

Sunplus Technology Company Limited

**Financial Statements for the
Years Ended December 31, 2020 and 2019 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, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, 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, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Validity of Revenue from Specific Customers

Integrated circuit chip sales accounted for 94% of the Company's total revenue. The Company's operating revenue declined in 2020, but sales to some customers increased significantly. Therefore, we deemed revenue recognition of revenue from specific customers as a key audit matter. For detailed explanation of revenue, refer to Notes 4 and 21 to the accompanying financial statements.

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

1. We understood the related internal control and operating procedures in the Company's sales transaction cycle, and we evaluated and confirmed the operating effectiveness of the related internal control and operating procedures.
2. We selected samples from the sales details, and we examined customers' original orders, sales electronic orders, delivery orders, logistics receipt documents or export declaration, and sales invoices for any abnormal situations and confirmed the occurrence of 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2021

Notice to Readers

The accompanying 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, 2020 AND 2019

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

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 774,025	8	\$ 321,084	4
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 4 and 7)	203,922	2	515,989	6
Accounts receivable, net (Notes 4, 5, 9, 21 and 29)	172,035	2	141,845	2
Other receivables (Notes 4 and 29)	13,537	-	7,209	-
Inventories (Notes 4 and 10)	300,730	3	273,764	3
Other financial assets - current (Notes 15 and 25)	44,201	1	-	-
Other current assets (Note 15)	46,827	1	32,425	-
Total current assets	<u>1,555,277</u>	<u>17</u>	<u>1,292,316</u>	<u>15</u>
NON-CURRENT ASSETS				
Financial assets at FVTPL - non-current (Notes 4 and 7)	325,870	3	413,723	5
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 4 and 8)	-	-	2,586	-
Investments accounted for using the equity method (Notes 4, 11 and 29)	6,305,683	68	6,049,939	69
Property, plant and equipment (Notes 4, 12 and 30)	700,554	7	688,706	8
Right-of-use assets (Notes 4 and 13)	173,774	2	179,559	2
Intangible assets (Notes 4 and 14)	243,470	3	86,258	1
Deferred tax assets (Notes 4 and 23)	2,485	-	2,485	-
Net defined benefit assets - non-current (Notes 4 and 19)	4,440	-	1,163	-
Other financial assets - non-current (Notes 15 and 30)	6,100	-	6,100	-
Other non-current assets (Note 15)	7,946	-	7,936	-
Total non-current assets	<u>7,770,322</u>	<u>83</u>	<u>7,438,455</u>	<u>85</u>
TOTAL	<u>\$ 9,325,599</u>	<u>100</u>	<u>\$ 8,730,771</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 28,480	-	\$ 53,964	-
Contract liabilities - current (Note 21)	5,589	-	3,373	-
Account payable (Notes 17 and 29)	104,991	1	62,566	1
Lease liabilities - current (Notes 3, 4 and 13)	4,105	-	4,007	-
Current portion of long-term borrowings (Note 16)	25,000	-	-	-
Deferred revenue - current (Note 18)	44,201	1	-	-
Other current liabilities (Note 18)	259,397	3	189,019	2
Total current liabilities	<u>471,763</u>	<u>5</u>	<u>312,929</u>	<u>3</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	205,000	2	-	-
Lease liabilities - non-current (Notes 3, 4 and 13)	173,319	2	177,424	2
Guarantee deposits	55,282	1	58,687	1
Other liabilities (Notes 11 and 18)	6,472	-	3,198	-
Total non-current liabilities	<u>440,073</u>	<u>5</u>	<u>239,309</u>	<u>3</u>
Total liabilities	<u>911,836</u>	<u>10</u>	<u>552,238</u>	<u>6</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 20)				
Ordinary shares	5,919,949	64	5,919,949	68
Capital surplus	500,820	5	594,432	7
Retained earnings				
Legal reserve	1,712,390	18	1,942,388	22
Special reserve	276,189	3	308,452	4
Unappropriated earnings (accumulated deficits)	328,894	4	(262,261)	(3)
Total retained earnings	2,317,473	25	1,988,579	23
Other equity	(261,078)	(3)	(261,026)	(3)
Treasury shares	(63,401)	(1)	(63,401)	(1)
Total equity	<u>8,413,763</u>	<u>90</u>	<u>8,178,533</u>	<u>94</u>
TOTAL	<u>\$ 9,325,599</u>	<u>100</u>	<u>\$ 8,730,771</u>	<u>100</u>

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, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4, 21 and 29)	\$ 1,168,660	100	\$ 1,235,269	100
OPERATING COSTS (Notes 10, 22 and 29)	<u>686,069</u>	<u>59</u>	<u>735,366</u>	<u>60</u>
GROSS PROFIT	<u>482,591</u>	<u>41</u>	<u>499,903</u>	<u>40</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing	53,428	4	46,290	4
General and administrative	173,458	15	179,275	14
Research and development	<u>608,122</u>	<u>52</u>	<u>543,782</u>	<u>44</u>
Total operating expenses	<u>835,008</u>	<u>71</u>	<u>769,347</u>	<u>62</u>
LOSS FROM OPERATIONS	<u>(352,417)</u>	<u>(30)</u>	<u>(269,444)</u>	<u>(22)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 29)				
Interest income	691	-	2,490	-
Other income	60,147	5	59,443	5
Other gains and losses	3,356	-	48,381	4
Finance costs	(6,352)	-	(6,781)	-
Share of profit of associates	<u>618,480</u>	<u>53</u>	<u>186,007</u>	<u>15</u>
Total non-operating income and expenses	<u>676,322</u>	<u>58</u>	<u>289,540</u>	<u>24</u>
PROFIT BEFORE INCOME TAX	323,905	28	20,096	2
INCOME TAX EXPENSE (Notes 4 and 23)	<u>502</u>	<u>-</u>	<u>4,787</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>323,403</u>	<u>28</u>	<u>15,309</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 19):				
Remeasurement of defined benefit obligation	3,582	-	4,309	-
Unrealized gain (loss) on investments in equity instruments at FVTOCI	42	-	(1,203)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	9,129	1	(15,559)	(1)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss (Notes 4 and 20):				
Exchange differences arising on translation of foreign operations	\$ (29,597)	(3)	\$ (13,842)	(1)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>20,354</u>	<u>2</u>	<u>(66,063)</u>	<u>(5)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>3,510</u>	<u>-</u>	<u>(92,358)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 326,913</u>	<u>28</u>	<u>\$ (77,049)</u>	<u>(6)</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 0.55</u>		<u>\$ 0.03</u>	
Diluted earnings per share	<u>\$ 0.55</u>		<u>\$ 0.03</u>	

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Other Equity			Total Equity
	Share (Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Deficits not yet Compensated)	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares	
BALANCE AT JANUARY 1, 2019	591,995	\$ 5,919,949	\$ 801,398	\$ 1,941,826	\$ 67,279	\$ 241,734	\$ (138,875)	\$ (303,968)	\$ (63,401)	\$ 8,465,942
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	562	-	(562)	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	4,709	-	-	-	-	-	-	4,709
Issuance of cash dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	162	-	-	-	-	-	-	162
Changes in percentage of ownership interest in 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
Appropriation of the 2019 earnings										
Legal reserve used to cover accumulated deficits	-	-	-	(229,998)	-	229,998	-	-	-	-
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	15,786	-	-	-	-	-	-	15,786
Issuance of cash dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	(177,598)
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	67,132	-	-	-	-	2,112	-	69,244
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	(183)
Net profit for the year ended December 31, 2020	-	-	-	-	-	323,403	-	-	-	323,403
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	6,846	(9,243)	5,907	-	3,510
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	330,249	(9,243)	5,907	-	326,913
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,068	-	-	-	-	-	-	1,068
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(1,172)	-	1,172	-	-
BALANCE AT DECEMBER 31, 2020	591,995	\$ 5,919,949	\$ 500,820	\$ 1,712,390	\$ 276,189	\$ 328,894	\$ (228,023)	\$ (33,055)	\$ (63,401)	\$ 8,413,763

