

**Sunplus Technology Company Limited  
and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2020 and 2019 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the six months then ended and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$4,537,183 thousand and NT\$4,178,337 thousand, respectively, representing 39% and 34%, respectively, of the total consolidated assets, and the combined total liabilities were NT\$736,700 thousand and NT\$483,493 thousand, respectively, representing 30% and 18%, respectively, of the total consolidated liabilities. For the three months ended June 30, 2020 and 2019, the amounts of these non-significant subsidiaries' total comprehensive income were NT\$170,249 thousand and NT\$43,682 thousand, respectively, representing 140% and 116%, respectively, of the total consolidated comprehensive income. For

the six months ended June 30, 2020 and 2019, the amounts of the non-significant subsidiaries' total comprehensive income were NT\$138,407 thousand and NT\$94,555 thousand, respectively, representing (317)% and 70%, respectively, of the total consolidated comprehensive income (loss). In addition, as disclosed in Note 12 to the consolidated financial statements, the financial statements of such associates accounted for by the equity method were not reviewed. The total carrying amounts of such associates as of June 30, 2020 and 2019 were NT\$678,788 thousand and NT\$706,197 thousand, respectively. For the three months ended June 30, 2020 and 2019, the amounts of the share of total comprehensive income of such associates accounted for using equity method were NT\$6,560 thousand and NT\$680 thousand, respectively. For the six months ended June 30, 2020 and 2019, the amounts of the share of total comprehensive income (loss) of such associates accounted for using equity method were NT\$848 thousand and NT\$(16,280) thousand, respectively. These investment amounts disclosed in the consolidated financial statements were based on these associates' unreviewed financial statements for the same reporting periods as those of the Company.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that has caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, its consolidated financial performance for the three months ended June 30, 2020 and 2019 and its consolidated financial performance and its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 13, 2020

### *Notice to Readers*

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

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese*

*version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

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

ASSETS	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 2,522,714	22	\$ 3,020,628	26	\$ 2,977,774	24
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	1,134,670	10	1,090,679	10	1,467,264	12
Notes and trade receivables, net (Notes 9, 23 and 33)	1,059,175	9	832,633	7	1,107,268	9
Other receivables (Note 33)	41,305	-	28,159	-	86,898	1
Inventories (Note 10)	1,019,325	9	759,211	7	791,828	7
Other financial assets (Notes 17 and 34)	152,048	1	119,920	1	170,985	1
Other current assets (Notes 17 and 33)	229,274	2	88,917	1	113,118	1
Total current assets	6,158,511	53	5,940,147	52	6,715,135	55
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through profit or loss (FVTPL) - non-current (Note 7)	1,049,555	9	1,027,445	9	833,331	7
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	198,976	2	189,387	2	242,379	2
Investments accounted for using the equity method (Note 12)	678,788	6	695,028	6	706,197	6
Property, plant and equipment (Notes 13 and 34)	1,952,165	17	1,968,803	17	2,065,919	17
Right-of-use assets (Notes 3, 4 and 14)	235,307	2	241,914	2	246,123	2
Investment properties (Note 15)	1,007,901	9	1,066,797	9	1,118,161	9
Intangible assets (Note 16)	187,451	1	176,233	2	176,585	1
Deferred tax assets (Notes 4 and 25)	29,961	-	28,754	-	30,264	-
Net-defined benefit assets - non-current (Notes 4 and 21)	1,163	-	1,163	-	-	-
Other financial assets (Notes 17 and 34)	161,607	1	140,049	1	128,418	1
Other non-current assets (Note 17)	13,585	-	14,047	-	43,622	-
Total non-current assets	5,516,459	47	5,549,620	48	5,590,999	45
<b>TOTAL</b>	<b>\$ 11,674,970</b>	<b>100</b>	<b>\$ 11,489,767</b>	<b>100</b>	<b>\$ 12,306,134</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18 and 34)	\$ 349,350	3	\$ 323,626	3	\$ 241,418	2
Contract liabilities - current (Note 23)	20,560	-	24,912	-	5,577	-
Trade payables (Note 19)	581,205	5	352,155	3	639,406	5
Dividend Payable (Note 22)	317,129	3	-	-	370,638	3
Current tax liabilities (Notes 4 and 25)	82,817	1	52,169	1	51,455	-
Lease liabilities - current (Notes 3, 4 and 14)	12,298	-	11,885	-	11,306	-
Deferred revenue - current (Notes 20 and 27)	1,526	-	1,568	-	1,647	-
Current portion of long-term loans (Notes 18 and 34)	-	-	-	-	186,754	2
Other current liabilities (Note 20)	506,957	4	576,101	5	565,221	5
Total current liabilities	1,871,842	16	1,342,416	12	2,073,422	17
<b>NON-CURRENT LIABILITIES</b>						
Lease liabilities - non-current (Notes 3, 4 and 14)	224,754	2	230,251	2	233,827	2
Deferred revenue - non-current (Notes 20 and 27)	55,716	-	58,015	-	61,749	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	64,157	1	64,258	1	72,627	1
Guarantee deposits	220,089	2	213,579	2	223,238	2
Other liabilities (Note 20)	14,219	-	8,557	-	3,265	-
Total non-current liabilities	578,935	5	574,660	5	594,706	5
Total liabilities	2,450,777	21	1,917,076	17	2,668,128	22
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22 and 30)</b>						
Share capital						
Ordinary shares	5,919,949	51	5,919,949	52	5,919,949	48
Capital surplus	417,520	4	594,432	5	594,353	5
Retained earnings						
Legal reserve	1,712,390	15	1,942,388	17	1,942,388	16
Special reserve	276,189	2	308,452	2	308,452	2
(Accumulated deficits) unappropriated earnings	(80,281)	(1)	(262,261)	(2)	10,453	-
Total retained earnings	1,908,298	16	1,988,579	17	2,261,293	18
Other equity	(312,264)	(3)	(261,026)	(2)	(409,990)	(3)
Treasury shares	(63,401)	(1)	(63,401)	(1)	(63,401)	(1)
Total equity attributable to owners of the Company	7,870,102	67	8,178,533	71	8,302,204	67
<b>NON-CONTROLLING INTERESTS (Notes 11, 22 and 30)</b>	<b>1,354,091</b>	<b>12</b>	<b>1,394,158</b>	<b>12</b>	<b>1,335,802</b>	<b>11</b>
Total equity	9,224,193	79	9,572,691	83	9,638,006	78
<b>TOTAL</b>	<b>\$ 11,674,970</b>	<b>100</b>	<b>\$ 11,489,767</b>	<b>100</b>	<b>\$ 12,306,134</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 13, 2020)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING								
REVENUE (Notes 23 and 33)	\$ 1,529,573	100	\$ 1,531,751	100	\$ 2,572,029	100	\$ 2,711,351	100
OPERATING COSTS (Notes 10 and 24)	<u>844,360</u>	<u>55</u>	<u>886,112</u>	<u>58</u>	<u>1,398,294</u>	<u>54</u>	<u>1,561,135</u>	<u>58</u>
GROSS PROFIT	<u>685,213</u>	<u>45</u>	<u>645,639</u>	<u>42</u>	<u>1,173,735</u>	<u>46</u>	<u>1,150,216</u>	<u>42</u>
OPERATING EXPENSES (Notes 4, 24 and 33)								
Selling and marketing	88,920	6	69,958	5	152,784	6	137,333	5
General and administrative	115,475	7	124,620	8	225,079	9	247,929	9
Research and development	380,332	25	378,845	25	743,432	29	736,339	27
Expected loss of credit impairment (Note 9)	<u>15</u>	<u>-</u>	<u>211</u>	<u>-</u>	<u>18</u>	<u>-</u>	<u>211</u>	<u>-</u>
Total operating expenses	<u>584,742</u>	<u>38</u>	<u>573,634</u>	<u>38</u>	<u>1,121,313</u>	<u>44</u>	<u>1,121,812</u>	<u>41</u>
OTHER REVENUE AND EXPENSES	<u>13</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>(104)</u>	<u>-</u>	<u>143</u>	<u>-</u>
PROFIT (LOSS) FROM OPERATIONS	<u>100,484</u>	<u>7</u>	<u>72,105</u>	<u>4</u>	<u>52,318</u>	<u>2</u>	<u>28,547</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 24, 27 and 33)								
Interest income	4,890	-	6,094	-	11,929	-	12,313	-
Other income	31,625	2	22,489	1	43,223	2	39,643	2
Other gains and losses	24,984	2	(6,458)	-	(27,270)	(1)	72,997	3
Finance costs	(3,414)	-	(6,201)	-	(7,718)	-	(12,178)	-
Share of profit of associates and joint ventures	<u>6,560</u>	<u>-</u>	<u>680</u>	<u>-</u>	<u>848</u>	<u>-</u>	<u>(16,280)</u>	<u>(1)</u>
Total nonoperating income and expenses	<u>64,645</u>	<u>4</u>	<u>16,604</u>	<u>1</u>	<u>21,012</u>	<u>1</u>	<u>96,495</u>	<u>4</u>
PROFIT BEFORE INCOME TAX	165,129	11	88,709	5	73,330	3	125,042	5
INCOME TAX EXPENSE (Notes 4 and 25)	<u>44,076</u>	<u>3</u>	<u>17,576</u>	<u>1</u>	<u>58,031</u>	<u>3</u>	<u>25,560</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>121,053</u>	<u>8</u>	<u>71,133</u>	<u>4</u>	<u>15,299</u>	<u>-</u>	<u>99,482</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22)								
Item that will not be reclassified subsequently to profit or loss:								

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Unrealized (loss) gain on investments in equity instruments at FVTOCI	47,787	3	(11,519)	(1)	12,455	1	5,551	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	4,663	-	(1,377)	-	(1,815)	-	1,573	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(50,190)	(3)	(19,196)	(1)	(66,926)	(3)	27,373	1
Share of other comprehensive (loss) income of associates and joint ventures	(1,827)	-	(1,532)	-	(2,686)	-	1,222	-
Other comprehensive (loss) income for the period, net of income tax	433	-	(33,624)	(2)	(58,972)	(2)	35,719	1
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 121,486</u>	<u>8</u>	<u>\$ 37,509</u>	<u>2</u>	<u>\$ (43,673)</u>	<u>(2)</u>	<u>\$ 135,201</u>	<u>5</u>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 45,711	3	\$ 6,229	1	\$ (78,926)	(3)	\$ 13,332	1
Non-controlling interests	75,342	5	64,904	4	94,225	4	86,150	3
	<u>\$ 121,053</u>	<u>8</u>	<u>\$ 71,133</u>	<u>5</u>	<u>\$ 15,299</u>	<u>1</u>	<u>\$ 99,482</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 49,866	3	\$ (24,207)	(2)	\$ (131,336)	(5)	\$ 46,185	2
Non-controlling interests	71,620	5	61,716	4	87,663	3	89,016	3
	<u>\$ 121,486</u>	<u>8</u>	<u>\$ 37,509</u>	<u>2</u>	<u>\$ (43,673)</u>	<u>(2)</u>	<u>\$ 135,201</u>	<u>5</u>
<b>EARNINGS (LOSS) PER SHARE (New Taiwan dollars; Note 26)</b>								
From continuing operations								
Basic	<u>\$ 0.08</u>		<u>\$ 0.01</u>		<u>\$ (0.13)</u>		<u>\$ 0.02</u>	
Diluted	<u>\$ 0.08</u>		<u>\$ 0.01</u>		<u>\$ (0.13)</u>		<u>\$ 0.02</u>	

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

(With Deloitte & Touche review report dated August 13, 2020)

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company											
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Other Equity		Treasury Shares	Total	Non-controlling Interests	Total Equity
	(In Thousand)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI				
BALANCE, JANUARY 1, 2019	591,995	\$ 5,919,949	\$ 801,398	\$ 1,941,826	\$ 67,279	\$ 241,734	\$ (138,875)	\$ (303,968)	\$ (63,401)	\$ 8,465,942	\$ 1,401,664	\$ 9,867,606
Appropriation of 2018 earnings												
Legal reserve	-	-	-	562	-	(562)	-	-	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	6,072	-	-	-	-	-	-	6,072	-	6,072
Issuance of cash dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)	-	(213,118)
Difference between the consideration and carrying amount of subsidiaries acquired or disposed of	-	-	1	-	-	-	-	-	-	1	-	1
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(2,878)	-	-	-	(2,878)	-	(2,878)
Net gain for the six months ended June 30, 2019	-	-	-	-	-	13,332	-	-	-	13,332	86,150	99,482
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	25,729	7,124	-	32,853	2,866	35,719
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	13,332	25,729	7,124	-	46,185	89,016	135,201
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(154,878)	(154,878)
BALANCE, JUNE 30, 2019	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 594,353</u>	<u>\$ 1,942,388</u>	<u>\$ 308,452</u>	<u>\$ 10,453</u>	<u>\$ (113,146)</u>	<u>\$ (296,844)</u>	<u>\$ (63,401)</u>	<u>\$ 8,302,204</u>	<u>\$ 1,335,802</u>	<u>\$ 9,638,006</u>
BALANCE, JANUARY 1, 2020	591,995	\$ 5,919,949	\$ 594,432	\$ 1,942,388	\$ 308,452	\$ (262,261)	\$ (218,780)	\$ (42,246)	\$ (63,401)	\$ 8,178,533	\$ 1,394,158	\$ 9,572,691
Appropriation of 2019 earnings												
Legal reserve	-	-	-	(229,998)	-	229,998	-	-	-	-	-	-
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-	-	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	686	-	-	-	-	-	-	686	-	686
Issuance of cash dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	(177,598)	-	(177,598)
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	(183)	-	(183)
Net (loss) gain for the six months ended June 30, 2020	-	-	-	-	-	(78,926)	-	-	-	(78,926)	94,225	15,299
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	(1,172)	(63,050)	11,812	-	(52,410)	(6,562)	(58,972)
Total comprehensive (loss) income for the six months ended June 30, 2020	-	-	-	-	-	(80,098)	(63,050)	11,812	-	(131,336)	87,663	(43,673)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(127,730)	(127,730)
BALANCE, JUNE 30, 2020	<u>591,995</u>	<u>\$ 5,919,949</u>	<u>\$ 417,520</u>	<u>\$ 1,712,390</u>	<u>\$ 276,189</u>	<u>\$ (80,281)</u>	<u>\$ (281,830)</u>	<u>\$ (30,434)</u>	<u>\$ (63,401)</u>	<u>\$ 7,870,102</u>	<u>\$ 1,354,091</u>	<u>\$ 9,224,193</u>

