

**Sunplus Technology Company Limited  
and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 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 September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the nine 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 Standards 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 September 30, 2020 and 2019, the combined total assets of these non-significant subsidiaries were NT\$4,591,366 thousand and NT\$4,161,503 thousand, respectively, representing 38% and 36%, respectively, of the total consolidated assets, and combined total liabilities of these non-significant subsidiaries were NT\$618,494 thousand and NT\$335,504 thousand, respectively, representing 25% and 18%, respectively, of the total consolidated liabilities. For the three months ended September 30, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were NT\$167,619 thousand and NT\$7,260 thousand, respectively, representing 53% and (30)%, respectively, of the consolidated total

comprehensive income (loss). For the nine months ended September 30, 2020 and 2019, the amounts of combined comprehensive income were NT\$306,026 thousand and NT\$101,815 thousand, respectively, representing 113% and 92%, respectively, of the consolidated total comprehensive income. As disclosed in Note 12 to the consolidated financial statements, as of September 30, 2020 and 2019, the investment accounted for using the equity method amounted to NT\$712,170 thousand and NT\$713,148 thousand, respectively. For the three months ended September 30, 2020 and 2019, the share of profit of associates accounted for using the equity method amounted to NT\$19,037 thousand and NT\$7,927 thousand, respectively. For the nine months ended September 30, 2020 and 2019, the share of profit (loss) of associates accounted for using the equity method amounted to NT\$19,885 thousand and NT\$(8,353) thousand, respectively. Such investments and share of profit or loss accounted for using equity method and other relevant information of the non-significant consolidated subsidiaries and associates were based on unreviewed financial statements.

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2020, 2019 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

November 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	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,284,620	27	\$ 3,020,628	26	\$ 2,864,121	25
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	582,232	5	1,090,679	10	1,049,450	9
Notes receivable and trade receivables, net (Notes 9, 23 and 33)	1,219,582	10	832,633	7	998,418	8
Other receivables (Note 33)	23,956	-	28,159	-	83,497	1
Inventories (Note 10)	935,227	8	759,211	7	777,081	7
Other financial assets - current (Notes 17 and 34)	116,400	1	119,920	1	124,160	1
Other current assets (Notes 17 and 33)	121,301	1	88,917	1	101,517	1
Total current assets	6,283,318	52	5,940,147	52	5,998,244	52
<b>NON-CURRENT ASSETS</b>						
Financial assets at FVTPL - non-current (Note 7)	1,077,619	9	1,027,445	9	842,322	7
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Note 8)	183,124	2	189,387	2	214,451	2
Investments accounted for using the equity method (Note 12)	712,170	6	695,028	6	713,148	6
Property, plant and equipment (Notes 13 and 34)	1,972,524	16	1,968,803	17	2,009,142	18
Right-of-use assets (Notes 3, 4 and 14)	231,797	2	241,914	2	242,751	2
Investment properties (Note 15)	1,008,415	8	1,066,797	9	1,095,178	10
Intangible assets (Note 16)	321,675	3	176,233	2	184,021	2
Deferred tax assets (Notes 4 and 25)	30,084	-	28,754	-	30,980	-
Net-defined benefit assets - non-current (Notes 4 and 21)	1,163	-	1,163	-	-	-
Other financial assets (Notes 17 and 34)	266,372	2	140,049	1	161,463	1
Other non-current assets (Note 17)	13,503	-	14,047	-	14,669	-
Total non-current assets	5,818,446	48	5,549,620	48	5,508,125	48
<b>TOTAL</b>	<b>\$ 12,101,764</b>	<b>100</b>	<b>\$ 11,489,767</b>	<b>100</b>	<b>\$ 11,506,369</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18 and 34)	\$ 307,485	3	\$ 323,626	3	\$ 298,444	3
Contract liabilities - current (Note 23)	29,591	-	24,912	-	8,322	-
Notes payables and trade payables (Note 19)	502,294	4	352,155	3	348,206	3
Current tax liabilities (Notes 4 and 25)	98,730	1	52,169	1	40,077	-
Lease liabilities - current (Notes 3, 4 and 14)	11,753	-	11,885	-	11,462	-
Deferred revenue - current (Notes 20 and 27)	1,850	-	1,568	-	1,584	-
Current portion of long-term borrowings (Note 18)	-	-	-	-	50,000	-
Other current liabilities (Note 20)	718,761	6	576,101	5	545,322	5
Total current liabilities	1,670,464	14	1,342,416	12	1,303,417	11
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Note 18)	200,000	2	-	-	-	-
Lease liabilities - non-current (Notes 3, 4 and 14)	222,178	2	230,251	2	230,991	2
Deferred revenue - non-current (Notes 20 and 27)	57,324	-	58,015	-	59,018	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	64,222	-	64,258	1	71,643	1
Guarantee deposits	219,413	2	213,579	2	217,611	2
Other liabilities (Note 20)	15,492	-	8,557	-	10,614	-
Total non-current liabilities	778,629	6	574,660	5	589,877	5
Total liabilities	2,449,093	20	1,917,076	17	1,893,294	16
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22 and 30)</b>						
Share capital						
Ordinary shares	5,919,949	49	5,919,949	52	5,919,949	52
Capital surplus	496,874	4	594,432	5	595,958	5
Retained earnings						
Legal reserve	1,712,390	14	1,942,388	17	1,942,388	17
Special reserve	276,189	3	308,452	2	308,452	3
Unappropriated earnings (accumulated deficits)	131,141	1	(262,261)	(2)	(267,676)	(3)
Total retained earnings	2,119,720	18	1,988,579	17	1,983,164	17
Other equity	(310,584)	(3)	(261,026)	(2)	(195,246)	(2)
Treasury shares	(63,401)	-	(63,401)	(1)	(63,401)	-
Total equity attributable to owners of the Company	8,162,558	68	8,178,533	71	8,240,424	72
<b>NON-CONTROLLING INTERESTS (Notes 11, 22 and 30)</b>	<b>1,490,113</b>	<b>12</b>	<b>1,394,158</b>	<b>12</b>	<b>1,372,651</b>	<b>12</b>
Total equity	9,652,671	80	9,572,691	83	9,613,075	84
<b>TOTAL</b>	<b>\$ 12,101,764</b>	<b>100</b>	<b>\$ 11,489,767</b>	<b>100</b>	<b>\$ 11,506,369</b>	<b>100</b>

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

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING								
REVENUE (Notes 23 and 33)	\$ 2,013,979	100	\$ 1,477,295	100	\$ 4,586,008	100	\$ 4,188,646	100
OPERATING COSTS (Notes 10 and 24)	<u>1,090,975</u>	<u>54</u>	<u>818,521</u>	<u>56</u>	<u>2,489,269</u>	<u>54</u>	<u>2,379,656</u>	<u>57</u>
GROSS PROFIT	<u>923,004</u>	<u>46</u>	<u>658,774</u>	<u>44</u>	<u>2,096,739</u>	<u>46</u>	<u>1,808,990</u>	<u>43</u>
OPERATING EXPENSES (Notes 4, 14, 24 and 33)								
Selling and marketing	103,013	5	72,091	5	255,797	5	209,424	5
General and administrative	127,649	6	124,233	8	352,728	8	372,162	9
Research and development	431,517	22	385,707	26	1,174,949	26	1,122,046	26
Expected credit loss (Note 9)	<u>(69)</u>	<u>-</u>	<u>(28)</u>	<u>-</u>	<u>(51)</u>	<u>-</u>	<u>183</u>	<u>-</u>
Total operating expenses	<u>662,110</u>	<u>33</u>	<u>582,003</u>	<u>39</u>	<u>1,783,423</u>	<u>39</u>	<u>1,703,815</u>	<u>40</u>
OTHER REVENUE AND EXPENSES	<u>220</u>	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>116</u>	<u>-</u>	<u>116</u>	<u>-</u>
INCOME (LOSS) FROM OPERATIONS	<u>261,114</u>	<u>13</u>	<u>76,744</u>	<u>5</u>	<u>313,432</u>	<u>7</u>	<u>105,291</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 14, 24, 27 and 33)								
Interest income	5,757	-	5,869	-	17,686	-	18,182	-
Other income	53,121	3	63,544	4	96,344	2	103,187	2
Other gains and losses	31,329	1	(70,192)	(5)	4,059	-	2,805	-
Finance costs	(3,321)	-	(6,145)	-	(11,039)	-	(18,323)	-
Share of profit of associates and joint ventures	<u>19,037</u>	<u>1</u>	<u>7,927</u>	<u>1</u>	<u>19,885</u>	<u>1</u>	<u>(8,353)</u>	<u>-</u>
Total non-operating income	<u>105,923</u>	<u>5</u>	<u>1,003</u>	<u>-</u>	<u>126,935</u>	<u>3</u>	<u>97,498</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	367,037	18	77,747	5	440,367	10	202,789	5
INCOME TAX EXPENSE (Notes 4 and 25)	<u>54,408</u>	<u>2</u>	<u>27,195</u>	<u>2</u>	<u>112,439</u>	<u>3</u>	<u>52,755</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>312,629</u>	<u>16</u>	<u>50,552</u>	<u>3</u>	<u>327,928</u>	<u>7</u>	<u>150,034</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 22)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains (losses) from investments in equity instruments at FVTOCI	(25,496)	(1)	(2,659)	-	(13,041)	-	2,892	-

(Continued)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method	2,063	-	2,226	-	248	-	3,799	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	23,580	1	(71,228)	(5)	(43,346)	(1)	(43,855)	(1)
Share of other comprehensive income (loss) of associates and joint ventures	<u>2,466</u>	-	<u>(3,317)</u>	-	<u>(220)</u>	-	<u>(2,095)</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>2,613</u>	-	<u>(74,978)</u>	(5)	<u>(56,359)</u>	(1)	<u>(39,259)</u>	(1)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 315,242</u>	<u>16</u>	<u>\$ (24,426)</u>	<u>(2)</u>	<u>\$ 271,569</u>	<u>6</u>	<u>\$ 110,775</u>	<u>3</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 211,422	11	\$ 1,385	-	\$ 132,496	3	\$ 14,717	1
Non-controlling interests	<u>101,207</u>	<u>5</u>	<u>49,167</u>	<u>3</u>	<u>195,432</u>	<u>4</u>	<u>135,317</u>	<u>3</u>
	<u>\$ 312,629</u>	<u>16</u>	<u>\$ 50,552</u>	<u>3</u>	<u>\$ 327,928</u>	<u>7</u>	<u>\$ 150,034</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Owners of the Company	\$ 210,990	11	\$ (63,385)	(4)	\$ 79,654	2	\$ (17,200)	-
Non-controlling interests	<u>104,252</u>	<u>5</u>	<u>38,959</u>	<u>2</u>	<u>191,915</u>	<u>4</u>	<u>127,975</u>	<u>3</u>
	<u>\$ 315,242</u>	<u>16</u>	<u>\$ (24,426)</u>	<u>(2)</u>	<u>\$ 271,569</u>	<u>6</u>	<u>\$ 110,775</u>	<u>3</u>
<b>EARNINGS PER SHARE</b> (Note 26)								
From continuing operations								
Basic	<u>\$ 0.36</u>		<u>\$ 0.01</u>		<u>\$ 0.23</u>		<u>\$ 0.03</u>	
Diluted	<u>\$ 0.36</u>		<u>\$ 0.01</u>		<u>\$ 0.23</u>		<u>\$ 0.03</u>	

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

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

(Concluded)