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 323,905	\$ 20,096
Adjustments for:		
Depreciation expenses	88,621	86,185
Amortization expenses	51,838	42,652
Net loss (gain) on the fair value change of financial assets at FVTPL	17,474	(17,428)
Financial costs	6,352	6,781
Interest income	(691)	(2,490)
Dividend income	(6,243)	(3,702)
Share of profit of associates	(618,480)	(186,007)
Unrealized (realized) gain on the transactions with subsidiaries	2,410	(131)
Net loss (gain) on foreign currency exchange	(1,392)	1,062
Changes in operating assets and liabilities:		
Decrease (increase) in trade receivables	(31,540)	27,310
Decrease (increase) in other receivables	(6,199)	6,870
Increase in inventories	(26,966)	(16,857)
Increase in other current assets	(5,473)	(7,347)
Increase in net defined benefit assets	(3,277)	(1,163)
Increase in contract liabilities	2,216	826
Increase (decrease) in trade payables	42,668	(44,951)
Increase in other current liabilities	56,699	6,979
Increase (decrease) in net defined benefit liability	<u>3,582</u>	<u>(966)</u>
Cash used in operations	(104,496)	(82,281)
Interest received	583	2,633
Dividends received	209,690	206,037
Interest paid	(6,279)	(6,862)
Income tax paid	<u>(502)</u>	<u>(4,787)</u>
Net cash generated from operating activities	<u>98,996</u>	<u>114,740</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets at FVTOCI	2,628	548
Purchase of financial assets at FVTPL	(30,000)	(293,720)
Proceeds from the sale of financial assets at FVTPL	412,446	309,084
Acquisition of associates	(18,292)	(177,633)
Capital reduction of investee using the equity method	170,000	-
Acquisition of property, plant and equipment	(90,407)	(83,624)
Payments for intangible assets	(214,835)	(45,662)
(Increase) decrease in refundable deposits	<u>(10)</u>	<u>64</u>
Net cash generated from (used in) investing activities	<u>231,530</u>	<u>(290,943)</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ -	\$ 54,658
Repayments of short-term borrowings	(25,584)	-
Proceeds from long-term borrowings	230,000	-
Repayments of long-term borrowings	-	(115,000)
Proceeds from guarantee deposits received	1,685	1,406
Refund of guarantee deposits received	(2,349)	(5,483)
Repayment of the principal portion of lease liabilities	(4,007)	(3,913)
Dividends paid to owners of the Company	(177,598)	(213,118)
Partial disposal of interests in subsidiaries without a loss of control	<u>101,014</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>123,161</u>	<u>(281,450)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(746)</u>	<u>(1,818)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	452,941	(459,471)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>321,084</u>	<u>780,555</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 774,025</u>	<u>\$ 321,084</u>

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 29, 2021.

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

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

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies:

- 1) Amendment to IFRS 16 “Covid-19-Related Rent Concessions”

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

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

- b. The IFRSs endorsed by the FSC for application starting from 2021

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

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

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

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

3) Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

- not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange

differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

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

e. Inventories

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

f. Investments accounted for using the equity method

1) Investment in subsidiaries

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

Subsidiaries are the entities controlled by the Company.

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

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

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

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

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

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of

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

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

2) Investments in associates

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

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

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

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

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

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair

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

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

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

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 income

Other income mainly comes from software development and royalties.

l. Leases

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

1) The Company as lessor

All other leases are classified as operating leases.

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

2) The Company as lessee

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

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

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

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

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

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

m. Government grants

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

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

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

n. 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.

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Company's accounting policies, management is required to make judgments, estimates and assumptions 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 Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the 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.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

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

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2020	2019
Cash on hand	\$ 392	\$ 447
Checking accounts and demand deposits	383,733	271,637
Cash equivalents		
Time deposits	<u>389,900</u>	<u>49,000</u>
	<u>\$ 774,025</u>	<u>\$ 321,084</u>

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

	<u>December 31</u>	
	2020	2019
Bank balance	0.001%-0.41%	0.01%-1.70%

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

	<u>December 31</u>	
	2020	2019
<u>Financial assets at fair value through profit of loss (FVTPL) - current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	\$ 134,832	\$ 515,989
Domestic unlisted shares	<u>69,090</u>	<u>-</u>
	<u>\$ 203,922</u>	<u>\$ 515,989</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	\$ 311,021	\$ 337,789
Mutual funds	14,849	75,119
Foreign listed shares	<u>-</u>	<u>815</u>
	<u>\$ 325,870</u>	<u>\$ 413,723</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2019

	<u>December 31</u>	
	2020	2019
<u>Non-current</u>		
Domestic and foreign investments		
Unlisted shares	<u>\$ -</u>	<u>\$ 2,586</u>

9. TRADE RECEIVABLE, NET

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	<u>\$ 172,035</u>	<u>\$ 141,845</u>

Trade receivables

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

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

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

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

December 31, 2020

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

December 31, 2019

	Not Overdue
Expected credit loss rate	-
Gross carrying amount	\$ 141,845
Loss allowance (Lifetime ECLs)	<u>-</u>
Amortized cost	<u>\$ 141,845</u>

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

	2020	2019
Balance at January 1 and December 31	\$ <u> -</u>	\$ <u> -</u>

10. INVENTORIES

	December 31	
	2020	2019
Finished goods	\$ 83,183	\$ 126,606
Work in progress	159,392	125,054
Raw materials	<u>58,155</u>	<u>22,104</u>
	<u>\$ 300,730</u>	<u>\$ 273,764</u>

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$686,069 thousand and \$735,366 thousand, respectively.

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

	For the Year Ended December 31	
	2020	2019
Inventory (write-downs) reversed	\$ (3,319)	\$ 3,047
Income from scrap sales	<u>38</u>	<u>103</u>
	<u>\$ (3,281)</u>	<u>\$ 3,150</u>

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	
	2020	2019
Investments in subsidiaries	\$ 5,714,093	\$ 5,489,062
Investments in associates	<u>591,590</u>	<u>560,877</u>
	<u>\$ 6,305,683</u>	<u>\$ 6,049,939</u>

a. Investments in subsidiaries

	December 31	
	2020	2019
Listed companies		
Generalplus Technology Corp.	\$ 713,447	\$ 681,743
Non-listed Company		
Ventureplus Group Inc.	1,460,438	1,373,861
Sunplus Venture Capital Co., Ltd.	870,199	1,049,350
Lin Shih Investment Co., Ltd.	771,853	744,832
Russell Holdings Limited	552,847	569,284
Sunplus Innovation Technology	746,919	573,897
Sunext Technology Co., Ltd.	211,723	194,234
Award Glory Ltd.	268,500	160,186
Wei-Young Investment Inc.	59,391	49,602
Magic Sky Limited	2,435	32,282
Sunplus mMobile Inc.	29,406	29,576
Sunplus mMedia Inc.	23,327	23,627
Sunplus Management Consulting	3,578	3,768
Jumplux Technology Co., Ltd.	-	2,785
Sunplus Technology (H.K.)	<u>30</u>	<u>35</u>
	<u>\$ 5,714,093</u>	<u>\$ 5,489,062</u>
Investment impairment using equity method (accounted for current liability)		
Jumplux Technology Co., Ltd.	<u>\$ 10,042</u>	<u>\$ -</u>

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

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	
	2020	2019
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	58%	61%
Sunext Technology Co., Ltd.	93%	93%
Award Glory Ltd.	100%	100%
Wei-Young Investment Inc.	100%	100%
Magic Sky Limited	100%	100%

(Continued)

