,250)	Note 1	966,855 (US$ 32,250)	-	-	966,855 (US$ 32,250)	100	(29,577)	(29,577)	757,026	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental services	599,600 (US$ 20,000)	Note 1	599,600 (US$ 20,000)	-	-	599,600 (US$ 20,000)	100	31,538	31,538	131,080	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, system integration services and information management and education	111,930 (RMB 26,000)	Note 1	60,618 (US$ 586 RMB 10,000)	47,355 (RMB 11,000)	-	107,973 (US$ 586 RMB 21,000)	96	(10,628)	(10,290)	4,071	-
Ytrip Technology Co., Ltd.	Computer system integration services, supply of general advertising and other information services	263,681 (RMB 61,250)	Note 1	135,240 (US$ 4,511)	-	-	135,240 (US$ 4,511)	91	(2,566)	(2,327)	1,861	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	116,235 (RMB 27,000)	Note 1	116,235 (RMB 27,000)	-	-	116,235 (RMB 27,000)	100	3,096	3,096	49,237	-
1culture Communication Co., Ltd.	System development	13,991 (RMB 3,250)	Note 3	-	-	-		100	(29)	(29)	65	-
JSilicon Technology Co., Ltd. (Ru Domg)	Development of computer software, system integration services	43,050 (RMB 10,000)	Note 4	-	-	-	-	100	(15,033)	(15,033)	28,209	-
Lingyao Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	81,963 (RMB 19,039)	Note 6	-	107,928 (US$ 3,600)	-	107,928 (US$ 3,600)	100	(2,138)	(2,582)	108,870	-
Shuangxin Technology Co., Ltd. (Chongqing)	Development of computer software, system integration services	8,610 (RMB 2,000)	Note 5	-	-	-	-	100	(10,973)	(10,973)	75,218	-

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,597,759 (US$ 79,872 and RMB 49,900)	$ 2,623,398 (US$ 78,602 and RMB 62,000)	$ 4,907,120

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2019 (Note 7)	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 37,775 (US$ 1,260)	$ 37,775 (US$ 1,260)	$ 629,610

(Continued)

Generalplus Technology Inc. (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Amount as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Generalplus Shenzhen	IC product development, after sales service and market research	$ 560,626 (US$ 18,700)	Note 1	$ 560,626 (US$ 18,700)	$ -	$ -	$ 560,626 (US$ 18,700)	100%	$ 13,940	$ 13,940	$ 471,173	$ -

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 560,626 (US$ 18,700)	$ 560,626 (US$ 18,700)	$ 1,210,358

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

Note 2: Based on the investee’s reviewed financial statements for the same period.

Note 3: Ytrip Technology Co., Ltd. indirectly invested in a company located in mainland China.

Note 4: Sunplus Technology (Shanghai) Co., Ltd.’s indirect investment in a company located in mainland China.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. and Sunplus Prof-tek (Shenzhen) Co., Ltd.’s indirect investments in a company located in mainland China.

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

Note 7: The Ministry of Economic Affairs approved an investment in the shares of San Neng Group Holding Co., Ltd., which is accounted for under the financial assets at fair value through profit or loss- non-current.

Note 8: The original foreign currency was derived from the exchange rate on December 31, 2019.

(Concluded)