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

(With Deloitte & Touche review report dated August 13, 2020)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended	
	June 30	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 73,330	\$ 125,042
Adjustments for:		
Depreciation expenses	148,292	134,339
Amortization expenses	38,097	38,014
Expected loss of credit impairment	18	211
Net gain (loss) on fair value change of financial assets at FVTPL	23,017	(59,132)
Financial costs	7,718	12,178
Interest income	(11,929)	(12,313)
Dividend income	(5,480)	(7,555)
Share of loss of associates and joint ventures	(848)	16,280
Gain (loss) on disposal of property, plant and equipment	112	(104)
Gain on disposal intangible assets	-	(39)
Gain on disposal of subsidiaries	(7,760)	-
Unrealized benefits with related companies	2,541	-
Net gain (loss) on foreign currency exchange	3,701	(727)
Gain on lease modification	(8)	-
Changes in operating assets and liabilities:		
Increase in trade receivables	(226,550)	(154,031)
Decrease in other receivables	4,048	4,569
Decrease (increase) in inventories	(260,114)	27,120
Increase in other current assets	(41,783)	(24,247)
Decrease in contract liabilities	(4,352)	(1,934)
Increase in trade payables	231,641	155,559
Decrease in deferred revenue	(775)	(831)
Decrease in other current liabilities	(69,931)	(38,460)
Decrease in accrued pension liabilities	(101)	(6,686)
Cash generated from operations	(97,116)	207,253
Interest received	10,890	10,385
Dividend received	5,475	7,555
Interest paid	(9,184)	(13,958)
Income tax paid	(25,742)	(28,153)
Net cash generated from (used in) operating activities	(115,677)	183,082
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTPL	(663,668)	(927,300)
Proceeds from the sale of financial assets at FVTPL	568,370	777,702
Acquisition of joint ventures	(2,500)	-
Disposal of subsidiaries	(2,106)	-
Prepayments for investments	-	(30,000)
Payments for property, plant and equipment	(109,523)	(63,723)

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019
Proceeds from the disposal of property, plant and equipment	36	3,465
Increase in refundable deposits	(348)	(57)
Decrease in refundable deposits	795	1,986
Payments for intangible assets	(150,404)	(37,716)
Proceeds from disposal of intangible assets	-	484
Payments for investment properties	(3,927)	(747)
Increase in other financial assets	(60,466)	(18,719)
Net cash used in investing activities	<u>(423,741)</u>	<u>(294,625)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	26,566	-
Repayments of short-term borrowings	-	(69,515)
Repayments of long-term borrowings	-	(65,000)
Proceeds of guarantee deposits received	19,147	16,341
Refund of guarantee deposits received	(8,010)	(26,271)
Repayments of the principal portion of lease liabilities	(6,688)	(5,488)
Proceeds from other liability	792	-
Increase (decrease) in non-controlling interests	<u>12,000</u>	<u>(236)</u>
Net cash generated from (used in) financing activities	<u>43,807</u>	<u>(150,169)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,303)</u>	<u>3,765</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(497,914)	(257,947)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,020,628</u>	<u>3,235,721</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,522,714</u>	<u>\$ 2,977,774</u>

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

(With Deloitte & Touche review report dated August 13, 2020)

(Concluded)



## 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 13, 2020.

## 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), IFRIC Interpretations (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 material impact on the Group’s accounting policies.

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

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

The Group applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“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 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
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 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 are 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” are 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” are 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 first 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.

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

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

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

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, biological assets excluding bearer plants which are measured at fair value less costs to sell, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an 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 an asset or liability.

c. Basis of consolidation

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

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

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

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

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

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

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

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Leases

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

The Group as lessor

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

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

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

### The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to Note 4 (9) for the accounting policies for investment properties for the consolidated financial statements for the year ended December 31, 2019.

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, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

The Group requested the lessor for rent subsidy as a direct subsidy of the Covid-19 to change the lease payment. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of the rent subsidy, and therefore, does not assess whether the rent subsidy requires lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the subsidy occurs, and makes a corresponding adjustment to the lease liability.

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Please refer to the consolidated financial statements with critical accounting judgments and key sources of estimation uncertainty for the year ended December 31, 2019.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand	\$ 6,105	\$ 6,065	\$ 7,731
Checking accounts and demand deposits	798,290	769,510	1,083,845
Cash equivalents			
Time deposits in banks	1,718,319	2,245,053	1,877,660
Repurchase agreements collateralized by bonds	<u>-</u>	<u>-</u>	<u>8,538</u>
	<u>\$ 2,522,714</u>	<u>\$ 3,020,628</u>	<u>\$ 2,977,774</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
Bank balances	0.001%-2.10%	0.001%-2.25%	0.01%-2.42%
Repurchase agreements collateralized by bonds	-	-	1.00%

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

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 937,277	\$ 987,692	\$ 1,334,802
Securities listed in the ROC	153,709	41,960	42,420
Securities unlisted in the ROC	31,809	45,904	50,827
Hybrid financial assets			
Securities listed in the ROC and other countries - CB	<u>11,875</u>	<u>15,123</u>	<u>39,215</u>
	<u>\$ 1,134,670</u>	<u>\$ 1,090,679</u>	<u>\$ 1,467,264</u>
<u>Financial liabilities at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Unlisted shares and emerging market shares in the ROC and other countries	\$ 657,963	\$ 658,431	\$ 478,761
Private funds	281,048	260,140	233,228
Mutual funds	73,869	75,119	77,283
Securities listed in the ROC and other countries	<u>36,675</u>	<u>33,755</u>	<u>44,059</u>
	<u>\$ 1,049,555</u>	<u>\$ 1,027,445</u>	<u>\$ 833,331</u>

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

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Non-current</u>			
Domestic and foreign investments			
Unlisted shares and emerging market shares	\$ 132,684	\$ 98,915	\$ 163,046
Listed shares and emerging market shares	<u>66,292</u>	<u>90,472</u>	<u>79,333</u>
	<u>\$ 198,976</u>	<u>\$ 189,387</u>	<u>\$ 242,379</u>

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES, NET

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Notes receivable</u>			
Notes receivable - operating	\$ _____ -	\$ _____ 300	\$ _____ -
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	1,059,512	832,662	1,107,987
Less: Allowance for impairment loss	<u>(337)</u>	<u>(329)</u>	<u>(719)</u>
	<u>1,059,175</u>	<u>832,333</u>	<u>1,107,268</u>
	<u>\$ 1,059,175</u>	<u>\$ 832,633</u>	<u>\$ 1,107,268</u>

### Trade receivables

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

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

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

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

June 30, 2020

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	\$ 1,058,935	\$ 232	\$ -	\$ -	\$ 345	\$ 1,059,512
Loss allowance (Lifetime ECLs)	-	-	-	-	(337)	(337)
Amortized cost	<u>\$ 1,058,935</u>	<u>\$ 232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 1,059,175</u>

December 31, 2019

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	\$ 832,233	\$ 90	\$ -	\$ -	\$ 339	\$ 832,662
Loss allowance (Lifetime ECLs)	-	-	-	-	(329)	(329)
Amortized cost	<u>\$ 832,233</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 832,333</u>

June 30, 2019

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	\$ 1,103,730	\$ 1,855	\$ 561	\$ 894	\$ 947	\$ 1,107,987
Loss allowance (Lifetime ECLs)	-	-	-	-	(719)	(719)
Amortized cost	<u>\$ 1,103,730</u>	<u>\$ 1,855</u>	<u>\$ 561</u>	<u>\$ 894</u>	<u>\$ 228</u>	<u>\$ 1,107,268</u>

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	\$ 329	\$ 504
Add: Net remeasurement of loss allowance	18	211
Foreign exchange gains and losses	(10)	4
Balance at June 30	<u>\$ 337</u>	<u>\$ 719</u>

**10. INVENTORIES**

	June 30, 2020	December 31, 2019	June 30, 2019
Finished goods	\$ 331,048	\$ 307,179	\$ 318,666
Work in progress	356,338	281,042	289,136
Raw materials	<u>331,939</u>	<u>170,990</u>	<u>184,026</u>
	<u>\$ 1,019,325</u>	<u>\$ 759,211</u>	<u>\$ 791,828</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019 were \$822,829 thousand, \$865,027 thousand, \$1,355,826 thousand and \$1,519,848 thousand, respectively.

The cost of inventories recognized as costs of goods sold for the three months ended and six months ended June 30, 2020 and 2019 are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Inventory write-downs	\$ (5,143)	\$ (7,778)	\$ (6,012)	\$ (9,204)
Income from scrap sales	<u>241</u>	<u>8</u>	<u>252</u>	<u>39</u>
	<u>\$ (4,902)</u>	<u>\$ (7,770)</u>	<u>\$ (5,760)</u>	<u>\$ (9,165)</u>

## 11. SUBSIDIARIES

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

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	100.00	-
	Ventureplus Group Inc.	Investment	100.00	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	100.00	-
	Lin Shih Investment	Investment	100.00	100.00	100.00	-
	Sunplus mMobile Inc.	Design of ICs	100.00	100.00	100.00	-
	Sunext Technology Co., Ltd.	Design of ICs	92.55	92.55	91.53	-
	Sunplus Innovation Technology	Design of ICs	61.13	61.13	61.13	-
	Generalplus Technology ("Generalplus")	Design of ICs	34.30	34.30	34.30	Sunplus and its subsidiaries had a 47.99% stake in Generalplus Technology, Inc. and the Group had controlling interest over Generalplus Technology, Inc.; the investee is included in the consolidated financial statements.
		Wei-Young Investment Inc.	Investment	100.00	100.00	100.00
	Russell Holdings Limited	Investment	100.00	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	89.76	89.76	89.76	-
	Award Glory	Investment	100.00	100.00	100.00	-
	Jumplus Technology	Design of ICs	55.00	55.00	55.00	-
Ventureplus	Ventureplus Mauritius Inc.	Investment	100.00	100.00	100.00	-
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Investment	100.00	100.00	100.00	-
Ventureplus Cayman Inc.	Ytrip Technology	Web research and development	-	38.47	38.47	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on June 30 and December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 29.
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	51.47	53.85	60.87	-
	Sunplus Prof-tek Technology (Shenzhen)	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
	Sunplus Technology (Shanghai)	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
	SunMedia Technology	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
	Sunplus Technology (Beijing)	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
Sunplus Technology (Shanghai)	Ytrip Technology	Web research and development	-	44.08	44.08	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on June 30 and December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 29.
	Jsilicon Technology	Software Development and IC Design	100.00	100.00	100.00	-
	Shuangxin Technology	Software Development and IC Design	55.00	55.00	-	Registration of establishment completed on July 26, 2019.