	December 31	
	2020	2019
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%
		(Concluded)

b. Investments in associates

	December 31	
	2020	2019
Associates		
Global View Co., Ltd.	\$ 346,011	\$ 297,640
iCatch Technology Inc.	<u>245,579</u>	<u>263,237</u>
	<u>\$ 591,590</u>	<u>\$ 560,877</u>

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2020	2019
Global View Co., Ltd.	13%	13%
iCatch Technology Inc.	29%	29%

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

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

	December 31	
	2020	2019
Global View Co., Ltd.	<u>\$ 317,657</u>	<u>\$ 239,889</u>

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	
	2020	2019
Total assets	<u>\$ 2,469,233</u>	<u>\$ 2,150,913</u>
Total liabilities	<u>\$ 293,030</u>	<u>\$ 307,922</u>

For the Year Ended December 31

	2020	2019
Revenue	<u>\$ 913,065</u>	<u>\$ 1,088,352</u>
Loss for the period	<u>\$ (44,765)</u>	<u>\$ (8,509)</u>
Comprehensive income	<u>\$ 388,663</u>	<u>\$ (6,310)</u>
Share of profits of associates accounted for using the equity method	<u>\$ 26,402</u>	<u>\$ (16,832)</u>

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

12. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Company

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment and Construction in Process	Total
<u>2020</u>							
<u>Cost</u>							
Balance at January 1, 2020	\$ 969,205	\$ 27,073	\$ 4,644	\$ 95,832	\$ 36,770	\$ 969	\$ 1,134,493
Additions	440	2,847	-	51,326	35,767	4,304	94,684
Disposals	-	(6,260)	-	(10,436)	(4,451)	-	(21,147)
Reclassified	-	4,073	-	-	1,200	(5,273)	-
Balance at December 31, 2020	<u>\$ 969,645</u>	<u>\$ 27,733</u>	<u>\$ 4,644</u>	<u>\$ 136,722</u>	<u>\$ 69,286</u>	<u>\$ -</u>	<u>\$ 1,208,030</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	\$ 362,383	\$ 17,523	\$ 1,467	\$ 54,731	\$ 9,683	\$ -	\$ 445,787
Depreciation expense	19,728	4,073	1,161	43,661	14,213	-	82,836
Disposals	-	(6,260)	-	(10,436)	(4,451)	-	(21,147)
Balance at December 31, 2020	<u>\$ 382,111</u>	<u>\$ 15,336</u>	<u>\$ 2,628</u>	<u>\$ 87,956</u>	<u>\$ 19,445</u>	<u>\$ -</u>	<u>\$ 507,476</u>
Carrying amounts at December 31, 2020	<u>\$ 587,534</u>	<u>\$ 12,397</u>	<u>\$ 2,016</u>	<u>\$ 48,766</u>	<u>\$ 49,841</u>	<u>\$ -</u>	<u>\$ 700,544</u>
<u>2019</u>							
<u>Cost</u>							
Balance at January 1, 2019	\$ 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 December 31, 2019	<u>\$ 969,205</u>	<u>\$ 27,073</u>	<u>\$ 4,644</u>	<u>\$ 95,832</u>	<u>\$ 36,770</u>	<u>\$ 969</u>	<u>\$ 1,134,493</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2019	\$ 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 December 31, 2019	<u>\$ 362,383</u>	<u>\$ 17,523</u>	<u>\$ 1,467</u>	<u>\$ 54,731</u>	<u>\$ 9,683</u>	<u>\$ -</u>	<u>\$ 445,787</u>
Carrying amounts at December 31, 2019	<u>\$ 606,822</u>	<u>\$ 9,550</u>	<u>\$ 3,177</u>	<u>\$ 41,101</u>	<u>\$ 27,087</u>	<u>\$ 969</u>	<u>\$ 688,706</u>

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

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

	<u>December 31</u>	
	2020	2019
<u>Carrying amounts</u>		
Land	<u>\$ 173,774</u>	<u>\$ 179,559</u>
	For the Year Ended December 31	
	2020	2019
Depreciation charge for right-of-use assets		
Land	<u>\$ 5,785</u>	<u>\$ 5,785</u>

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

b. Lease liabilities

	<u>December 31</u>	
	2020	2019
<u>Carrying amounts</u>		
Current	<u>\$ 4,105</u>	<u>\$ 4,007</u>
Non-current	<u>\$ 173,319</u>	<u>\$ 177,424</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2020	2019
Land	2.39%	2.39%

c. Material lease-in activities and terms

The Company leases land and buildings located in the ROC for the use of plants and offices has a lease terms of 20 years. The lease agreement specifies that lease payments will be adjusted on the basis of

changes in the announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

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

d. Other lease information

	2020	2019
Expenses relating to short-term leases	<u>\$ 320</u>	<u>\$ 1,265</u>
Expenses relating to low-value asset leases	<u>\$ 444</u>	<u>\$ 448</u>
Total cash outflow for leases	<u>\$ 9,070</u>	<u>\$ 10,080</u>

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

14. INTANGIBLE ASSETS

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

For the Year Ended December 31, 2019

	Technology License Fees	Software	Patents	Total
<u>Cost</u>				
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	<u>(350)</u>	<u>-</u>	<u>-</u>	<u>(350)</u>
Balance at December 31	<u>\$ 332,160</u>	<u>\$ 8,206</u>	<u>\$ 97,099</u>	<u>\$ 437,465</u>
<u>Accumulated amortization</u>				
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	<u>(175)</u>	<u>-</u>	<u>-</u>	<u>(175)</u>
Balance at December 31	<u>\$ 137,420</u>	<u>\$ 5,552</u>	<u>\$ 75,522</u>	<u>\$ 218,494</u>
<u>Accumulated deficit</u>				
Balance at December 31	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ 132,713</u>
Carrying amounts at December 31, 2019	<u>\$ 83,604</u>	<u>\$ 2,654</u>	<u>\$ -</u>	<u>\$ 86,258</u>

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

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

An analysis of the amortization by function:

	December 31	
	2020	2019
General and administrative expenses	\$ 2,089	\$ 3,430
Research and development expenses	<u>49,749</u>	<u>39,222</u>
	<u>\$ 51,838</u>	<u>\$ 42,652</u>

15. OTHER ASSETS

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Other financial assets		
Restricted assets (a)	\$ <u>44,201</u>	\$ <u>-</u>
Other assets		
Prepaid technical licensing fee	\$ 18,032	\$ 9,103
Prepayments for EDA tools	14,981	15,570
Prepayments	3,786	-
Prepaid royalty	1,394	4,691
Others	<u>8,634</u>	<u>3,061</u>
	<u>\$ 46,827</u>	<u>\$ 32,425</u>
<u>Non-current</u>		
Other financial assets		
Pledged time deposits (b)	\$ <u>6,100</u>	\$ <u>6,100</u>
Other assets		
Refundable deposits	\$ 146	\$ 136
Others	<u>7,800</u>	<u>7,800</u>
	<u>\$ 7,946</u>	<u>\$ 7,936</u>

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

16. BORROWINGS

- a. Short-term borrowings

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Unsecured borrowings</u>		
Bank loans	\$ <u>28,480</u>	\$ <u>53,964</u>

The range of weighted average effective interest rates on the bank loans was 0.870% and 2.402%-2.537% per annum at December 31, 2020 and 2019, respectively.

b. Long-term borrowings

The borrowings of the Company were as follows:

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Loans on credit	\$ 230,000	\$ -
Less: Current portion	<u>(25,000)</u>	<u>-</u>
Long-term borrowings - non-current	<u>\$ 205,000</u>	<u>\$ -</u>

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

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

17. ACCOUNTS AND NOTES PAYABLE

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Accounts payable</u>		
Payable - operating	<u>\$ 104,991</u>	<u>\$ 62,566</u>

