

**Sunplus Technology Company Limited
and Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2019 and 2018 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Introduction

We have reviewed the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of September 30, 2019 and 2018, the consolidated statements of comprehensive income for the three months ended September 30, 2019 and 2018 and for the nine months ended September 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2019 and 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement on 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 were not reviewed. As of September 30, 2019 and 2018, the total combined assets of these non-significant subsidiaries were NT\$4,161,503 thousand and NT\$3,947,726 thousand, respectively, representing 36% and 32%, respectively, of the total consolidated assets, and the total combined liabilities were NT\$335,504 thousand and NT\$346,910 thousand, respectively, representing 18% and 16%, respectively, of the total consolidated liabilities. For the three months ended September 30, 2019 and 2018, the amounts of combined comprehensive income of these subsidiaries were NT\$7,260 thousand and NT\$184,570 thousand, respectively, representing (30)% and 542%, respectively, of the total consolidated comprehensive income. For the nine months ended September 30, 2019 and 2018, the amounts of combined comprehensive income of these subsidiaries were NT\$101,815

thousand and NT\$210,528 thousand, respectively, representing 92% and 359%, respectively, of the total consolidated comprehensive income. In addition, as disclosed in Note 12 to the consolidated financial statements, the cumulative carrying amounts of some associates accounted for using the equity method as of September 30, 2019 and 2018 were NT\$713,148 thousand and NT\$688,905 thousand, respectively. For the three months ended September 30, 2019 and 2018, the share of total comprehensive income (loss) of some associates accounted for using the equity method were NT\$7,927 thousand and NT\$(13,436) thousand, respectively. For the nine months ended September 30, 2019 and 2018, the share of total comprehensive loss of some associates accounted for using the equity method were NT\$(8,353) thousand and NT\$(17,582) thousand, respectively. The aforementioned investment amounts disclosed in the consolidated financial statements were based on these associates' unreviewed financial statements for the same reporting periods as those of the Company.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and associates as described in the preceding paragraph been reviewed, nothing has come to our attention that has caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2019 and 2018, its consolidated financial performance for the three months ended September 30, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2019

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 2,864,121	25	\$ 3,235,721	27	\$ 2,938,001	24
Financial assets at fair value through profit or loss (FVTPL) - current (Note 7)	1,049,450	9	1,313,747	11	1,544,744	13
Notes and trade receivables, net (Notes 9, 23 and 33)	998,418	8	954,030	8	1,137,874	9
Other receivables (Note 33)	83,497	1	70,960	1	64,362	-
Inventories (Note 10)	777,081	7	818,948	7	919,238	8
Other financial assets (Notes 17 and 34)	124,160	1	153,575	1	152,625	1
Other current assets (Note 17)	101,517	1	91,321	1	107,936	1
Total current assets	5,998,244	52	6,638,302	56	6,864,780	56
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (FVTPL) - noncurrent (Note 7)	842,322	7	737,867	6	689,656	6
Financial assets at fair value through other comprehensive income (FVTOCI) - noncurrent (Note 8)	214,451	2	246,208	2	337,007	3
Investments accounted for using the equity method (Note 12)	713,148	6	729,219	6	688,905	6
Property, plant and equipment (Note 13)	2,009,142	18	2,052,359	17	2,068,540	17
Right-of-use assets (Notes 3, 4, 5 and 14)	242,751	2	-	-	-	-
Investment properties (Note 15)	1,095,178	10	1,039,314	9	1,044,581	8
Intangible assets (Note 16)	184,021	2	178,521	2	193,751	2
Deferred tax assets (Notes 4 and 25)	30,980	-	30,254	-	29,658	-
Other financial assets (Notes 17 and 34)	161,463	1	127,215	1	126,268	1
Other non-current assets (Notes 17 and 33)	14,669	-	147,725	1	121,230	1
Total noncurrent assets	5,508,125	48	5,288,682	44	5,299,596	44
TOTAL	\$ 11,506,369	100	\$ 11,926,984	100	\$ 12,164,376	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 34)	\$ 298,444	3	\$ 311,215	3	\$ 293,528	3
Contract liabilities - current (Note 23)	8,322	-	7,511	-	8,129	-
Trade payables (Note 19)	348,206	3	484,810	4	627,666	5
Current tax liabilities (Notes 4 and 25)	40,077	-	56,972	-	48,842	-
Lease liabilities - current (Notes 3, 4, 5 and 14)	11,462	-	-	-	-	-
Deferred revenue - current (Notes 20 and 27)	1,584	-	1,629	-	1,616	-
Current portion of long-term loans (Notes 18 and 34)	50,000	-	250,046	2	263,584	2
Other current liabilities (Note 20)	545,322	5	572,546	5	564,639	5
Total current liabilities	1,303,417	11	1,684,729	14	1,808,004	15
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 18)	-	-	-	-	50,000	-
Lease liabilities - non-current (Notes 3, 4, 5 and 14)	230,991	2	-	-	-	-
Deferred revenue - non-current, net of current portion (Notes 20 and 27)	59,018	-	61,894	-	61,935	-
Net defined benefit liabilities (Notes 4 and 21)	71,643	1	79,313	1	83,660	1
Guarantee deposits (Note 33)	217,611	2	230,177	2	233,021	2
Other non-current liabilities, net of current portion (Note 20)	10,614	-	3,265	-	889	-
Total noncurrent liabilities	589,877	5	374,649	3	429,505	3
Total liabilities	1,893,294	16	2,059,378	17	2,237,509	18
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 22 and 30)						
Share capital						
Common shares	5,919,949	52	5,919,949	50	5,919,949	49
Capital surplus	595,958	5	801,398	7	781,114	6
Retained earnings						
Legal reserve	1,942,388	17	1,941,826	16	1,941,826	16
Special reserve	308,452	3	67,279	1	67,279	1
Unappropriated earnings	(267,676)	(3)	241,734	2	301,309	2
Total retained earnings	1,983,164	17	2,250,839	19	2,310,414	19
Other equity	(195,246)	(2)	(442,843)	(4)	(424,394)	(3)
Treasury shares	(63,401)	-	(63,401)	(1)	(63,401)	(1)
Total equity attributable to owners of the Company	8,240,424	72	8,465,942	71	8,523,682	70
NON-CONTROLLING INTERESTS (Notes 11, 22 and 30)	1,372,651	12	1,401,664	12	1,403,185	12
Total equity	9,613,075	84	9,867,606	83	9,926,867	82
TOTAL	\$ 11,506,369	100	\$ 11,926,984	100	\$ 12,164,376	100

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING								
REVENUE (Notes 23 and 33)	\$ 1,477,295	100	\$ 1,542,968	100	\$ 4,188,646	100	\$ 4,771,200	100
OPERATING COSTS (Notes 10 and 24)	<u>818,521</u>	<u>56</u>	<u>906,058</u>	<u>59</u>	<u>2,379,656</u>	<u>57</u>	<u>2,889,576</u>	<u>61</u>
GROSS PROFIT	<u>658,774</u>	<u>44</u>	<u>636,910</u>	<u>41</u>	<u>1,808,990</u>	<u>43</u>	<u>1,881,624</u>	<u>39</u>
OPERATING EXPENSES (Notes 24 and 33)								
Selling and marketing	72,091	5	74,299	5	209,424	5	229,031	5
General and administrative	124,233	8	123,042	8	372,162	9	392,391	8
Research and development	385,707	26	418,119	27	1,122,046	26	1,338,984	28
Expected credit loss (Note 9)	<u>(28)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>582,003</u>	<u>39</u>	<u>615,460</u>	<u>40</u>	<u>1,703,815</u>	<u>40</u>	<u>1,960,406</u>	<u>41</u>
OTHER REVENUE AND EXPENSES	<u>(27)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>116</u>	<u>-</u>	<u>11</u>	<u>-</u>
INCOME (LOSS) FROM OPERATIONS	<u>76,744</u>	<u>5</u>	<u>21,446</u>	<u>1</u>	<u>105,291</u>	<u>3</u>	<u>(78,771)</u>	<u>(2)</u>
NONOPERATING INCOME AND EXPENSES (Notes 14, 24, 27 and 33)								
Other income	69,413	5	41,123	3	119,534	3	87,238	2
Other gains and losses	(70,192)	(5)	100,286	6	4,640	-	250,462	5
Finance costs	(6,145)	-	(6,246)	-	(18,323)	(1)	(16,121)	-
Share of profit of associates and joint ventures	<u>7,927</u>	<u>-</u>	<u>(13,436)</u>	<u>(1)</u>	<u>(8,353)</u>	<u>-</u>	<u>(17,582)</u>	<u>-</u>
Total nonoperating income	<u>1,003</u>	<u>-</u>	<u>121,727</u>	<u>8</u>	<u>97,498</u>	<u>2</u>	<u>303,997</u>	<u>7</u>
PROFIT BEFORE INCOME TAX	77,747	5	143,173	9	202,789	5	225,226	5
INCOME TAX EXPENSE (Notes 4 and 25)	<u>27,195</u>	<u>2</u>	<u>18,983</u>	<u>1</u>	<u>52,755</u>	<u>1</u>	<u>50,100</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>50,552</u>	<u>3</u>	<u>124,190</u>	<u>8</u>	<u>150,034</u>	<u>4</u>	<u>175,126</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	(2,659)	-	(20,617)	(2)	2,892	-	(70,366)	(2)

(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			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of the other comprehensive income (loss) of associates accounted for using the equity method	2,226	-	(3,540)	-	3,799	-	(4,302)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(71,228)	(5)	(59,146)	(4)	(43,855)	(1)	(35,799)	(1)
Share of other comprehensive loss of associates and joint ventures	(3,317)	-	(6,805)	-	(2,095)	-	(5,970)	-
Other comprehensive loss income for the period, net of income tax	(74,978)	(5)	(90,108)	(6)	(39,259)	(1)	(116,437)	(3)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (24,426)</u>	<u>(2)</u>	<u>\$ 34,082</u>	<u>2</u>	<u>\$ 110,775</u>	<u>3</u>	<u>\$ 58,689</u>	<u>1</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 1,385	-	\$ 80,000	5	\$ 14,717	1	\$ 66,209	2
Noncontrolling interests	49,167	3	44,190	3	135,317	3	108,917	2
	<u>\$ 50,552</u>	<u>3</u>	<u>\$ 124,190</u>	<u>8</u>	<u>\$ 150,034</u>	<u>4</u>	<u>\$ 175,126</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ (63,385)	(4)	\$ (1,573)	-	\$ (17,200)	-	\$ (43,144)	(1)
Noncontrolling interests	38,959	2	35,655	2	127,975	3	101,833	2
	<u>\$ (24,426)</u>	<u>(2)</u>	<u>\$ 34,082</u>	<u>2</u>	<u>\$ 110,775</u>	<u>3</u>	<u>\$ 58,689</u>	<u>1</u>
EARNINGS PER SHARE (New Taiwan Dollars; Note 26)								
From continuing operations								
Basic	<u>\$ 0.01</u>		<u>\$ 0.14</u>		<u>\$ 0.03</u>		<u>\$ 0.11</u>	
Diluted	<u>\$ 0.01</u>		<u>\$ 0.14</u>		<u>\$ 0.03</u>		<u>\$ 0.11</u>	