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' 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			Retained Earnings			Other Equity		Treasury Shares	Total	Noncontrolling Interests	Total Equity
	Share (In Thousands)	Amount	Capital Surplus	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 the 2018 earnings												
Legal reserve	-	-	-	562	-	(562)	-	-	-	-	-	-
Special reserve	-	-	-	-	241,173	(241,173)	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	6,235	-	-	-	-	-	-	6,235	-	6,235
Issuance of share dividends from capital surplus	-	-	(213,118)	-	-	-	-	-	-	(213,118)	-	(213,118)
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	162	-	-	-	-	-	-	162	-	162
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(2,878)	-	-	-	(2,878)	-	(2,878)
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	14,717	-	-	-	14,717	135,317	150,034
Other comprehensive income (loss) for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	(39,205)	7,288	-	(31,917)	(7,342)	(39,259)
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	14,717	(39,205)	7,288	-	(17,200)	127,975	110,775
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,281	-	-	-	-	-	-	1,281	-	1,281
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(156,988)	(156,988)
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	(279,514)	-	279,514	-	-	-	-
BALANCE, SEPTEMBER 30, 2019	591,995	\$ 5,919,949	\$ 595,958	\$ 1,942,388	\$ 308,452	\$ (267,676)	\$ (178,080)	\$ (17,166)	\$ (63,401)	\$ 8,240,424	\$ 1,372,651	\$ 9,613,075
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 the 2019 earnings												
Legal reserve	-	-	-	(229,998)	-	229,998	-	-	-	-	-	-
Special reserve	-	-	-	-	(32,263)	32,263	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	11,840	-	-	-	-	-	-	11,840	-	11,840
Issuance of share dividends from capital surplus	-	-	(177,598)	-	-	-	-	-	-	(177,598)	-	(177,598)
Difference between consideration and carrying amount of the subsidiaries during actual disposal or acquisition	-	-	67,132	-	-	-	-	2,112	-	69,244	-	69,244
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(183)	-	-	-	(183)	-	(183)
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	132,496	-	-	-	132,496	195,432	327,928
Other comprehensive loss for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	(41,471)	(11,371)	-	(52,842)	(3,517)	(56,359)
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	132,496	(41,471)	(11,371)	-	79,654	191,915	271,569
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	1,068	-	-	-	-	-	-	1,068	-	1,068
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(95,960)	(95,960)
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	(1,172)	-	1,172	-	-	-	-
BALANCE, SEPTEMBER 30, 2020	591,995	\$ 5,919,949	\$ 496,874	\$ 1,712,390	\$ 276,189	\$ 131,141	\$ (260,251)	\$ (50,333)	\$ (63,401)	\$ 8,162,558	\$ 1,490,113	\$ 9,652,671

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 440,367	\$ 202,789
Adjustments for:		
Depreciation expenses	223,730	209,969
Amortization expenses	64,262	57,829
Expected credit loss recognized (reversed) on trade receivables	(51)	183
Net gain on the fair value change of financial assets designated as at FVTPL	(563)	(5,794)
Financial costs	11,039	18,323
Interest income	(17,686)	(18,182)
Dividend income	(25,553)	(19,105)
Share of (profit) loss of associates and joint ventures	(19,885)	8,353
Gain on disposal of property, plant and equipment	(108)	(76)
Gain on disposal of intangible assets	-	(39)
Gain on disposal of subsidiaries	(7,795)	-
Net loss (gain) on foreign currency exchange	(9,810)	435
Unrealized loss on transactions with associates and joint ventures	2,541	-
Gain on lease modification	(8)	(1)
Changes in operating assets and liabilities:		
Increase in trade receivables	(386,895)	(45,037)
Decrease in other receivables	6,641	15,548
Decrease (increase) in inventories	(176,016)	41,867
Increase in other current assets	(17,992)	(12,670)
Increase in contract liabilities	4,679	811
Increase (decrease) in accounts payable	152,218	(135,592)
Increase (decrease) in deferred revenue	94	(1,235)
Increase (decrease) in other current liabilities	85,765	(24,175)
Decrease in accrued pension liabilities	(36)	(7,670)
Cash generated from operations	328,938	286,531
Interest received	15,397	21,000
Dividends received	37,897	35,563
Interest paid	(12,186)	(20,520)
Income tax paid	(67,209)	(70,308)
Net cash generated from operating activities	<u>302,837</u>	<u>252,266</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at FVTOCI	(10,004)	-
Proceeds from sale of financial assets at FVTOCI	2,628	1,386
Purchase of financial assets at FVTPL	(1,039,171)	(1,201,256)
Proceeds from the sale of financial assets at FVTPL	1,493,073	1,399,581
Acquisition of associates	(2,500)	-
Net cash outflow on acquisition of subsidiaries (Note 28)	-	(48,215)
Disposal of subsidiaries	(866)	-
Acquisition of property, plant and equipment	(168,863)	(120,123)
Proceeds from the disposal of property, plant and equipment	540	3,803
Increase in refundable deposits	(408)	(441)
Decrease in refundable deposits	904	1,302
Payments for intangible assets	(164,552)	(60,351)

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
Proceeds from disposal of intangible assets	-	484
Payments for investment properties	(4,391)	(747)
Decrease (increase) in other financial assets	(127,664)	4,531
Net cash used in investing activities	(21,274)	(20,046)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(11,436)	(12,055)
Proceeds from long-term borrowings	200,000	-
Repayments of long-term borrowings	-	(200,375)
Proceeds from guarantee deposits received	24,470	17,096
Refund of guarantee deposits received	(12,213)	(30,901)
Repayment of principal portion of lease liabilities	(9,809)	(8,312)
Increase in other liability	2,066	-
Dividends paid to owners of the Company	(176,530)	(211,837)
Dividends for non-controlling interests	(139,531)	(157,520)
Partial disposal of interests in subsidiaries without a loss of control	101,014	-
Increase (decrease) in non-controlling interests	12,000	(2,184)
Net cash used in financing activities	(9,969)	(606,088)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	(7,602)	2,268
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	263,992	(371,600)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	3,020,628	3,235,721
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 3,284,620</u>	<u>\$ 2,864,121</u>

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

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

(Concluded)



## 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 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. The related accounting policies are stated in Note 4. Before the application of the amendment, the Group shall determine whether the abovementioned rent concessions shall be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
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 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

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

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

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

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.

3) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

The amendments to IFRS 9 and IFRS 16 provide specific practical expedient that allows the modification of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform by revising the effective interest rate. Besides, the amendments to IFRS 9 introduce additional temporary exceptions for hedging relationships subject to interest rate benchmark reform.

The Group may not restate prior reporting periods when applying the aforementioned amendments, and recognize the cumulative effect in the retained earnings or other component of equity at the date of the initial application instead.

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, 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, 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 or a joint venture.

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, 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

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. 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 sheet, 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) to the consolidated financial statements for the year ended December 31, 2019 for the accounting policies for investment properties.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, 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. 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. For other-related information, refer to the statements of critical accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2019.

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	\$ 5,997	\$ 6,065	\$ 6,202
Checking accounts and demand deposits	1,241,468	769,510	1,052,380
Cash equivalents			
Time deposits in banks	<u>2,037,155</u>	<u>2,245,053</u>	<u>1,805,539</u>
	<u>\$ 3,284,620</u>	<u>\$ 3,020,628</u>	<u>\$ 2,864,121</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
Bank balance	0.01%-2.77%	0.001%-2.25%	0.01%-2.12%

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets at fair value through profit of loss</u>			
<u>(FVTPL) - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 385,546	\$ 987,692	\$ 882,633
Domestic listed shares	127,984	41,960	46,411
Domestic unlisted shares	60,127	45,904	51,452
Domestic unlisted preference shares	-	-	25,000
Hybrid financial assets			
Securities listed in the ROC and other countries - convertible bonds	<u>8,575</u>	<u>15,123</u>	<u>43,954</u>
	<u>\$ 582,232</u>	<u>\$ 1,090,679</u>	<u>\$ 1,049,450</u>
<u>Financial liabilities at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic and foreign unlisted shares	\$ 679,941	\$ 658,431	\$ 459,446
Private funds	291,162	260,140	269,657
Mutual funds	72,676	75,119	77,290
Domestic and foreign listed shares	<u>33,840</u>	<u>33,755</u>	<u>35,929</u>
	<u>\$ 1,077,619</u>	<u>\$ 1,027,445</u>	<u>\$ 842,322</u>

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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Non-current</u>			
Domestic and foreign investments			
Unlisted shares	\$ 110,312	\$ 98,915	\$ 123,164
Listed shares	<u>72,812</u>	<u>90,472</u>	<u>91,287</u>
	<u>\$ 183,124</u>	<u>\$ 189,387</u>	<u>\$ 214,451</u>

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES, NET

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Notes receivable</u>			
Notes receivable - operating	\$ _____ -	\$ _____ 300	\$ _____ -
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	1,219,784	832,662	999,008
Less: Allowance for impairment loss	<u>(202)</u>	<u>(329)</u>	<u>(590)</u>
	<u>1,219,582</u>	<u>832,333</u>	<u>999,418</u>
	<u>\$ 1,219,582</u>	<u>\$ 832,633</u>	<u>\$ 999,418</u>

### Trade receivables

The average credit period of sales of goods was 30 to 60 days. No interest was charged on trade receivable. The Group's exposure and the credit ratings of its counterparties are continuously monitored. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, and economic condition of the industry in which the customer operates. 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. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 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	\$ 1,219,394	\$ 47	\$ 133	\$ -	\$ 210	\$ 1,219,784
Loss allowance (Lifetime ECLs)	-	-	-	-	(202)	(202)
Amortized cost	<u>\$ 1,219,394</u>	<u>\$ 47</u>	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 1,219,582</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>

September 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	\$ 996,607	\$ 1,599	\$ -	\$ 20	\$ 782	\$ 999,008
Loss allowance (Lifetime ECLs)	-	-	-	-	(590)	(590)
Amortized cost	<u>\$ 996,607</u>	<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 192</u>	<u>\$ 998,418</u>

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

	For the Nine Months Ended September 30	
	2020	2019
Balance at January 1	\$ 329	\$ 504
Add: Net remeasurement of loss allowance	-	183
Less: Amounts written off	(73)	(76)
Less: Net remeasurement of loss allowance	(51)	-
Foreign exchange gains and losses	(3)	(21)
Balance at September 30	<u>\$ 202</u>	<u>\$ 590</u>

**10. INVENTORIES**

	September 30, 2020	December 31, 2019	September 30, 2019
Finished goods	\$ 271,010	\$ 307,179	\$ 299,878
Work in progress	431,290	281,042	295,873
Raw materials	<u>232,927</u>	<u>170,990</u>	<u>181,330</u>
	<u>\$ 935,227</u>	<u>\$ 759,211</u>	<u>\$ 777,081</u>

The costs of inventories recognized as cost of goods sold for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 were \$1,069,663 thousand, \$803,472 thousand, \$2,425,489 thousand and \$2,323,320 thousand, respectively.

The costs of inventories recognized as cost of goods sold for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Inventory write-downs (reversed)	\$ (4,041)	\$ (846)	\$ (10,053)	\$ (10,050)
Income from scrap sales	<u>(11)</u>	<u>14</u>	<u>37</u>	<u>53</u>
	<u>\$ (4,030)</u>	<u>\$ (832)</u>	<u>\$ (10,016)</u>	<u>\$ (9,997)</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
			September 30, 2020	December 31, 2019	September 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	92.55	-
	Sunplus Innovation Technology	Design of ICs	58.21	61.13	61.13	-
	Generalplus Technology ("Generalplus")	Design of ICs	34.30	34.30	34.30	Sunplus and its subsidiaries have a 47.99% stake in Generalplus Technology, Inc., and the Group has substantial control over Generalplus Technology, Inc., therefore, 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 Group	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 September 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 (Shanghai)	Sunplus Technology (Beijing)	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-
	Ytrip Technology	Web research and development	-	44.08	44.08	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on September 30 and December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 29.