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

18. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
Other liabilities		
Payables for salaries or bonuses	\$ 113,919	\$ 96,390
Payables for royalties	57,304	36,862
Refund liabilities (Note 21)	14,833	8,806
Investment impairment using equity method	10,042	-
Labor/health insurance	8,413	7,897
Compensation due to directors	8,292	515
Payable on machinery and equipment	8,005	5,470
Others	<u>38,589</u>	<u>33,079</u>
	<u>\$ 259,397</u>	<u>\$ 189,019</u>
Deferred revenue		
Arising from government grants (Note 25)	<u>\$ 44,201</u>	<u>\$ -</u>

(Continued)

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Non-current</u>		
Payable on machinery and equipment	\$ 4,940	\$ 3,198
Others	<u>1,532</u>	<u>-</u>
	<u>\$ 6,472</u>	<u>\$ 3,198</u>
		(Concluded)

19. RETIREMENT BENEFIT PLANS

Defined contribution plan

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

Defined benefit plans

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Present value of funded defined benefit obligation	\$ 166,657	\$ 173,083
Fair value of plan assets	<u>(171,097)</u>	<u>(174,246)</u>
Net defined benefit assets	<u>\$ (4,440)</u>	<u>\$ (1,163)</u>

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, 2019	<u>\$ 169,342</u>	<u>\$ 164,067</u>	<u>\$ 5,275</u>
Service cost			
Current service cost	605	-	605
Interest expense	<u>1,947</u>	<u>1,903</u>	<u>44</u>
Recognized in profit or loss	<u>2,552</u>	<u>1,903</u>	<u>649</u>
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	<u>(1,853)</u>	<u>-</u>	<u>(1,853)</u>
Recognized in other comprehensive income	<u>1,189</u>	<u>5,498</u>	<u>(4,309)</u>
Contributions from employer	<u>-</u>	<u>2,778</u>	<u>(2,778)</u>
Balance at December 31, 2019	<u>\$ 173,083</u>	<u>\$ 174,246</u>	<u>\$ (1,163)</u>
Balance at January 1, 2020	<u>\$ 173,083</u>	<u>\$ 174,246</u>	<u>\$ (1,163)</u>
Service cost			
Current service cost	563	-	563
Interest expense (income)	<u>1,731</u>	<u>1,757</u>	<u>(26)</u>
Recognized in profit or loss	<u>2,294</u>	<u>1,757</u>	<u>537</u>
Remeasurement			
Return on plan assets	-	5,187	(5,187)
Actuarial (gain) loss-changes in financial assumptions	4,422	-	4,422
Adjustment on actuarial (gain) loss-experience adjustment	<u>(2,817)</u>	<u>-</u>	<u>(2,817)</u>
Recognized in other comprehensive income	<u>1,605</u>	<u>5,187</u>	<u>(3,582)</u>
Contributions from employer	<u>-</u>	<u>232</u>	<u>(232)</u>
Benefits paid	<u>(10,325)</u>	<u>(10,325)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ 166,657</u>	<u>\$ 171,097</u>	<u>\$ (4,440)</u>

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

	For the Year Ended December 31	
	2020	2019
Operating costs	\$ 89	\$ 105
Selling and marketing expenses	8	6
General and administrative expenses	178	215
Research and development expenses	<u>262</u>	<u>323</u>
	<u>\$ 537</u>	<u>\$ 649</u>

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

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

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

	December 31	
	2020	2019
Discount rate(s)	0.75%	1.00%
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	
	2020	2019
Discount rate(s)		
0.25% increase	<u>\$ (4,422)</u>	<u>\$ (5,029)</u>
0.25% decrease	<u>\$ 4,598</u>	<u>\$ 5,237</u>
Expected rate(s) of salary increase		
1% increase	<u>\$ 18,742</u>	<u>\$ 21,475</u>
1% decrease	<u>\$ (16,422)</u>	<u>\$ (18,693)</u>

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

	December 31	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ -</u>	<u>\$ 2,778</u>
The average duration of the defined benefit obligation	13 years	14 years

20. EQUITY

a. Share capital

1) Ordinary shares:

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

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

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

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand ordinary shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (ticker: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2020, the outstanding 175 thousand units of GDRs represented 350 thousand ordinary shares.

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of 2020 and 2019 for each component of capital surplus was as follows:

	December 31	
	2020	2019
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
From the issuance of ordinary shares	\$ 18,497	\$ 196,095
From the acquisition of a subsidiary	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	207,316	140,184
<u>Used to offset a deficit only</u>		
From treasury share transactions	46,307	45,239
Changes in net equity of associates accounted for using the equity method	<u>71,277</u>	<u>55,491</u>
	<u>\$ 500,820</u>	<u>\$ 594,432</u>

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

c. Retained earnings and dividend policy

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

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

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

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

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

The appropriations of earnings for 2018 approved in the shareholders' meeting on June 10, 2019, as follows:

	For Year 2018
Legal reserve	<u>\$ 562</u>
Special reserve	<u>\$ 241,173</u>

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

	For Year 2019
Special reserve reversed	<u>\$ 32,263</u>
Legal reserve deficits compensated	<u>\$ 229,998</u>

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

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

	For the Year 2020
Legal reserve	<u>\$ 32,889</u>
Special reserve reversed	<u>\$ 15,111</u>
Cash dividend	<u>\$ 311,093</u>
Cash dividend per share (NT\$)	\$ 0.53

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

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	\$ 308,452	\$ 67,279
Appropriations of special reserve	-	241,173
Special reserve reversed	<u>(32,263)</u>	<u>-</u>
Balance at December 31	<u>\$ 276,189</u>	<u>\$ 308,452</u>

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (218,780)	\$ (138,875)
Recognized		
Exchange differences on translating the financial statements of foreign operations	(19,314)	(13,842)
Share of exchange differences of associates accounted for using the equity method	20,354	(66,063)
Reclassification adjustments		
Disposal of foreign operations	<u>(10,283)</u>	<u>-</u>
Balance at December 31	<u>\$ (228,023)</u>	<u>\$ (218,780)</u>

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	\$ (42,246)	\$ (303,968)
Current		
Unrealized gains (loss)	42	(1,203)
Share from associates accounted for using the equity method	(5,865)	(16,589)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	1,172	279,514
Disposal of partial interests in subsidiaries	<u>2,112</u>	<u>-</u>
Balance at December 31	<u>\$ (33,055)</u>	<u>\$ (42,246)</u>

f. Treasury shares

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

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

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

	For the Year Ended December 31	
	2020	2019
Revenue from the sale of goods	\$ 1,099,471	\$ 1,143,333
Other	<u>69,189</u>	<u>91,936</u>
	<u>\$ 1,168,660</u>	<u>\$ 1,235,269</u>

a. Contract information

Revenue from the sale of goods

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

Other

Other income mainly comes from software development and royalties.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 9)	<u>\$ 172,035</u>	<u>\$ 141,845</u>	<u>\$ 171,387</u>
Contract liabilities - current	<u>\$ 5,589</u>	<u>\$ 3,373</u>	<u>\$ 2,547</u>

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

c. Disaggregation of revenue

	Reportable Segments	
	Direct Sales	
	2020	2019
<u>Primary geographical markets</u>		
Asia	\$ 970,145	\$ 984,862
Taiwan	137,590	208,641
Others	<u>60,925</u>	<u>41,766</u>
	<u>\$ 1,168,660</u>	<u>\$ 1,235,269</u>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 1,162,170	\$ 1,224,955
Satisfied over time	<u>6,490</u>	<u>10,314</u>
	<u>\$ 1,168,660</u>	<u>\$ 1,235,269</u>

22. NET PROFIT

Net profit included the following items:

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	\$ 691	\$ 2,448
Other	<u>-</u>	<u>42</u>
	<u>\$ 691</u>	<u>\$ 2,490</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2020	2019
Rental income	\$ 27,840	\$ 29,932
Government grant income (Note 25)	21,034	-
Dividend income	6,243	3,702
Others	<u>5,030</u>	<u>25,809</u>
	<u>\$ 60,147</u>	<u>\$ 59,443</u>

c. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2020	2019
Service income of management support	\$ 27,619	\$ 34,023
Net (loss) gain on financial assets and liabilities		
Net (loss) gain on financial assets designated as at FVTPL (Note 7)	(17,474)	17,428
Net foreign exchange loss	<u>(6,789)</u>	<u>(3,070)</u>
	<u>\$ 3,356</u>	<u>\$ 48,381</u>

d. Finance costs

	<u>For the Year Ended December 31</u>	
	2020	2019
Interest on lease liabilities	\$ 4,310	\$ 4,405
Interest on bank loans	1,102	1,132
Other financial costs	<u>940</u>	<u>1,244</u>
	<u>\$ 6,352</u>	<u>\$ 6,781</u>

e. Depreciation and amortization

	<u>For the Year Ended December 31</u>	
	2020	2019
An analysis of depreciation by function		
Operating costs	\$ 3,689	\$ 3,789
Operating expenses	<u>84,932</u>	<u>82,396</u>
	<u>\$ 88,621</u>	<u>\$ 86,185</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 51,838</u>	<u>\$ 42,652</u>

f. Employee benefit expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits	\$ 495,427	\$ 448,979
Post-employment benefits		
Defined contribution plans	20,672	19,742
Defined benefit plans (Note 19)	<u>537</u>	<u>649</u>
	<u>21,209</u>	<u>20,391</u>
Other employee benefits	<u>13,186</u>	<u>13,215</u>
Total employee benefit expense	<u>\$ 529,822</u>	<u>\$ 480,585</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 41,104	\$ 40,987
Operating expenses	<u>488,718</u>	<u>441,598</u>
	<u>\$ 529,822</u>	<u>\$ 482,585</u>

g. Employees' compensation and remuneration of directors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors on March 29, 2021 and March 30, 2020, respectively, are as follows:

Accrual rate

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

Amount

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

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

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

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

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

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- h. Gain or loss on exchange rate changes

	<u>For the Year Ended December 31</u>	
	2020	2019
Exchange rate gains	\$ 13,316	\$ 22,155
Exchange rate losses	<u>(20,105)</u>	<u>(25,225)</u>
Net loss	<u>\$ (6,789)</u>	<u>\$ (3,070)</u>

23. INCOME TAXES

- a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
Current tax		
In respect of the current year	\$ 502	\$ 4,787
Deferred tax		
In respect of the current year	<u>-</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ 502</u>	<u>\$ 4,787</u>

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	\$ <u>323,905</u>	\$ <u>20,096</u>
Income tax expense calculated at the statutory rate	\$ 64,781	\$ 4,019
Tax effect of adjusting items:		
Nondeductible expenses	(111,808)	(37,633)
Tax-exempt income	(4,207)	-
Temporary differences	2,125	(8,659)
Effects of consolidated income tax filing	<u>(34)</u>	<u>(42)</u>
Current income tax expense	(49,143)	(42,315)
Unrecognized investment credit	49,143	42,315
Foreign income tax expense	<u>502</u>	<u>4,787</u>
Income tax expense recognized in profit or loss	\$ <u>502</u>	\$ <u>4,787</u>

In July 2019, the president of the R.O.C. approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings.

b. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable (classified as other receivables)	\$ <u>372</u>	\$ <u>486</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

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

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	<u>2,019</u>	<u>(3,224)</u>	<u>(1,205)</u>
	<u>\$ 2,485</u>	<u>\$ -</u>	<u>\$ 2,485</u>

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

	<u>December 31</u>	
	2020	2019
Loss carryforwards		
Expiry in 2020	\$ -	\$ 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	329,899	329,899
Expiry in 2030	<u>46,749</u>	<u>-</u>
	<u>\$ 2,263,110</u>	<u>\$ 2,427,818</u>
Deductible temporary differences	<u>\$ 74,332</u>	<u>\$ 69,427</u>

- e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2020:

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

- 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

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

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

Net profit for the year

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

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

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

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

25. GOVERNMENT GRANTS

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

Sunplus applied for the AI on Chip R&D subsidy program of the Ministry of Economic Affairs, and the “Shared Intelligent Computing Chiplet Architecture R&D Program” was reviewed and approved on November 20, 2020. The approved subsidy amounted to NT\$115,356 thousand. As of December 31, 2020, the accumulated subsidy received is NT\$44,201 thousand (recognized as for other financial assets), and the

income from the recognized subsidy is NT\$0. In addition, the Company has a special account for subsidies in accordance with regulations, and the monthly withdrawal amount should be withdrawn according to the monthly expenditure summary statement, and the withdrawal amount shall not be higher than the expenditure amount.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

For details about the equity transactions with non-controlling interest, refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2020.

27. CAPITAL MANAGEMENT

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

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

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

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2020

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

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 591,108	\$ -	\$ -	\$ 591,108
Domestic unlisted shares	-	-	337,789	337,789
Foreign listed shares	<u>815</u>	<u>-</u>	<u>-</u>	<u>815</u>
	<u>\$ 591,923</u>	<u>\$ -</u>	<u>\$ 337,789</u>	<u>\$ 929,712</u>
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,586</u>	<u>\$ 2,586</u>

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

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

For the year ended December 31, 2020

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

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2019	\$ 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	<u>(3,750)</u>	<u>(548)</u>	<u>(4,298)</u>
Balance at December 31, 2019	<u>\$ 337,789</u>	<u>\$ 2,586</u>	<u>\$ 340,375</u>

c. Categories of financial instruments

	December 31	
	2020	2019
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)	\$ 529,792	\$ 929,712
Financial assets at amortized cost (i)	1,010,044	476,374
Financial assets at fair value through other comprehensive income		
Equity instruments	-	2,586
<u>Financial liabilities</u>		
Measured at amortized cost (ii)	418,753	175,217

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

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

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

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

1) Market risk

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

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

	USD Impact	
	For the Year Ended December 31	
	2020	2019
Profit or loss	\$ (1,291)	\$ (1,783)

	RMB Impact	
	For the Year Ended December 31	
	2020	2019

Profit or loss	\$ 3,036	\$ (11)
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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	
	2020	2019
Fair value interest rate risk		
Financial assets	\$ 396,000	\$ 55,100
Financial liabilities	205,904	235,395
Cash flow interest rate risk		
Financial assets	427,934	271,637
Financial liabilities	230,000	-

Sensitivity analysis

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

If interest rates increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by \$247 thousand and \$340 thousand, respectively.

c) Other price risk

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

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

If the prices of financial assets at FVTPL had been 1% higher/lower, the post-tax other comprehensive income for the year ended December 31, 2020 and 2019 would have increased/decreased by \$5,298 and \$9,297 thousand, respectively.

If the prices of financial assets at FVTOCI had been 1% higher/lower, the post-tax other comprehensive income for the year ended December 31, 2020 and 2019 would have increased/decreased \$26 thousand.