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

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

(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						Other Equity			Total	Noncontrolling Interests	Total Equity
	Share Capital Issued and Outstanding		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares			
	Share (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2018	591,995	\$ 5,919,949	\$ 835,241	\$ 1,900,505	\$ 22,995	\$ 707,497	\$ (122,100)	\$ (230,011)	\$ (63,401)	\$ 8,970,675	\$ 1,678,527	\$ 10,649,202
Appropriation of the 2017 earnings												
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(327,551)	-	-	-	(327,551)	-	(327,551)
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	(86,846)	-	(86,846)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	30,227	-	-	-	-	-	-	30,227	-	30,227
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(22,171)	-	-	-	(22,171)	-	(22,171)
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	66,209	-	-	-	66,209	108,917	175,126
Other comprehensive loss for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	(34,587)	(74,766)	-	(109,353)	(7,084)	(116,437)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	66,209	(34,587)	(74,766)	-	(43,144)	101,833	58,689
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	37,070	-	-	-	-
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	2,492	-	-	-	-	-	-	2,492	-	2,492
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(377,175)	(377,175)
BALANCE, SEPTEMBER 30, 2018	591,995	\$ 5,919,949	\$ 781,114	\$ 1,941,826	\$ 67,279	\$ 301,309	\$ (156,687)	\$ (267,707)	\$ (63,401)	\$ 8,523,682	\$ 1,403,185	\$ 9,926,867
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)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	-	-	-	-	-	-	-
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 acquired or disposed of subsidiaries	-	-	162	-	-	-	-	-	-	162	-	162
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(2,878)	-	-	-	(2,878)	-	(2,878)
Net profit gain 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 noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(156,988)	(156,988)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(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

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

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

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	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 202,789	\$ 225,226
Adjustments for:		
Depreciation expenses	209,969	209,375
Amortization expenses	57,829	63,330
Expected credit loss recognized (reversed) on trade receivables	183	-
Net gain on the fair value change of financial assets designated as at fair value through profit or loss	(7,629)	(90,876)
Financial costs	18,323	16,121
Interest income	(18,182)	(17,671)
Dividend income	(17,270)	(19,984)
Compensation costs of employee share options	-	37
Share of profit (loss) of associates and joint ventures	8,353	17,582
Gain (loss) on disposal of property, plant and equipment	(76)	(11)
Gain on disposal of intangible assets	(39)	-
Gain on disposal of subsidiaries	-	(170,897)
Loss on disposal of associates	-	1,556
Net loss (gain) on foreign currency exchange	435	(23,058)
Gain on lease modification	(1)	-
Unrealized gain on transactions with associates and joint ventures	-	(1,998)
Amortization of lease prepayments	-	2,123
Changes in operating assets and liabilities:		
Increase in trade receivables	(45,037)	(72,357)
Decrease in other receivables	15,548	21,658
Decrease (increase) in inventories	41,867	(117,447)
Increase in other current assets	(12,670)	(22,556)
Increase in contract liabilities	811	27,766
(Decrease) increase in accounts payable	(135,592)	53,936
Decrease in deferred revenue	(1,235)	(1,118)
Decrease in other current liabilities	(24,175)	(161,931)
Decrease in accrued pension liabilities	(7,670)	(1,807)
Cash generated from (used in) operations	286,531	(63,001)
Interest received	21,000	17,691
Dividends received	33,728	94,049
Interest paid	(20,520)	(15,616)
Income tax paid	(70,308)	(52,998)
Net cash generated from (used in) operating activities	<u>250,431</u>	<u>(19,875)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTOCI	-	(129,644)
Proceeds from sale of financial assets at fair value through other comprehensive income	1,386	-
Purchase of financial assets at FVTPL	(1,201,256)	(1,608,040)
Proceeds from the sale of financial assets at FVTPL	1,401,416	1,706,032
Acquisition of joint ventures	-	(37,117)
Net cash outflow on acquisition of subsidiaries (Note 28)	(48,215)	-
Disposal of associates and joint ventures	-	(159,571)

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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	
	2019	2018
Acquisition of property, plant and equipment	(120,123)	(150,244)
Proceeds from the disposal of property, plant and equipment	3,803	24
Increase in refundable deposits	(441)	(2,082)
Decrease in refundable deposits	1,302	61
Payments for intangible assets	(60,351)	(84,531)
Proceeds from disposal of intangible assets	484	-
Payments for investment properties	(747)	-
Proceeds from the disposal of investment properties	-	10,016
Decrease in other financial assets	4,531	64,674
Increase in other non-current assets	-	(35)
Net cash used in investing activities	<u>(18,211)</u>	<u>(390,457)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(12,055)	(150,269)
Repayments of long-term borrowings	(200,375)	(114,824)
Proceeds from guarantee deposits received	17,096	46,362
Refund of guarantee deposits received	(30,901)	(12,653)
Repayment of principal portion of lease liabilities	(8,312)	-
Dividends paid to owners of the Company	(211,837)	(411,905)
Dividends for non-controlling interests	(157,520)	(169,798)
Decrease in non-controlling interests	(2,184)	-
Net cash used in financing activities	<u>(606,088)</u>	<u>(813,087)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,268</u>	<u>5,143</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(371,600)	(1,218,276)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,235,721</u>	<u>4,156,277</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 2,864,121</u>	<u>\$ 2,938,001</u>

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

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

(Concluded)

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- 1) IFRS 16 "Leases"

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

Definition of a lease

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

The Group as lessee

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

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

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

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

The Group as lessor

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

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayments for leases - current	\$ 2,756	\$ (2,756)	\$ -
Prepayments for leases - non-current	102,175	(102,175)	-
Right-of-use assets	-	251,956	251,956
Investment properties	<u>1,039,314</u>	<u>102,702</u>	<u>1,142,016</u>
Total effect on assets	<u>\$ 1,144,245</u>	<u>\$ 249,727</u>	<u>\$ 1,393,972</u>
Lease liabilities - current	\$ -	\$ 10,907	\$ 10,907
Lease liabilities - non-current	<u>-</u>	<u>238,820</u>	<u>238,820</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 249,727</u>	<u>\$ 249,727</u>

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

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

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

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

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

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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 9, IAS 9 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	Unspecified
IFRS 17 “Insurance Contracts”	January 1, 2021

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

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

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

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

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

d. Other significant accounting policies

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

1) Leases

2019

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

a) The Group as lessor

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

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

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

b) 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. Except for those which complied with the definition of investment properties. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

2018

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

a) The Group as lessor

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

b) The Group as lessee

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

2) 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.

3) Taxation

Income tax expense represents the sum of the current tax 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. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and once recognized as profit and loss in the current period of occurrence. The effect of the change in tax rate relating to transactions recognized in profit or loss is included in the estimation of the average annual income tax rate, consequently spreading the effect throughout the interim period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

a. Lease terms - 2019

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

b. Lessees' incremental borrowing rates - 2019

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2019	December 31, 2018	September 30, 2018
Cash on hand	\$ 6,202	\$ 7,521	\$ 8,178
Checking accounts and demand deposits	1,052,380	1,338,553	1,317,954
Cash equivalents			
Time deposits in banks	1,805,539	1,881,214	1,603,493
Repurchase agreements collateralized by bonds	<u>-</u>	<u>8,433</u>	<u>8,376</u>
	<u>\$ 2,864,121</u>	<u>\$ 3,235,721</u>	<u>\$ 2,938,001</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Bank balances	0.01%-2.12%	0.01%-1.55%	0.01%-3.80%
Repurchase agreements collateralized by bonds	-	1.00%	1.00%

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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	\$ 882,633	\$ 1,280,668	\$ 1,278,030
Unlisted debt securities in the Republic of China (“ROC”)	51,452	-	-
Securities listed in the ROC	46,411	4,361	141,268
Unlisted preferred shares in the ROC	25,000	-	-
Hybrid financial assets			
Securities listed in the ROC and other countries - CB	43,954	28,718	29,446
Convertible preferred shares	<u>-</u>	<u>-</u>	<u>96,000</u>
	<u>\$ 1,049,450</u>	<u>\$ 1,313,747</u>	<u>\$ 1,544,744</u>
<u>Financial liabilities at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Unlisted shares and emerging market shares in the ROC and other countries	\$ 459,446	\$ 462,387	\$ 362,612
Private funds	269,657	160,226	159,660
Mutual funds	77,290	75,432	74,390
Listed shares and emerging market shares in the ROC and other countries	35,929	39,822	-
Hybrid financial assets			
Unlisted debt securities in other countries - CB	<u>-</u>	<u>-</u>	<u>92,994</u>
	<u>\$ 842,322</u>	<u>\$ 737,867</u>	<u>\$ 689,656</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Non-current</u>			
Domestic and foreign investments			
Unlisted shares and emerging market shares	\$ 123,164	\$ 127,991	\$ 230,391
Listed shares and emerging market shares	91,287	78,246	76,616
Private funds	<u>-</u>	<u>39,971</u>	<u>30,000</u>
	<u>\$ 214,451</u>	<u>\$ 246,208</u>	<u>\$ 337,007</u>

9. NOTES RECEIVABLE AND TRADE RECEIVABLES, NET

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Notes receivable</u>			
Notes receivable - operating	\$ <u>-</u>	\$ <u>16</u>	\$ <u>5</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	999,008	954,518	1,139,901
Less: Allowance for impairment loss	<u>(590)</u>	<u>(504)</u>	<u>(2,032)</u>
	<u>999,418</u>	<u>954,014</u>	<u>1,137,869</u>
	<u>\$ 999,418</u>	<u>\$ 954,030</u>	<u>\$ 1,137,874</u>

Trade receivables

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

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

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

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

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 at September 30, 2019	\$ 996,607	\$ 1,599	\$ -	\$ 20	\$ 782	\$ 999,008
Expected credit losses	-	-	-	-	(590)	(590)
Amortized cost at September 30, 2019	<u>\$ 996,607</u>	<u>\$ 1,599</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 192</u>	<u>\$ 998,418</u>

December 31, 2018

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

September 30, 2018

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount at September 30, 2018	\$ 1,132,958	\$ 4,818	\$ -	\$ -	\$ 2,130	\$ 1,139,906
Expected credit losses	-	-	-	-	(2,032)	(2,032)
Amortized cost at September 30, 2018	<u>\$ 1,132,958</u>	<u>\$ 4,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98</u>	<u>\$ 1,137,874</u>

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

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 504	\$ 107,744
Add: Net remeasurement of loss allowance	183	-
Less: Amounts written off	(76)	(105,692)
Foreign exchange gains and losses	<u>(21)</u>	<u>(20)</u>
Balance at September 30	<u>\$ 590</u>	<u>\$ 2,032</u>

10. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods	\$ 299,878	\$ 321,099	\$ 356,985
Work in progress	295,873	290,973	345,564
Raw materials	<u>181,330</u>	<u>206,876</u>	<u>216,689</u>
	<u>\$ 777,081</u>	<u>\$ 818,948</u>	<u>\$ 919,238</u>

The cost of inventories recognized as cost of goods sold for the nine months ended September 30, 2019 and 2018 were \$2,315,918 thousand and \$2,816,905 thousand, respectively, and \$796,070 thousand and \$877,337 thousand for the three months ended September 30, 2019 and 2018, respectively.