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
Sunplus Prof-tek (Shenzhen)	Shuangxin Technology	Software Development and IC Design	45.00	45.00	-	Sunplus and its subsidiaries held 100% equity in Chongqing Shuangxin Co., Ltd.
Ytrip Technology	Iculture Communication	Web development and sale	-	100.00	100.00	The liquidation of Iculture Communication was completed on May 29, 2020. Please refer to Note 29.
Sunplus Venture	Jumplx Technology	Design of ICs	42.08	42.08	42.08	Sunplus and its subsidiaries owned 97.08% of the equity in Jumplx Technology.
	Han Young Technology	Design of ICs	-	-	70.00	The liquidation of Han Young Technology was completed on November 15, 2019. Please refer to Note 29.
	Sunplus mMedia	Design of ICs	7.64	7.64	7.64	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.64	5.64	5.64	Sunplus and its subsidiaries had 68.86% equity in Sunplus Innovation
	Gen Ki Tek Co.	Software development	62.50	-	-	Registration of establishment completed on March 6, 2020.
Lin Shih	Generalplus Technology	Design of ICs	13.69	13.69	13.69	Sunplus and its subsidiaries had a 47.99% stake in Generalplus Technology, Inc. and the Group had controlling interest over Generalplus Technology, Inc.; the investee is included in the consolidated financial statements.
	Sunplus mMedia	Design of ICs	2.60	2.60	2.60	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.09	2.09	2.09	Sunplus and its subsidiaries had 68.86% equity in Sunplus Innovation
Generalplus	Generalplus Samoa	Investment	100.00	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	Design of ICs, after sales service and marketing research	100.00	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	100.00	-
Award Glory	Sunny Fancy	Investment	100.00	100.00	100.00	-
Sunny Fancy	Giant Kingdom	Investment	100.00	100.00	100.00	-
	Giant Rock	Investment	100.00	100.00	100.00	-
Giant Kingdom	WORLDPLUS HOLDING L.L.C. (Worldplus)	Investment	100.00	100.00	100.00	Obtained control on September 2, 2019, so it was included in the consolidated financial statements.
	Giant Best Ltd. (Giant Best)	Investment	100.00	-	-	At the end of June 2020, the establishment registration was completed, but capital was not invested yet.
	Ytrip Technology	Web research and development	-	8.16	8.16	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on June 30 and December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 29.
Giank Rock	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education	44.85	42.31	34.78	Sunplus and its subsidiaries had a 96.32% stake in Sunplus App.
Worldplus	Lingyao Technology	Software development and rental sales	100.00	100.00	100.00	Obtained control on September 2, 2019, so it was included in the consolidated financial statements.

(Concluded)

The financial statements as of and for the Six Months ended June 30, 2020 and 2019 of the above subsidiaries, except those of Generalplus, Sunplus mMobile Inc., Ventureplus Group Inc., Ventureplus Mauritius Inc., and Ventureplus Cayman Inc., and non-significant subsidiaries Sunplus Technology (Shanghai) and Sunplus Prof-tek Technology (Shenzhen), were not reviewed.

b. Subsidiaries excluded from the consolidated financial statements

<u>Company name</u>	<b>The Voting Ratio of Non-controlling Equity</b>		
	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Generalplus Technology Inc.	52.01%	52.01%	52.01%
Sunplus Innovation Technology	31.14%	31.14%	31.14%

Refer to Table 5 for information on country of registration and principal business activities.

<u>Company name</u>	<b>Profit Attributed to Non-controlling Interests</b>				<b>Non-controlling Interests</b>		
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>		<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>			
Generalplus Technology Inc.	\$ 41,610	\$ 50,999	\$ 51,625	\$ 67,811	\$1,018,355	\$1,705,166	\$1,038,974
Sunplus Innovation Technology	33,924	14,025	43,368	19,328	314,667	308,951	286,369

The summarized financial information below represents amounts before intragroup eliminations.

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>	
Current assets	\$ 3,675,265	\$ 3,190,003	\$ 3,497,939	
Noncurrent assets	805,030	790,554	813,435	
Current liabilities	1,391,686	792,198	1,252,914	
Noncurrent liabilities	<u>205,758</u>	<u>214,644</u>	<u>226,840</u>	
Equity	<u>\$ 2,882,851</u>	<u>\$ 2,973,715</u>	<u>\$ 2,831,620</u>	
Equity attributable to:				
Owners of the Company	\$ 1,549,829	\$ 1,589,598	\$ 1,506,277	
Non-controlling interests	<u>1,333,022</u>	<u>1,384,117</u>	<u>1,325,343</u>	
	<u>\$ 2,882,851</u>	<u>\$ 2,973,715</u>	<u>\$ 2,831,620</u>	
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Operating revenue	<u>\$ 1,211,435</u>	<u>\$ 1,068,455</u>	<u>\$ 1,896,454</u>	<u>\$ 1,795,096</u>
Net income	\$ 188,936	\$ 143,088	\$ 238,517	\$ 192,435
Other comprehensive loss	<u>(7,153)</u>	<u>(6,286)</u>	<u>(12,605)</u>	<u>5,219</u>
Total other comprehensive income	<u>\$ 181,783</u>	<u>\$ 136,802</u>	<u>\$ 225,912</u>	<u>\$ 197,654</u>
Equity attributable to:				
Owners of the Company	\$ 113,402	\$ 78,064	\$ 143,524	\$ 105,296
Non-controlling interests	<u>75,534</u>	<u>65,024</u>	<u>94,993</u>	<u>87,139</u>
	<u>\$ 188,936</u>	<u>\$ 143,088</u>	<u>\$ 238,517</u>	<u>\$ 192,435</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Total other comprehensive income attributable to:				
Owners of the Company	\$ 109,970	\$ 75,048	\$ 137,475	\$ 107,801
Non-controlling interests	<u>71,813</u>	<u>61,754</u>	<u>88,437</u>	<u>89,853</u>
	<u>\$ 181,783</u>	<u>\$ 136,802</u>	<u>\$ 225,912</u>	<u>\$ 197,654</u> (Concluded)

	For the Six Months Ended June 30	
	2020	2019
Cash flows		
Cash flows generated from operating activities	\$ 27,443	\$ 188,890
Cash flows generated from (used in) investing activities	(288,110)	(166,933)
Cash flows generated from (used in) financing activities	48,684	(8,876)
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>(1,617)</u>	<u>712</u>
Net cash inflow (outflow)	<u>\$ (213,600)</u>	<u>\$ 13,793</u>
Dividends paid to non-controlling interests Generalplus Technology Inc.	<u>\$ -</u>	<u>\$ -</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2020	December 31, 2019	June 30, 2019
Investments in associates	<u>\$ 678,788</u>	<u>\$ 695,028</u>	<u>\$ 706,197</u>
Associates			
iCatch Technology	\$ 293,792	\$ 320,180	\$ 327,479
Global View Co., Ltd.	307,177	297,640	298,190
Autosys Co., Ltd.	75,409	77,208	80,528
Yizhiliang Accelerator Co., Ltd.	<u>2,410</u>	<u>-</u>	<u>-</u>
	<u>\$ 678,788</u>	<u>\$ 695,028</u>	<u>\$ 706,197</u>

Name of associate	June 30, 2020	December 31, 2019	June 30, 2019
iCatch Technology	34%	36%	36%
Global View Co., Ltd.	13%	13%	13%
Autosys Co., Ltd.	16%	16%	16%
Yizhiliang Accelerator Co., Ltd.	25%	-	-

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

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

Name of Associate	June 30, 2020	December 31, 2019	June 30, 2019
Global View Co., Ltd.	<u>\$ 319,303</u>	<u>\$ 239,889</u>	<u>\$ 262,931</u>

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

In 2020 and from January 1 to June 30, 2019, the equity method of investment and the company's share of profit and loss and other comprehensive profit and loss are calculated based on financial statements that have not been reviewed by accountants.

### 13. PROPERTY, PLANT AND EQUIPMENT

#### a. Assets used by the Group - 2020

	For the Six Months Ended June 30, 2020									
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance at January 1, 2020	\$ 2,388,519	\$ 187,290	\$ 10,428	\$ 517,417	\$ 5,873	\$ 250,019	\$ 1,480	\$ 23,847	\$ 19,202	\$ 3,354,075
Additions	440	2,903	2,900	76,730	-	26,633	490	-	4,304	114,400
Disposals	-	-	-	(345)	(482)	(14,656)	-	(13)	-	(15,496)
Reclassified	-	-	-	-	-	4,073	-	-	(4,073)	-
Consolidated change	-	-	-	-	-	(3,031)	-	-	-	(3,031)
Effect of exchange rate changes	(22,181)	(5,385)	(135)	(2,221)	(121)	(7,265)	1,099	(351)	(1,145)	(37,705)
Balance at June 30, 2020	<u>\$ 2,316,778</u>	<u>\$ 184,808</u>	<u>\$ 13,193</u>	<u>\$ 591,581</u>	<u>\$ 5,270</u>	<u>\$ 255,773</u>	<u>\$ 3,069</u>	<u>\$ 23,483</u>	<u>\$ 18,288</u>	<u>\$ 3,412,243</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2020	\$ 555,243	\$ 143,222	\$ 7,229	\$ 448,652	\$ 4,018	\$ 205,424	\$ 1,239	\$ 20,245	\$ -	\$ 1,385,272
Additions	26,080	8,790	695	57,186	424	10,160	214	596	-	104,145
Disposals	-	-	-	(333)	(433)	(14,569)	-	(13)	-	(15,348)
Consolidated change	-	-	-	-	-	(3,016)	-	-	-	(3,016)
Effect of exchange rate changes	1,537	(7,240)	(135)	(1,792)	(100)	(2,944)	(4)	(297)	-	(10,975)
Balance at June 30, 2020	<u>\$ 582,860</u>	<u>\$ 144,772</u>	<u>\$ 7,789</u>	<u>\$ 503,713</u>	<u>\$ 3,909</u>	<u>\$ 195,055</u>	<u>\$ 1,449</u>	<u>\$ 20,531</u>	<u>\$ -</u>	<u>\$ 1,460,078</u>
Carrying amount at June 30, 2020	<u>\$ 1,733,918</u>	<u>\$ 40,036</u>	<u>\$ 5,404</u>	<u>\$ 87,868</u>	<u>\$ 1,361</u>	<u>\$ 60,718</u>	<u>\$ 1,620</u>	<u>\$ 2,952</u>	<u>\$ 18,288</u>	<u>\$ 1,952,165</u>
Balance at December 31, 2018 and January 1, 2019	<u>\$ 1,783,276</u>	<u>\$ 44,068</u>	<u>\$ 3,199</u>	<u>\$ 68,765</u>	<u>\$ 1,855</u>	<u>\$ 44,595</u>	<u>\$ 241</u>	<u>\$ 3,602</u>	<u>\$ 19,202</u>	<u>\$ 1,968,803</u>

#### b. 2019

	For the Six Months Ended June 30, 2019									
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Prepayments for Equipment	Total
<u>Cost</u>										
Balance at January 1, 2019	\$ 2,383,245	\$ 193,874	\$ 13,729	\$ 616,529	\$ 5,904	\$ 266,331	\$ 2,782	\$ 23,959	\$ 2,940	\$ 3,509,293
Additions	-	366	3,628	82,411	-	5,452	456	157	2,433	94,903
Disposals	-	-	(640)	(7,305)	-	(4,639)	-	(20)	-	(12,604)
Effect of exchange rate changes	11,958	1,638	10	883	57	1,661	17	146	-	16,370
Balance at June 30, 2019	<u>\$ 2,395,203</u>	<u>\$ 195,878</u>	<u>\$ 16,727</u>	<u>\$ 692,518</u>	<u>\$ 5,961</u>	<u>\$ 268,805</u>	<u>\$ 3,255</u>	<u>\$ 24,242</u>	<u>\$ 5,373</u>	<u>\$ 3,607,962</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2019	\$ 507,818	\$ 126,857	\$ 12,759	\$ 552,093	\$ 3,633	\$ 231,996	\$ 2,331	\$ 19,447	\$ -	\$ 1,456,934
Depreciation expenses	26,794	10,844	1,211	39,890	605	7,951	2,567	296	-	90,158
Disposals	-	-	(580)	(4,009)	-	(4,634)	-	(20)	-	(9,243)
Effect of exchange rate changes	1,219	2,618	(608)	1,375	28	1,552	(2,400)	410	-	4,194
Balance at June 30, 2019	<u>\$ 535,831</u>	<u>\$ 140,319</u>	<u>\$ 12,782</u>	<u>\$ 589,349</u>	<u>\$ 4,266</u>	<u>\$ 236,865</u>	<u>\$ 2,498</u>	<u>\$ 20,133</u>	<u>\$ -</u>	<u>\$ 1,542,043</u>
Carrying amount at June 30, 2019	<u>\$ 1,859,372</u>	<u>\$ 55,559</u>	<u>\$ 3,945</u>	<u>\$ 103,169</u>	<u>\$ 1,695</u>	<u>\$ 31,940</u>	<u>\$ 757</u>	<u>\$ 4,109</u>	<u>\$ 5,373</u>	<u>\$ 2,065,919</u>

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

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

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

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Carrying amounts</u>			
Land	\$ 212,440	\$ 215,922	\$ 219,456
Buildings	22,197	25,098	25,549
Transportation equipment	<u>670</u>	<u>894</u>	<u>1,118</u>
	<u>\$ 235,307</u>	<u>\$ 241,914</u>	<u>\$ 246,123</u>
	<b>For the Three Months Ended June 30</b>	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>
			<b>2019</b>
Additions to right-of-use assets		<u>\$ 1,846</u>	<u>\$ 894</u>
Depreciation charge for right-of-use assets			
Land	\$ 1,714	\$ 1,717	\$ 3,427
Buildings	2,709	1,592	4,460
Transportation equipment	<u>112</u>	<u>99</u>	<u>224</u>
	<u>\$ 4,535</u>	<u>\$ 3,408</u>	<u>\$ 8,111</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 297</u>	<u>\$ 263</u>	<u>\$ 585</u>
		<u>\$ 525</u>	<u>\$ 525</u>

Except for the depreciation expense above, the company's right-of-use assets did not experience significant sublease and impairment from January 1 to June 30, 2020 and 2019.