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			September 30, 2020	December 31, 2019	September 30, 2019	
Sunplus Technology (Shanghai)	Jsilicon Technology	Software Development and IC Design	100.00	100.00	100.00	-
	Shuangxin Technology	Software Development and IC Design	56.67	55.00	55.00	-
Sunplus Prof-tek (Shenzhen)	Shuangxin Technology	Software Development and IC Design	43.33	45.00	45.00	Sunplus and its subsidiaries held 100% equity in Chongqing Shuangxin Co., Ltd.
Ytrip Technology	1culture Communication	Web development and sale	-	100.00	100.00	The liquidation of 1culture Communication was completed on May 29, 2020. Please refer to Note 29.
Sunplus Venture	Jumplus Technology	Design of ICs	42.08	42.08	42.08	Sunplus and its subsidiaries owned 97.08% of the equity in Jumplus 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 65.94% 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 have a 47.99% stake in Generalplus Technology, Inc., and the Group has substantial control over Generalplus Technology, Inc., therefore, 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 65.94% equity in Sunplus Innovation
Generalplus Generalplus Samoa Generalplus Mauritius Generalplus Mauritius	Generalplus Samoa	Investment	100.00	100.00	100.00	-
	Generalplus Mauritius	Investment	100.00	100.00	100.00	-
	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	Sunny Fancy	Investment	100.00	100.00	100.00	-
	Giant Kingdom	Investment	100.00	100.00	100.00	-
	Giant Rock	Investment	100.00	100.00	100.00	-
	WORLDPLUS HOLDING L.L.C. (Worldplus)	Investment	100.00	100.00	100.00	-
	Giant Best Ltd. (Giant Best)	Investment	100.00	-	-	At the end of September 2020, the establishment registration was completed, but capital was not injected yet.
Giant Kingdom	Ytrip Technology	Web research and development	-	8.16	8.16	Sunplus and its subsidiaries had a 90.71% stake in Ytrip on September 30 and December 31, 2019. The liquidation of Ytrip Technology was completed on June 23, 2020. Please refer to Note 29.
Giant 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	-

(Concluded)

The financial statements as of and for the nine months ended September 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 the non-significant subsidiaries Sunplus Technology (Shanghai) and Sunplus Prof-tek Technology (Shenzhen), were not reviewed.

b. Details of subsidiaries that have material non-controlling interests

**Proportion of Ownership and Voting Rights Held by  
Non-controlling Interests**

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Company name</u>			
Generalplus Technology Inc.	52.01%	52.01%	52.01%
Sunplus Innovation Technology	34.06%	31.14%	31.14%

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

Company name	Profit Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Generalplus Technology Inc.	\$ 51,489	\$ 34,606	\$ 103,114	\$ 102,417	\$ 1,074,307	\$ 1,705,166	\$ 1,063,930
Sunplus Innovation Technology	49,937	14,431	93,305	33,759	394,952	308,951	300,203

The summarized financial information below represents amounts before intragroup eliminations.

	September 30, 2020		December 31, 2019		September 30, 2019	
Current assets	\$ 3,587,810		\$ 3,190,003		\$ 3,098,339	
Non-current assets	827,359		790,554		834,490	
Current liabilities	1,067,557		792,198		784,159	
Non-current liabilities	<u>203,407</u>		<u>214,644</u>		<u>224,668</u>	
Equity	<u>\$ 3,144,205</u>		<u>\$ 2,973,715</u>		<u>\$ 2,924,002</u>	
Equity attributable to:						
Owners of the Company	\$ 1,674,946		\$ 1,589,598		\$ 1,559,879	
Non-controlling interests	<u>1,469,259</u>		<u>1,384,117</u>		<u>1,364,123</u>	
	<u>\$ 3,144,205</u>		<u>\$ 2,973,715</u>		<u>\$ 2,924,002</u>	
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>		
Operating revenue	<u>\$ 1,465,215</u>	<u>\$ 980,242</u>	<u>\$ 3,361,669</u>	<u>\$ 2,775,338</u>		
Net income	\$ 257,339	\$ 112,871	\$ 495,856	\$ 305,306		
Other comprehensive income (loss)	<u>4,015</u>	<u>(20,491)</u>	<u>(8,590)</u>	<u>(15,272)</u>		
Total other comprehensive income	<u>\$ 261,354</u>	<u>\$ 92,380</u>	<u>\$ 487,266</u>	<u>\$ 290,034</u>		
Equity attributable to:						
Owners of the Company	\$ 155,913	\$ 63,834	\$ 299,437	\$ 169,130		
Non-controlling interests	<u>101,426</u>	<u>49,037</u>	<u>196,419</u>	<u>136,176</u>		
	<u>\$ 257,339</u>	<u>\$ 112,871</u>	<u>\$ 495,856</u>	<u>\$ 305,306</u>		

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Total other comprehensive income attributable to:				
Owners of the Company	\$ 156,887	\$ 53,600	\$ 294,362	\$ 161,401
Non-controlling interests	<u>104,467</u>	<u>38,780</u>	<u>192,904</u>	<u>128,633</u>
	<u>\$ 261,354</u>	<u>\$ 92,380</u>	<u>\$ 487,266</u>	<u>\$ 290,034</u>

(Concluded)

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Cash flows		
Operating activities	\$ 341,680	\$ 317,627
Investing activities	(86,887)	90,001
Financing activities	(291,066)	(275,137)
Effect of foreign currency exchange differences	<u>(4,178)</u>	<u>314</u>
Net cash (outflow) inflow	<u>\$ (40,451)</u>	<u>\$ 132,805</u>
Dividends paid to non-controlling interests	<u>\$ (139,531)</u>	<u>\$ (157,520)</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Investments in associates	<u>\$ 712,170</u>	<u>\$ 695,028</u>	<u>\$ 713,148</u>
Associates			
Global View Co., Ltd.	\$ 332,024	\$ 297,640	\$ 300,612
iCatch Technology	304,264	320,180	332,398
Autosys Co., Ltd.	73,648	77,208	80,138
Yizhiliang Accelerator Co., Ltd.	<u>2,234</u>	<u>-</u>	<u>-</u>
	<u>\$ 712,170</u>	<u>\$ 695,028</u>	<u>\$ 713,148</u>
<b>Name of associate</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
iCatch Technology	35%	36%	36%
Global View Co., Ltd.	13%	13%	13%
Autosys Co., Ltd.	16%	16%	16%
Yizhiliang Accelerator Co., Ltd.	25%	-	-

Refer to Table 5 for the nature of activities, principal places of business and countries of incorporation of the associates.

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

Name of Associate	September 30, 2020	December 31, 2019	September 30, 2019
Global View Co., Ltd.	<u>\$ 268,692</u>	<u>\$ 239,889</u>	<u>\$ 236,597</u>

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

For the nine months ended September 30, 2020, 2019, the investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed.

### 13. PROPERTY, PLANT AND EQUIPMENT

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

	For the Nine Months Ended September 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, beginning of period	\$ 2,388,519	\$ 187,290	\$ 10,428	\$ 517,417	\$ 5,873	\$ 250,019	\$ 1,480	\$ 23,847	\$ 19,202	\$ 3,354,075
Additions	440	3,340	2,900	124,845	341	33,644	490	-	4,304	170,304
Disposals	-	-	-	(345)	(1,661)	(16,751)	-	(13)	-	(18,770)
Reclassified	-	-	-	-	-	4,073	-	-	(4,073)	-
Consolidated change	-	-	-	-	-	(3,031)	-	-	-	(3,031)
Effect of exchange rate changes	(1,854)	(4,057)	(43)	(616)	(41)	(4,983)	1,121	(111)	(1,144)	(11,728)
Balance, end of period	<u>\$ 2,337,105</u>	<u>\$ 186,573</u>	<u>\$ 13,285</u>	<u>\$ 641,301</u>	<u>\$ 4,512</u>	<u>\$ 262,971</u>	<u>\$ 3,091</u>	<u>\$ 23,723</u>	<u>\$ 18,289</u>	<u>\$ 3,490,850</u>
<u>Accumulated depreciation</u>										
Balance, beginning of period	\$ 555,243	\$ 143,222	\$ 7,229	\$ 448,652	\$ 4,018	\$ 205,424	\$ 1,239	\$ 20,245	\$ -	\$ 1,385,272
Additions	39,115	13,259	1,173	86,293	584	15,921	334	890	-	157,569
Disposals	-	-	-	(333)	(1,383)	(16,609)	-	(13)	-	(18,338)
Consolidated change	-	-	-	-	-	(3,061)	-	-	-	(3,016)
Effect of exchange rate changes	4,506	(6,168)	(42)	(486)	(32)	(840)	(7)	(92)	-	(5,161)
Balance, end of period	<u>\$ 598,864</u>	<u>\$ 150,313</u>	<u>\$ 8,360</u>	<u>\$ 534,126</u>	<u>\$ 3,187</u>	<u>\$ 200,880</u>	<u>\$ 1,566</u>	<u>\$ 21,030</u>	<u>\$ -</u>	<u>\$ 1,518,326</u>
Net balance, end of period	<u>\$ 1,738,241</u>	<u>\$ 36,260</u>	<u>\$ 4,925</u>	<u>\$ 107,175</u>	<u>\$ 1,325</u>	<u>\$ 62,091</u>	<u>\$ 1,525</u>	<u>\$ 2,693</u>	<u>\$ 18,289</u>	<u>\$ 1,972,524</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 Nine Months Ended September 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, beginning of period	\$ 2,383,245	\$ 193,874	\$ 13,729	\$ 616,529	\$ 5,904	\$ 266,331	\$ 2,782	\$ 23,959	\$ 2,940	\$ 3,509,293
Additions	-	366	4,166	95,228	773	11,005	457	156	3,588	115,739
Effect of acquisition of subsidiary	-	-	-	-	-	2,573	-	205	17,088	19,866
Disposals	-	-	(652)	(7,326)	(606)	(5,556)	(1,188)	(20)	-	(15,348)
Reclassified	-	-	-	-	-	6,300	-	-	(6,528)	(228)
Effect of exchange rate changes	(32,334)	(1,522)	(901)	(1,353)	(144)	(4,346)	(28)	(373)	-	(41,001)
Balance, end of period	<u>\$ 2,350,911</u>	<u>\$ 192,718</u>	<u>\$ 16,342</u>	<u>\$ 703,078</u>	<u>\$ 5,927</u>	<u>\$ 276,307</u>	<u>\$ 2,023</u>	<u>\$ 23,927</u>	<u>\$ 17,088</u>	<u>\$ 3,588,321</u>
<u>Accumulated depreciation</u>										
Balance, beginning of period	\$ 507,818	\$ 126,857	\$ 12,759	\$ 540,595	\$ 3,633	\$ 231,996	\$ 2,331	\$ 19,447	\$ -	\$ 1,445,436
Additions	40,056	16,155	1,753	68,379	867	12,473	3,811	442	-	143,936
Effect of acquisition of subsidiary	-	-	-	-	-	2,316	-	85	-	2,401
Disposals	-	-	(592)	(4,030)	(606)	(5,185)	(1,188)	(20)	-	(11,621)
Effect of exchange rate changes	(4,110)	1,349	(1,196)	(867)	(144)	(4,058)	(3,603)	128	-	(12,471)
Balance, end of period	<u>\$ 543,764</u>	<u>\$ 144,361</u>	<u>\$ 12,724</u>	<u>\$ 604,077</u>	<u>\$ 3,780</u>	<u>\$ 237,542</u>	<u>\$ 1,351</u>	<u>\$ 20,082</u>	<u>\$ -</u>	<u>\$ 1,567,681</u>
<u>Accumulated impairment</u>										
Balance, beginning and end of period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>
Net balance, end of period	<u>\$ 1,807,147</u>	<u>\$ 48,357</u>	<u>\$ 3,618</u>	<u>\$ 87,503</u>	<u>\$ 2,147</u>	<u>\$ 38,765</u>	<u>\$ 672</u>	<u>\$ 3,845</u>	<u>\$ 17,088</u>	<u>\$ 2,009,142</u>

The above items of property, plant and equipment used by the Group 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

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 34.