The cost of inventories recognized as costs of goods sold for the three and nine months ended September 30, 2019 and 2018 are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Reversal of inventory write-downs	\$ (846)	\$ (8,392)	\$ (10,050)	\$ (32,693)
Income from scrap sales	<u>14</u>	<u>46</u>	<u>53</u>	<u>361</u>
	<u>\$ (832)</u>	<u>\$ (8,346)</u>	<u>\$ (9,997)</u>	<u>\$ (32,332)</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, 2019	December 31, 2018	September 30, 2018		
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	100.00	-	
	Ventureplus Group Inc.	Investment	100.00	100.00	100.00	-	
	Sunplus Technology (H.K.)	International trade	100.00	100.00	100.00	-	
	Sunplus Venture	Investment	100.00	100.00	100.00	-	
	Lin Shih Investment	Investment	100.00	100.00	100.00	-	
	Sunplus mMobile Inc.	Design of ICs	100.00	100.00	100.00	-	
	Sunext Technology Co., Ltd.	Design of ICs	92.55	91.40	61.15	-	
	Sunplus Innovation Technology	Design of ICs	61.13	61.13	61.13	-	
	Generalplus Technology ("Generalplus")	Design of ICs	34.30	34.30	34.30	Sunplus and its subsidiaries had a 47.99% stake in Generalplus Technology, Inc. and the Group had controlling interest over Generalplus Technology, Inc.; the investee is included in the consolidated financial statements.	
		Wei-Young Investment Inc.	Investment	100.00	100.00	100.00	-
		Russell Holdings Limited	Investment	100.00	100.00	100.00	-
		Magic Sky Limited	Investment	100.00	100.00	100.00	-
		Sunplus mMedia Inc.	Design of ICs	89.76	89.76	87.20	-
		Award Glory	Investment	100.00	100.00	100.00	-
	Jumplex Technology	Design of ICs	55.00	55.00	55.00	-	
Ventureplus	Ventureplus Mauritius Inc.	Investment	100.00	100.00	100.00	-	
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Investment	100.00	100.00	100.00	-	
Ventureplus Cayman Inc.	Ytrip Technology	Web research and development	38.47	38.47	38.47	Sunplus and its subsidiaries had a 90.71% stake in Ytrip.	
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	60.87	93.33	93.33	-	
	Sunplus Prof-tek Technology (Shenzhen)	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-	
	Sunplus Technology (Shanghai)	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-	
	SunMedia Technology	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-	
	Sunplus Technology (Beijing)	Software development, consumer technological services and rental sales	100.00	100.00	100.00	-	
Sunplus Technology (Shanghai)	Ytrip Technology	Web research and development	44.08	44.08	44.08	Sunplus and its subsidiaries had a 90.71% stake in Ytrip.	
	Jisilicon Technology	Software Development and IC Design	100.00	-	-	Registration of establishment completed on February 26, 2019.	
	Shuangxin Technology	Software Development and IC Design	55.00	-	-	-	
Sunplus Prof-tek (Shenzhen)	Shuangxin Technology	Software Development and IC Design	45.00	-	-	Sunplus and its subsidiaries held 100% equity in Chongqing Shuangxin Co., Ltd.	

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
Ytrip Technology	Iculture Communication	Web development and sale	100.00	100.00	100.00	-
Sunplus Venture	Jumplux Technology	Design of ICs	42.08	42.08	42.08	Sunplus and its subsidiaries owned 97.08% of the equity in Jumplux Technology.
	Han Young Technology	Design of ICs	70.00	70.00	70.00	-
	Sunext Technology Co., Ltd. ("Sunext")	Design of ICs	-	-	6.98	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018 and 2019.
	Sunplus mMedia	Design of ICs	7.64	7.64	9.55	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.64	5.64	5.64	Sunplus and its subsidiaries had 68.86% equity in Sunplus Innovation
Lin Shih	Generalplus Technology	Design of ICs	13.69	13.69	13.69	Sunplus and its subsidiaries had a 47.99% stake in Generalplus Technology, Inc. and the Group had controlling interest over Generalplus Technology, Inc.; the investee is included in the consolidated financial statements.
	Sunext Technology	Design of ICs	-	-	5.29	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018.
	Sunplus mMedia	Design of ICs	2.60	2.60	3.25	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.09	2.09	2.09	Sunplus and its subsidiaries had 68.86% equity in Sunplus Innovation
Generalplus	Generalplus Samoa	Investment	100.00	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	Design of ICs, after sales service and marketing research	100.00	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	100.00	-
Wei-Young	Sunext Technology Co., Ltd.	Design of ICs	-	-	0.03	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018.
Russell	Sunext Technology Co., Ltd.	Design of ICs	-	-	0.70	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018.
Award Glory	Sunny Fancy	Investment	100.00	100.00	100.00	-
Sunny Fancy	Giant Kingdom	Investment	100.00	100.00	100.00	-
	Giant Rock	Investment	100.00	100.00	100.00	-
	WORLDPLUS L.L.L.	Investment	100.00	-	-	-
Giant Kingdom	Ytrip Technology	Web research and development	8.16	8.16	8.16	Sunplus and its subsidiaries had a 90.71% stake in Ytrip.
Giank Rock	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education	34.78	-	-	Sunplus and its subsidiaries had a 95.65% stake in Sunplus App.
Worldplus	Lingyao Technology	Software development and rental sales	100.00	-	-	Obtained control on September 2, 2019, so it was included in the consolidated financial statements.

(Concluded)

The financial statements as of and for the nine months ended September 30, 2019 and 2018 of the above subsidiaries, except those of Generalplus, Sunplus mMobile Inc., Ventureplus Group Inc., Ventureplus Mauritius Inc., and Ventureplus Cayman Inc., and non-significant subsidiaries Sunplus Technology (Shanghai) and Sunplus Prof-tek Technology (Shenzhen), were not reviewed.

b. Subsidiaries excluded from the consolidated financial statements

Company name	The Voting Ratio of Non-controlling Equity		
	September 30, 2019	December 31, 2018	September 30, 2018
Generalplus Technology Inc.	52.01%	52.01%	52.01%
Sunplus Innovation Technology	31.14%	31.14%	31.14%

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

Company name	Profit Attributed to Non-controlling Interests				Non-controlling Interests		
	For the Three Months Ended September 30		For the Nine Months Ended September 30		September 30,	December 31,	September 30,
	2019	2018	2019	2018	2019	2018	2018
Generalplus Technology Inc.	\$ 34,606	\$ 41,758	\$ 102,417	\$ 120,541	\$1,063,920	\$1,109,947	\$1,082,269
Sunplus Innovation Technology	14,431	8,432	33,759	19,112	300,203	283,063	282,524
iCatch Technology	-	(718)	-	(20,889)	-	-	-

The summarized financial information below represents amounts before intragroup eliminations.

	September 30, 2019	December 31, 2018	September 30, 2018	
Current assets	\$ 3,098,339	\$ 3,201,689	\$ 3,158,069	
Noncurrent assets	834,490	760,401	771,708	
Current liabilities	784,159	828,965	842,371	
Noncurrent liabilities	<u>224,668</u>	<u>175,669</u>	<u>184,899</u>	
Equity	<u>\$ 2,924,002</u>	<u>\$ 2,957,456</u>	<u>\$ 2,902,507</u>	
Equity attributable to:				
Owners of the Company	\$ 1,559,879	\$ 1,564,446	\$ 1,537,714	
Non-controlling interests	<u>1,364,123</u>	<u>1,393,010</u>	<u>1,364,793</u>	
	<u>\$ 2,924,002</u>	<u>\$ 2,957,456</u>	<u>\$ 2,902,507</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating revenue	<u>\$ 980,242</u>	<u>\$ 1,064,078</u>	<u>\$ 2,775,338</u>	<u>\$ 3,389,075</u>
Net income	\$ 112,871	\$ 109,438	\$ 305,306	\$ 254,777
Other comprehensive loss	<u>(20,491)</u>	<u>(16,340)</u>	<u>(15,272)</u>	<u>(13,093)</u>
Total other comprehensive income	<u>\$ 92,380</u>	<u>\$ 93,098</u>	<u>\$ 290,034</u>	<u>\$ 241,684</u>
Equity attributable to:				
Owners of the Company	\$ 63,834	\$ 59,966	\$ 169,130	\$ 136,013
Non-controlling interests	<u>49,037</u>	<u>49,472</u>	<u>136,176</u>	<u>118,764</u>
	<u>\$ 112,871</u>	<u>\$ 109,438</u>	<u>\$ 305,306</u>	<u>\$ 254,777</u>
Total other comprehensive income attributable to:				
Owners of the Company	\$ 53,600	\$ 52,342	\$ 161,401	\$ 129,796
Non-controlling interests	<u>38,780</u>	<u>40,756</u>	<u>128,633</u>	<u>111,888</u>
	<u>\$ 92,380</u>	<u>\$ 93,098</u>	<u>\$ 290,034</u>	<u>\$ 241,684</u>

	For the Nine Months Ended September 30	
	2019	2018
Cash flows		
Cash flows generated from operating activities	\$ 317,627	\$ 206,344
Cash flows generated from (used in) investing activities	90,001	(45,887)
Cash flows generated from (used in) financing activities	(275,137)	(334,345)
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>314</u>	<u>631</u>
Net cash inflow (outflow)	<u>\$ 132,805</u>	<u>\$ (173,257)</u>
Dividends paid to non-controlling interests Generalplus Technology Inc.	<u>\$ (157,520)</u>	<u>\$ (169,798)</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2019	December 31, 2018	September 30, 2018
Investments in associates	<u>\$ 713,148</u>	<u>\$ 729,219</u>	<u>\$ 688,905</u>
Associates			
iCatch Technology	\$ 332,398	\$ 350,859	\$ 330,187
Global View Co., Ltd.	300,612	307,106	305,914
Autsys Co., Ltd.	80,138	71,254	-
Xiamen Xm-plus	<u>-</u>	<u>-</u>	<u>52,804</u>
	<u>\$ 713,148</u>	<u>\$ 729,219</u>	<u>\$ 688,905</u>

Name of associate	September 30, 2019	December 31, 2018	September 30, 2018
iCatch Technology	36%	36%	45%
Global View Co., Ltd.	13%	13%	13%
Autsys Co., Ltd.	16%	19%	-
Xiamen Xm-plus	-	-	20%

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

In March 2018, the Company did not participate in the cash capital increase of Sunplus Technology Xiamen Xm-plus in accordance with the shareholding ratio, resulting in the decrease of Company's shareholding ratio from 100% to 45%, and the number of directors was less than half the usual number, hence, the control of Sunplus Technology Xiamen Xm-plus was lost. As a result, the Company's equity investment in Xiamen Xm-plus was reclassified to investments accounted for using the equity method on March 31, 2018 and the equity investment was remeasured at fair value, and a disposal gain of \$27,061 thousand was recognized.