The other part of the land use right in China is because the above-ground buildings are subletted by business lease, The related right-of-use assets are presented as investment properties. As set out in Note 15.

b. Lease liabilities - 2020

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Carrying amounts</u>			
Current	\$ 12,298	\$ 11,885	\$ 11,306
Non-current	<u>\$ 224,754</u>	<u>\$ 230,251</u>	<u>\$ 233,827</u>

Range of discount rate for lease liabilities was as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Land	2.39%	2.39%	2.39%
Buildings	1.575%-4.75%	1.575%-4.75%	1.575%
Transportation equipment	1.575%	1.575%	1.575%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and dormitory, also leases transportation equipment for the use of business travel with lease terms of 2 to 20 years, the lease contract for land located in the ROC specifies that lease payments will be adjusted on the basis of changes in announced land value prices. Lease terms of land in China is 35 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings and transportation equipment at the end of the lease terms.

The Group did not enter into significant lease contracts in the six months ended June 30, 2019 and 2020. Because of the market conditions severely affected by COVID-19 in 2020, the Group requested the lessor for rent subsidy. The lessor agreed to provide unconditional 20% rent reduction from January 1 to April 30, 2020. The Group recognized in profit or loss the impact of rent subsidy of \$555 thousand for the three months ended June 30, 2020 and for the six months ended June 30, 2020.

d. Subleases

Sublease of right-of-use assets - 2020

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

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Year 1	\$ 1,169	\$ 1,153	\$ 1,050
Year 2	<u>585</u>	<u>-</u>	<u>525</u>
	<u>\$ 1,754</u>	<u>\$ 1,153</u>	<u>\$ 1,575</u>

e. Other lease information

2020

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	\$ 2,606	\$ 3,479	\$ 4,643	\$ 6,684
Expenses relating to low-value asset leases	\$ 107	\$ -	\$ 216	\$ -
Total cash outflow for leases			\$ 12,773	\$ 15,028

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

**15. INVESTMENT PROPERTIES**

	Completed Investment Properties	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 1,401,007	\$ 98,867	\$ 1,499,874
Additions	3,927	-	3,927
Effect of exchange rate changes	(36,204)	(2,618)	(38,822)
Balance at June 30, 2020	\$ 1,368,730	\$ 96,249	\$ 1,464,979
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ 430,601	\$ 2,476	\$ 433,077
Depreciation expense	34,852	1,184	36,036
Effect of exchange rate differences	(11,950)	(85)	(12,035)
Balance at June 30, 2020	\$ 453,503	\$ 3,575	\$ 457,078
Balance at June 30, 2020	\$ 915,227	\$ 92,674	\$ 1,007,901
Balance at December 31, 2019 and January 1, 2020	\$ 970,406	\$ 96,391	\$ 1,066,797
<u>Cost</u>			
Balance at January 1, 2019 as restated	\$ 1,400,135	\$ 102,702	\$ 1,502,837
Additions	747	-	747
Effect of exchange rate differences	15,337	1,126	16,463
Balance at June 30, 2019	\$ 1,416,219	\$ 103,828	\$ 1,520,047

(Continued)

	<b>Completed Investment Properties</b>	<b>Right-of-use Assets</b>	<b>Total</b>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ 360,821	\$ -	\$ 360,821
Depreciation expense	36,074	1,355	37,429
Effect of exchange rate differences	<u>3,647</u>	<u>(11)</u>	<u>3,636</u>
Balance at June 30, 2019	<u>\$ 400,542</u>	<u>\$ 1,344</u>	<u>\$ 401,886</u>
Balance at June 30, 2019	<u>\$ 1,015,677</u>	<u>\$ 102,484</u>	<u>\$ 1,118,161</u> (Concluded)

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of June 30, 2020 was as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Year 1	\$ 125,286	\$ 142,060	\$ 131,812
Year 2	90,074	61,643	77,938
Year 3	<u>42,906</u>	<u>22,066</u>	<u>19,927</u>
	<u>\$ 258,266</u>	<u>\$ 225,769</u>	<u>\$ 229,677</u>

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

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

The fair value of the investment properties of Lingyao Technology Co., Ltd had been determined on the basis of valuations carried out on December 31, 2019 by Innolux Technology Co., Ltd. The evaluation adopted the income approach, and the important unobservable input values used included the discounted value. The evaluated fair value is as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Fair value	\$ 37,900	\$ 37,900

The Company had contacted the above independent valuation agency to review the validity of the original valuation report. There was no significant change in the fair value information of the above-mentioned investment properties on June 30, 2020.

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Fair value	\$ 1,182,963	\$ 1,182,963	\$ 1,267,909

The investment properties were valued by independent valutors; the Company determined that the fair values reported as of December 31, 2019 and 2018 were still valid as of June 30, 2020 and 2019, respectively.

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Fair value	\$ 2,295,816	\$ 2,295,816	\$ 2,471,410

The investment properties were valued by independent valutors; the Company determined that the fair values reported as of December 31, 2019 and 2018 were still valid as of June 30, 2020 and 2019, respectively.

## 16. INTANGIBLE ASSETS

	<b>For the Six Months Ended June 30, 2020</b>				
	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Goodwill</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2020	\$ 809,249	\$ 312,600	\$ 114,494	\$ 30,596	\$ 1,266,939
Additions	34,423	17,351	-	-	51,774
Disposals	(150)	(410)	-	-	(560)
Consolidated change	-	(5,232)	-	-	(5,232)
Effect of exchange rate differences	(746)	(817)	(7)	-	(1,570)
Balance at June 30, 2020	<u>\$ 842,776</u>	<u>\$ 323,492</u>	<u>\$ 114,487</u>	<u>\$ 30,596</u>	<u>\$ 1,311,351</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2020	\$ 583,858	\$ 289,553	\$ 84,582	\$ -	\$ 957,993
Amortization expense	25,187	12,226	684	-	38,097
Disposal	(150)	(410)	-	-	(560)
Consolidated change	-	(3,418)	-	-	(3,418)
Effect of exchange rate differences	(397)	(525)	(3)	-	(925)
Balance at June 30, 2020	<u>\$ 608,498</u>	<u>\$ 297,426</u>	<u>\$ 85,263</u>	<u>\$ -</u>	<u>\$ 991,187</u>
<u>Accumulated amortization</u>					
Balance at January 1 and June 30, 2020	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Net balance at June 30, 2020	<u>\$ 123,142</u>	<u>\$ 26,066</u>	<u>\$ 7,647</u>	<u>\$ 30,596</u>	<u>\$ 187,451</u>
Net balance at December 31, 2019 and January 1, 2020	<u>\$ 114,255</u>	<u>\$ 23,047</u>	<u>\$ 8,335</u>	<u>\$ 30,596</u>	<u>\$ 176,233</u>

**For the Six Months Ended June 30, 2019**

	<b>Technology License Fees</b>	<b>Software</b>	<b>Patents</b>	<b>Goodwill</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2019	\$ 778,507	\$ 298,609	\$ 114,504	\$ 30,596	\$ 1,222,216
Additions	18,095	18,086	-	-	36,181
Deductions	-	(1,418)	-	-	(1,418)
Effect of exchange rate differences	263	340	3	-	606
Balance at June 30, 2019	<u>\$ 796,865</u>	<u>\$ 315,617</u>	<u>\$ 114,507</u>	<u>\$ 30,596</u>	<u>\$ 1,257,585</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2019	\$ 556,915	\$ 270,852	\$ 83,215	\$ -	\$ 910,982
Amortization expenses	24,419	12,910	685	-	38,014
Deductions	-	(973)	-	-	(973)
Effect of exchange rate differences	78	185	1	-	264
Balance at June 30, 2019	<u>\$ 581,412</u>	<u>\$ 282,974</u>	<u>\$ 83,901</u>	<u>\$ -</u>	<u>\$ 948,287</u>
<u>Accumulated deficit</u>					
Balance at January 1 and June 30, 2019	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Net balance at June 30, 2019	<u>\$ 104,317</u>	<u>\$ 32,643</u>	<u>\$ 9,029</u>	<u>\$ 30,596</u>	<u>\$ 176,585</u>

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

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

An analysis of amortization by function

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Selling and marketing expenses	\$ 26	\$ 27	\$ 53	\$ 53
General and administrative expenses	962	1,517	2,142	3,047
Research and development expenses	<u>18,353</u>	<u>17,859</u>	<u>35,902</u>	<u>34,914</u>
	<u>\$ 19,341</u>	<u>\$ 19,403</u>	<u>\$ 38,097</u>	<u>\$ 38,014</u>

**17. OTHER ASSETS**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Current</u>			
Other financial assets			
Pledged time deposits (a)	\$ 118,520	\$ 119,920	\$ 170,985
Time deposits (b)	<u>33,528</u>	<u>-</u>	<u>-</u>
	<u>\$ 152,048</u>	<u>\$ 119,920</u>	<u>\$ 170,985</u>

(Continued)

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Other assets			
Advanced licence fee	\$ 107,406	\$ 9,103	\$ 6,781
Pledged for EDA tools	32,515	16,787	36,014
Others	<u>89,353</u>	<u>63,027</u>	<u>70,323</u>
	<u>\$ 229,274</u>	<u>\$ 88,917</u>	<u>\$ 113,118</u>
 <u>Non-current</u>			
Other financial assets			
Pledged time deposits (a)	\$ 35,877	\$ 10,899	\$ 10,872
Time deposits (b)	<u>125,730</u>	<u>129,150</u>	<u>117,546</u>
	<u>\$ 161,607</u>	<u>\$ 140,049</u>	<u>\$ 128,418</u>
Other assets			
Refundable deposits	\$ 5,785	\$ 6,247	\$ 5,822
Advanced long-term investment	-	-	30,000
Other	<u>7,800</u>	<u>7,800</u>	<u>7,800</u>
	<u>\$ 13,585</u>	<u>\$ 14,047</u>	<u>\$ 43,622</u>
			(Concluded)

- a. Refer to Note 34 for information on pledged time deposits.
- b. Generalplus Shenzhen's investment in long-term certificates of deposit in a bank amounted to RMB38,000 thousand, RMB30,000 thousand and RMB26,000 thousand as of June 30, 2020, December 31, 2019 and June 30, with durations of six months to three years, three years, three years, respectively. The certificates of deposit have fixed interest rates.

## 18. LOANS

### Short-term borrowings

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Secured borrowings</u>			
Bank loans	\$ 118,681	\$ 120,130	\$ 124,322
<u>Unsecured borrowings</u>			
Bank loans	<u>230,669</u>	<u>203,496</u>	<u>117,096</u>
	<u>\$ 349,350</u>	<u>\$ 323,626</u>	<u>\$ 241,418</u>

The weighted average effective interest rate intervals for bank loans as of June 30, 2020, December 31, 2019 and June 30, 2019 were 0.880%-3.000%, 1.745%-3.000% and 2.500%-3.324% per annum, respectively.

## Long-term borrowings

The borrowings of the Group are as follows:

	<b>Maturity Date</b>	<b>Significant Covenant</b>	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Floating rate borrowings</u>					
Unsecured bank borrowings	2019.10.14	Originally repaid in July 2016, extended to October 2019. The loan was settled in advance on September 10, 2019.	\$ -	\$ -	\$ 136,754
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016	-	-	50,000
			-	-	186,754
Less: Current portion			-	-	186,754
Long-term borrowings			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The intervals of effective borrowing rates as of June 30, 2019 were 1.545%-4.070%, respectively.

According to the loan contract, the consolidated financial statements of the company for semiannual are limited by current ratio, debt ratio, interest guarantee multiple. However, the Company's inability to meet the ratio requirements would not be deemed as a violation of the contracts. As of June 30, 2019, the Company was in compliance with these financial ratio requirements.

## 19. TRADE PAYABLES

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Accounts payable</u>			
Payables - operating	<u>\$ 581,205</u>	<u>\$ 352,155</u>	<u>\$ 639,406</u>

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

## 20. OTHER LIABILITIES

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Current</u>			
Other payables			
Payable for salaries and bonus	\$ 237,664	\$ 299,871	\$ 203,924
Compensation due to employees and directors	67,667	46,467	86,575
Payable for royalties	50,375	46,676	26,656
Commission payable	48,492	31,540	47,758
Labor/health insurance	26,154	26,629	26,540
Refund liabilities	21,595	21,971	9,895
Payables for purchases of equipment	5,559	5,552	41,662
Payables for labor costs	5,116	6,105	6,448
Others	<u>44,335</u>	<u>91,290</u>	<u>115,763</u>
	<u>\$ 506,957</u>	<u>\$ 576,101</u>	<u>\$ 565,221</u>

(Continued)

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Deferred revenue</u>			
Arising from government grants (Note 27)	<u>\$ 1,526</u>	<u>\$ 1,568</u>	<u>\$ 1,647</u>
<u>Non-current</u>			
Other payable			
Payable for purchases of equipment	\$ 8,068	\$ 3,198	\$ 2,376
Long-term payable	5,262	4,470	-
Decommissioning liabilities	<u>889</u>	<u>889</u>	<u>889</u>
	<u>\$ 14,219</u>	<u>\$ 8,557</u>	<u>\$ 3,265</u>
Deferred revenue			
Arising from government grants (Note 27)	<u>\$ 55,716</u>	<u>\$ 58,015</u>	<u>\$ 61,749</u> (Concluded)

## 21. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans were \$378 thousand, \$425 thousand, \$789 thousand and \$849 thousand as of the three months ended June 30, 2020 and 2019 and six months ended June 30, 2020 and 2019, respectively, and were calculated using the respective annual, actuarially determined pension cost discount rates as of December 31, 2019 and 2018.