#### 14. LEASE ARRANGEMENTS

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Carrying amounts</u>			
Land	\$ 210,762	\$ 215,922	\$ 217,658
Buildings	20,477	25,098	24,086
Transportation equipment	<u>558</u>	<u>894</u>	<u>1,007</u>
	<u>\$ 231,797</u>	<u>\$ 241,914</u>	<u>\$ 242,751</u>
	<b>For the Three Months Ended September 30</b>	<b>For the Nine Months Ended September 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>\$ 1,302</u>
Depreciation charge for right-of-use assets			
Land	\$ 1,715	\$ 1,714	\$ 5,142
Buildings	2,151	1,609	6,611
Transportation equipment	<u>112</u>	<u>111</u>	<u>336</u>
	<u>\$ 3,978</u>	<u>\$ 3,434</u>	<u>\$ 12,089</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ 293</u>	<u>\$ 263</u>	<u>\$ 878</u>
			<u>\$ 788</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2020 and 2019.

The Group has been subleasing its leasehold office space located in China since under operating leases. The related right-of-use assets are presented as investment properties (as set out in Note 15).

b. Lease liabilities - 2020

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Carrying amounts</u>			
Current	\$ 11,753	\$ 11,885	\$ 11,462
Non-current	<u>\$ 222,178</u>	<u>\$ 230,251</u>	<u>\$ 230,991</u>

Range of discount rate for lease liabilities was as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Land	2.390%	2.390%	2.390%
Buildings	1.575%-4.750%	1.575%-4.750%	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 50 years. The lease contract for land located in the ROC has a lease term of 20 years. The lease agreement specifies that lease payments will be adjusted on the basis of changes in announced land value prices. Lease terms of land in China is 50 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings and transportation equipment at the end of the lease terms.

The Group did not enter into significant lease contracts in the nine months ended September 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 June 30, 2020. The Group recognized in profit or loss the impact of rent concessions of \$277 and \$832 thousand (presented in operating expenses) for the three months ended September 30, 2020 and for the nine months ended September 30, 2020, respectively.

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.

The maturity analysis of lease payments receivable under operating subleases is as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Year 1	\$ 1,169	\$ 1,153	\$ 1,050
Year 2	<u>292</u>	<u>-</u>	<u>263</u>
	<u>\$ 1,461</u>	<u>\$ 1,153</u>	<u>\$ 1,313</u>

e. Other lease information

2020

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	\$ <u>1,098</u>	\$ <u>3,386</u>	\$ <u>5,741</u>	\$ <u>10,070</u>
Expenses relating to low-value asset leases	\$ <u>216</u>	\$ <u>95</u>	\$ <u>432</u>	\$ <u>329</u>
Total cash outflow for leases			\$ <u>18,598</u>	\$ <u>22,978</u>

**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	4,391	-	4,391
Effect of exchange rate changes	<u>(11,372)</u>	<u>(826)</u>	<u>(12,198)</u>
Balance at September 30, 2020	\$ <u>1,394,026</u>	\$ <u>98,041</u>	\$ <u>1,492,067</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	\$ 430,601	\$ 2,476	\$ 433,077
Depreciation expense	52,298	1,774	54,072
Effect of exchange rate differences	<u>(3,482)</u>	<u>(15)</u>	<u>(3,497)</u>
Balance at September 30, 2020	\$ <u>479,417</u>	\$ <u>4,235</u>	\$ <u>483,652</u>
Net Balance at September 30, 2020	\$ <u>914,609</u>	\$ <u>93,806</u>	\$ <u>1,008,415</u>
Net Balance at December 31, 2019 and January 1, 2020	\$ <u>970,406</u>	\$ <u>96,391</u>	\$ <u>1,066,797</u>
<u>Cost</u>			
Balance at January 1, 2019 as restated	\$ 1,400,135	\$ 102,702	\$ 1,502,837
Additions	747	-	747
Effect of acquisition of subsidiary	52,074	-	52,074
Effect of exchange rate differences	<u>(38,409)</u>	<u>(2,801)</u>	<u>(41,210)</u>
Balance at September 30, 2019	\$ <u>1,414,547</u>	\$ <u>99,901</u>	\$ <u>1,514,448</u>

(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	53,875	1,973	55,848
Effect of acquisition of subsidiary	14,691	-	14,691
Effect of exchange rate differences	<u>(12,015)</u>	<u>75</u>	<u>(12,090)</u>
Balance at September 30, 2019	<u>\$ 417,372</u>	<u>\$ 1,898</u>	<u>\$ 419,270</u>
Net Balance at September 30, 2019	<u>\$ 997,175</u>	<u>\$ 98,003</u>	<u>\$ 1,095,178</u> (Concluded)

The right-of-use assets in the investment properties are the right-of-use of land signed by the Company and is subleased under operating leases. 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 rights. 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 is as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Year 1	\$ 123,950	\$ 142,060	\$ 124,862
Year 2	88,690	61,643	62,362
Year 3	<u>30,732</u>	<u>22,066</u>	<u>14,111</u>
	<u>\$ 243,372</u>	<u>\$ 225,769</u>	<u>\$ 201,335</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 Worldplus Technology (Shenzhen) Co., Ltd assessed on September 2, 2019 and December 31, 2019 had been determined on the basis of valuations carried out on December 31, 2019 and 2018 by Guanhong Real Estate Appraisers Office. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Fair value	\$ 37,900	\$ 37,900	\$ 37,564

The investment properties were valued by independent valuers; the Company determined that the fair values reported as of December 31, 2019 and September 2, 2019 were still valid as of September 30, 2020 and 2019, respectively.

The fair value of the investment properties of SunMedia Technology assessed in 2019 and 2018 had been determined on the basis of valuations carried out on December 31, 2019 and 2018 by Sichuan Zongli Real Estate Land Assets Evaluation Co., Ltd. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates; the fair value as appraised is as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 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 September 30, 2020 and 2019, respectively.

The fair value of the investment properties of Sunplus Technology (Shanghai) Co., Ltd. assessed in 2019 and 2018 had been determined on the basis of valuations carried out at the reporting dates by Suzhou Feng-Zheng valuation firm. The valuation was arrived at by reference to the income approach. The significant unobservable inputs used include discount rates and the fair value as appraised.

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 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 September 30, 2020 and 2019, respectively.

## 16. INTANGIBLE ASSETS

	<b>For the Nine Months Ended September 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	\$ 809,249	\$ 312,600	\$ 114,494	\$ 30,596	\$ 1,266,939
Additions	191,999	17,766	2,000	-	211,765
Disposals	(150)	(410)	-	-	(560)
Consolidated change	-	(5,232)	-	-	(5,232)
Effect of exchange rate differences	(231)	(296)	(2)	-	(529)
Balance at September 30	<u>\$ 1,000,867</u>	<u>\$ 324,428</u>	<u>\$ 116,492</u>	<u>\$ 30,596</u>	<u>\$ 1,472,383</u>
<u>Accumulated amortization</u>					
Balance at January 1	\$ 583,858	\$ 289,553	\$ 84,582	\$ -	\$ 957,993
Amortization expense	45,487	17,715	1,060	-	64,262
Disposal	(150)	(410)	-	-	(560)
Consolidated change	-	(3,418)	-	-	(3,418)
Effect of exchange rate differences	(101)	(180)	(1)	-	(282)
Balance at September 30	<u>\$ 629,094</u>	<u>\$ 303,260</u>	<u>\$ 85,641</u>	<u>\$ -</u>	<u>\$ 1,017,995</u>
<u>Accumulated amortization</u>					
Balance at January 1 and September 30	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Net balance at September 30	<u>\$ 260,637</u>	<u>\$ 21,168</u>	<u>\$ 9,274</u>	<u>\$ 30,596</u>	<u>\$ 321,675</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 Nine Months Ended September 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	\$ 778,507	\$ 298,609	\$ 114,504	\$ 30,596	\$ 1,222,216
Additions	46,006	18,550	-	-	64,556
Disposals	-	(1,418)	-	-	(1,418)
Reclassified	(350)	-	-	-	(350)
Effect of exchange rate differences	(655)	(1,136)	(7)	-	(1,798)
Balance at September 30	<u>\$ 823,508</u>	<u>\$ 314,605</u>	<u>\$ 114,497</u>	<u>\$ 30,596</u>	<u>\$ 1,283,206</u>
<u>Accumulated amortization</u>					
Balance at January 1	\$ 556,915	\$ 270,852	\$ 83,215	\$ -	\$ 910,982
Amortization expense	37,681	19,120	1,028	-	57,829
Disposal	-	(973)	-	-	(973)
Reclassified	(175)	-	-	-	(175)
Effect of exchange rate differences	(377)	(811)	(3)	-	(1,191)
Balance at September 30	<u>\$ 594,044</u>	<u>\$ 288,188</u>	<u>\$ 84,240</u>	<u>\$ -</u>	<u>\$ 966,472</u>
<u>Accumulated amortization</u>					
Balance at January 1 and September 30	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Net balance at September 30	<u>\$ 118,328</u>	<u>\$ 26,417</u>	<u>\$ 8,680</u>	<u>\$ 30,596</u>	<u>\$ 184,021</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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Selling and marketing expenses	\$ 26	\$ 27	\$ 79	\$ 80
General and administrative expenses	851	1,429	2,993	4,476
Research and development expenses	<u>25,288</u>	<u>18,359</u>	<u>61,190</u>	<u>53,273</u>
	<u>\$ 26,165</u>	<u>\$ 19,815</u>	<u>\$ 64,262</u>	<u>\$ 57,829</u>

**17. OTHER ASSETS**

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Current</u>			
Other financial assets			
Pledged time deposits (a)	<u>\$ 116,400</u>	<u>\$ 119,920</u>	<u>\$ 124,160</u>

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
Other assets			
Prepayments for EDA tools	\$ 24,330	\$ 16,787	\$ 26,383
Advanced licensing fee	23,390	9,103	-
Others	<u>73,581</u>	<u>63,027</u>	<u>75,134</u>
	<u>\$ 121,301</u>	<u>\$ 88,917</u>	<u>\$ 101,517</u>
<u>Non-current</u>			
Other financial assets			
Pledged time deposits (a)	\$ 35,846	\$ 10,899	\$ 30,963
Time deposits (b)	<u>230,526</u>	<u>129,150</u>	<u>130,500</u>
	<u>\$ 266,372</u>	<u>\$ 140,049</u>	<u>\$ 161,463</u>
Other assets			
Refundable deposits	\$ 5,703	\$ 6,247	\$ 6,869
Other	<u>7,800</u>	<u>7,800</u>	<u>7,800</u>
	<u>\$ 13,503</u>	<u>\$ 14,047</u>	<u>\$ 14,669</u>

(Concluded)

- a. Pledged time deposits are set out in Note 34.
- b. Sunplus Technology (Shanghai), Worldplus Technology (Shenzhen) and Generalplus Shenzhen made a certificate of deposit of RMB 54,000 thousand at the bank on September 30, 2020, and Shenzhen Lingjia Company respectively made a certificate of deposit of RMB30,000 at the bank on December 31 and September 30, 2019. The deposit period of the certificates of deposit is 2 to 3 years, and interest can be charged at a certain interest rate during the deposit period.

## 18. BORROWINGS

### Short-term borrowings

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Secured borrowings</u>			
Bank loans	\$ 99,065	\$ 120,130	\$ 123,068
<u>Unsecured borrowings</u>			
Bank loans	<u>208,420</u>	<u>203,496</u>	<u>175,376</u>
	<u>\$ 307,485</u>	<u>\$ 323,626</u>	<u>\$ 298,444</u>

The range of weighted average effective interest rates on bank loans were 0.900%-2.800%, 1.745%-3.000% and 2.500%-2.801% per annum at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

## Long-term borrowings

The borrowings of the Group are as follows:

	<b>Maturity Date</b>	<b>Significant Covenant</b>	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Floating rate borrowings</u>					
Unsecured bank borrowings	2025.08.21	Repayable quarterly from the second year of the first transfer date	\$ 200,000	\$ -	\$ -
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016	-	-	50,000
Less: Current portion			<u>-</u>	<u>-</u>	<u>50,000</u>
Long-term borrowings			<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>

The intervals of effective borrowing rates as of September 30, 2020 and 2019 were 1.250% and 1.545%, respectively.