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

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

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

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

Name of Associate	September 30, 2019	December 31, 2018	September 30, 2018
Global View Co., Ltd.	<u>\$ 236,597</u>	<u>\$ 248,530</u>	<u>\$ 313,131</u>

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

The financial statements of the above entities as of and for the nine months ended September 30, 2019 and 2018 were not reviewed.

13. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Group - 2019

	Nine Months Ended September 30, 2019									
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance, beginning of period	\$ 2,383,245	\$ 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>
Balance at December 31, 2018 and January 1, 2019	<u>\$ 1,875,427</u>	<u>\$ 67,017</u>	<u>\$ 970</u>	<u>\$ 64,436</u>	<u>\$ 2,271</u>	<u>\$ 34,335</u>	<u>\$ 451</u>	<u>\$ 4,512</u>	<u>\$ 2,940</u>	<u>\$ 2,057,359</u>

b. 2018

	Nine Months Ended September 30, 2018									
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
<u>Cost</u>										
Balance, beginning of period	\$ 2,407,349	\$ 184,489	\$ 15,131	\$ 566,450	\$ 7,846	\$ 257,883	\$ 26,352	\$ 21,772	\$ -	\$ 3,487,272
Additions	-	275	778	124,609	-	8,283	-	215	153	134,313
Disposals	-	-	(29)	(2,907)	-	(977)	-	(42)	-	(3,955)
Reclassifications	-	23,676	-	108	-	45	(23,676)	-	-	-
Consolidated changes	-	-	-	(77,014)	-	(1,224)	(516)	-	(153)	(78,754)
Effect of exchange rate changes	(33,434)	(5,749)	(1,095)	(1,238)	(204)	(4,392)	487	2,450	-	(43,175)
Balance, end of period	<u>\$ 2,373,915</u>	<u>\$ 202,691</u>	<u>\$ 14,785</u>	<u>\$ 610,008</u>	<u>\$ 7,642</u>	<u>\$ 259,618</u>	<u>\$ 2,647</u>	<u>\$ 24,395</u>	<u>\$ -</u>	<u>\$ 3,495,701</u>
<u>Accumulated depreciation</u>										
Balance, beginning of period	\$ 456,802	\$ 109,497	\$ 13,500	\$ 478,413	\$ 3,556	\$ 226,324	\$ 4,695	\$ 18,833	\$ -	\$ 1,311,620
Additions	40,651	16,004	3,157	77,368	1,039	11,617	3,967	926	-	154,729
Disposals	-	-	(21)	(2,903)	-	(976)	-	(42)	-	(3,942)
Reclassifications	-	2,762	-	-	-	-	(2,762)	-	-	-
Consolidated changes	-	-	-	(34,174)	-	(505)	(473)	-	-	(35,152)
Effect of exchange rate changes	(3,815)	1,230	(2,990)	911	(119)	(4,119)	(3,229)	539	-	(11,592)
Balance, end of period	<u>\$ 493,638</u>	<u>\$ 129,493</u>	<u>\$ 13,646</u>	<u>\$ 519,615</u>	<u>\$ 4,476</u>	<u>\$ 232,341</u>	<u>\$ 2,198</u>	<u>\$ 20,256</u>	<u>\$ -</u>	<u>\$ 1,415,663</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>\$ 1,880,277</u>	<u>\$ 73,198</u>	<u>\$ 1,139</u>	<u>\$ 78,895</u>	<u>\$ 3,166</u>	<u>\$ 27,277</u>	<u>\$ 449</u>	<u>\$ 4,139</u>	<u>\$ -</u>	<u>\$ 2,068,540</u>

The above items of property, plant and equipment were 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	5-11 years
Other equipment	3-10 years

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	September 30, 2019
<u>Carrying amounts</u>	
Land	\$ 217,658
Buildings	24,086
Transportation equipment	<u>1,007</u>
	<u>\$ 242,751</u>

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Additions to right-of-use assets		<u>\$ 1,302</u>
Depreciation charge for right-of-use assets		
Land	\$ 1,714	\$ 5,145
Buildings	1,609	4,792
Transportation equipment	<u>111</u>	<u>248</u>
	<u>\$ 3,434</u>	<u>\$ 10,185</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (263)</u>	<u>\$ (788)</u>

b. Lease liabilities - 2019

	September 30, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 11,462</u>
Non-current	<u>\$ 230,991</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2019
Land	2.39%
Buildings	1.58%
Transportation equipment	1.58%

c. Material lease-in activities and terms

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

d. Subleases

Sublease of right-of-use assets - 2019

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

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

	September 30, 2019
Year 1	\$ 1,050
Year 2	<u>263</u>
	<u>\$ 1,313</u>

e. Other lease information

2019

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Expenses relating to short-term leases	<u>\$ 3,715</u>	<u>\$ 10,399</u>
Total cash outflow for leases		<u>\$ 22,978</u>

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

2018

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

	December 31, 2018	September 30, 2018
Not later than 1 year	\$ 16,561	\$ 12,440
Later than 1 year and not later than 5 years	46,037	25,811
Later than 5 years	<u>36,576</u>	<u>37,407</u>
	<u>\$ 99,174</u>	<u>\$ 75,658</u>

15. INVESTMENT PROPERTIES

	Completed Investment Properties	Right-of-use Assets	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 1,400,135	\$ -	\$ 1,400,135
Adjustments on initial application of IFRS 16	<u>-</u>	<u>102,702</u>	<u>102,702</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>
<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>
Balance at September 30, 2019	<u>\$ 997,175</u>	<u>\$ 98,003</u>	<u>\$ 1,095,178</u>
Balance at December 31, 2018 and January 1, 2019	<u>\$ 1,039,314</u>	<u>\$ 102,702</u>	<u>\$ 1,142,016</u>
<u>Cost</u>			
Balance at January 1, 2018	\$ 1,435,061	\$ -	\$ 1,435,061
Disposals	(10,016)	-	(10,016)
Effect of exchange rate differences	<u>(40,052)</u>	<u>-</u>	<u>(40,052)</u>
Balance at September 30, 2018	<u>\$ 1,384,993</u>	<u>\$ -</u>	<u>\$ 1,384,993</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2018	\$ (296,010)	\$ -	\$ (296,010)
Depreciation expense	(54,646)	-	(54,646)
Effect of exchange rate differences	<u>10,244</u>	<u>-</u>	<u>10,244</u>
Balance at September 30, 2018	<u>\$ (340,412)</u>	<u>\$ -</u>	<u>\$ (340,412)</u>
Balance at September 30, 2018	<u>\$ 1,044,581</u>	<u>\$ -</u>	<u>\$ 1,044,581</u>

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of September 30, 2019 was as follows:

	September 30, 2019
Year 1	\$ 124,862
Year 2	62,362
Year 3	<u>14,111</u>
	<u>\$ 201,335</u>

The above items of investment properties were 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 future minimum lease payments of non-cancellable operating lease commitments as of December 31 and September 30, 2018 are as follows:

	December 31, 2018	September 30, 2018
Not later than 1 year	\$ 226,650	\$ 193,408
Later than 1 year and not later than 5 years	568,499	544,415
Later than 5 years	<u>581,826</u>	<u>599,151</u>
	<u>\$ 1,376,975</u>	<u>\$ 1,336,974</u>

The newly added investment properties of Lingyao Technology Co., Ltd. in Shenzhen, China were due to the merger of enterprises. The fair value of the investment properties is appraised by an independent valuation agency of non-related parties. Innolux Technology Co., Ltd. conducted a valuation by using income approach on September 2, 2019, and the important unobservable inputs used included discounted values. The fair value of the valuation is as follows:

	September 30, 2019
Fair value	\$ 37,564

The Company had contacted the above independent valuation agency to review the validity of the original valuation report. There was no significant change in the fair value information of the above-mentioned investment properties on September 2, 2019.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value	\$ 1,267,909	\$ 1,267,909	\$ 1,755,274

The investment properties were valued by independent valutors; the Company determined that the fair values reported as of December 31, 2018 and 2017 were still valid as of September 30, 2019 and 2018, respectively.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value	\$ 2,471,410	\$ 2,471,410	\$ 2,310,166

The investment properties were valued by independent valutors; the Company determined that the fair values reported as of December 31, 2018 and 2017 were still valid as of September 30, 2019 and 2018, respectively.

16. INTANGIBLE ASSETS

	For the Nine Months Ended September 30, 2019				
	Technology License Fees	Software	Patents	Goodwill	Total
<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>
Net balance at December 31, 2018 and January 1, 2019	<u>\$ 110,456</u>	<u>\$ 27,757</u>	<u>\$ 9,712</u>	<u>\$ 30,596</u>	<u>\$ 178,521</u>

For the Nine Months Ended September 30, 2018

	Technology License Fees	Software	Patents	Goodwill	Total
<u>Cost</u>					
Balance at January 1	\$ 762,432	\$ 310,734	\$ 114,510	\$ 30,596	\$ 1,218,272
Additions	66,784	18,538	-	-	85,322
Effect of exchange rate differences	(693)	(930)	(8)	-	(1,631)
Consolidated changes	<u>(29,641)</u>	<u>(11,151)</u>	<u>-</u>	<u>-</u>	<u>(40,792)</u>
Balance at September 30	<u>\$ 798,882</u>	<u>\$ 317,191</u>	<u>\$ 114,502</u>	<u>\$ 30,596</u>	<u>\$ 1,261,171</u>
<u>Accumulated amortization</u>					
Balance at January 1	\$ 528,672	\$ 275,297	\$ 81,846	\$ -	\$ 885,815
Amortization expense	42,129	20,173	1,028	-	63,330
Effect of exchange rate differences	(245)	(518)	(2)	-	(765)
Consolidated changes	<u>(5,534)</u>	<u>(8,139)</u>	<u>-</u>	<u>-</u>	<u>(13,673)</u>
Balance at September 30	<u>\$ 565,022</u>	<u>\$ 286,813</u>	<u>\$ 82,872</u>	<u>\$ -</u>	<u>\$ 934,707</u>
<u>Accumulated amortization</u>					
Balance at January 1	\$ 114,749	\$ -	\$ 21,577	\$ -	\$ 136,326
Consolidated changes	<u>(3,613)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,613)</u>
Balance at September 30	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Net balance at September 30	<u>\$ 122,724</u>	<u>\$ 30,378</u>	<u>\$ 10,053</u>	<u>\$ 30,596</u>	<u>\$ 193,751</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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Operating costs	\$ -	\$ 18	\$ -	\$ 228
Selling and marketing expenses	27	30	80	92
General and administrative expenses	1,429	1,697	4,476	5,244
Research and development expenses	<u>18,359</u>	<u>18,514</u>	<u>53,273</u>	<u>57,766</u>
	<u>\$ 19,815</u>	<u>\$ 20,259</u>	<u>\$ 57,829</u>	<u>\$ 63,330</u>