2) Credit risk

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

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

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

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

The Company's concentration of credit risk of 91% and 92% in total trade receivables as of December 31, 2020 and 2019, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

The 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, 2020 and 2019, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest rate risk tables

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

December 31, 2020

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

Additional information about the maturity analysis for lease liabilities:

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

December 31, 2019

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

Additional information about the maturity analysis for lease liabilities:

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

b) Financing facilities

	December 31	
	2020	2019
Unsecured bank overdraft facility, reviewed annually and payable on demand:		
Amount used	\$ 302,681	\$ 53,964
Amount unused	<u>2,703,095</u>	<u>2,545,436</u>
	<u>\$ 3,005,776</u>	<u>\$ 2,599,400</u>

29. TRANSACTIONS WITH RELATED PARTIES

a. Name and relationship of related parties

Related Party Name	Related Party Category
iCatch Technology Ltd.	Associate
Advanced Vehicle Systems Co., Ltd.	Associate (Note 1)
Jumplux Technology Co., Ltd.	Subsidiary
Generalplus Technology Inc.	Subsidiary
Sunext Technology Co., Ltd.	Subsidiary
Sunplus Innovation Technology Inc.	Subsidiary
Sunplus mMedia Inc.	Subsidiary
Sunplus Venture Capital Co., Ltd.	Subsidiary
Chongqing CQPlusI Technology Co., Ltd.	Subsidiary

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

b. Sales of goods

Account Items	Related Parties Types	For the Year Ended December 31	
		2020	2019
Sales of goods	Subsidiaries	\$ 8,105	\$ 7,690
	Associates	<u>15,033</u>	<u>10,065</u>
		<u>\$ 23,138</u>	<u>\$ 17,755</u>

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

c. Purchases of goods

Accounted Item	Related Party	For the Year Ended December 31	
		2020	2019
Purchases of goods	Subsidiaries	\$ <u>60</u>	\$ <u>-</u>

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

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

Account Item	Related Party	For the Year Ended December 31	
		2020	2019
Trade receivables	Subsidiaries	\$ 1,404	\$ 597
	Associates	<u>1,343</u>	<u>1,258</u>
		<u>\$ 2,747</u>	<u>\$ 1,855</u>
Other receivable	Subsidiaries	\$ 1,937	\$ 1,723
	Associates	<u>243</u>	<u>280</u>
		<u>\$ 2,180</u>	<u>\$ 2,003</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

e. Payables from related parties

Account Item	Related Party	For the Year Ended December 31	
		2020	2019
Other payables	Subsidiaries	\$ <u>525</u>	\$ <u>-</u>

f. Acquisition of property, plant and equipment

Related Party	For the Year Ended December 31	
	2020	2019
Subsidiaries	\$ <u>12</u>	\$ <u>-</u>

g. Other transactions with related parties

Account Item	Related Parties Types	For the Year Ended December 31	
		2020	2019
Manufacturing expenses	Subsidiaries	\$ <u>2,346</u>	\$ <u>-</u>
Operating expenses	Subsidiaries	\$ <u>35</u>	\$ <u>161</u>
Non-operating income and expenses	Subsidiaries Associates	\$ 23,483 <u>4,504</u>	\$ 26,558 <u>10,228</u>
		\$ <u>27,987</u>	\$ <u>36,786</u>

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

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

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

h. 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.	\$ -

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

i. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	\$ 11,681	\$ 11,721
Post-employment benefits	<u>269</u>	<u>269</u>
	<u>\$ 11,950</u>	<u>\$ 11,990</u>

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

30. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2020	2019
Buildings, net	\$ 576,333	\$ 595,735
Pledged time deposits (classified to other financial assets - non-current)	<u>6,100</u>	<u>6,100</u>
	<u>\$ 582,433</u>	<u>\$ 601,835</u>

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

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

December 31, 2020

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

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 5,177	28.4800	\$ 147,441
CNY	3,700	4.3770	16,195 (Concluded)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,103	29.9800	\$ 212,948
JPY	208	0.2760	57
CNY	117	4.3050	504
HKD	15	3.8490	58
GBP	3	39.3600	118
Nonmonetary items subsidiaries accounted for using equity method			
USD	20,066	29.9800	601,579
HKD	9	3.8490	35

Financial liabilities

Monetary items			
USD	5,320	29.9800	159,494
CNY	106	4.3050	456

For the years ended December 31, 2020 and 2019, (realized and unrealized) net foreign exchange losses were NT\$6,789 thousand and NT\$3,070 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

32. ADDITIONAL DISCLOSURES

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

- 1) Financings provided: Table 1
- 2) Endorsement/guarantee provided: Table 2
- 3) Marketable securities held: Table 3
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
 - 9) Trading in derivative instruments: No.
 - 10) Information on investee: Table 5
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

Except for Table 1 to Table 7, there's no further information about other significant transactions.

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

Note 1: Short-term financing.

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

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

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

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

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

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

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

Note 9: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital Co., Ltd.'s net equity as of its latest financial statements.

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020

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

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Gua rantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus	Sun Media Technology Co., Ltd.	3 (Note 3)	\$ 841,376 (Note 4)	\$ 169,365	\$ -	\$ -	\$ -	-	\$1,682,753 (Note 5)	Yes	No	Yes
1 (Note 2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 3)	331,708 (Note 6)	122,860	113,920	113,920	113,920	20.61	331,708 (Note 6)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

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

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

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

Note 6: Russell Holdings Ltd. and the endorsement guaranty object are the parent company which holds 100% voting rights directly or indirectly. For each transaction entity, the guarantee amount should not exceed 60% of the endorsement/guarantee provider's net equity.

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

FOR THE YEAR ENDED DECEMBER 31, 2020

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

(Continued)

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

(Continued)

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

(Continued)

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

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

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

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

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

(Concluded)

SUMPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition (Note 1)		Disposal (Note 2)				Ending Balance (Note 3)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Sunplus Innovation Technology Inc.	Yuanta De-Bao Money Market Fund	Financial assets at fair value through profit or loss-current	-	\$ -	-	\$ -	13,227	\$ 160,000	6,617	\$ 80,028	\$ 80,000	\$ 28	6,610	\$ 80,043

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
 DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,290,639 (US\$ 74,605 RMB\$ 37,900)	\$ 2,290,639 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,460,438	\$ 70,116	\$ 70,116	Subsidiary
	Award Glory Ltd.	Belize	Investment	222,400 (US\$ 5,642 RMB\$ 14,100)	219,336 (US\$ 5,642 RMB\$ 13,400)	-	100	268,500	107,601	107,601	Subsidiary
	Global View Co., Ltd.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	346,011	399,236	52,151	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	771,853	73,864	72,796	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	713,447	282,037	96,740	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	829,982	999,982	83,000	100	870,199	(11,787)	(11,787)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	382,894	414,663	29,949	58	746,919	467,669	280,285	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	715,133 (US\$ 25,110)	702,317 (US\$ 24,660)	25,110	100	552,847	(4,795)	(4,795)	Subsidiary (Note 2)
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	29	245,579	(76,538)	(25,750)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	983,237	58,778	93	211,723	18,896	17,489	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,327	(334)	(300)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,578	(190)	(190)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	40,678 (HK\$ 11,075)	40,678 (HK\$ 11,075)	11,075	100	30	(4)	(4)	Subsidiary
	Magic Sky Limited	Samoa	Investment	291,635 (US\$ 10,240)	289,357 (US\$ 10,160)	-	100	2,435	(31,245)	(31,245)	Subsidiary
Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,406	(170)	(170)	Subsidiary	
Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	59,391	9,789	9,789	Subsidiary	
Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	(10,042)	(25,900)	(14,246)	Subsidiary	
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	285,983	282,037	38,598	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	24,585	467,669	9,768	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	12,244	(76,538)	(1,034)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,340	(334)	(9)	Subsidiary
	Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	-	125	13	1,064	(1,487)	(186)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	(7,683)	(25,900)	(10,899)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	73,405	467,669	26,392	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	42,295	(76,538)	(3,573)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	431	(334)	(26)	Subsidiary
	Genki Tek Co.	Taipei, Taiwan	Software development	20,000	-	2,000	63	15,018	(7,971)	(4,982)	Subsidiary
Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	-	125	13	1,064	(1,487)	(186)	Investee	
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	71,200 (US\$ 2,500)	71,200 (US\$ 2,500)	5,000	16	71,439	(35,131)	(5,709)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,290,639 (US\$ 74,605 RMB\$ 37,900)	2,290,639 (US\$ 74,605 RMB\$ 37,900)	-	100	1,460,436	70,117	70,117	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,290,639 (US\$ 74,605 RMB\$ 37,900)	2,290,639 (US\$ 74,605 RMB\$ 37,900)	-	100	1,460,415	70,118	70,118	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	543,683 (US\$ 19,090)	543,683 (US\$ 19,090)	19,090	100	499,149	15,407	15,407	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	543,683 (US\$ 19,090)	543,683 (US\$ 19,090)	19,090	100	499,292	15,407	15,407	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	11,107 (US\$ 390)	11,107 (US\$ 390)	-	100	6,001	1,576	1,576	Subsidiary

(Continued)

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

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

Sunplus Venture Capital Co., Ltd.