## 22. EQUITY

### a. Share capital

#### 1) Common shares:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Number of authorized shares (in thousands)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Value of authorized shares	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>591,995</u>	<u>591,995</u>	<u>591,995</u>
Value of issued shares	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

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

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

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consist of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of June 30, 2020, the outstanding 175 thousand units of GDRs represented 350 thousand common shares.

b. Capital surplus

For each class of capital surplus, a reconciliation of the carrying amounts at the beginning and at the end of June 30, 2020 and 2019 is as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)			
Arising from the issuance of common shares	\$ 18,497	\$ 196,095	\$ 196,095
Arising from the acquisition of a subsidiary	157,423	157,423	157,423
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,184	140,184	140,023
<u>Used to offset a deficit only</u>			
From treasury share transactions	45,239	45,239	43,958
Changes in net equity of associates or joint ventures accounted for using the equity method	<u>56,177</u>	<u>55,491</u>	<u>56,854</u>
	<u>\$ 417,520</u>	<u>\$ 594,432</u>	<u>\$ 594,353</u>

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

c. Retained earnings and dividend policy

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

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained

earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 24 (8).

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 proposed in the shareholders' meeting on June 10, 2019, respectively, are as follows:

	<b>Appropriation of Earnings 2018</b>
Legal reserve	<u>\$ 562</u>
Special reserve	<u>\$ 241,173</u>
Cash dividends	<u>\$ -</u>
Cash dividends per share (NT\$)	<u>\$</u>

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

	<b>For the Year Ended December 31, 2019</b>
Turnover Special Surplus Reserve	<u>\$ 32,263</u>
Offset of Accumulated Deficits with legal surplus	<u>\$ 229,998</u>

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

d. Special reserves

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1 and June 30	\$ 308,452	\$ 67,279
Appropriations to special reserve	-	241,173
Reversed from special reserve	<u>(32,263)</u>	<u>-</u>
Balance, end of period	<u>\$ 276,189</u>	<u>\$ 308,452</u>

e. Other equity items

1) Foreign currency translation reserve:

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (218,780)	\$ (138,875)
Exchange differences on translating foreign operations	(60,364)	24,507
Share of exchange differences of associates accounted for using the equity method	<u>(2,686)</u>	<u>1,222</u>
Balance at June 30	<u>\$ (281,830)</u>	<u>\$ (113,146)</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (42,246)	\$ (303,968)
Current		
Unrealized (losses) gains	12,455	5,551
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	1,172	-
Share of exchange differences of associates accounted for using equity method	<u>(1,815)</u>	<u>1,573</u>
Balance at June 30	<u>\$ (30,434)</u>	<u>\$ (296,844)</u>

f. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 1,394,158	\$ 1,401,664
Attributable to non-controlling interests:		
Share of profit for the period	94,225	86,150
Exchange differences on translating foreign operations	(6,562)	2,866
Cash dividends from subsidiaries	(139,531)	(157,520)
Non-controlling interests arising from acquisition of subsidiaries	12,000	-
Others	<u>(199)</u>	<u>2,642</u>
Balance at June 30	<u>\$ 1,354,091</u>	<u>\$ 1,335,802</u>

g. Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares as of January 1, 2019	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as June 30, 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 June 30, 2020	<u>-</u>	<u>3,560</u>	<u>3,560</u>

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

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
<u>June 30, 2020</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 43,432</u>
<u>December 31, 2019</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 48,238</u>
<u>June 30, 2019</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 43,966</u>

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

## 23. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Revenue from contracts with customers	\$ 1,446,898	\$ 1,467,532	\$ 2,408,920	\$ 2,576,827
Rental income from property	58,534	39,907	112,989	79,669
Others	<u>24,141</u>	<u>24,312</u>	<u>50,120</u>	<u>54,855</u>
	<u>\$ 1,529,573</u>	<u>\$ 1,531,751</u>	<u>\$ 2,572,029</u>	<u>\$ 2,711,351</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 mainly come from software development and royalties.

b. Contract balances

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>	<b>January 1, 2019</b>
Trade receivables (Note 9)	<u>\$ 1,059,175</u>	<u>\$ 832,633</u>	<u>\$ 1,107,268</u>	<u>\$ 954,030</u>
Contract liabilities - current	<u>\$ 20,560</u>	<u>\$ 24,912</u>	<u>\$ 5,577</u>	<u>\$ 7,511</u>

c. Disaggregation of revenue

	<b>Reportable Segments</b>	
	<b>Direct Sales</b>	
	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
<u>Primary geographical markets</u>		
Asia	\$ 1,594,690	\$ 1,751,524
Taiwan	942,579	936,083
Others	<u>34,760</u>	<u>23,744</u>
	<u>\$ 2,572,029</u>	<u>\$ 2,711,351</u>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 2,455,609	\$ 2,631,682
Satisfied over time	<u>116,420</u>	<u>79,669</u>
	<u>\$ 2,572,029</u>	<u>\$ 2,711,351</u>

## 24. NET PROFIT

Net profit includes the following items:

### Interest income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Bank deposits	\$ 4,890	\$ 6,094	\$ 11,929	\$ 12,313

### Other income

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Government grant income (Note 27)	\$ 17,627	\$ -	\$ 17,794	\$ 46
Dividends	5,469	7,555	5,480	7,555
Others	<u>8,529</u>	<u>14,934</u>	<u>19,949</u>	<u>32,042</u>
	<u>\$ 31,625</u>	<u>\$ 22,489</u>	<u>\$ 43,223</u>	<u>\$ 39,643</u>

### Other gains and losses

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net gains (losses) on financial assets and liabilities				
Net gain (loss) on financial assets designated as at FVTPL	\$ 25,643	\$ (1,700)	\$ (23,017)	\$ 59,132
Net foreign exchange (loss) gain	(9,863)	(7,594)	(15,124)	7,901
Gain on disposal of subsidiaries	7,760	-	7,760	-
Others	<u>1,444</u>	<u>2,836</u>	<u>3,111</u>	<u>5,964</u>
	<u>\$ 24,984</u>	<u>\$ (6,458)</u>	<u>\$ (27,270)</u>	<u>\$ 72,997</u>

### Finance costs

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest on bank loans	\$ 1,701	\$ 4,288	\$ 4,250	\$ 8,325
Interest on lease liabilities	1,394	1,423	2,807	2,856
Other finance costs	<u>319</u>	<u>490</u>	<u>661</u>	<u>997</u>
	<u>\$ 3,414</u>	<u>\$ 6,201</u>	<u>\$ 7,718</u>	<u>\$ 12,178</u>

Depreciation and amortization

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function				
Operating costs	\$ 19,750	\$ 20,055	\$ 39,832	\$ 39,912
Operating expenses	<u>53,032</u>	<u>51,304</u>	<u>108,460</u>	<u>94,427</u>
	<u>\$ 72,782</u>	<u>\$ 71,359</u>	<u>\$ 148,292</u>	<u>\$ 134,339</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 19,341</u>	<u>\$ 19,403</u>	<u>\$ 38,097</u>	<u>\$ 38,014</u>

Operating expenses directly related to investment properties

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Direct operating expenses from investment properties that generate rental income	<u>\$ 21,533</u>	<u>\$ 19,240</u>	<u>\$ 42,467</u>	<u>\$ 36,957</u>

Employee benefits expense

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 408,387	\$ 387,776	\$ 764,833	\$ 763,514
Post-employment benefits				
Defined contribution plans	11,467	11,389	22,812	23,094
Defined benefit plans (Note 21)	378	425	789	849
Other employee benefits	<u>8,320</u>	<u>8,693</u>	<u>15,149</u>	<u>17,903</u>
Total employee benefits expense	<u>\$ 428,552</u>	<u>\$ 408,283</u>	<u>\$ 803,583</u>	<u>\$ 805,360</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 25,624	\$ 24,361	\$ 49,803	\$ 48,647
Operating expenses	<u>402,928</u>	<u>383,922</u>	<u>753,780</u>	<u>756,713</u>
	<u>\$ 428,552</u>	<u>\$ 408,283</u>	<u>\$ 803,583</u>	<u>\$ 805,360</u>

Employees' compensation and remuneration of directors and supervisors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. Sunplus Company had loss before tax from January 1 to June 30, 2020, therefore the compensation for employees and remuneration of directors and supervisors was not provided. The employees' compensation and remuneration of directors and supervisors for the Three Months ended June 30, 2019 and for the Six Months ended June 30, 2019 are as follows:

Accrual rate

	<b>For the Six Months Ended June 30, 2019</b>
Employees' compensation	1.00%
Remuneration of directors	1.50%

Amount

	<b>For the Three Months Ended June 30, 2019</b>	<b>For the Six Months Ended June 30, 2019</b>
Employees' compensation	\$ <u>64</u>	\$ <u>154</u>
Remuneration of directors	\$ <u>96</u>	\$ <u>231</u>

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

The Company convened a board of directors on April 22, 2020, and decided that the actual allotment amount for employee compensation and director compensation is different from the recognized amount in the annual consolidated financial report. The difference is adjusted to the profit and loss for 2020.

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

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

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

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

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

Gain or loss on exchange rate changes

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Exchange rate gains	\$ 18,361	\$ 20,231	\$ 26,638	\$ 38,023
Exchange rate losses	<u>(28,224)</u>	<u>(27,825)</u>	<u>(41,762)</u>	<u>(30,122)</u>
Net (loss) earnings	<u>\$ (9,863)</u>	<u>\$ (7,594)</u>	<u>\$ (15,124)</u>	<u>\$ 7,901</u>

## 25. INCOME TAXES

Income tax recognized in profit or loss

The major components of tax expense are as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current tax				
In respect of the current year	\$ 41,861	\$ 31,995	\$ 55,307	\$ 47,722
Adjustments for prior periods	<u>3,931</u>	<u>(14,835)</u>	<u>3,931</u>	<u>(22,152)</u>
	45,792	17,160	59,238	25,570
Deferred tax				
In respect of the current year	<u>(1,716)</u>	<u>416</u>	<u>(1,207)</u>	<u>(10)</u>
Income tax expense recognized in profit or loss	<u>\$ 44,076</u>	<u>\$ 17,576</u>	<u>\$ 58,031</u>	<u>\$ 25,560</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.

Income tax assessments

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

## 26. EARNINGS (DEFICIT) PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Basic earnings (deficit) per share	\$ <u>0.08</u>	\$ <u>0.01</u>	\$ <u>(0.13)</u>	\$ <u>0.02</u>
Diluted earnings (deficit) per share	\$ <u>0.08</u>	\$ <u>0.01</u>	\$ <u>(0.13)</u>	\$ <u>0.02</u>

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

### Net profit (loss) for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Profit (loss) for the period attributable to owners of the Company	\$ 45,711	\$ 6,229	\$ (78,926)	\$ 13,332
Effect of potentially dilutive common shares				
Bonuses to employee	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Earnings (deficit) used in the computation of diluted EPS from continuing operations	\$ <u>45,711</u>	\$ <u>6,229</u>	\$ <u>(78,926)</u>	\$ <u>13,332</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Weighted average number of common shares used in the computation of basic (loss) earnings per share	588,435	588,435	588,435	588,435
Effect of potentially dilutive potential common shares:				
Bonuses issued to employees	<u>-</u>	<u>12</u>	<u>-</u>	<u>15</u>
Weighted average number of common shares used in the computation of diluted (loss) earnings per share	<u>588,435</u>	<u>588,447</u>	<u>588,435</u>	<u>588,450</u>

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

## 27. GOVERNMENT GRANTS

In August 2013, Sun Media Technology Co., Ltd. received a government grant amounting to RMB16,390 thousand (\$79,213 thousand) for the purchase of land on which to build a plant. This amount, which was recognized as deferred revenue, will be recognized in profit or loss over the useful life of the land. The total revenue recognized as profit amounted to \$383 thousand, \$415 thousand, \$775 thousand and \$831 thousand for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, respectively.

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. The total revenue recognized as profit amounted to \$9,198 thousand for the three months ended June 30, 2020 and six months ended June 30, 2020 (accounted for as reduction of operating expenses).

Jumplux Technology Co., Ltd. applied for subsidy under the "Salary and Working Capital Subsidies for Difficult Businesses Affected by Serious Special Infectious Pneumonia" program of the Ministry of Economic Affairs in June 2020. The subsidy period is from April 2020 to June 2020. The total revenue recognized as profit amounted to \$899 thousand for the three months ended June 30, 2020 and six months ended June 30, 2020 (accounted for as reduction of operating expenses).