17. OTHER ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Other financial assets			
Pledged time deposits (a)	\$ <u>124,160</u>	\$ <u>153,575</u>	\$ <u>152,625</u>
Other assets			
Pledged for EDA tools	\$ 26,383	\$ 17,194	\$ 28,113
Finance lease payables (c)	-	2,756	2,734
Others	<u>75,134</u>	<u>71,371</u>	<u>77,089</u>
	<u>\$ 101,517</u>	<u>\$ 91,321</u>	<u>\$ 107,936</u>
<u>Non-current</u>			
Other financial assets			
Pledged time deposits (a)	\$ 30,963	\$ 10,943	\$ 10,932
Time deposits (b)	<u>130,500</u>	<u>116,272</u>	<u>115,336</u>
	<u>\$ 161,463</u>	<u>\$ 127,215</u>	<u>\$ 126,268</u>
Other assets			
Prepaid long-term investment	\$ -	\$ 30,001	\$ -
Refundable deposits	6,869	7,749	7,789
Finance lease payables (c)	-	102,175	102,036
Other	<u>7,800</u>	<u>7,800</u>	<u>11,405</u>
	<u>\$ 14,669</u>	<u>\$ 147,725</u>	<u>\$ 121,230</u>

- a. Refer to Note 34 for information on pledged time deposits.
- b. Generalplus Shenzhen invested RMB30,000 thousand, RMB26,000 thousand and RMB26,000 thousand in long-term certificates of deposit with the bank in September 30, 2019, December 31, 2018 and September 30 (for durations of three years), respectively. The interest rates for such certificates of deposit are at fixed rates.
- c. The amounts of the Group's finance lease payables for land grants in China as of December 31, 2018 and September 30, 2018 were \$104,931 thousand and \$104,770 thousand, respectively.

18. LOANS

Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured borrowings</u>			
Bank loans	\$ 123,068	\$ 122,769	\$ 121,440
<u>Unsecured borrowings</u>			
Bank loans	<u>175,376</u>	<u>188,446</u>	<u>172,088</u>
	<u>\$ 298,444</u>	<u>\$ 311,215</u>	<u>\$ 293,528</u>

The weighted average effective interest rate intervals for bank loans as of September 30, 2019, December 31, 2018 and September 30, 2018 were 2.500%-2.801%, 2.500%-3.594% and 1.750%-3.246% per annum, respectively.

Long-term borrowings

The borrowings of the Group are as follows:

	Maturity Date	Significant Covenant	September 30, 2019	December 31, 2018	September 30, 2018
<u>Floating rate borrowings</u>					
Unsecured bank borrowings	2019.10.14	Originally repaid in July 2016, extended to October 2019. The loan was settled in advance on September 10, 2019.	\$ -	\$ 135,046	\$ 133,584
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016	50,000	100,000	150,000
Unsecured bank borrowings	2019.02.14	Repayable quarterly from February 2014	-	<u>15,000</u>	<u>30,000</u>
			50,000	250,046	313,584
Less: Current portion			<u>50,000</u>	<u>250,046</u>	<u>263,584</u>
Long-term borrowings			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>

The intervals of effective borrowing rates as of September 30, 2019, December 31, 2018 and September 30, 2018 were 1.545%, 1.545%-3.959% and 1.545%-3.960%, respectively.

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

19. TRADE PAYABLES

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Accounts payable</u>			
Payables - operating	<u>\$ 348,206</u>	<u>\$ 484,810</u>	<u>\$ 627,666</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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Other payables			
Salaries or bonuses	\$ 262,316	\$ 299,445	\$ 271,901
Compensation due to employees and directors	66,245	59,190	83,684
Commission payable	60,929	39,772	45,260
Payable for royalties	32,891	20,121	33,032
Labor/health insurance	25,497	29,424	28,010
Refund liabilities	16,010	14,796	13,867
Unearned revenue	7,020	3,767	1,727
Payables for labor costs	5,057	6,403	6,215
Payables for purchases of equipment	3,190	10,254	7,552
Others	<u>66,167</u>	<u>89,374</u>	<u>73,391</u>
	<u>\$ 545,322</u>	<u>\$ 572,546</u>	<u>\$ 564,639</u>
<u>Deferred revenue</u>			
Arising from government grants (Note 27)	<u>\$ 1,584</u>	<u>\$ 1,629</u>	<u>\$ 1,616</u>
<u>Non-current</u>			
Other payable			
Payable for purchases of equipment	\$ 5,056	\$ 2,376	\$ -
Long-term payable	4,669	-	-
Decommissioning liabilities	<u>889</u>	<u>889</u>	<u>899</u>
	<u>\$ 10,614</u>	<u>\$ 3,265</u>	<u>\$ 899</u>
Deferred revenue			
Arising from government grants (Note 27)	<u>\$ 59,018</u>	<u>\$ 61,894</u>	<u>\$ 61,935</u>

21. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans were \$425 thousand and \$447 thousand as of the nine months ended September 30, 2019 and 2018, respectively, and \$1,274 thousand and \$1,569 thousand as of the three months ended September 30, 2019 and 2018, respectively, and were calculated using the respective annual, actuarially determined pension cost discount rates as of December 31, 2018 and 2017.

22. EQUITY

a. Share capital

1) Common shares:

	September 30, 2019	December 31, 2018	September 30, 2018
Numbers of shares authorized (in thousands)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Value of shares authorized	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>591,995</u>	<u>591,995</u>	<u>591,995</u>
Value of shares issued	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>	<u>\$ 5,919,949</u>

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

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

2) Global depository receipts

In March 2001, Sunplus issued 20,000 thousand units of global depository receipts (GDRs), representing 40,000 thousand common shares that consist of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of September 30, 2019, the outstanding 175 thousand units of GDRs represented 350 thousand common shares.

b. Capital surplus

For each class of capital surplus, a reconciliation of the carrying amounts at the beginning and at the end of September 30, 2019 and 2018 is as follows:

	September 30, 2019	December 31, 2018	September 30, 2018
Used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)			
Arising from the issuance of common shares	\$ 196,095	\$ 409,213	\$ 409,213
Arising from the acquisition of a subsidiary	157,423	157,423	157,423
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,184	140,022	140,293

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Used to offset a deficit only</u>			
From treasury share transactions	\$ 45,239	\$ 43,958	\$ 43,958
Changes in net equity of associates or joint ventures accounted for using the equity method	<u>57,017</u>	<u>50,782</u>	<u>30,227</u>
	<u>\$ 595,958</u>	<u>\$ 801,398</u>	<u>\$ 781,114</u> (Concluded)

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

c. Retained earnings and dividend policy

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

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

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

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 and 2017 proposed in the shareholders' meeting on June 10, 2019 and June 11, 2018, respectively, are as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2018	2017	2018	2017
Legal reserve	\$ 562	\$ 41,321	\$ -	\$ -
Special reserve	241,173	44,284	-	-
Cash dividends	-	327,551	-	0.5333

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

d. Special reserves

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 67,279	\$ 22,995
Appropriations to special reserve		
Others	<u>241,173</u>	<u>44,284</u>
Balance at September 30	<u>\$ 308,452</u>	<u>\$ 67,279</u>

e. Other equity items

1) Foreign currency translation reserve:

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ (138,875)	\$ (122,100)
Exchange differences on translating foreign operations	(37,110)	(28,617)
Share of exchange differences of associates accounted for using the equity method	<u>(2,095)</u>	<u>(5,970)</u>
Balance at September 30	<u>\$ (178,080)</u>	<u>\$ (156,687)</u>

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

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ (303,968)	\$ (230,011)
Current		
Unrealized gains (losses)	3,489	(70,464)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	279,514	37,070
Share of unrealized gains (losses) on associates accounted for using the equity method	<u>3,799</u>	<u>(4,302)</u>
Balance at September 30	<u>\$ (17,166)</u>	<u>\$ (267,707)</u>

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2019	2018
Balance at January 1	\$ 1,401,664	\$ 1,678,527
Attributable to non-controlling interests:		
Share of profit for the period	135,317	108,917
Exchange differences on translating foreign operations	(6,745)	(7,182)
Unrealized gain (loss) on financial assets at FVTOCI	(597)	98
Equity instruments by the employees of subsidiaries	-	37
Distribution of dividends by associates	(157,520)	(169,798)
Partial disposal of subsidiaries (Note 29)	-	(229,844)
Others	<u>532</u>	<u>22,430</u>
Balance at September 30	<u>\$ 1,372,651</u>	<u>\$ 1,403,185</u>

g. Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares as of January 1, 2018	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as September 30, 2018	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Number of shares as of January 1, 2019	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as September 30, 2019	<u>-</u>	<u>3,560</u>	<u>3,560</u>

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

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
<u>September 30, 2019</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 50,374</u>
<u>December 31, 2018</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 40,050</u>
<u>September 30, 2018</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 46,814</u>

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

23. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Revenue from contracts with customers	\$ 1,377,026	\$ 1,417,923	\$ 3,953,853	\$ 4,453,266
Rental income from property	39,732	56,374	119,401	172,814
Others	<u>60,537</u>	<u>68,671</u>	<u>115,392</u>	<u>145,120</u>
	<u>\$ 1,477,295</u>	<u>\$ 1,542,968</u>	<u>\$ 4,188,646</u>	<u>\$ 4,771,200</u>

a. Contract balances

	September 30, 2019	December 31, 2018	September 30, 2018	January 1, 2018
Trade receivables (Note 9)	<u>\$ 998,418</u>	<u>\$ 954,030</u>	<u>\$ 1,137,874</u>	<u>\$ 1,197,626</u>
Contract liabilities - current	<u>\$ 8,322</u>	<u>\$ 7,511</u>	<u>\$ 8,129</u>	<u>\$ 37,384</u>

b. Disaggregation of revenue

For the nine months ended September 30, 2019

	Reportable Segments
	Direct Sales
<u>Primary geographical markets</u>	
Asia	\$ 2,663,852
Taiwan	1,469,255
Others	<u>55,539</u>
	<u>\$ 4,188,646</u>
<u>Timing of revenue recognition</u>	
Satisfied at a point in time	\$ 4,069,245
Satisfied over time	<u>119,401</u>
	<u>\$ 4,188,646</u>