## 19. TRADE PAYABLES

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Accounts payable</u>			
Payables - operating	<u>\$ 502,294</u>	<u>\$ 352,155</u>	<u>\$ 348,206</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>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Current</u>			
Other payables			
Payables for salaries or bonuses	\$ 339,673	\$ 299,871	\$ 262,316
Payables for employees' compensation and remuneration of directors	69,917	46,467	66,245
Commission payable	69,044	31,540	60,929
Payables for purchases of intangible assets	62,715	1,215	7,835
Payable for royalties	61,368	46,676	32,891
Refund liabilities	34,769	21,971	16,010
Labor/health insurance	24,235	26,629	25,497
Payables for labor costs	5,642	6,105	5,057
Payables for purchases of equipment	2,123	5,552	3,190
Others	<u>49,275</u>	<u>90,075</u>	<u>65,352</u>
	<u>\$ 718,761</u>	<u>\$ 576,101</u>	<u>\$ 545,322</u>

(Continued)

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
<u>Deferred revenue</u>			
Arising from government grants (Note 27)	<u>\$ 1,850</u>	<u>\$ 1,568</u>	<u>\$ 1,584</u>
<u>Non-current</u>			
Other payables			
Payables for purchases of equipment	\$ 8,068	\$ 3,198	\$ 5,056
Long-term payables	6,535	4,470	4,669
Decommissioning liabilities	<u>889</u>	<u>889</u>	<u>889</u>
	<u>\$ 15,492</u>	<u>\$ 8,557</u>	<u>\$ 10,614</u>
Deferred revenue			
Arising from government grants (Note 27)	<u>\$ 57,324</u>	<u>\$ 58,015</u>	<u>\$ 59,018</u> (Concluded)

## 21. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2020 and 2019 and for the nine month ended September 30, 2020 and 2019, the pension expenses of defined benefit plans were \$377 thousand, \$425 thousand, \$1,166 thousand and \$1,274 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2019 and 2018, respectively.

## 22. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Shares authorized(in thousands of shares)	<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>
Shares issued and fully paid (in thousands of shares)	<u>591,995</u>	<u>591,995</u>	<u>591,995</u>
Shares issued and fully paid	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

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

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

2) Global depositary receipts

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

b. Capital surplus

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)			
Arising from the issuance of ordinary 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	207,316	140,184	140,184
Used to offset a deficit only			
From treasury share transactions	46,307	45,239	45,239
Changes in net equity of associates or joint ventures accounted for using the equity method	<u>67,331</u>	<u>55,491</u>	<u>57,017</u>
	<u>\$ 496,874</u>	<u>\$ 594,432</u>	<u>\$ 595,958</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 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 approved in the shareholders' meeting on June 10, 2019 is 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 Company's proposal of offsetting accumulated deficits for 2019 has been resolved in the shareholders' meeting on June 12, 2020:

	<b>For the Year Ended December 31, 2019</b>
Special reserve reversed	\$ <u>32,263</u>
Legal reserve used to offset deficits	\$ <u>229,998</u>

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

d. Special reserves

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 308,452	\$ 67,279
Appropriations of special reserve	-	241,173
Special reserve reversed	<u>(32,263)</u>	<u>-</u>
Balance, end of period	<u>\$ 276,189</u>	<u>\$ 308,452</u>

e. Other equity items

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (218,780)	\$ (138,875)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(30,968)	(37,110)
Share from associates accounted for using the equity method	(220)	(2,095)
Reclassification adjustments		
Disposal of foreign operations	<u>(10,283)</u>	<u>-</u>
Balance at September 30	<u>\$ (260,251)</u>	<u>\$ (178,080)</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (42,246)	\$ (303,968)
Current		
Unrealized (losses) gains	(11,619)	3,489
Share from associates accounted for using the equity method	248	3,799
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	1,172	279,514
Disposal of partial interests in subsidiaries	<u>2,112</u>	<u>-</u>
Balance at September 30	<u>\$ (50,333)</u>	<u>\$ (17,166)</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 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	195,432	135,317
Exchange differences on translating foreign operations	(2,095)	(6,745)
Unrealized gain (loss) on financial assets at FVTOCI	(1,422)	(597)
Disposal of partial interests in subsidiaries	31,770	-
Non-controlling interests arising from acquisition of subsidiaries	12,000	-
Cash dividends from subsidiaries	(139,531)	(157,520)
Others	<u>(199)</u>	<u>532</u>
Balance at September 30	<u>\$ 1,490,113</u>	<u>\$ 1,372,651</u>

g. Treasury shares

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

<b>Purpose of Buyback</b>	<b>Shares Transferred to Employees (In Thousands of Shares)</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>	<b>Total (In Thousands of Shares)</b>
<u>September 30, 2020</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 48,060</u>
<u>December 31, 2019</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 48,238</u>
<u>September 30, 2019</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 50,374</u>

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

**23. REVENUE**

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue from contracts with customers	\$ 1,934,191	\$ 1,377,026	\$ 4,343,111	\$ 3,953,853
Rental income from property	57,876	39,732	170,865	119,401
Others	<u>21,912</u>	<u>60,537</u>	<u>72,032</u>	<u>115,392</u>
	<u>\$ 2,013,979</u>	<u>\$ 1,477,295</u>	<u>\$ 4,586,008</u>	<u>\$ 4,188,646</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 estimation, the Company recognizes the amount and the liabilities for refunds (accounted for as other current liabilities).

Other income

Other income mainly comes from software development and royalties.

b. Contract balances

	September 30, 2020	December 31, 2019	September 30, 2019	January 1, 2019
Trade receivables (Note 9)	<u>\$ 1,219,582</u>	<u>\$ 832,633</u>	<u>\$ 998,418</u>	<u>\$ 954,030</u>
Contract liabilities - current	<u>\$ 29,591</u>	<u>\$ 24,912</u>	<u>\$ 8,322</u>	<u>\$ 7,511</u>

c. Disaggregation of revenue

	<u>Reportable Segments</u>	
	<u>Direct Sales</u>	
	<u>For the Nine Months Ended</u>	
	<u>September 30</u>	
	<u>2020</u>	<u>2019</u>
<u>Primary geographical markets</u>		
Asia	\$ 2,789,202	\$ 2,663,852
Taiwan	1,747,729	1,469,255
Others	<u>49,077</u>	<u>55,539</u>
	<u>\$ 4,586,008</u>	<u>\$ 4,188,646</u>
<u>Timing of revenue recognition</u>		
Satisfied at a point in time	\$ 4,409,921	\$ 4,069,245
Satisfied over time	<u>176,087</u>	<u>119,401</u>
	<u>\$ 4,586,008</u>	<u>\$ 4,188,646</u>

## 24. NET PROFIT

Net profit includes the following items:

### Interest income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Bank deposits	\$ <u>5,757</u>	\$ <u>5,869</u>	\$ <u>17,686</u>	\$ <u>18,182</u>

### Other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Dividend income	\$ 20,073	\$ 11,550	\$ 25,553	\$ 19,105
Government grant income (Note 27)	16,905	18,145	35,475	21,580
Others	<u>16,143</u>	<u>33,849</u>	<u>35,316</u>	<u>62,502</u>
	\$ <u>53,121</u>	\$ <u>63,544</u>	\$ <u>96,344</u>	\$ <u>103,187</u>

### Other gains and losses

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 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	\$ 23,580	\$ (53,338)	\$ 563	\$ 5,794
Net foreign exchange (loss) gain	6,068	(19,482)	(9,056)	(11,581)
Gain on disposal of subsidiaries	35	-	7,795	-
Others	<u>1,646</u>	<u>2,628</u>	<u>4,757</u>	<u>8,592</u>
	\$ <u>31,329</u>	\$ <u>(70,192)</u>	\$ <u>4,059</u>	\$ <u>2,805</u>

### Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Interest on bank loans	\$ 1,596	\$ 4,239	\$ 5,846	\$ 12,564
Interest on lease liabilities	1,382	1,411	4,189	4,267
Other finance costs	<u>343</u>	<u>495</u>	<u>1,004</u>	<u>1,492</u>
	\$ <u>3,321</u>	\$ <u>6,145</u>	\$ <u>11,039</u>	\$ <u>18,323</u>

### Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function				
Operating costs	\$ 19,687	\$ 19,453	\$ 59,519	\$ 59,365
Operating expenses	<u>55,751</u>	<u>56,177</u>	<u>164,211</u>	<u>150,604</u>
	<u>\$ 75,438</u>	<u>\$ 75,630</u>	<u>\$ 223,730</u>	<u>\$ 209,969</u>
An analysis of amortization by function				
Operating expenses	<u>\$ 26,165</u>	<u>\$ 19,815</u>	<u>\$ 64,262</u>	<u>\$ 57,829</u>

### Operating expenses directly related to investment properties

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 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>\$ 21,312</u>	<u>\$ 19,707</u>	<u>\$ 63,779</u>	<u>\$ 58,019</u>

### Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Short-term benefits	\$ 442,196	\$ 382,078	\$ 1,207,029	\$ 1,145,592
Post-employment benefits				
Defined contribution plans	11,575	11,200	34,387	34,294
Defined benefit plans (Note 21)	377	425	1,166	1,274
Other employee benefits	<u>9,443</u>	<u>10,714</u>	<u>24,592</u>	<u>28,617</u>
Total employee benefits expense	<u>\$ 463,591</u>	<u>\$ 404,417</u>	<u>\$ 1,267,174</u>	<u>\$ 1,209,777</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 25,493	\$ 24,696	\$ 75,296	\$ 73,343
Operating expenses	<u>438,098</u>	<u>379,721</u>	<u>1,191,878</u>	<u>1,136,434</u>
	<u>\$ 463,591</u>	<u>\$ 404,417</u>	<u>\$ 1,267,174</u>	<u>\$ 1,209,777</u>

### Employees' compensation and remuneration of directors and supervisors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The Company had loss before tax; therefore, employees' compensation and remuneration of directors were not provided. The employees' compensation and remuneration of directors for the three months ended September 30, 2020, 2019 and for the nine months ended September 30, 2020, 2019 were as follows:

Accrual rate

	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Employees' compensation	<u>\$ 1,358</u>	<u>\$ 23</u>	<u>\$ 1,358</u>	<u>\$ 177</u>
Remuneration of directors	<u>\$ 2,037</u>	<u>\$ 34</u>	<u>\$ 2,037</u>	<u>\$ 265</u>

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

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

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

The appropriation of earnings for 2018 resolved by the board of directors on March 20, 2019 is 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 is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the 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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Exchange rate gains	\$ 33,961	\$ 22,842	\$ 60,599	\$ 60,865
Exchange rate losses	<u>(27,893)</u>	<u>(42,324)</u>	<u>(69,655)</u>	<u>(72,446)</u>
Net earnings (loss)	<u>\$ 6,068</u>	<u>\$ (19,482)</u>	<u>\$ (9,056)</u>	<u>\$ (11,581)</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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current tax				
In respect of the current year	\$ 68,092	\$ 27,911	\$ 123,399	\$ 75,633
Adjustments for prior periods	<u>(13,561)</u>	<u>-</u>	<u>(9,630)</u>	<u>(22,152)</u>
	54,531	27,911	113,769	53,481
Deferred tax				
In respect of the current year	<u>(123)</u>	<u>(716)</u>	<u>(1,330)</u>	<u>(726)</u>
Income tax expense recognized in profit or loss	<u>\$ 54,408</u>	<u>\$ 27,195</u>	<u>\$ 112,439</u>	<u>\$ 52,755</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, Sunplus Innovation, Sunplus Venture through 2017 and Generalplus, Sunext ,Jumplux, Lin Shih, Sunplus mMedia ,Wei-Young and Sunplus Management Consulting through 2018 have been assessed by the tax authorities.