## 28. CONSOLIDATION OF SUBSIDIARIES

### a. Subsidiaries acquired

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

### b. Consideration transferred

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

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

	<b>Worldplus and Its Subsidiaries</b>
Current assets	
Cash and cash equivalents	\$ 64,454
Trade and other receivables	428

(Continued)

**Worldplus and  
Its Subsidiaries**

Non-current assets	
Property, plant and equipment	\$ 377
Construction in progress	17,088
Investment properties	37,383
Current liabilities	
Trade and other payables	(2,303)
Long-term payables	<u>(4,758)</u>
	<u>\$ 112,669</u>
	(Concluded)

## d. Net cash outflow on the acquisition of subsidiaries

**Worldplus and  
Its Subsidiaries**

Consideration paid in cash	\$ 112,669
Less: Cash and cash equivalent balances acquired	<u>(64,454)</u>
	<u>\$ 48,215</u>

## e. Impact of acquisitions on the results of the Group

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

**Worldplus and  
Its Subsidiaries**

Net revenue	<u>\$ 2,053</u>
Net profit	<u>\$ (2,582)</u>

If the merger of Worldplus and its subsidiaries occurred on January 1, 2019, the Japanese company's proposed operating income and proposed operating net loss were \$5,516,431 and \$125,834, respectively, from January 1 to December 31, 2019. It is reflected that the actual revenue and operating results of the Company should not be used as a predictor of future operating results. The original accounting treatment of Worldplus and its subsidiaries is only tentative on the balance sheet date. For the purpose of taxation, the tax base of Worldplus and its subsidiaries' assets is subject to re-determination based on the market value of such assets and the taxable value of the company's management.

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

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

## 29. DISPOSAL OF SUBSIDIARIES

2020

The Group completed the liquidation of its subsidiary, Ytrip Technology Co., Ltd. and its subsidiary 1culture Communication Co., Ltd. on June 30 and May 29, 2020, respectively.

a. Analysis of assets and liabilities from liquidation

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

b. Gain on liquidation of subsidiaries

	<b>Ytrip Technology Co., Ltd. and Its Subsidiaries</b>
Collection price of investments accounted	\$ 1,205
Net assets disposed of	(4,110)
The reclassification of other comprehensive income in respect of the subsidiary	10,283
Non-controlling interests	<u>382</u>
Gain on disposal	<u>\$ 7,760</u>

c. Net cash outflow on liquidation of subsidiaries

	<b>Hanyang Technology Co., Ltd.</b>
Collection price of investments accounted	\$ 1,205
Less: Other receivables	<u>(1,205)</u>
	-
Consideration received in cash and cash equivalents	<u>(2,106)</u>
Less: Cash and cash equivalent balances disposed of	<u>\$ (2,106)</u>

2019

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

a. Analysis of assets and liabilities from liquidation

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

b. Loss on liquidation of subsidiaries

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

c. Net cash inflow on liquidation of subsidiaries

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

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

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

In February, May and December 2019, Giant Rock subscribed for the cash capital increase of Sunplus APP Technology, increasing its controlling interest each from 93.33% to 95.00%, 95.00% to 95.65%, 95.65% to 96.16% and 96.16% to 96.32%, respectively.

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

For the six months ended June 30, 2020

	<b>Sunplus APP Technology</b>
Cash consideration paid	\$ -
The proportionate share of the carrying amount of net assets of the subsidiary transferred to non-controlling interests	<u>(183)</u>
Differences recognized from equity transactions	<u>\$ (183)</u>
<u>Line items adjusted for equity transactions</u>	
Retained earnings	<u>\$ (183)</u>

For the six months ended June 30, 2019

	<b>Sunext Technology Co., Ltd.</b>	<b>Sunplus APP Technology</b>
Cash consideration paid	\$ (235)	\$ -
The proportionate share of the carrying amount of net assets of the subsidiary transferred to non-controlling interests	<u>236</u>	<u>(2,878)</u>
Differences recognized from equity transactions	<u>\$ 1</u>	<u>\$ (2,878)</u>

	<b>Sunext Technology Co., Ltd.</b>	<b>Sunplus APP Technology</b>	<b>Total</b>
<u>Line items adjusted for equity transactions</u>			
Retained earnings	\$ -	\$ (2,878)	\$ (2,878)
Capital surplus - difference between share price and book value and book value from disposal of subsidiaries	<u>1</u>	<u>-</u>	<u>1</u>
	<u>\$ 1</u>	<u>\$ (2,878)</u>	<u>\$ (2,877)</u>

### 31. CAPITAL MANAGEMENT

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

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

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

### 32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 1,011,146	\$ -	\$ -	\$ 1,011,146
Listed shares and emerging market shares in the ROC and other countries	190,384	-	-	190,384
Securities listed in the ROC and other countries - CB	11,875	-	-	11,875
Unlisted shares and emerging market shares in the ROC and other countries	102,575	-	587,197	689,772
Private funds	<u>-</u>	<u>-</u>	<u>281,048</u>	<u>281,048</u>
	<u>\$ 1,315,980</u>	<u>\$ -</u>	<u>\$ 868,245</u>	<u>\$ 2,184,225</u>
Financial assets at FVTOCI				
Listed shares and emerging market shares in the ROC and other countries	\$ 66,292	\$ -	\$ -	\$ 66,292
Unlisted shares emerging market shares in the ROC and other countries	<u>31,288</u>	<u>-</u>	<u>101,396</u>	<u>132,684</u>
	<u>\$ 97,580</u>	<u>\$ -</u>	<u>\$ 101,396</u>	<u>\$ 198,976</u>

December 31, 2019

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

(Continued)

	Level 1	Level 2	Level 3	Total
Unlisted shares and emerging market shares in the ROC and other countries	\$ 7,864	\$ -	\$ 696,471	\$ 704,335
Securities listed in the ROC and other countries - CB	15,123	-	-	15,123
Private funds	<u>-</u>	<u>-</u>	<u>260,140</u>	<u>260,140</u>
	<u>\$ 1,161,513</u>	<u>\$ -</u>	<u>\$ 956,611</u>	<u>\$ 2,118,124</u>
Financial assets at FVTOCI				
Listed shares and emerging market shares in the ROC	\$ 90,472	\$ -	\$ -	\$ 90,472
Unlisted shares and emerging market shares in the ROC and other countries	<u>18,680</u>	<u>-</u>	<u>80,235</u>	<u>98,915</u>
	<u>\$ 109,152</u>	<u>\$ -</u>	<u>\$ 80,235</u>	<u>\$ 189,387</u> (Concluded)

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 1,412,085	\$ -	\$ -	\$ 1,412,085
Listed shares and emerging market shares	86,479	-	-	86,479
Unlisted shares and emerging market shares	39,215	-	-	39,215
Securities listed in the ROC - CB	12,827	-	516,761	529,588
Private funds	<u>-</u>	<u>-</u>	<u>233,228</u>	<u>233,228</u>
	<u>\$ 1,550,606</u>	<u>\$ -</u>	<u>\$ 749,989</u>	<u>\$ 2,300,595</u>
Financial assets at FVTOCI				
Listed shares and emerging market shares	\$ 79,333	\$ -	\$ -	\$ 79,333
Unlisted shares emerging market shares	<u>19,162</u>	<u>-</u>	<u>143,884</u>	<u>163,046</u>
	<u>\$ 98,495</u>	<u>\$ -</u>	<u>\$ 143,884</u>	<u>\$ 242,379</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 Six Months ended June 30, 2020

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2020	\$ 956,611	\$ 80,235	\$1,036,846
Recognized in profit or loss	(39,433)	-	(39,433)
Recognized in other comprehensive income	-	24,027	24,027
Purchases	43,044	-	43,044
Disposal	(2,051)	(2,628)	(4,679)
Transfers out of Level 3	(87,500)	-	(87,500)
Effect of exchange rate changes	<u>(2,426)</u>	<u>(238)</u>	<u>(2,664)</u>
Balance at June 30, 2020	<u>\$ 868,245</u>	<u>\$ 101,396</u>	<u>\$ 969,641</u>

For the Six Months ended June 30, 2019

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
Balance at January 1, 2019	\$ 662,584	\$ 110,671	\$ 773,255
Recognized in profit or loss	5,442	-	5,442
Recognized in other comprehensive income	-	2,622	2,622
Purchases	80,323	-	80,323
Reclassifications	-	30,001	30,001
Effect of exchange rate changes	<u>1,640</u>	<u>590</u>	<u>2,230</u>
Balance at June 30, 2019	<u>\$ 749,989</u>	<u>\$ 143,884</u>	<u>\$ 893,873</u>

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

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

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Price-to-book ratio	1.40-12.27	1.85-4.42	0.76-4.16
Price-to-sales ratio	0.75-16.59	2.27-6.37	0.67-7.52
Discount for lack of marketability	10%-20%	10%-20%	10%-30%

- b) The fair values of unlisted shares and emerging market shares and private funds were determined using the asset-based approach. The Group assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Group assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.
- c) The fair values of unlisted shares and emerging market shares were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of

these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or a decrease in the weighted average cost of capital (WACC) or discount for lack of marketability used in isolation would result in increases in fair value.

c. Categories of financial instruments

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)	\$ 2,184,225	\$ 2,118,124	\$ 2,300,595
Financial assets at amortized cost (i)	3,942,634	4,147,636	4,477,165
Financial assets at fair value through other comprehensive income			
Equity instruments	198,976	189,387	242,379
<u>Financial liabilities</u>			
Measured at amortized cost (ii)	1,150,644	889,360	1,290,816

- i) The balances include financial assets, which comprise cash and cash equivalents, notes receivable and trade receivables, other trade receivables, other financial assets and refundable deposits.
- ii) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes payable and trade payables, long-term liabilities - current portion, long term loans and guarantee deposits.

d. Financial risk management objectives and policies

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

The corporate treasury function reports quarterly to the Group's risk management committee.

1) Market risk

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

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

	<b>USD Impact</b>	
	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ (8,345)	\$ (13,856)

  

	<b>RMB Impact</b>	
	<b>For the Six Months Ended</b>	
	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ 430	\$ (421)

b) Interest rate risk

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

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period are as follows:

	<b>June 30, 2020</b>	<b>December 31, 2019</b>	<b>June 30, 2019</b>
Fair value interest rate risk			
Financial assets	\$ 2,031,974	\$ 2,505,022	\$ 2,051,876
Financial liabilities	586,402	565,762	486,551
Cash flow interest rate risk			
Financial assets	798,286	769,506	1,217,566
Financial liabilities	-	-	186,754

### Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables been held constant, the Group's post-tax profit would have increased/decreased by \$998 thousand, respectively, for the six months ended June 30, 2020 and increased/decreased by \$1,289 thousand, respectively, for the six months ended June 30, 2019.

#### c) Other price risk

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

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

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the six months ended June 30, 2020 and 2019 would have increased/decreased by \$ 21,842 thousand and \$23,006 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the six months ended June 30, 2020 and 2019 would have increased/decreased by \$1,990 thousand and \$2,424 thousand, respectively.

#### 2) Credit risk

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

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

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

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

The Group's concentration of credit risk of 61%, 75% and 62% in total trade receivables as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively, was related to the five largest customers within the property construction business segment.

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group had available unutilized overdraft and financing facilities set out below.

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

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

#### June 30, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 422,777	\$ 188,624	\$ 1,252	\$ 35,086	\$ -
Lease liabilities	1,551	3,503	13,525	56,660	261,546
Fixed interest rate liabilities	<u>202,728</u>	<u>-</u>	<u>14,681</u>	<u>4,185</u>	<u>144,447</u>
	<u>\$ 627,056</u>	<u>\$ 192,127</u>	<u>\$ 161,458</u>	<u>\$ 95,931</u>	<u>\$ 405,993</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 18,579</u>	<u>\$ 56,660</u>	<u>\$ 49,046</u>	<u>\$ 49,046</u>	<u>\$ 42,793</u>	<u>\$ 120,661</u>

#### December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>More than 3 Months to 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>5+ Years</b>
<u>Nonderivative financial liabilities</u>					
Non-interest bearing	\$ 271,434	\$ 172,191	\$ -	\$ -	\$ -
Lease liabilities	1,414	3,109	13,074	58,541	266,450
Fixed interest rate liabilities	<u>179,756</u>	<u>23,984</u>	<u>120,130</u>	<u>4,922</u>	<u>142,928</u>
	<u>\$ 452,604</u>	<u>\$ 199,284</u>	<u>\$ 133,204</u>	<u>\$ 63,463</u>	<u>\$ 409,378</u>

Additional information about the maturity analysis for lease liabilities

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

June 30, 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 liabilities	\$ 380,144	\$ 624,545	\$ 119	\$ 38,665	\$ -
Finance lease liabilities	1,405	2,935	12,526	59,872	271,355
Variable interest rate liabilities	44	-	186,754	-	-
Fixed interest rate liabilities	<u>117,141</u>	<u>-</u>	<u>124,322</u>	<u>6,389</u>	<u>150,200</u>
	\$ <u>498,734</u>	\$ <u>627,480</u>	\$ <u>323,721</u>	\$ <u>104,926</u>	\$ <u>421,555</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>16,866</u>	\$ <u>59,872</u>	\$ <u>49,046</u>	\$ <u>49,046</u>	\$ <u>45,000</u>	\$ <u>128,263</u>

b) Financing facilities

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured bank overdraft facilities			
Amount used	\$ 349,350	\$ 323,626	\$ 474,590
Amount unused	<u>4,717,500</u>	<u>4,515,381</u>	<u>3,971,721</u>
	\$ <u>5,066,850</u>	\$ <u>4,839,007</u>	\$ <u>4,446,311</u>