For the nine months ended September 30, 2018

	<u>Reportable Segments</u> <u>Direct Sales</u>
<u>Primary geographical markets</u>	
Asia	\$ 3,182,614
Taiwan	1,508,974
Others	<u>79,612</u>
	<u>\$ 4,771,200</u>
<u>Timing of revenue recognition</u>	
Satisfied at a point in time	\$ 4,598,386
Satisfied over time	<u>172,814</u>
	<u>\$ 4,771,200</u>

24. NET PROFIT

Net profit includes the following items:

Other income

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2019	2018	2019	2018
Dividend income	\$ 11,550	\$ 13,655	\$ 17,270	\$ 19,984
Subsidy income	10,492	-	12,922	-
Interest income	5,869	4,665	18,182	17,671
Others	<u>41,502</u>	<u>22,803</u>	<u>71,160</u>	<u>49,583</u>
	<u>\$ 69,413</u>	<u>\$ 41,123</u>	<u>\$ 119,534</u>	<u>\$ 87,238</u>

Other gains and losses

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2019	2018	2019	2018
Net gains (losses) on financial assets and liabilities				
Net gain (loss) on financial assets designated as at FVTPL (Note 7)	\$ (53,338)	\$ (21,935)	\$ 7,629	\$ 90,876
Net foreign exchange loss	(19,482)	(23,531)	(11,581)	(17,623)
Gain on disposal of investments	-	142,280	-	169,341
Others	<u>2,628</u>	<u>3,472</u>	<u>8,592</u>	<u>7,868</u>
	<u>\$ (70,192)</u>	<u>\$ 100,286</u>	<u>\$ 4,640</u>	<u>\$ 250,462</u>

Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Interest on bank loans	\$ 4,239	\$ 5,888	\$ 12,564	\$ 15,038
Interest on lease liabilities	1,411	-	4,267	-
Other finance costs	<u>495</u>	<u>358</u>	<u>1,492</u>	<u>1,083</u>
	<u>\$ 6,145</u>	<u>\$ 6,246</u>	<u>\$ 18,323</u>	<u>\$ 16,121</u>

Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of depreciation by function				
Operating costs	\$ 19,453	\$ 19,445	\$ 59,365	\$ 60,560
Operating expenses	<u>56,177</u>	<u>50,118</u>	<u>150,604</u>	<u>148,815</u>
	<u>\$ 75,630</u>	<u>\$ 69,563</u>	<u>\$ 209,969</u>	<u>\$ 209,375</u>
An analysis of amortization by function				
Operating costs	\$ -	\$ 18	\$ -	\$ 228
Operating expenses	<u>19,815</u>	<u>20,241</u>	<u>57,829</u>	<u>63,102</u>
	<u>\$ 19,815</u>	<u>\$ 20,259</u>	<u>\$ 57,829</u>	<u>\$ 63,330</u>

Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Direct operating expenses from investment properties that generate rental income	<u>\$ 19,707</u>	<u>\$ 27,226</u>	<u>\$ 58,019</u>	<u>\$ 66,766</u>

Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term benefits	\$ 429,622	\$ 419,894	\$ 1,193,136	\$ 1,339,809
Post-employment benefits				
Defined contribution plans	11,200	12,697	34,294	40,582
Defined benefit plans (Note 21)	425	447	1,274	1,569
Share-based payments				
Equity-settled	-	18	-	37
Other employee benefits	<u>10,851</u>	<u>5,698</u>	<u>28,754</u>	<u>15,275</u>
Total employee benefits expense	<u>\$ 452,098</u>	<u>\$ 438,754</u>	<u>\$ 1,257,458</u>	<u>\$ 1,397,272</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
An analysis of employee benefits expense by function				
Operating costs	\$ 24,696	\$ 28,001	\$ 73,343	\$ 116,350
Operating expenses	<u>427,402</u>	<u>410,753</u>	<u>1,184,115</u>	<u>1,280,922</u>
	<u>\$ 452,098</u>	<u>\$ 438,754</u>	<u>\$ 1,257,458</u>	<u>\$ 1,397,272</u>

(Concluded)

Employees' compensation and remuneration of directors and supervisors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The employees' compensation and remuneration of directors and supervisors for the nine months ended September 30, 2019 and 2018 are as follows:

Accrual rate

	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Employees' compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Employees' compensation	\$ 23	\$ 511	\$ 177	\$ 511
Remuneration of directors	34	766	265	766

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

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

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

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

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

Gain or loss on exchange rate changes

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Exchange rate gains	\$ 22,842	\$ 14,785	\$ 60,865	\$ 127,812
Exchange rate losses	<u>(42,324)</u>	<u>(38,316)</u>	<u>(72,446)</u>	<u>(145,435)</u>
	<u>\$ (19,482)</u>	<u>\$ (23,531)</u>	<u>\$ 11,581</u>	<u>\$ (17,623)</u>

25. INCOME TAXES

Income tax recognized in profit or loss

The major components of tax expense are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current year	\$ 27,911	\$ 22,774	\$ 75,633	\$ 62,275
Adjustments for prior periods	-	(734)	(22,152)	(12,214)
Consolidated changes	<u>-</u>	<u>(1,518)</u>	<u>-</u>	<u>(1,518)</u>
	27,911	20,522	53,481	48,543
Deferred tax				
In respect of the current year	<u>(716)</u>	<u>(1,539)</u>	<u>(726)</u>	<u>1,557</u>
Income tax expense recognized in profit or loss	<u>\$ 27,195</u>	<u>\$ 18,983</u>	<u>\$ 52,755</u>	<u>\$ 50,100</u>

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

In July 2019, the President of the ROC 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. However, the related implementation rules are yet to be issued by the Ministry of Finance; thus, the Company could not estimate the effect on the current income tax.

Income tax assessments

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

26. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Basic earnings per share	\$ <u>0.01</u>	\$ <u>0.14</u>	\$ <u>0.03</u>	\$ <u>0.11</u>
Diluted earnings per share	\$ <u>0.01</u>	\$ <u>0.14</u>	\$ <u>0.03</u>	\$ <u>0.11</u>

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

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company	\$ 1,385	\$ 80,000	\$ 14,717	\$ 66,209
Effect of potentially dilutive common shares				
Bonuses to employee	_____ -	_____ -	_____ -	_____ -
Earnings used in the computation of diluted EPS from continuing operations	\$ <u>1,385</u>	\$ <u>80,000</u>	\$ <u>14,717</u>	\$ <u>66,209</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Weighted average number of common shares used in the computation of basic (loss) earnings per share	588,435	588,435	588,435	588,435
Effect of potentially dilutive potential common shares:				
Bonuses issued to employees	_____ 12	_____ 52	_____ 14	_____ 123
Weighted average number of common shares used in the computation of diluted (loss) earnings per share	<u>588,447</u>	<u>588,487</u>	<u>588,449</u>	<u>588,558</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 (loss) earnings per share, if the effect is dilutive. This dilutive effect of the potential shares will be

included in the computation of diluted (loss) earnings per share until the number of shares to be distributed to employees is determined in the following year.

27. GOVERNMENT GRANTS

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

The total revenue recognized as profit amounted to \$1,235 thousand and \$1,118 thousand for the nine months ended September 30, 2019 and 2018, respectively, and \$404 thousand and \$273 thousand for the three months ended September 30, 2019 and 2018, respectively.

28. CONSOLIDATION OF SUBSIDIARR

a. Subsidiaries acquired

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

b. Consideration transferred

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

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

	Worldplus and Its Subsidiaries
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

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

	Worldplus and Its Subsidiaries
Net revenue	<u>\$ 562</u>
Net profit	<u>\$ (1,074)</u>

If the merger of Worldplus and its subsidiaries occurred on January 1, 2019, the Japanese company's proposed operating income and proposed operating net profit were \$4,192,747 and \$121,635, respectively, from January 1 to September 30, 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

In March 2018, the Company did not participate in the capital increase in cash of Sunplus Technology Xiamen Xm-plus in accordance with the shareholding ratio, resulting in the company's shareholding ratio decreasing from 100% to 45%, and the number of directors was less than half the usual number, hence the control of Sunplus Technology Xiamen Xm-plus was lost. In addition, iCatch Technology Inc. had independently operated its financial activities due to operational needs on July 31, 2018, so it was assessed as loss of control by the Company.

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

	Sunplus Technology Xiamen Xm-plus	iCatch Technology
Current assets		
Cash and cash equivalents	\$ 187	\$ 159,384
Accounts receivables	-	130,898
Inventories	971	205,200
Other receivables	63	5,686
Others	1,009	94,941
Non-current assets		
Property, plant and equipment	595	43,007
Intangible assets	77	25,427
Refundable deposits	-	1,674
Deferred income tax - non-current	-	1,518
Current liabilities		
Trade payables	(170)	(148,922)
Accrued expenses	-	(28,812)
Others	(20,710)	(606)
Accrued pension liabilities	-	(15,533)
Deposits received	-	(33,053)
Contract liabilities	-	(19,637)
Net liabilities disposed of	<u>\$ (17,978)</u>	<u>\$ 421,172</u>

b. Gain on disposal of subsidiaries

	Sunplus Technology Xiamen Xm-plus	iCatch Technology
Collection price of investments accounted for using the equity method	\$ 9,294	\$ 335,164
Net assets disposed of	17,978	(421,172)
Reclassification of other comprehensive income in respect of the subsidiary	(211)	-
Non-controlling interests	-	<u>229,844</u>
Gain on disposal	<u>\$ 27,061</u>	<u>\$ 143,836</u>

30. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

	Sunext Technology Co., Ltd.	Sunplus APP Technology	
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>	
	Sunext Technology Co., Ltd.	Sunplus APP Technology	Total
<u>Line items adjusted for equity transactions</u>			
Retained earnings	\$ -	\$ (2,878)	\$ (2,878)
Capital surplus - difference between share price and book value and book value from disposal of subsidiaries	<u>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, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 959,923	\$ -	\$ -	\$ 959,923
Listed shares and emerging market shares	57,340	-	-	57,340
Securities listed in the ROC - CB	43,954	-	-	43,954
Unlisted shares and emerging market shares	38,452	-	497,446	505,133
Unlisted and emerging market preference shares	25,000	-	-	25,000
Private funds	<u>-</u>	<u>-</u>	<u>269,657</u>	<u>269,657</u>
	<u>\$ 1,124,669</u>	<u>\$ -</u>	<u>\$ 767,103</u>	<u>\$ 1,891,772</u>
Financial assets at FVTOCI				
Listed shares and emerging market shares	\$ 91,287	\$ -	\$ -	\$ 91,287
Unlisted shares emerging market shares	<u>17,396</u>	<u>-</u>	<u>105,768</u>	<u>123,164</u>
	<u>\$ 108,683</u>	<u>\$ -</u>	<u>\$ 105,768</u>	<u>\$ 214,451</u>