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

(Continued)

Generalplus Technology (Nature of Relationship: 1)

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

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

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

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

Note 3: Ytrip Technology Co., Ltd.'s indirect investment in a company located in mainland China.

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

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

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

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

Note 8: The liquidation of 1Culture Communication was completed on May 29, 2020.

Note 9: The Ministry of Economic Affairs approved an investment in the shares of San Neng Group Holding Co., Ltd., which is accounted for under the financial assets at fair value through profit or loss- non-current.

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

(Concluded)

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

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

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

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

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SUNPLUS TECHNOLOGY COMPANY LIMITED**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Amount
Cash	
Cash in banks	
Currency deposits	\$ 410,106
Time deposits (Note 1)	396,000
Foreign deposits (Note 2)	17,828
Cash on hand (Note 3)	<u>392</u>
	824,326
Less: Restricted assets	<u>50,301</u>
 Total	 <u>\$ 774,025</u>

Note 1: NTD Time deposits, interest rates at 0.30%-0.76%.

Note 2: Including US\$524 thousand @28.48, HKD2 thousand @3.673, GBP0.3 thousand @38.900, JPY43 thousand @0.2763 and RMB659 thousand @4.377.

Note 3: Including NTD100 thousand, HKD7 thousand @3.673, JPY145 thousand @0.2763, US\$4 thousand @28.48, EUR0.3 thousand @35.2, GBP2 thousand @38.900 and RMB5 thousand @4.377.

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2020

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

Item	Units (Thousand)	Cost	Fair Value		Note
			Unit Price	Amount	
Beneficiary certificates of the mutual funds					
Yuanta USD Money Market USD	99	\$ 30,573	10.6644	\$ 29,943	Note 1
Pine Bridge Multi-Income Fund	95	29,700	11.4123	30,818	Note 1
Taishin 1699 Money Market	2,200	30,000	13.6459	30,027	Note 1
Yuanta Emerging Indonesia and India 4 years Bond Fund	1,500	15,000	9.8996	14,849	Note 1
Yuanta Emerging Asia USD Bond Fund	139	43,786	11.1489	44,044	Note 1
Marvest Series 1 Fund	-	-	-	-	Note 2
				149,681	
Domestic unlisted shares					
Triknight Capital Corporation	29,285	285,289	10.62	311,021	Note 2
Evergreen Steel Co., Ltd.	1,500	68,565	46.06	69,090	Note 3
Less: Current assets				(203,922)	
				<u>\$ 325,870</u>	

Note 1: The market value was based on the net asset value of the fund as of December 31, 2020.

Note 2: The market value was based on the carrying amount as of December 31 2020.

Note 3: The market value was based on the average quoted price as of December 31, 2020.

SUNPLUS TECHNOLOGY COMPANY LIMITED**STATEMENT OF TRADE RECEIVABLES, NET****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Trade receivable from related parties	
iCatch Technology Ltd.	\$ 1,343
Generalplus Technology Inc.	953
Jumplux Technology Co., Ltd.	330
Others (Note)	<u>121</u>
	<u>2,747</u>
Trade receivable from unrelated parties	
Client A	73,079
Client B	55,619
Client C	13,956
Client D	12,440
Client E	12,196
Others (Note)	<u>1,998</u>
	<u>169,288</u>
Total	<u>\$ 172,035</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED**STATEMENT OF INVENTORIES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

	Item	Amount	
		Cost	Net Realizable Value
Finished goods		\$ 83,183	\$ 130,361
Work in progress		159,392	331,526
Raw materials		<u>58,155</u>	<u>61,287</u>
Total		<u>\$ 300,730</u>	<u>\$ 523,174</u>

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

DECEMBER 31, 2020

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

Item	Balance, January 1, 2020		Additions		Decreases		Fair Value Changes of Financial Assets at FVTOCI	Balance, December 31, 2020		Pledged or Mortgaged
	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount		Shares (Thousand)	Amount	
Network Capital Global	380	\$ 2,586	-	\$ -	380	\$ 2,628	\$ 42	-	\$ -	NA

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2020		Additions		Decreases		Increase (Decrease) Amount Evaluated by Equity Method						Balance, December 31, 2020			Net Assets Value	Note
	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount	Investment Gain (Loss)	Exchange Differences Arising on Translation to the Presentation Currency	Transferred Capital Surplus	Fair Value Changes of Financial Assets at FVTOCI	Actuarial (Gain) Loss	Investment Impairment Using Equity Method (Accounted for Current Liability)	Shares (Thousand)	%	Amount		
Global View Co., Ltd.	8,229	\$ 297,640	-	\$ -	-	\$ 12,345	\$ 52,151	\$ 1,477	\$ 3	\$ 7,262	\$ (177)	\$ -	8,229	13	\$ 346,011	\$ 346,011	Note 1
Ventureplus Group Inc.	-	1,373,861	-	-	-	-	70,116	13,902	2,559	-	-	-	-	100	1,460,438	1,460,438	Note 1
Lin Shih Investment Co., Ltd.	70,000	744,832	-	-	-	38,780	72,796	1,095	1,557	(9,420)	(227)	-	70,000	100	771,853	771,853	Notes 1 and 3
Generalplus Technology Corp.	37,324	681,743	-	131	-	67,184	96,740	2,744	-	-	(727)	-	37,324	34	713,447	713,873	Note 1
Sunplus Venture Capital Co., Ltd.	100,000	1,049,350	-	-	17,000	181,232	(11,787)	-	1,689	10,919	1,260	-	83,000	100	870,199	870,199	Note 1
Sunplus Innovation Technology	31,450	573,897	-	-	1,501	105,676	280,285	-	-	(3,181)	1,594	-	29,949	58	746,919	746,919	Note 1
Russell Holdings Limited	24,660	569,284	-	12,978	-	-	(4,795)	(27,999)	3,094	285	-	-	24,660	100	552,847	552,847	Note 1
Sunext Technology Co., Ltd.	58,778	194,234	-	-	-	-	17,489	-	-	-	-	-	58,778	93	211,723	211,723	Note 1
iCatch Technology Inc.	20,735	263,237	-	-	-	2,541	(25,750)	-	10,511	-	122	-	20,735	29	245,579	144,106	Note 1
Sunplus mMedia Inc.	22,441	23,627	-	-	-	-	(300)	-	-	-	-	-	22,441	90	23,327	10,664	Note 1
Wei-Young Investment Inc.	5,400	49,602	-	-	-	-	9,789	-	-	-	-	-	5,400	100	59,391	59,391	Note 1
Sunplus Management Consulting	500	3,768	-	-	-	-	(190)	-	-	-	-	-	500	100	3,578	3,578	Note 2
Sunplus Technology (H.K.)	11,075	35	-	-	-	-	(4)	(1)	-	-	-	-	11,075	100	30	30	Note 1
Magic Sky Limited	-	32,282	-	2,399	-	-	(31,245)	(1,001)	-	-	-	-	-	100	2,435	2,435	Note 1
Sunplus mMobile Inc.	16,240	29,576	-	-	-	-	(170)	-	-	-	-	-	16,240	100	29,406	29,406	Note 1
Award Glory Ltd.	-	160,186	-	2,915	-	-	107,601	540	(2,742)	-	-	-	-	100	268,500	268,500	Note 1
Jumplux Technology	13,200	2,785	-	-	-	-	(14,246)	-	-	-	1,419	10,042	13,200	55	-	(10,042)	Note 1
Total		<u>\$6,049,939</u>		<u>\$ 18,423</u>		<u>\$ 407,758</u>	<u>\$ 618,480</u>	<u>\$ (9,243)</u>	<u>\$ 16,671</u>	<u>\$ 5,865</u>	<u>\$ 3,264</u>	<u>\$ 10,042</u>			<u>\$6,305,683</u>	<u>\$6,181,931</u>	

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

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

Note 3: The carrying amount and net value included deduction of the book value of the parent company's stock held by the subsidiary in the amount of \$65,148 thousand.