**26. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Basic earnings per share	<u>\$ 0.36</u>	<u>\$ 0.01</u>	<u>\$ 0.23</u>	<u>\$ 0.03</u>
Diluted earnings per share	<u>\$ 0.36</u>	<u>\$ 0.01</u>	<u>\$ 0.23</u>	<u>\$ 0.03</u>

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Profit for the period attributable to owners of the Company	\$ 211,422	\$ 1,385	\$ 132,496	\$ 14,717
Effect of potentially dilutive ordinary shares				
Bonuses to employee	-	-	-	-
Earnings used in the computation of diluted EPS from continuing operations	<u>\$ 211,422</u>	<u>\$ 1,385</u>	<u>\$ 132,496</u>	<u>\$ 14,717</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	588,435	588,435	588,435	588,435
Effect of potentially dilutive potential ordinary shares:				
Bonuses issued to employees	<u>101</u>	<u>12</u>	<u>101</u>	<u>14</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>588,536</u>	<u>588,447</u>	<u>588,536</u>	<u>588,449</u>

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

## 27. GOVERNMENT GRANTS

In August 2013, Sun Media Technology Co., Ltd. received a government grant amounting to RMB16,390 thousand (NT\$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 \$388 thousand, \$404 thousand, \$1,163 thousand and \$1,235 thousand for the three months ended September 30, 2020 and 2019 and for the nine months ended September 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 and the Group has received a subsidy of \$21,034 thousand. The total revenue recognized as other income amounted to \$11,836 thousand and \$21,034 thousand for the three months ended September 30, 2020 and for the nine months ended September 30, 2020, respectively.

Jumplux Technology Co., Ltd. applied for subsidy under the "Salary and Working Capital Subsidies for Difficult Businesses Affected by Serious Special Infectious Pneumonia" program of the Ministry of Economic Affairs in June 2020. The subsidy period is from April 2020 to June 2020 and the Group has received a subsidy of \$2,057 thousand. The total revenue recognized as other income amounted to \$1,158 thousand and \$2,057 thousand for the three months ended September 30, 2020 and nine months ended September 30, 2020, respectively.

## 28. BUSINESS COMBINATIONS

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

d. Net cash outflow on the acquisition of subsidiaries

**Worldplus and  
Its Subsidiaries**

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

e. Impact of acquisitions on the results of the Group

**Worldplus and  
Its Subsidiaries**

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

Had the business combination of Worldplus and its subsidiaries been in effect at the beginning of 2019, the Group's revenue would have been \$5,516,431, and the profit would have been \$125,834 for the year ended 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

a. Analysis of assets and liabilities from liquidation

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

**Ytrip  
Technology Co.,  
Ltd. and Its  
Subsidiaries**

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

b. Gain on liquidation of subsidiaries

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

c. Net cash inflow on liquidation of subsidiaries

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

2019

a. Analysis of assets and liabilities from liquidation

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

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

c. Net cash inflow on liquidation of subsidiaries

	<b>Hanyang Technology Co., Ltd.</b>
Consideration received	\$ 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. and increased Sunplus's controlling interest from 91.40% to 91.47%, 91.47% to 91.53% and 91.53% to 92.55%, respectively.

In February, May and December 2019 and June 2020 Giant Rock subscribed for additional new shares of Sunplus APP Technology, and increased Giant Rock's controlling interest from 93.33% to 95.00%, 95.00% to 95.65%, 95.65% to 96.16% and 96.16% to 96.32%, respectively.

In September 2020, the Company disposed of 2.92% of its interest in Sunplus Innovation Technology and reduced its continuing interest from 68.86% to 65.94%.

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

For the nine months ended September 30, 2020

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

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

For the nine months ended September 30, 2019

	<b>Sunext Technology Co., Ltd.</b>	<b>Sunplus APP Technology</b>
Cash consideration paid	\$ (2,184)	\$ -
The proportionate share of the carrying amount of net assets of the subsidiary transferred to non-controlling interests	<u>2,346</u>	<u>(2,878)</u>
Differences recognized from equity transactions	<u>\$ 162</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 consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	<u>162</u>	<u>-</u>	<u>162</u>
	<u>\$ 162</u>	<u>\$ (2,878)</u>	<u>\$ (2,716)</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

September 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 458,222	\$ -	\$ -	\$ 458,222
Domestic/foreign listed shares	161,824	-	-	161,824
Securities listed in the ROC and other countries - CB	8,575	-	-	8,575
Domestic/foreign unlisted shares	114,275	-	625,793	740,068
Private funds	<u>-</u>	<u>-</u>	<u>291,162</u>	<u>291,162</u>
	<u>\$ 742,896</u>	<u>\$ -</u>	<u>\$ 916,955</u>	<u>\$ 1,659,851</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 72,812	\$ -	\$ -	\$ 72,812
Domestic/foreign unlisted shares	<u>28,257</u>	<u>-</u>	<u>82,055</u>	<u>110,312</u>
	<u>\$ 101,069</u>	<u>\$ -</u>	<u>\$ 82,055</u>	<u>\$ 183,124</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 1,062,811	\$ -	\$ -	\$ 1,062,811
Domestic/foreign listed shares	75,715	-	-	75,715
Domestic/foreign unlisted shares	7,864	-	696,471	704,335
Securities listed in the ROC and other countries - CB	15,123	-	-	15,123
Private funds	<u>-</u>	<u>-</u>	<u>260,140</u>	<u>260,140</u>
	<u>\$ 1,161,513</u>	<u>\$ -</u>	<u>\$ 956,611</u>	<u>\$ 2,118,124</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 90,472	\$ -	\$ -	\$ 90,472
Domestic/foreign unlisted shares	<u>18,680</u>	<u>-</u>	<u>80,235</u>	<u>98,915</u>
	<u>\$ 109,152</u>	<u>\$ -</u>	<u>\$ 80,235</u>	<u>\$ 189,387</u>

September 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 959,923	\$ -	\$ -	\$ 959,923
Domestic/foreign listed shares	57,340	-	-	57,340
Securities listed in the ROC - CB	43,954	-	-	43,954
Domestic/foreign unlisted shares	38,452	-	497,446	535,898
Domestic/foreign unlisted preference shares	25,000	-	-	25,000
Private funds	-	-	269,657	269,657
	<u>\$ 1,124,669</u>	<u>\$ -</u>	<u>\$ 767,103</u>	<u>\$ 1,891,772</u>
Financial assets at FVTOCI				
Domestic listed shares	\$ 91,287	\$ -	\$ -	\$ 91,287
Domestic/foreign unlisted shares	17,396	-	105,768	123,164
	<u>\$ 108,683</u>	<u>\$ -</u>	<u>\$ 105,768</u>	<u>\$ 214,451</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 nine months ended September 30, 2020

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2020	\$ 956,611	\$ 80,235	\$1,036,846
Recognized in profit or loss	(21,446)	-	(21,446)
Recognized in other comprehensive income	-	(4,958)	(4,958)
Purchases	74,228	10,004	84,232
Disposal	(2,149)	(2,628)	(4,777)
Transfers out of Level 3	(87,500)	-	(87,500)
Effect of exchange rate changes	(2,789)	(598)	(3,387)
Balance at September 30, 2020	<u>\$ 916,955</u>	<u>\$ 82,055</u>	<u>\$ 999,010</u>

For the nine months ended September 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	(37,424)	-	(37,424)
Recognized in other comprehensive income	-	(10,854)	(10,854)
Purchases	148,226	-	148,226
Disposal	(5,963)	(24,604)	(30,567)
Reclassifications	-	30,001	30,001
Effect of exchange rate changes	<u>(320)</u>	<u>554</u>	<u>234</u>
Balance at September 30, 2019	<u>\$ 767,103</u>	<u>\$ 105,768</u>	<u>\$ 872,871</u>

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

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

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Price-to-book ratio	1.39-7.42	1.85-4.42	1.7-3.68
Price-to-sales ratio	0.77-11.86	2.27-6.37	0.76-4.76
Discount for lack of marketability	10%-20%	10%-20%	10%-20%

- 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

	September 30, 2020	December 31, 2019	September 30, 2019
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)	\$ 1,659,851	\$ 2,118,124	\$ 1,891,772
Financial assets at amortized cost (i)	4,916,633	4,147,636	4,238,528
Financial assets at fair value through other comprehensive income			
Equity instruments	183,124	189,387	214,451

Financial liabilities

Measured at amortized cost (ii)	1,229,192	889,360	914,261
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- i) The balances include financial assets, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets and refundable deposits.
- ii) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, current portion of long-term borrowings, long-term borrowings and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, convertible notes, trade receivables, trade payables, bonds payable, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by 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 is mainly exposed to the USD and RMB.

The following table details the Group's 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 positive (negative) amount below indicates an increase (decrease) in pre-tax profit (loss) when the NTD strengthened (weakened) by 1% against the relevant currency at the end of the reporting period.

	<b>USD Impact</b>	
	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ (16,986)	\$ (12,129)

  

	<b>RMB Impact</b>	
	<b>For the Nine Months Ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ (5,153)	\$ 138

#### b) Interest rate risk

The Group is 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 were as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Fair value interest rate risk			
Financial assets	\$ 2,406,266	\$ 2,505,022	\$ 2,086,812
Financial liabilities	513,416	565,762	540,897
Cash flow interest rate risk			
Financial assets	1,255,125	769,506	1,056,724
Financial liabilities	228,000	-	50,000

### 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 is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.125% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2020 and 2019 would have decreased/increased by \$1,284 thousand and \$1,258 thousand, respectively.

c) Other price risk

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

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

If the prices of financial assets at FVTPL had been 1% higher/lower, the post-tax profit for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$16,599 thousand and \$18,918 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

If the prices of financial assets at FVTPL had been 1% higher/lower, the post-tax other comprehensive income for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$1,831 thousand and \$2,145 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

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

In order to minimize credit risk, the management of the 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 65%, 75% and 62% in total trade receivables as of September 30, 2020, December 31, 2019 and September 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 September 30, 2020, December 31, 2019 and September 30, 2019, the Group had available unutilized overdraft and financing facilities set out below.

#### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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

#### September 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	\$ 327,475	\$ 214,737	\$ 2,176	\$ 33,279	\$ -
Lease liabilities	1,549	3,497	13,182	54,662	259,093
Variable interest rate liabilities	55	-	-	20,000	-
Fixed interest rate liabilities	<u>180,434</u>	<u>-</u>	<u>127,065</u>	<u>5,362</u>	<u>142,268</u>
	<u>\$ 509,513</u>	<u>\$ 218,234</u>	<u>\$ 142,423</u>	<u>\$ 293,303</u>	<u>\$ 401,361</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>\$ 18,228</u>	<u>\$ 54,662</u>	<u>\$ 49,046</u>	<u>\$ 49,046</u>	<u>\$ 42,241</u>	<u>\$ 118,760</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>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 271,434	\$ 172,191	\$ -	\$ -	\$ -
Lease liabilities	1,414	3,109	13,074	58,541	266,450
Fixed interest rate liabilities	<u>179,756</u>	<u>23,984</u>	<u>120,130</u>	<u>4,922</u>	<u>142,928</u>
	<u>\$ 452,604</u>	<u>\$ 199,284</u>	<u>\$ 133,204</u>	<u>\$ 63,463</u>	<u>\$ 409,378</u>

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

	<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>\$ 17,597</u>	<u>\$ 60,032</u>	<u>\$ 49,046</u>	<u>\$ 49,046</u>	<u>\$ 43,896</u>	<u>\$ 122,971</u>

September 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	\$ 171,332	\$ 230,177	\$ 8,671	\$ 37,095	\$ -
Lease liabilities	1,414	2,952	12,603	58,133	268,902
Variable interest rate liabilities	44	-	50,000	-	-
Fixed interest rate liabilities	<u>175,419</u>	<u>-</u>	<u>123,068</u>	<u>5,839</u>	<u>151,530</u>
	<u>\$ 348,209</u>	<u>\$ 233,129</u>	<u>\$ 194,342</u>	<u>\$ 101,067</u>	<u>\$ 420,432</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>\$ 16,969</u>	<u>\$ 59,624</u>	<u>\$ 49,046</u>	<u>\$ 49,046</u>	<u>\$ 44,448</u>	<u>\$ 124,871</u>

b) Financing facilities

	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured bank overdraft facilities			
Amount used	\$ 507,485	\$ 323,626	\$ 349,536
Amount unused	<u>4,581,929</u>	<u>4,515,381</u>	<u>4,721,944</u>
	<u>\$ 5,089,414</u>	<u>\$ 4,839,007</u>	<u>\$ 5,071,480</u>

### 33. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Name and relationship of related parties

<u>Related Party Name</u>	<u>Related Party Category</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 a subsidiary of Global View Co., Ltd., which is the Company's associate

Note 2: It is a subsidiary of AutoSys Co., Ltd., which is the Company's associate

b. Sales of goods

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2020	2019	2020	2019
Sales	Associates	<u>\$ 13,488</u>	<u>\$ 13,681</u>	<u>\$ 44,269</u>	<u>\$ 42,686</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	September 30, 2020	December 31, 2019	September 30, 2019
Trade receivables	Associate	<u>\$ 12,935</u>	<u>\$ 11,645</u>	<u>\$ 12,634</u>
Other trade receivables	Associate	<u>\$ 224</u>	<u>\$ 280</u>	<u>\$ 1,125</u>

There were no guarantees on outstanding receivables from related parties. For the nine months ended September 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	September 30, 2020	December 31, 2019	September 30, 2019
Other current assets	Associate	<u>\$ 175</u>	<u>\$ -</u>	<u>\$ -</u>

e. Other transactions with related parties

Account Item	Related Party Type	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2020	2019	2020	2019
Operating expenses	Associates	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 139</u>
Non-operating income and expense	Associates	<u>\$ 1,924</u>	<u>\$ 2,550</u>	<u>\$ 4,623</u>	<u>\$ 7,730</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 September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Short-term employee benefits	\$15,098	\$17,803	\$38,091	\$42,233
Post-employment benefits	<u>270</u>	<u>295</u>	<u>838</u>	<u>1,019</u>
	<u>\$15,368</u>	<u>\$18,098</u>	<u>\$38,929</u>	<u>\$43,252</u>

The remuneration to directors and key executives, as determined by the compensation committee, was based on the performance of individuals and market trends.

### 34. PLEDGED OR MORTGAGED ASSETS

The following assets were provided as collateral for endorsement guarantees, loans, purchase quotas, leased land and collateral for customs clearance:

	September 30, 2020	December 31, 2019	September 30, 2019
Buildings, net	\$ 581,183	\$ 595,735	\$ 600,585
Pledged time deposits (classified as other financial assets, including current and non-current)	<u>152,246</u>	<u>130,819</u>	<u>155,123</u>
	<u>\$ 733,429</u>	<u>\$ 726,554</u>	<u>\$ 755,708</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 are as follows:

September 30, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 48,308	29.100	\$ 1,405,763
CNY	6,636	4.269	28,329
JPY	371	0.276	102
HKD	111	3.754	417
GBP	3	37.300	112
EUR	1	34.150	34
Non-monetary items			
USD	27	29.63	802
CHF	584	31.115	18,186

(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 31,322	29.100	\$ 911,470
CNY	1,483	4.269	6,331
JPY	1,361	0.276	376
			(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

Financial liabilities

Monetary items			
USD	26,876	29.980	805,742
CNY	1,643	4.305	7,073
JPY	241	0.276	67

September 30, 2019

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 37,324	31.040	\$ 1,158,537
CNY	1,496	4.350	6,508
JPY	591	0.288	170
HKD	198	3.958	784
GBP	3	38.200	115
EUR	1	33.950	34
Nonmonetary items			
USD	28	30.715	848
CHF	709	31.850	22,595
			(Continued)

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 25,195	31.040	\$ 782,053
CNY	1,634	4.350	7,108
JPY	1,611	0.288	464
CHF	753	31.265	23,543
			(Concluded)

Realized and unrealized net foreign exchange gains (losses) were \$6,068 thousand and \$(19,482) thousand for the three months ended September 30, 2020 and 2019, respectively; realized and unrealized net foreign exchange gains (losses) were \$(9,056) thousand and \$(11,581) thousand for the nine months ended September 30, 2020 and 2019, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 36. ADDITIONAL DISCLOSURES

- a. Information about significant transactions and investees and b. Information on investees:
- 1) Financings provided: Table 1
  - 2) Endorsements/guarantees provided: Table 2
  - 3) Marketable securities held: Table 3
  - 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
  - 11) Information on investees: Table 5

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 6)
- 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 nine months ended September 30, 2020 and 2019 are shown in the accompanying consolidated statements of comprehensive income, and the assets by segment as of September 30, 2020 and 2019 are shown in the accompanying consolidated balance sheets.

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 11,953	\$ 11,953	1.8%	Note 1	\$ -	Note 2	\$ 11,953	NA	\$ -	\$ 20,982 (Note 7)	\$ 41,964 (Note 7)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	379,155	379,755	247,350	-	Note 1	-	Note 3	-	NA	-	455,427 (Note 8)	455,427 (Note 8)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	307,055	307,055	221,160	0.75%	Note 1	-	Note 4	-	NA	-	419,740 (Note 9)	419,740 (Note 9)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	39,354	36,073	36,073	1.8%	Note 1	-	Note 5	36,073	NA	-	37,066 (Note 10)	74,133 (Note 10)
6	Lin Shih Investments co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	220,157	160,050	104,760	0.75%	Note 1	-	Note 6	-	NA	-	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 to the Company which has business contact or loaned by the bank shall not exceed 40% of the net equity 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 total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity.

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 NINE MONTHS ENDED SEPTEMBER 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)	\$ 816,256 (Note 4)	\$ 169,365	\$ -	\$ -	\$ -	-	\$ 1,632,512 (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	116,400	116,400	116,400	20.45	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 ordinary shares of the endorsee.

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

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

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

FOR THE NINE MONTHS ENDED SEPTEMBER 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	September 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")	Yuanta USD Money Market USD	-	Financial assets at FVTPL - current	239	\$ 74,224	-	\$ 74,224	Note 3
	Pine Bridge Multi-Income Fund	-	Financial assets at FVTPL - current	95	29,700	-	29,700	Note 3
	Taishin 1699 Money Market	-	Financial assets at FVTPL - current	2,200	30,000	-	30,000	Note 3
	Marvest Series 1 Fund	-	Financial assets at FVTPL - non-current	2	58,200	-	58,200	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at FVTPL - non-current	1,500	14,476	-	14,476	Note 3
	Triknight Capital Corporation	-	Financial assets at FVTPL - non-current	29,625	272,441	5	272,441	Note 1
	Evergreen Steel Co., Ltd.	-	Financial assets at FVTPL - non-current	1,500	68,565	-	68,565	Note 2
Lin Shih Investment Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at FVTPL - current	101	2,838	-	2,838	Note 2
	UPI Semiconductor Corp.	-	Financial assets at FVTPL - current	300	20,170	-	20,170	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at FVTPL - current	197	12,167	-	12,167	Note 2
	Kee Song Bio - Technology Holdings Limited - CB	-	Financial assets at FVTPL - current	50	4,764	-	4,764	Note 2
	Enterex International Limited - CB	-	Financial assets at FVTPL - current	30	2,801	-	2,801	Note 2
	ITEQ Co., Ltd.	-	Financial assets at FVTPL - current	30	3,690	-	3,690	Note 2
	Yong Feng Yu Inc.	-	Financial assets at FVTPL - current	700	27,790	-	27,790	Note 1
	Browave Corporation - CB	-	Financial assets at FVTPL - current	10	1,010	-	1,010	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	48	474	1	474	Note 1
	Lead Sun Corporation	-	Financial assets at FVTPL - non-current	1,000	28,217	12	28,217	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	72,812	2	72,812	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Prine Rich International Co., Ltd.	-	Financial assets at FVTOCI - non-current	33	\$ 3,460	-	\$ 3,460	Note 1
	Sunplus Technology Co., Ltd.	-	Financial assets at FVTOCI - non-current	3,560	48,060	1	48,060	Note 2
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	-	9,703	2	9,703	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at FVTPL - non-current	-	45,521	6	45,521	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at FVTOCI - non-current	1,710	23,862	13	23,862	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan High Speed Rail	-	Financial assets at FVTPL - current	868	27,472	-	27,472	Note 2
	Charles Schwab - Money Fund	-	Financial assets at FVTPL - current	-	1,976	-	1,976	Note 1
	Taiwan Mask Corp.	-	Financial assets at FVTPL - current	108	3,035	-	3,035	Note 2
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial assets at FVTPL - current	30	12,990	-	12,990	Note 2
	Largan Precision Co., Ltd.	-	Financial assets at FVTPL - current	10	33,600	-	33,600	Note 2
	eWave System, Inc.	-	Financial assets at FVTPL - non-current	1,833	-	22	-	Note 1
	VenGlobal International Fund	-	Financial assets at FVTPL - non-current	1	-	-	-	Note 1
	Book4u Company Limited	-	Financial assets at FVTPL - non-current	9	-	-	-	Note 1
	Sanjet Technology Corp.	-	Financial assets at FVTPL - non-current	49	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at FVTPL - non-current	1,900	-	10	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at FVTPL - non-current	5,000	-	8	-	Note 1
	Genius Vision Digital Co., Ltd.	-	Financial assets at FVTPL - non-current	375	-	5	-	Note 1
	Chongqing Wanli New Energy Co., Ltd.	-	Financial assets at FVTPL - non-current	68	-	1	-	Note 1
	CYBERON Corporation	-	Financial assets at FVTPL - non-current	786	25,810	8	25,810	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Grand Fortune Securities Co., Ltd.	-	Financial assets at FVTPL - non-current	5,000	\$ 58,584	7	\$ 58,584	Note 1
	Huijia Health Life Technology	-	Financial assets at FVTPL - non-current	1,000	24,100	5	24,100	Note 1
	Fuyou Venture Capital Limited Partnersh	-	Financial assets at FVTPL - non-current	-	19,976	10	19,976	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at FVTPL - non-current	900	33,840	1	33,840	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	-	59,625	2	59,625	Note 1
	TIEF Fund LP	-	Financial assets at FVTPL - non-current	-	40,761	7	40,761	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at FVTPL - non-current	-	46,082	8	46,082	Note 1
	Promise Technology Inc.	-	Financial assets at FVTOCI - non-current	962	10,005	-	10,005	Note 1
	Feature Integration Technology Inc.	-	Financial assets at FVTOCI - non-current	1,247	28,257	4	28,257	Note 2
	Qun-Kin Venture Capital	-	Financial assets at FVTOCI - non-current	3,000	22,970	6	22,970	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at FVTOCI - non-current	1,364	2,770	4	2,770	Note 1
Wei-Young Investment Inc.	Cheng Mei Materials Technology Corporation	-	Financial assets at FVTPL - current	2,000	16,700	-	16,700	Note 2
	Bin Chuan Co., Ltd.	-	Financial assets at FVTPL - current	368	9,899	-	9,899	Note 2
	ASE Industrial Holding Co., Ltd.	-	Financial assets at FVTPL - current	300	17,760	-	17,760	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at FVTPL - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at FVTPL - non-current	-	41,277	16	41,277	Note 1
	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	14,615	3	14,615	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at FVTPL - current	6,615	68,920	-	68,920	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at FVTPL - current	810	10,237	-	10,237	Note 3
	Yuata De-Li Money Market Fund B	-	Financial assets at FVTPL - current	4,132	50,000	-	50,000	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at FVTPL - current	6,658	90,337	-	90,337	Note 3
	Taishin 1699 Money Market	-	Financial assets at FVTPL - current	2,212	30,152	-	30,152	Note 3
	Advanced Silicon SA	-	Financial assets at FVTOCI - non-current	1,000	18,186	10	18,186	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets at FVTOCI - non-current	2,000	802	8	802	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	15,132	-	15,132	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2020				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.	-	Financial assets at FVTPL - non-current	-	\$ 59,453	15	\$ 59,453	Note 1
Sunext Technology Co., Ltd.	EVERGREEN STEEL Co., Ltd.	-	Financial assets at FVTPL - non-current	1,000	45,710	-	45,710	Note 2