December 31, 2018

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

(Continued)

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

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 1,352,420	\$ -	\$ -	\$ 1,352,420
Securities listed in the ROC	141,268	-	-	141,268
Unlisted debt securities in other countries	-	-	362,612	362,612
Unlisted debt securities in the ROC - Convertible special units	-	-	96,000	96,000
Securities listed in the ROC - CB	29,446	-	-	29,446
Unlisted debt securities in other countries - CB	-	-	92,994	92,994
Private funds	<u>-</u>	<u>-</u>	<u>159,660</u>	<u>159,660</u>
	<u>\$ 1,523,134</u>	<u>\$ -</u>	<u>\$ 711,266</u>	<u>\$ 2,234,400</u>
Financial assets at FVTOCI				
Listed shares and emerging market shares	\$ 76,616	\$ -	\$ -	\$ 76,616
Unlisted shares emerging market shares	-	-	230,391	230,391
Private funds	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
	<u>\$ 76,616</u>	<u>\$ -</u>	<u>\$ 260,391</u>	<u>\$ 337,007</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, 2019

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
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>

For the nine months ended September 30, 2018

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
Balance at January 1, 2018	\$ 442,888	\$ 171,568	\$ 614,456
Recognized in profit or loss	67,302	-	67,302
Recognized in other comprehensive income	-	(38,853)	(38,853)
Purchases	288,374	129,644	418,018
Sales	(88,338)	(4,930)	(93,268)
Effect of exchange rate changes	<u>1,040</u>	<u>2,962</u>	<u>4,002</u>
Balance at September 30, 2018	<u>\$ 711,266</u>	<u>\$ 260,391</u>	<u>\$ 971,657</u>

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Price-to-book ratio	1.7-3.68	0.66-4.16	0.94-3.37
Price-to-sales ratio	0.76-4.76	0.69-7.52	1.25-1.38
Discount for lack of marketability	10%-20%	10%-30%	10%-50%

- b) The fair values of unlisted shares and emerging market shares and private funds were determined using the asset-based approach. The Group assesses that the amount of its net assets attributable to its investment approaches the fair value of the equity investment. The Group assesses the total value of the individual assets and liabilities covered by the target to reflect the overall value of the business.

- c) The fair values of unlisted shares and emerging market shares were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or a decrease in the weighted average cost of capital (WACC) or discount for lack of marketability used in isolation would result in increases in fair value.
- d) The fair value of convertible bonds - ROC 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.

	September 30, 2018
Long-term revenue growth rate	3.00%
WACC	21.99%
Discount for lack of marketability	45.60%

c. Categories of financial instruments

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)	\$ 1,891,772	\$ 2,051,614	\$ 2,234,400
Financial assets at amortized cost (i)	4,238,528	4,549,250	4,426,919
Financial assets at fair value through other comprehensive income			
Equity instruments	214,451	246,208	337,007
<u>Financial liabilities</u>			
Measured at amortized cost (ii)	914,261	1,276,248	1,467,799

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

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

	USD Impact	
	For the Nine Months Ended	
	September 30	
	2019	2018
Profit or loss	\$(12,129)	\$ (2,333)
	RMB Impact	
	For the Nine Months Ended	
	September 30	
	2019	2018
Profit or loss	\$ 138	\$ (2,333)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and

forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites, ensuring the most cost-effective hedging strategies are applied.

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

	September 30, 2019	December 31, 2018	September 30, 2018
Fair value interest rate risk			
Financial assets	\$ 2,086,812	\$ 2,025,410	\$ 1,858,789
Financial liabilities	540,897	311,215	288,644
Cash flow interest rate risk			
Financial assets	1,056,724	1,367,150	1,346,769
Financial liabilities	50,000	250,046	318,468

Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables been held constant, the Group's post-tax profit would have increased/decreased by \$1,258 thousand, respectively, for the nine months ended September 30, 2019 and increased/decreased by \$1,285 thousand, respectively, for the nine months ended September 30, 2018.

c) Other price risk

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

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

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the nine months ended September 30, 2019 and 2018 would have increased/decreased by \$18,918 and \$22,344 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the nine months ended September 30, 2019 and 2018 would have increased/decreased by \$2,145 and \$3,370 thousand, respectively.

2) Credit risk

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

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

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

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

The Group's concentration of credit risk of 62%, 59% and 57% in total trade receivables as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2019, December 31, 2018 and September 30, 2018, the Group had available unutilized overdraft and financing facilities set out below.

a) Liquidity and interest rate risk tables

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

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	\$ -
Finance 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>

December 31, 2018

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

September 30, 2018

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing liabilities	\$ 404,711	\$ 330,814	\$ 618,312	\$ 39,700	\$ 63,550
Variable interest rate liabilities	156	65,000	203,468	50,000	-
Fixed interest rate liabilities	<u>70,255</u>	<u>86,996</u>	<u>131,440</u>	<u>13,914</u>	<u>155,005</u>
	\$ <u>475,122</u>	\$ <u>482,810</u>	\$ <u>953,220</u>	\$ <u>103,614</u>	\$ <u>218,555</u>

b) Financing facilities

	September 30, 2019	December 31, 2018	September 30, 2018
Unsecured bank overdraft facilities			
Amount used	\$ 349,536	\$ 561,504	\$ 608,498
Amount unused	<u>4,721,944</u>	<u>4,479,716</u>	<u>5,309,516</u>
	\$ <u>5,071,480</u>	\$ <u>5,041,220</u>	\$ <u>5,918,014</u>

33. TRANSACTIONS WITH RELATED PARTIES

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

a. Name and relationship of related parties

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

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

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

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

b. Sales of goods

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2019	2018	2019	2018
Sales	Associates	<u>\$ 13,681</u>	<u>\$ 29,779</u>	<u>\$ 42,686</u>	<u>\$ 32,221</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, 2019	December 31, 2018	September 30, 2018
Trade receivables	Associates	<u>\$ 12,634</u>	<u>\$ 17,941</u>	<u>\$ 13,797</u>
Other trade receivables	Associates	<u>\$ 1,125</u>	<u>\$ 1,358</u>	<u>\$ 2,609</u>

There were no guarantees on outstanding receivables from related parties. For the nine months ended September 30, 2019 and 2018, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

Line Item	Related Party Category	September 30, 2019	December 31, 2018	September 30, 2018
Deposits received	Associates	<u>\$ -</u>	<u>\$ 871</u>	<u>\$ 864</u>
Guarantee deposits received	Associates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390</u>

Account Item	Related Party Type	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2019	2018	2019	2018
Operating expenses	Associates	<u>\$ -</u>	<u>\$ 1,120</u>	<u>\$ 139</u>	<u>\$ 3,430</u>
Non-operating revenue	Associates	<u>\$ 2,550</u>	<u>\$ 2,895</u>	<u>\$ 7,730</u>	<u>\$ 2,895</u>

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

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

e. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term employee benefits	\$17,803	\$ 20,390	\$42,233	\$ 46,665
Post-employment benefits	<u>295</u>	<u>344</u>	<u>1,019</u>	<u>1,177</u>
	<u>\$18,098</u>	<u>\$ 20,734</u>	<u>\$43,252</u>	<u>\$ 47,842</u>

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

34. PLEDGED OR MORTGAGED ASSETS

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

	September 30, 2019	December 31, 2018	September 30, 2018
Buildings, net	\$ 600,585	\$ 615,136	\$ 619,987
Pledged time deposits (classified as other financial assets, including current and non-current)	<u>155,123</u>	<u>164,518</u>	<u>163,557</u>
	<u>\$ 755,708</u>	<u>\$ 779,654</u>	<u>\$ 783,544</u>

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

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

September 30, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<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
Non-monetary items			
USD	28	30.715	848
CHF	709	31.850	22,595

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 25,159	31.040	\$ 782,053
CNY	1,634	4.350	7,108
JPY	1,611	0.288	464
CHF	753	31.265	23,543
			(Concluded)

December 31, 2018

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

Financial liabilities

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

September 30, 2018

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 38,518	30.525	\$ 1,175,762
CNY	4,076	4.436	18,081
JPY	574	0.269	154
HKD	181	3.901	706
EUR	1	35.480	35
GBP	3	39.900	120
			(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Non-monetary items			
USD	\$ 28	30.460	\$ 865
CHF	775	30.595	23,709
<u>Financial liabilities</u>			
Monetary items			
USD	36,185	30.525	1,104,547
CNY	1,754	3.901	6,842
JPY	973	0.269	262
CHF	753	31.275	24
			(Concluded)

The foreign currency exchange losses (realized and unrealized) amounted to \$(11,581) thousand and \$(17,623) thousand for the nine months ended September 30, 2019 and 2018, respectively, and a loss of \$(19,482) thousand and a gain of \$(23,531) thousand for the three months ended September 30, 2019 and 2018, respectively. Due to the diversity of the Group's assets and liabilities denominated in foreign currencies, it is impractical to disclose foreign currency exchange gains and losses by each significant foreign currency other than those with significant influence.

36. ADDITIONAL DISCLOSURES

- a. The following are the additional disclosures required for the Group and its investees by the Securities and Futures Bureau:
- 1) Financings provided: Table 1 (attached)
 - 2) Endorsements/guarantees provided: Table 2 (attached)
 - 3) Marketable securities held: Table 3 (attached)
 - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: No.
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: No.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: No.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: No.
 - 9) Trading in derivative instruments: No.
 - 10) Intercompany relationships and significant intercompany transactions: Table 4 (attached)

11) Information on investees: Table 5 (attached)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

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

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and 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, 2019 and 2018 are shown in the accompanying consolidated statements of comprehensive income, and the assets by segment as of September 30, 2019 and 2018 are shown in the accompanying consolidated balance sheets.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(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	\$ 25,108	\$ 12,522	\$ 12,522	1.80%	Note 1	-	Note 2	\$ -	-	\$ -	\$ 21,637 (Note 8)	\$ 43,274 (Note 8)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	91,300	91,300	91,300	1.80%	Note 1	-	Note 3	-	-	-	259,645 (Note 9)	259,645 (Note 9)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	331,322	252,960	252,960	2.25%	Note 1	-	Note 4	-	-	-	463,230 (Note 10)	463,230 (Note 10)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	233,662	233,662	233,662	2.25%	Note 1	-	Note 5	-	-	-	411,427 (Note 11)	411,427 (Note 11)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	39,354	39,354	1.80%	Note 1	-	Note 6	-	-	-	40,850 (Note 12)	81,700 (Note 12)
6	Lin Shih Investments co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	137,170	137,170	137,170	2.25%	Note 1	-	Note 7	-	-	-	316,243 (Note 13)	316,243 (Note 13)

Note 1: Short-term financing.