**33. TRANSACTIONS WITH RELATED PARTIES**

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

a. Name and relationship of related parties

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

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

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

b. Sales of goods

Line Item	Related Party Category	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2020	2019	2020	2019
Sales	Associates	<u>\$ 18,772</u>	<u>\$ 12,065</u>	<u>\$ 30,781</u>	<u>\$ 29,187</u>

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

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

Line Item	Related Party Category	June 30, 2020	December 31, 2019	June 30, 2019
Trade receivables	Associates	<u>\$ 18,331</u>	<u>\$ 11,645</u>	<u>\$ 11,709</u>
Other trade receivables	Associates	<u>\$ 607</u>	<u>\$ 280</u>	<u>\$ 17,533</u>

There were no guarantees on outstanding receivables from related parties. For the nine months ended June 30, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

d. Prepayments(excluding loans to related parties)

Line Item	Related Party Category	June 30, 2020	December 31, 2019	June 30, 2019
Other current assets	Associates	<u>\$ 250</u>	<u>\$ -</u>	<u>\$ -</u>

e. Other transactions with related parties

Account Item	Related Party Type	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2020	2019	2020	2019
Operating expenses	Associates	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 139</u>
Non-operating revenue	Associates	<u>\$ 260</u>	<u>\$ 2,499</u>	<u>\$ 2,699</u>	<u>\$ 5,180</u>

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

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

f. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	\$ 7,008	\$ 9,308	\$22,993	\$24,430
Post-employment benefits	<u>270</u>	<u>373</u>	<u>568</u>	<u>724</u>
	<u>\$ 7,278</u>	<u>\$ 9,681</u>	<u>\$23,561</u>	<u>\$25,154</u>

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

### 34. PLEDGED OR MORTGAGED ASSETS

The following assets of the company have been pledged or mortgaged as endorsement guarantees, loans, purchase quotas, leased land and collateral for customs clearance:

	June 30, 2020	December 31, 2019	June 30, 2019
Buildings, net	\$ 586,034	\$ 595,735	\$ 605,436
Pledged time deposits (classified as other financial assets, including current and non-current)	<u>154,397</u>	<u>130,819</u>	<u>181,857</u>
	<u>\$ 740,431</u>	<u>\$ 726,554</u>	<u>\$ 787,293</u>

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

June 30, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 41,184	29.630	\$ 1,220,282
CNY	960	4.191	4,023
JPY	371	0.275	102
HKD	118	3.823	451
GBP	3	36.430	109
EUR	1	33.270	33

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
Non-monetary items			
USD	\$ 28	30.620	\$ 848
CHF	734	30.925	22,705
<u>Financial liabilities</u>			
Monetary items			
USD	32,839	29.630	973,020
CNY	1,390	4.191	5,825
JPY	130	0.275	36
HKD	6	3.823	23
			(Concluded)

December 31, 2019

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

June 30, 2019

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 49,542	31.060	\$ 1,538,775
CNY	1,883	4.521	8,513
JPY	591	0.289	171
HKD	196	3.977	779
GBP	3	39.39	118
EUR	1	35.38	35
Nonmonetary items			
USD	28	30.715	848
CHF	709	30.860	22,595
<u>Financial liabilities</u>			
Monetary items			
USD	35,686	31.060	1,108,407
CNY	1,462	4.521	6,610

The foreign currency exchange losses (realized and unrealized) amounted to \$(9,863) thousand, \$(7,594) thousand, \$(15,124) thousand and \$7,901 thousand for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, respectively. Due to the diversity of the Group's assets and liabilities denominated in foreign currencies, it is impractical to disclose foreign currency exchange gains and losses by each significant foreign currency other than those with significant influence.

### **36. ADDITIONAL DISCLOSURES**

- a. Information about significant transactions and investees and b. Information on investees:
- 1) Financings provided: Table 1 (attached)
  - 2) Endorsements/guarantees provided: Table 2 (attached)
  - 3) Marketable securities held: Table 3 (attached)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: No.
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.

- 9) Trading in derivative instruments: No.
  - 10) Intercompany relationships and significant intercompany transactions: Table 4 (attached)
  - 11) Information on investees: Table 5 (attached)
- 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)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- 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 8)

Except for the information disclosed in Tables 1 to 8, there is no further information about other significant transactions.

### **37. SEGMENT INFORMATION**

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Group reports information as one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by sub-segment and operating results for the Six Months ended June 30, 2020 and 2019 are shown in the accompanying consolidated statements of comprehensive income, and the assets by segment as of June 30, 2020 and 2019 are shown in the accompanying consolidated balance sheets.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 11,735	\$ 11,735	1.8%	Note 1	-	Note 2	\$ 11,735	-	\$ -	\$ 20,518 (Note 7)	\$ 41,035 (Note 7)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	261,077	251,855	251,855	-	Note 1	-	Note 3	-	-	-	455,427 (Note 8)	455,427 (Note 8)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	232,426	225,188	225,188	0.85%	Note 1	-	Note 4	-	-	-	419,740 (Note 9)	419,740 (Note 9)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	39,354	36,462	36,462	1.8%	Note 1	-	Note 5	36,462	-	-	36,883 (Note 10)	73,765 (Note 10)
6	Lin Shih Investments co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	220,157	106,668	106,668	0.85%	Note 1	-	Note 6	-	-	-	317,228 (Note 11)	317,228 (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 aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai"), and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity, with net equity based on its latest financial statements. The total amount of funds loaned shall not exceed 40% of the net value of the borrower company.

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 aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen), and the individual amount of each guarantee should not exceed 5% of Sunplus Prof-tek Technology's net equity, with net equity based on its latest financial statements.

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 statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 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)	\$ 787,010 (Note 4)	\$ 169,365	\$ -	\$ -	\$ -	-	\$ 1,574,020 (Note 5)	Yes	No	Yes
1 (Note 2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 3)	341,570 (Note 6)	122,860	118,520	118,520	118,520	20.82	341,570 (Note 6)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: Sunplus and its subsidiaries jointly hold more than 50% of the common 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, i.e. Russell Holdings Ltd. provider's latest financial statements.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

FOR THE SIX MONTHS ENDED JUNE 30, 2020

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

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note	
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value		
Sunplus Technology Company Limited (the "Company")	Nomura Taiwan Money Market Fund	-	Financial assets at FVTPL - current	616	\$ 10,120	-	\$ 10,120	Note 3	
	FSITC Money Market	-	Financial assets at FVTPL - current	108	19,428	-	19,428	Note 3	
	Mega RMB Money Market Fund	-	Financial assets at FVTPL - current	466	23,770	-	23,770	Note 3	
	FSITC RMB Money Market TWD	-	Financial assets at FVTPL - current	5,387	51,588	-	51,588	Note 3	
	Mega Diamond Money Market Fund	-	Financial assets at FVTPL - current	5,272	66,557	-	66,557	Note 3	
	Yuanta USD Money Market Fund USD	-	Financial assets at FVTPL - current	239	75,499	-	75,499	Note 3	
	Prudential Financial RMB Money Market Fund TWD	-	Financial assets at FVTPL - current	5,810	56,326	-	56,326	Note 3	
	Yuanta RMB Money Market Fund TWD	-	Financial assets at FVTPL - current	1,702	17,554	-	17,554	Note 3	
	PineBridge Multi-Income Fund	-	Financial assets at FVTPL - current	95	29,050	-	29,050	Note 3	
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	59,260	-	59,260	Note 3	
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at FVTPL - non-current	1,500	14,609	-	14,609	Note 3	
	Triknightr Capital Corporation	-	Financial assets at FVTPL - non-current	29,625	272,441	5	272,441	Note 1	
	Lin Shih Investment Co., Ltd.	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - current	1,500	61,545	-	61,545	Note 2
		Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	2,767	-	2,767	Note 2
UPI Semiconductor Corp.		-	Financial assets at FVTPL - current	300	16,120	-	16,120	Note 3	
A-Spine Asia Co., Ltd.		-	Financial assets at FVTPL - current	197	15,689	-	15,689	Note 2	
Kee Song Bio - Technology Holdings Limited - CB		-	Financial assets at FVTPL - current	50	4,600	-	4,600	Note 2	
YFC-Bon Eagle ELECTRIC CO., LTD. - CB		-	Financial assets at FVTPL - current	50	4,518	-	4,518	Note 2	
ITEQ Co., Ltd.		-	Financial assets at FVTPL - current	50	7,375	-	7,375	Note 2	
Enterex International Limited - CB		-	Financial assets at FVTPL - current	30	2,757	-	2,757	Note 2	
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	
Chain Sea Information Integration Co., Ltd.	-	Financial assets at FVTPL - non-current	43	474	-	474	Note 1		

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Lead Sun Corporation	-	Financial assets at FVTPL - non-current	1,000	\$ 26,102	12	\$ 26,102	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	66,292	2	66,292	Note 2
	Sunplus Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	3,560	43,432	1	43,432	Note 2
	Prine Rich International Co., Ltd.	-	Financial assets at FVTOCI - non-current	33	2,700	-	2,700	Note 1
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	-	9,953	2	9,953	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	46,756	6	46,756	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	46,815	13	46,815	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan High Speed Rail	-	Financial assets at FVTPL - current	900	32,850	-	32,850	Note 2
	Charles Schwab - Money Fund	-	Financial assets at FVTPL - current	-	2,012	-	2,012	Note 1
	Taiwan Mask Corp.	-	Financial assets at FVTPL - current	108	2,959	-	2,959	Note 2
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - current	80	25,040	-	25,040	Note 2
	Xintec	-	Financial assets at FVTPL - current	200	22,400	-	22,400	Note 2
	Uni-President Enterprises Corp.	-	Financial assets at FVTPL - current	50	14,825	-	14,825	Note 2
	Largan Precision Co., Ltd.	-	Financial assets at FVTPL - current	5	20,425	-	20,425	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

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	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	30,360	8	30,360	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at FVTPL - non-current	5,000	51,958	7	51,958	Note 1
	Huijia Health Life Technology	-	Financial assets at FVTPL - non-current	1,000	24,480	5	24,480	Note 1
	Fuyou Venture Capital Limited Partnersh	-	Financial assets at FVTPL - non-current	-	19,767	10	19,767	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	900	36,675	1	36,675	Note 2
	Raynergy Tek Inc.	-	Financial assets at FVTPL - non-current	5,210	94,410	15	94,410	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at FVTPL - non-current	-	50,544	2	50,544	Note 1
	TIEF Fund LP	-	Financial assets at FVTPL - non-current	-	37,951	7	37,951	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	49,452	8	49,452	Note 1
	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	1,247	31,288	4	31,288	Note 2
	Qun-Kin Venture Capital	-	Financial assets at FVTOCI - non-current	3,000	23,778	6	23,778	Note 1
Protect Life International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,364	4,550	4	4,550	Note 1	
Wei-Young Investment Inc.	Cheng Mei Materials Technology Corporation	-	Financial assets at FVTPL - current	2,000	15,500	-	15,500	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	Bin Chuan Co., Ltd.	-	Financial assets at FVTPL - current	368	9,568	-	9,568	Note 2
	GF Every Day The Red Haired Type Money Market Fund B	-	Financial assets at FVTPL - current	9,200	39,329	-	39,329	Note 3
	GF Live Treasure Currency B	-	Financial assets at FVTPL - current	9,550	40,803	-	40,803	Note 3
	GF Currency Fund B	-	Financial assets at FVTPL - current	3,350	14,065	-	14,065	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	-	40,523	16	40,523	Note 1
	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	11,230	3	11,230	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at FVTPL - current	9,689	\$ 100,782	-	\$ 100,782	Note 3
	Jih Sun Money Market Fund	-	Financial assets at FVTPL - current	6,035	90,026	-	90,026	Note 3
	Yuata De-Li Money Market Fund B	-	Financial assets at FVTPL - current	3,657	60,008	-	60,008	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at FVTPL - current	810	10,226	-	10,226	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at FVTPL - current	3,963	60,370	-	60,370	Note 3
	Yuanta De-Bao Money Market	-	Financial assets at FVTPL - current	6,617	80,008	-	80,008	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at FVTPL - current	2,235	30,294	-	30,294	Note 3
	Taishin 1699 Money Market	-	Financial assets at FVTPL - current	2,212	30,120	-	30,120	Note 3
	Advanced Silicon SA	-	Financial assets at FVTOCI - non-current	1,000	22,705	10	22,705	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets at FVTOCI - non-current	2,000	848	8	848	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	23,704	-	23,704
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	45,684	15	45,684	Note 1
Sunext Technology Co., Ltd.	Yuanta Taiwan Dividend Quality Leading Fund	-	Financial assets at FVTPL - current	2,000	21,400	-	21,400	Note 3
	EVERGREEN STEEL Co., Ltd.	-	Financial assets at FVTPL - non-current	1,000	41,030	-	41,030	Note 2
Jsilicon Technology Co., Ltd.	GF Live Treasure Currency A	-	Financial assets at FVTPL - current	630	2,647	-	2,647	Note 3
	SF Every Day The Red Haired Type Money Market Fund B	-	Financial assets at FVTPL - non-current	630	2,648	-	2,648	Note 3
	GF Money Bag Currency A	-	Financial assets at FVTPL - current	630	2,647	-	2,647	Note 3

Note 1: The market value was based on the carrying amount as of June 30 2020.