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars)

	Land
Cost	
Balance at January 1, 2020	\$ 185,344
Additions	<u>-</u>
Balance at December 31, 2020	<u>185,344</u>
Accumulated depreciation	
Balance at January 1, 2020	5,785
Depreciation	<u>5,785</u>
Balance at December 31, 2020	<u>11,570</u>
Carrying amount at December 31, 2020	<u>\$ 173,774</u>

SUNPLUS TECHNOLOGY COMPANY LIMITED**STATEMENT OF SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Creditor	Balance End of Year	Period	Range of Interest Rates (%)	Financing Facilities	Pledged or Mortgaged
Land Bank of Taiwan	<u>\$ 28,480</u>	2020.08.19-2021.08.19	0.87	<u>\$ 300,000</u>	-

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Creditor	Balance End of Year	Period	Range of Interest Rates (%)	Financing Facilities	Repayment Method	Pledged or Mortgaged
Medium - to long-term credit borrowings						
Shanghai Commercial Bank	\$ 200,000	2020.08.21-2025.08.21	1.25	\$ 400,000	Repayable quarterly from November 2021, the loan was repaid on maturity	-
Far Eastern International Bank	<u>30,000</u>	2020.10.13-2023.10.13	1.32	<u>500,000</u>	Repayable semiannually from October 2022, the loan was repaid on maturity	-
	230,000			<u>\$ 900,000</u>		
Less: Current portion	<u>(25,000)</u>					
	<u>\$ 205,000</u>					

SUNPLUS TECHNOLOGY COMPANY LIMITED**STATEMENT OF TRADE PAYABLES****DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Supplier A	\$ 18,852
Supplier B	15,480
Supplier C	13,130
Supplier D	11,677
Supplier E	8,379
Supplier F	8,162
Supplier G	7,928
Supplier H	6,687
Others (Note)	<u>14,696</u>
Total	<u>\$ 104,991</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF LEASE LIABILITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Item	Lease Term	Discount Rate	Amount
Land	2015.08-2034.12	2.39%	\$ 79,633
Land	2002.06-2021.12	2.39%	67,502
Land	2001.05-2020.12	2.39%	30,289
Less: Lease liabilities - current			<u>(4,105)</u>
Lease liabilities -non-current			<u>\$ 173,319</u>

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF NET REVENUE

FOR THE YEAR ENDED DECEMBER 31, 2020

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

Item	Quantity	Unit	Amount
Multimedia IC	21,474	Thousand	\$ 1,206,850
Other			<u>69,283</u>
			1,276,133
Sales allowance			(107,043)
Sales return			<u>(430)</u>
			<u>\$ 1,168,660</u>

SUNPLUS TECHNOLOGY COMPANY LIMITED**STATEMENT OF COST REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw material, beginning of year	\$ 22,104
Raw material purchased	441,255
Transferred to expenses	(1,676)
Raw materials, end of year	<u>(58,155)</u>
Raw materials used	403,528
Direct labor	7,797
Manufacturing expenses	<u>238,449</u>
Manufacturing costs	649,774
Work in progress, beginning of year	125,054
Transferred to expenses	(1,547)
Work in progress, end of year	<u>(159,392)</u>
Cost of finished goods	613,889
Finished goods, beginning of year	126,606
Finished goods purchased	29,365
Transferred to expenses	(608)
Finished goods, end of year	<u>(83,183)</u>
 Total	 <u>\$ 686,069</u>

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Royalty	\$ 32,416	\$ -	\$ -
Marketing service	11,787	-	-
Salary	4,765	85,076	331,962
Depreciation	421	22,552	61,959
Professional service fees	1	14,820	1,043
Amortization	-	2,089	49,749
Experimental tools	-	-	36,776
Others (Note)	<u>4,038</u>	<u>48,921</u>	<u>126,633</u>
Total	<u>\$ 53,428</u>	<u>\$ 173,458</u>	<u>\$ 608,122</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	For the Year Ended December 31					
	2020			2019		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Labor cost						
Salary	\$ 34,585	\$ 421,803	\$ 456,388	\$ 34,320	\$ 381,246	\$ 415,566
Labor and health insurance	3,140	29,037	32,177	3,126	27,832	30,958
Pension	1,869	19,340	21,209	1,871	18,520	20,391
Remuneration of directors	-	6,862	6,862	-	2,455	2,455
Others	1,510	11,676	13,186	1,670	11,545	13,215
Total	<u>\$ 41,104</u>	<u>\$ 488,718</u>	<u>\$ 529,822</u>	<u>\$ 40,987</u>	<u>\$ 441,598</u>	<u>\$ 482,585</u>
Depreciation	<u>\$ 3,689</u>	<u>\$ 84,932</u>	<u>\$ 88,621</u>	<u>\$ 3,789</u>	<u>\$ 82,396</u>	<u>\$ 86,185</u>
Amortization	<u>\$ -</u>	<u>\$ 51,838</u>	<u>\$ 51,838</u>	<u>\$ -</u>	<u>\$ 42,652</u>	<u>\$ 42,652</u>

Note 1: For the years ended December 31, 2020 and 2019, the Company had 324 and 310 employees on average, respectively, which included 6 directors who did not serve concurrently as employees for both years.

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

- 1) The average employee welfare expense for the current year is 1,645 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”).
The average employee welfare expense for the current year is 1,579 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/“Number of employees for the current year-Number of directors who are not concurrent employees”).
- 2) The average employee salary expenses for the current year is 1,435 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”).
The average employee salary expenses for the current year is 1,367 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees”).
- 3) Changes in the average employee salary expense adjustment 4.97% (“Average employee salary expense for the current year-Average employee salary expense for the previous year”/Average employee salary expense for the previous year).
- 4) The Company has established an audit committee on 2015, and the remuneration of independent directors has been included in the remuneration of directors.
- 5) Compensation and Remuneration Policy.
 - a. Remuneration of directors is paid at prevailing rates according to the “Directors’ Remuneration and Travel Allowance Policy of the Company”. When the Company make a profit, the compensation and remuneration of directors is accrued and reviewed by the compensation committee and the board of directors according to the Company’s compensation and remuneration policy. The compensation arrangement shall be reported in the shareholders’ meeting.
 - b. The compensation and remuneration of the President and Vice Presidents of the Company is determined in accordance with the Company’s Performance Management Policy. Executives’ compensation packages are based on individual performance and their contribution to the Company’s overall performance with benchmarking to market compensation surveys. The compensation committee shall review the KPIs and measurements, followed by performance appraisal, and consequently reward the executives with the approval of the board of directors.
 - c. The Company’s remuneration policy takes into account the staff’s professional seniority, work performance, goal achievement, major contributions, etc. The director of the center completes the performance appraisal, which is divided into excellent, good, competent, and qualitative comments for improvement, which are approved by the chief executive officer.