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

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

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

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 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	\$ 3,163	Note 1	0.07%	
			Notes and accounts receivable	1,168	Note 1	0.07%	
			Nonoperating income	6	Note 3	-	
	Sunext Technology Co., Ltd.	1	Sales	93	Note 1	-	
			Nonoperating income	971	Note 2	0.02%	
			Notes and accounts receivable	18	Note 1	-	
			Other receivable	228	Note 3	-	
			Cost of goods sold	60	Note 2	-	
Sunplus Innovation Technology Inc.	1	Sales	286	Note 1	0.01%		
		Nonoperating income	2,881	Note 2	0.06%		
		Research and development expenses	35	Note 2	-		
		Notes and accounts receivable	63	Note 1	-		
		Other receivables	310	Note 3	-		
Jumplux Technology Co., Ltd.	1	Other accrued expenses	37	Note 3	-		
		Sales	2,261	Note 1	0.05%		
		Nonoperating income	12,597	Notes 2 and 4	0.27%		
		Notes and accounts receivable	168	Note 1	-		
		Other receivables	1,229	Note 3	0.01%		
		Gen Ki Tek Co.	1	Other receivables	93	Note 3	-
				Nonoperating income	586	Note 2	0.01%
Lin Shih Investment Co., Ltd.	1	Other receivable	38,780	Note 3	0.32%		
Shuangxin Technology Co., Ltd. (Chongaing)	1	Cost of goods sold	1,311	Note 2	0.03%		
		Accounts payable	298	Note 1	-		
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Other accrued expenses	1,087	Note 3	0.01%	
			Marketing expenses	3,046	Note 2	0.07%	
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other accrued expenses	4,945	Note 3	0.04%	
			Marketing expenses	15,243	Note 2	0.33%	
Generalplus Technology Inc.	Generalplus Technology (H.K.) Inc.	2	Marketing expenses	9,403	Note 2	0.21%	
			Other accrued expenses	3,464	Note 3	0.03%	
	Generalplus Technology (Shenzhen) Inc.	2	Sales	15,035	Note 2	0.33%	
			Research and development expenses	53,444	Note 2	1.17%	
Notes and accounts receivable			1,381	Note 3	0.01%		
	Sunplus Innovation Technology Inc.	2	Other accrued expenses	17,600	Note 3	0.15%	
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Sales	9	Note 1	-	
			Other accrued expenses	757	Note 3	0.01%	
			Research and development expenses	751	Note 2	0.02%	

(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.	Jumplux Technology Co., Ltd.	2	Notes and accounts receivable	\$ 2,277	Note 1	0.02%
			Sales	3,368	Note 1	0.07%
	Sunplus Technology (Beijing)	2	Other accrued expenses	78	Note 3	-
			Research and development expenses	77	Note 2	-
Shjangxin Technology Co., Ltd. (Chongaing)	2	Other accrued expenses	1,303	Note 3	0.01%	
		Research and development expenses	1,290	Note 2	0.03%	
Jumplux Technology Co., Ltd.	Jsilicon Technology Co., Ltd. (Ru Domng)	2	Notes and accounts receivable	6,962	Note 1	0.06%
Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	2	Sales	23,636	Note 1	0.52%
			Other receivables	104,916	Note 3	0.87%
Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	2	Interest revenue	1,096	Note 2	0.02%
			Other receivables	221,506	Note 3	1.83%
Russell Holdings Limited	Sun Media Technology Co., Ltd.	2	Interest revenue	2,172	Note 2	0.05%
Sunplus Technology (Beijing)	Shjangxin Technology Co., Ltd. (Chongaing)	2	Other receivables	247,663	Note 3	2.05%
	JSilicon Technology Co., Ltd. (Ru Domg)	2	Sales	701	Note 1	0.02%
Sunplus App Technology	Sunplus Technology (Beijing)	2	Notes and accounts receivable	44	Note 3	-
			Management expenses	588	Note 2	0.01%
			Refundable deposits	51	Note 2	-
			Other current assets	150	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  
 SEPTEMBER 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 September 30, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,332,801 (US\$ 74,605 RMB\$ 37,900)	\$ 2,332,801 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,369,340	\$ 13,913	\$ 13,913	Subsidiary
	Award Glory Ltd.	Belize	Investment	224,375 (US\$ 5,642 RMB\$ 14,100)	221,387 (US\$ 5,642 RMB\$ 13,400)	-	100	164,869	5,362	5,362	Subsidiary (Note 2)
	Global View Co., Ltd.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	332,024	360,623	47,106	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	716,008	28,944	27,876	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	681,275	198,243	67,998	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,057,600	11,955	11,955	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	382,894	414,663	31,450	58	646,726	297,613	181,296	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	717,606 (US\$ 24,660)	717,606 (US\$ 24,660)	24,660	100	556,466	(558)	(558)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	28	249,166	(64,384)	(21,365)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	983,237	58,778	93	209,576	16,576	15,341	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,565	407,565	22,441	90	23,420	(230)	(206)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,615	(154)	(154)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	41,576 (HK\$ 11,075)	41,576 (HK\$ 11,075)	11,075	100	31	(4)	(4)	Subsidiary
	Magic Sky Limited	Samoa	Investment	297,984 (US\$ 10,240)	295,656 (US\$ 10,160)	-	100	17,633	(16,285)	(16,285)	Subsidiary (Note 2)
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,530	(46)	(46)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	46,609	(2,993)	(2,993)	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	55	(5,127)	(14,384)	(7,911)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	273,159	198,243	27,131	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	20,994	297,613	6,216	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	12,370	(64,384)	(871)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	2	5,342	(230)	(6)	Subsidiary
	Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	-	125	13	1,117	(1,067)	(133)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	(3,922)	(14,384)	(6,053)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	63,704	297,613	16,795	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	42,728	(64,384)	(3,008)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	439	(230)	(18)	Subsidiary
	Gen Ki Tek Co.	Taipei, Taiwan	Software development	20,000	-	2,000	63	17,242	(4,413)	(2,758)	Subsidiary
Yizhiliang Accelerator Co., Ltd.	Hsinchu, Taiwan	Investment management consultant	1,250	-	125	13	1,117	(1,067)	(133)	Investee	
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	72,750 (US\$ 2,500)	72,750 (US\$ 2,500)	5,000	16	73,648	(10,529)	(1,711)	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,332,801 (US\$ 74,605 RMB\$ 37,900)	2,332,801 (US\$ 74,605 RMB\$ 37,900)	-	100	1,369,338	13,913	13,913	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,332,801 (US\$ 74,605 RMB\$ 37,900)	2,332,801 (US\$ 74,605 RMB\$ 37,900)	-	100	1,369,316	13,913	13,913	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	555,519 (US\$ 19,090)	555,519 (US\$ 19,090)	19,090	100	485,114	13,813	13,813	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	555,519 (US\$ 19,090)	555,519 (US\$ 19,090)	19,090	100	485,672	13,813	13,813	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	11,349 (US\$ 390)	11,349 (US\$ 390)	-	100	6,124	1,567	1,567	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2020	December 31, 2019	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	\$ 224,375 (US\$ 5,642 RMB\$ 14,100)	\$ 221,387 (US\$ 5,642 RMB\$ 13,400)	-	100	\$ 164,869	\$ 5,362	\$ 5,362	Subsidiary (Note 2)
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	22,465 (US\$ 772)	22,465 (US\$ 772)	-	100	334	200	200	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	97,150 (US\$ 1,270 RMB\$ 14,100)	94,162 (US\$ 1,270 RMB\$ 13,400)	-	100	61,721	10,726	10,726	Subsidiary (Note 2)
	WORLDPLUS HOLDINGS L.L.C.	America	Investment	104,760 (US\$ 3,600)	104,760 (US\$ 3,600)	-	100	102,814	(5,564)	(5,564)	Subsidiary
	Giant Best Ltd.	Seychelles	Investment	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of September 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 September 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 NINE MONTHS ENDED SEPTEMBER 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 September 30, 2020	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 2020
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental	\$ 500,520 (US\$ 17,200)	Note 1	\$ 513,761 (US\$ 17,655)	\$ -	\$ -	\$ 513,761 (US\$ 17,655)	100%	\$ (4,721)	\$ (4,721) (Note 2)	\$ 419,637	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental	938,475 (US\$ 32,250)	Note 1	938,475 (US\$ 32,250)	-	-	938,475 (US\$ 32,250)	100%	(9,573)	(9,573) (Note 2)	741,329	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental	582,000 (US\$ 20,000)	Note 1	582,000 (US\$ 20,000)	-	-	582,000 (US\$ 20,000)	100%	20,742	20,742 (Note 3)	150,996	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	116,117 (RMB 27,200)	Note 1	106,702 (US\$ 586 RMB 21,000)	5,123 (RMB 1,200)	-	111,825 (US\$ 586 RMB 22,200)	96%	(2,273)	(4,117) (Note 3)	4,865	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services	261,476 (RMB 61,250)	Note 1	131,270 (US\$ 4,511)	-	-	131,270 (US\$ 4,511)	-	168	153 (Note 3)	(Note 8)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental	115,263 (RMB 27,000)	Note 1	115,263 (RMB 27,000)	-	-	115,263 (RMB 27,000)	100%	1,202	1,202 (Note 3)	50,012	-
Iculture Communication Co., Ltd.	System development	13,874 (RMB 3,250)	Note 4	-	-	-	-	-	(72)	(72) (Note 3)	(Note 9)	-
JSilicon Technology Co., Ltd. (Ru Dong)	Development of computer software, system integration services	85,380 (RMB 20,000)	Note 5	-	-	-	-	100%	(39,430)	(39,430) (Note 3)	31,126	-
Lingyao Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	81,278 (RMB 19,039)	Note 7	104,760 (US\$ 3,600)	-	-	104,760 (US\$ 3,600)	100%	(4,565)	(5,564) (Note 3)	102,814	-
Shuangxin Technology Co., Ltd. (Chongqing)	Development of computer software, system integration services	128,070 (RMB 30,000)	Note 6	-	-	-	-	100%	(22,621)	(22,621) (Note 3)	94,622	-

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,542,421 (US\$ 79,872 RMB 51,100 )	\$ 2,551,996 (US\$ 78,602 RMB 62,000 )	\$ 4,897,535

## Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 36,666 (US\$ 1,260 )	\$ 36,666 (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 September 30, 2020	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 2020
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 544,170 (US\$ 18,700)	Note 1	\$ 544,170 (US\$ 18,700)	\$ -	\$ -	\$ 544,170 (US\$ 18,700)	100%	\$ 12,246	\$ 12,246	\$ 479,528	\$ -

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 544,170 (US\$ 18,700 )	\$ 544,170 (US\$ 18,700 )	\$ 1,209,367

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: Shanghai Sunplus Technology Co., Ltd. and Sunplus Lihua (Shenzhen) Technology Co., Ltd. reinvested in a company located in mainland China.

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 ICulture 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 September 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 NINE MONTHS ENDED SEPTEMBER 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	\$ 53,444	15.89	Based on contract	Based on contract	Not comparable with market transactions	\$ 17,600	83.43	\$ -	NA
	Sales	15,035	0.73	Based on contract	Based on contract	Not comparable with market transactions	1,381	100	70	NA

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****FOR THE NINE MONTHS ENDED SEPTEMBER 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 shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

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