Note 2: The market value was based on the closing price as of June 30, 2020.

Note 3: The market value was based on the net asset value of the fund as of June 30, 2020.

(Concluded)

TABLE 4

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2020

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

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
			Financial Statement Account Item	Amount	Terms	
Sunplus Technology Co., Ltd. (the "Company")	Generalplus Technology Inc.	1	Sales	\$ 1,608	Note 1	0.06%
			Notes and accounts receivable	715	Note 1	0.01%
			Other receivable	67,184	Note 3	0.58%
			Non-operating income	2	Note 3	-
	Sunext Technology Co., Ltd.	1	Sales	43	Note 1	-
			Non-operating income	559	Note 2	0.02%
			Other receivable	7	Note 3	-
			Accounts payable	62	Note 1	-
Sunplus Innovation Technology Inc.	1	Sales	196	Note 1	0.01%	
		Non-operating income	1,943	Note 2	0.08%	
		Notes and accounts receivable	63	Note 1	-	
		Other receivables	74,223	Note 3	0.64%	
Jumplux Technology Co., Ltd.	1	Sales	1,732	Note 1	0.07%	
		Non-operating income	8,231	Notes 2 and 4	0.32%	
		Notes and accounts receivable	175	Note 1	-	
		Other receivables	1,226	Note 3	0.01%	
Gen Ki Tek Co.	1	Other receivables	70	Note 3	-	
		Non-operating income	306	Note 2	0.01%	
Sunplus Venture Capital Co., Ltd.	1	Other receivable	11,232	Note 3	0.33%	
Lin Shih Investment Co., Ltd.	1	Other receivable	38,780	Note 3	0.10%	
Shuangxin Technology Co., Ltd. (Chongaing)	1	Cost of goods sold	509	Note 2	0.02%	
		Accounts payable	511	Note 1	-	
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Other accrued expenses	933	Note 3	0.01%
			Marketing expenses	1,965	Note 2	0.08%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other accrued expenses	4,791	Note 3	0.04%
			Marketing expenses	10,328	Note 2	0.40%
Lin Shin Investment Co., Ltd.	2	Other accrued expenses	2,525	Note 3	0.02%	
Sunplus Venture Capital Co., Ltd.	2	Other accrued expenses	6,823	Note 3	0.06%	
Generalplus Technology Inc.	Generalplus Technology (H.K.) Inc.	2	Marketing expenses	5,900	Note 2	0.23%
			Other accrued expenses	4,014	Note 3	0.03%
	Generalplus Technology (Shenzhen) Inc.	2	Sales	11,933	Note 2	0.46%
			Research and development expenses	35,646	Note 2	1.39%
Notes and accounts receivable			8,735	Note 3	0.07%	
Lin Shin Investment Co., Ltd.	2	Other accrued expenses	16,879	Note 3	0.14%	
				26,806	Note 3	0.23%

(Continued)

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other receivables	\$ 290	Note 3	-
			Research and development expenses	291	Note 2	0.01%
	Jumplux Technology Co., Ltd.	2	Notes and accounts receivable	796	Note 1	0.01%
			Sales	1,075	Note 1	0.04%
Sunplus Technology (Beijing)	2	Other accrued expenses	76	Note 3	-	
		Research and development expenses	77	Note 2	-	
Jumplux Technology Co., Ltd.	Jsilicon Technology Co., Ltd. (Ru Domng)	2	Notes and accounts receivable	8,133	Note 1	0.07%
			Sales	16,169	Note 1	0.63%
Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	106,840	Note 3	0.92%
			Interest revenue	865	Note 2	0.03%
Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	225,570	Note 3	1.93%
			Interest revenue	1,716	Note 2	0.07%
Russell Holdings Limited	Sun Media Technology Co., Ltd.	2	Other receivables	252,197	Note 3	2.16%
Sunplus Technology (Beijing)	Shjangxin Technology Co., Ltd. (Chongaing)	2	Sales	701	Note 1	0.03%
	JSilicon Technology Co., Ltd. (Ru Domng)	2	Notes and accounts receivable	43	Note 3	-
Sunplus App Technology	Sunplus Technology (Beijing)	2	Management expenses	141	Note 2	0.01%
			Refundable deposits	50	Note 2	-

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

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

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

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

Note 5: 1 - From parent company to subsidiary.

2 - Between subsidiaries.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
JUNE 30, 2020

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,369,385 (US\$ 74,605 RMB\$ 37,900)	\$ 2,369,385 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,310,330	\$ (20,702)	\$ (20,702)	Subsidiary
	Award Glory Ltd.	Belize	Investment	226,266 (US\$ 5,642 RMB\$ 14,100)	223,332 (US\$ 5,642 RMB\$ 13,400)	-	100	152,420	(6,053)	(6,053)	Subsidiary_ (Note2)
	Global View Co., Ltd.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	307,177	203,388	26,568	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	686,594	8,321	8,321	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	644,346	99,253	34,044	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,048,422	(1,613)	(1,613)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	585,118	139,264	85,128	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	730,676 (US\$ 24,660)	730,676 (US\$ 24,660)	24,660	100	590,011	524	524	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	28	240,641	(65,881)	(20,622)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	983,237	58,778	93	199,511	5,701	5,277	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,470	(175)	(157)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,659	(109)	(109)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	42,340 (HK\$ 11,075)	42,340 (HK\$ 11,075)	11,075	100	31	(4)	(4)	Subsidiary
	Magic Sky Limited	Samoa	Investment	303,411 (US\$ 10,240)	301,041 (US\$ 10,160)	-	100	26,277	(8,012)	(8,012)	Subsidiary (Note2)
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,545	(30)	(30)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	47,884	(1,718)	(1,718)	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	(3,206)	(10,891)	(5,990)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	258,437	99,253	13,584	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	17,782	139,264	2,909	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	11,933	(65,881)	(878)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	605	2	5,344	(175)	(5)	Subsidiary
	Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	1,250	125	13	1,205	(358)	(45)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	(2,453)	(10,891)	(4,583)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	55,025	139,264	7,859	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	41,218	(65,881)	(3,032)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	443	(175)	(13)	Subsidiary
	Gen Ki Tek Co.	Taipei, Taiwan	Software development	20,000	-	2,000	63	18,711	(2,602)	(1,289)	Subsidiary
Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	-	125	13	1,205	(358)	(45)	Investee	
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	74,075 (US\$ 2,500)	74,075 (US\$ 2,500)	5,000	16	75,409	(6,761)	(1,098)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,369,385 (US\$ 74,605 RMB\$ 37,900)	2,369,385 (US\$ 74,605 RMB\$ 37,900)	-	100	1,310,328	(20,702)	(20,702)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,369,385 (US\$ 74,605 RMB\$ 37,900)	2,369,385 (US\$ 74,605 RMB\$ 37,900)	-	100	1,310,306	(20,702)	(20,702)	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	565,637 (US\$ 19,090)	565,637 (US\$ 19,090)	19,090	100	470,852	8,653	8,653	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	565,637 (US\$ 19,090)	565,637 (US\$ 19,090)	19,090	100	471,931	8,653	8,653	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	11,556 (US\$ 390)	11,556 (US\$ 390)	-	100	4,971	310	310	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	\$ 226,266 (US\$ 5,642 RMB\$ 14,100)	\$ 223,332 (US\$ 5,642 RMB\$ 13,400)	-	100	\$ 152,420	\$ (6,053)	\$ (6,053)	Subsidiary (Note2)
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	22,874 (US\$ 772)	22,874 (US\$ 772)	-	100	336	202	202	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	96,723 (US\$ 1,270 RMB\$ 14,600)	93,790 (US\$ 1,270 RMB\$ 13,400)	-	100	48,446	(2,500)	(2,500)	Subsidiary (Note2)
	WORLDPLUS HOLDINGS L.L.C.	America	Investment	106,668 (US\$ 3,600)	106,668 (US\$ 3,600)	-	100	103,639	(3,755)	(3,755)	Subsidiary
	Giant Best Ltd.	Seychelles	Investment	(Note3)	(Note3)	(Note3)	(Note3)	(Note3)	(Note3)	(Note3)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of June 30, 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 March 2020, but the actual remittance has not been completed yet.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2020

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2020	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of June 30, 2020	Accumulated Inward Remittance of Earnings as of June 30, 2020
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental	\$ 509,639 (US\$ 17,200)	Note 1	\$ 523,118 (US\$ 17,655)	\$ -	\$ -	\$ 523,118 (US\$ 17,655)	100%	\$ (6,834)	\$ (6,834) (Note 2)	\$ 410,350	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental	955,568 (US\$ 32,250)	Note 1	955,568 (US\$ 32,250)	-	-	955,568 (US\$ 32,250)	100%	738	738 (Note 2)	737,651	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental	592,600 (US\$ 20,000)	Note 1	592,600 (US\$ 20,000)	-	-	592,600 (US\$ 20,000)	100%	(22,373)	(22,373) (Note 3)	105,790	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	113,995 (RMB 27,200)	Note 1	105,374 (US\$ 586 RMB 21,000)	5,029 (RMB 1,200)	-	110,403 (US\$ 586 RMB 22,200)	96%	(3,204)	(2,950) (Note 3)	5,925	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services	256,699 (RMB 61,250)	Note 1	133,661 (US\$ 4,511)	-	-	133,661 (US\$ 4,511)	-	168	153 (Note 3)	(Note 8)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental	113,157 (RMB 27,000)	Note 1	113,157 (RMB 27,000)	-	-	113,157 (RMB 27,000)	100%	649	649 (Note 3)	48,553	-
Iculture Communication Co., Ltd.	System development	13,621 (RMB 3,250)	Note 4	-	-	-	-	-	(72)	(72) (Note 3)	(Note 9)	-
JSilicon Technology Co., Ltd. (Ru Dong)	Development of computer software, system integration services	83,820 (RMB 20,000)	Note 5	-	-	-	-	100%	(26,465)	(26,465) (Note 3)	43,321	-
Lingyao Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	79,792 (RMB 19,039)	Note 7	106,668 (US\$ 3,600)	-	-	106,668 (US\$ 3,600)	100%	(3,089)	(3,755) (Note 3)	103,639	-
Shuangxin Technology Co., Ltd. (Chongqing)	Development of computer software, system integration services	83,820 (RMB 20,000)	Note 6	-	-	-	-	100%	(10,671)	(10,671) (Note 3)	62,747	-

Accumulated Investment in Mainland China as of June 30, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,580,767 (US\$ 79,872 RMB 51,100 )	\$ 2,588,819 (US\$ 78,602 RMB 62,000 )	\$ 4,722,061

## Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of June 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 37,334 (US\$ 1,260 )	\$ 37,334 (US\$ 1,260 )	\$ 629,610

(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 June 30, 2020	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of June 30, 2020	Accumulated Inward Remittance of Earnings as of June 30, 2020
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 554,081 (US\$ 18,700)	Note 1	\$ 554,081 (US\$ 18,700)	\$ -	\$ -	\$ 554,081 (US\$ 18,700)	100%	\$ 8,343	\$ 8,343	\$ 466,940	\$ -

Accumulated Investment in Mainland China as of June 30, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 554,081 (US\$ 18,700 )	\$ 554,081 (US\$ 18,700 )	\$ 1,144,825

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

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

Note 5: Sunplus Technology (Shanghai) Co., Ltd.'s indirect investment in a company located in mainland China.

Note 6: The initial exchange rate was based on the exchange rate as of June 30, 2020.

Note 7: It is a company located in mainland China that acquired the investment of the third regional investment company on September 2, 2019.

Note 8: The liquidation of Ytrip Technology was completed on June 23, 2020.

Note 9: The liquidation of 1Culture Communication was completed on May 29, 2020.

Note 10: 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 11: The original foreign currency was derived from the exchange rate on June 30, 2020.

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE SIX MONTHS ENDED JUNE 30, 2020**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Notes/Trade Receivables (Payables)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Market Transactions	Ending Balance	%		
Generalplus Technology (Shenzhen) Corp.	Development and processing services	\$ 35,646	16.67%	Based on contract	Based on contract	Not comparable with market transactions	\$ 16,879	80.67%	\$ -	NA
	Sales	11,933	0.98%	Based on contract	Based on contract	Not comparable with market transactions	8,735	99.89%	592	NA

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****FOR THE SIX MONTHS ENDED JUNE 30, 2020****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

Note 1: The information of major shareholder in this table is calculated by TDCC on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company which is not physical registration (including treasury shares) is more than 5% . The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different or different due to the basis of preparation and calculation.

Note 2: If the above information is a shareholder's shareholding trust, the trustee will open a trust account to set up a separate account. As for shareholders who deal with the distribution of insider shares with a shareholding ratio of more than 10% in accordance with the Securities Exchange Act, their shareholdings include their shareholdings, including their delivery of trusts and shares that have the right to make decisions on trust property, etc. Refer to Market Observation Post System website.