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

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

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

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

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

Note 7: Lin Shin Investments Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 8: The aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai"), and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity, with net equity based on its latest financial statements.

Note 9: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 60% of Sunplus Technology (Shanghai) Co., Ltd.'s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

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

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

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

Note 13: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Lin Shih 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, 2019

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

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Gua rantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus	Sun Media Technology Co., Ltd.	3 (Note 4)	\$ 824,042 (Note 5)	\$ 428,573	\$ 169,365	\$ 107,625	\$ -	2.06	\$ 1,648,085 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	824,042 (Note 5)	10,000	-	-	-	-	1,648,085 (Note 6)	Yes	No	No
1 (Note 2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 4)	347,423 (Note 7)	279,585	122,860	122,860	122,860	21.22	347,423 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	616	\$ 10,083	-	\$ 10,083	Note 3
	Mega RMB Money Market RMB	-	Financial assets at fair value through profit or loss - current	466	24,237	-	24,237	Note 3
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,387	52,787	-	52,787	Note 3
	FSTIC US Top 100 bond fund A	-	Financial assets at fair value through profit or loss - current	2,000	20,420	-	20,420	Note 3
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	2,216	30,056	-	30,056	Note 3
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	13,197	165,911	-	165,911	Note 3
	UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss - current	1,851	31,013	-	31,013	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	239	78,180	-	78,180	Note 3
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	3,420	50,800	-	50,800	Note 3
	Prudential Financial RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,810	57,373	-	57,373	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	17,925	-	17,925	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	95	31,004	-	31,004	Note 3
	Pictet-Security RI	-	Financial assets at fair value through profit or loss - non-current	2	62,080	-	62,080	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	15,210	-	15,210	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	739	-	739	Note 2
Triknights Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	20,625	193,020	5	193,020	Note 1	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Network Capital Global Fund	-	Financial assets at fair value through other comprehensive income - non-current	380	\$ 3,747	7	\$ 3,747	Note 1
Lin Shih Investment Co., Ltd.	Asolid Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - current	26	892	-	892	Note 2
	Ruentex Material Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20	616	-	616	Note 2
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	2,954	-	2,954	Note 2
	uPI Semiconductor	-	Financial assets at fair value through profit or loss - current	300	20,400	-	20,400	Note 1
	A-Spine Asia Co., Ltd.	-	Financial assets at fair value through profit or loss - current	200	17,600	-	17,600	Note 1
	HERAN Co., Ltd.	-	Financial assets at fair value through profit or loss - current	40	3,640	-	3,640	Note 2
	Global PMX Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	200	21,210	-	21,210	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	7,944	-	7,944	Note 2
	Kee Song Bio - Technology Holdings Limited	-	Financial assets at fair value through profit or loss - current	50	4,325	-	4,325	Note 2
	Chillisin Electronics Corp. - CB	-	Financial assets at fair value through profit or loss - current	50	5,410	-	5,410	Note 2
	Alltop Technology Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	50	5,065	-	5,065	Note 2
	SinoPac Holdings U.S. Treasury 1-3 Year Bond ETF	-	Financial assets at fair value through profit or loss - current	125	5,000	-	5,000	Note 3
	WPG Holdings Preferred Stock A	-	Financial assets at fair value through profit or loss - current	500	25,000	-	25,000	Note 1
	Pegavision Corp.	-	Financial assets at fair value through profit or loss - current	30	5,765	-	5,765	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	600	-	4	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss - non-current	103	-	1	-	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	69	1,121	-	1,121	Note 1
	Sanjet Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,272	-	7	-	Note 1
	Lead Sun Corporation	-	Financial assets at fair value through profit or loss - non-current	-	30,756	12	30,756	Note 1
Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	91,287	2	91,287	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Sunplus Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	3,560	\$ 50,374	1	\$ 50,374	Note 2
	Prime Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	2,880	-	2,880	Note 1
Russell Holdings Limited	Synerchip Inc.	-	Financial assets at fair value through profit or loss - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at fair value through profit or loss - non-current	1,000	-	8	-	Note 1
	Ortega InfoSystem, Inc.	-	Financial assets at fair value through profit or loss - non-current	2,557	-	-	-	Note 1
	Innobrige International Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at fair value through profit or loss - non-current	1,250	-	1	-	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at fair value through profit or loss - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	6,208	4	6,208	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	25,833	6	25,833	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	21,337	13	21,337	Note 1
	Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	3,159	-	3,159
Cyberon Corporation		-	Financial assets at fair value through profit or loss - non-current	786	35,190	8	35,190	Note 1
Grand Fortune Venture Capital Co., Ltd.		-	Financial assets at fair value through profit or loss - non-current	-	52,250	7	52,250	Note 1
San Neng Group Holding Co., Ltd.		-	Financial assets at fair value through profit or loss - non-current	900	35,190	1	35,190	Note 1
Huijia Health Life Technology		-	Financial assets at fair value through profit or loss - non-current	1,000	30,000	-	30,000	Note 1
Fuyou Venture Capital Limited Partnersh		-	Financial assets at fair value through profit or loss - non-current	-	19,905	10	19,905	Note 1
Ortery Technologies, Inc.		-	Financial assets at fair value through profit or loss - non-current	68	-	1	-	Note 1
Book4u Company Limited		-	Financial assets at fair value through profit or loss - non-current	9	-	-	-	Note 1
Sanjet Technology Corp.		-	Financial assets at fair value through profit or loss - non-current	49	-	-	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Jinyang Information Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	1,900	\$ -	10	\$ -	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	-	8	-	Note 1
	Raynergy Tek Inc.	-	Financial assets at fair value through profit or loss - non-current	4,500	64,890	16	64,890	Note 1
	Genius Vision Digital	-	Financial assets at fair value through profit or loss - non-current	750	-	5	-	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at fair value through profit or loss - non-current	-	54,140	2	54,140	Note 1
	VenGlobal International Fund	-	Financial assets at fair value through profit or loss - non-current	1	-	-	-	Note 1
	TIEF Fund LP	-	Financial assets at fair value through profit or loss - non-current	-	44,483	7	44,483	Note 1
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	45,817	8	45,817	Note 1
	eWave System, Inc.	-	Financial assets at fair value through profit or loss - non-current	1,833	-	22	-	Note 1
	Feature Integration Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,247	17,396	4	17,396	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	24,360	6	24,360	Note 1
	Protect Life International Biomedical Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,364	30,001	-	30,001	Note 1
Wei-Young Investment Inc.	Shiny Brands Group Co., Ltd.	-	Financial assets at fair value through profit or loss - current	93	7,687	-	7,687	Note 2
	Cheng Mei Materials Technology Corporation	-	Financial assets at fair value through profit or loss - current	2,000	17,900	-	17,900	Note 2
	Chipbond Technology Corporation	-	Financial assets at fair value through profit or loss - current	300	17,250	-	17,250	Note 2
Sunplus Technology (Shanghai) Co., Ltd.	GF Live Treasure Currency B	-	Financial assets at fair value through profit or loss - current	2,812	12,235	-	12,235	Note 3
	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at fair value through profit or loss - non-current	-	42,515	16	42,515	Note 1
	Xiamen Xm-plus Technology Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	10,747	3	10,747	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at fair value through profit or loss - current	6,520	67,570	-	67,570	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2019				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	810	\$ 10,183	-	\$ 10,183	Note 3
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,963	60,163	-	60,163	Note 3
	Yuanta De-Li Money Market	-	Financial assets at fair value through profit or loss - current	4,333	70,841	-	70,841	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	2,235	30,187	-	30,187	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	22,595	10	22,595	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	848	8	848	Note 1
	PointGrab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	28,557	-	28,557	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	43,671	15	43,671	Note 1
Sunext Technology Co., Ltd.	Yunata Taiwan Dividend + ETF Feeder Fund	-	Financial assets at fair value through profit or loss - current	1,000	10,630	-	10,630	Note 3
	Yunata Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss - current	467	5,019	-	5,019	Note 3
Jsilicon Technology Co., Ltd.	GF Live Treasure Currency B	-	Financial assets at fair value through profit or loss - current	9,429	41,016	-	41,016	Note 3

Note 1: The market value was based on the carrying amount as of September 30 2019.

Note 2: The market value was based on the closing price as of September 30, 2019.

Note 3: The market value was based on the net asset value of the fund as of September 30, 2019.

Note 4: The exchange rate was based on the exchange rate as of September 30, 2019

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
			Financial Statement Account Item	Amount	Terms	
Sunplus Technology Co., Ltd. (the "Company")	Generalplus Technology Inc.	1	Sales	\$ 2,002	Note 1	0.05%
			Notes and accounts receivable	459	Note 1	-
			Non-operating income	101	Note 2	-
	Sunext Technology Co., Ltd.	1	Sales	192	Note 1	-
			Non-operating income	3,514	Note 2	0.08%
Other receivable			1,466	Note 3	0.01%	
Notes and accounts receivable			52	Note 1	-	
Sunplus Innovation Technology Inc.	1	Sales	318	Note 1	0.01%	
		Non-operating income	2,183	Note 2	0.07%	
		Notes and accounts receivable	74	Note 1	-	
		Other receivables	674	Note 3	0.01%	
Jumplux Technology Co., Ltd.	1	Sales	3,773	Note 1	0.09%	
		Non-operating income	10,693	Notes 2 and 4	0.26%	
		Notes and accounts receivable	376	Note 1	-	
		Other receivables	2,309	Note 3	0.02%	
Sunplus mMedia Inc.	1	Non-operating income	3,956	Notes 2 and 4	0.09%	
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Other accrued expenses	640	Note 3	0.01%
			Marketing expenses	2,033	Note 2	0.05%
Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other accrued expenses	6,115	Note 3	0.05%	
		Marketing expenses	17,691	Note 2	0.42%	
Generalplus Technology Inc.	Generalplus Technology (H.K.) Inc.	2	Marketing expenses	8,991	Note 2	0.21%
			Other accrued expenses	2,918	Note 3	0.03%
	Generalplus Technology (Shenzhen) Inc.	2	Sales	10,128	Note 2	0.24%
			Research and development expenses	63,995	Note 2	1.53%
Notes and accounts receivable			2,613	Note 3	0.02%	
Sunplus Innovation Technology Inc.	2	Other accrued expenses	29,330	Note 3	0.25%	
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Sales	512	Note 1	0.01%
			Notes and accounts receivable	230	Note 1	-
			Other receivables	87,000	Note 3	0.76%
	Jumplux Technology Co., Ltd.	2	Research and development expenses	4,486	Note 2	0.11%
			Interest revenue	1,168	Note 2	0.03%
	Sunplus App Technology	2	Notes and accounts receivable	100	Note 1	-
Sales			101	Note 1	-	
Sunplus App Technology	2	Interest revenue	233	Note 2	0.01%	
Sunplus App Technology	2	Other receivables	12,180	Note 3	0.11%	

(Continued)

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Technology (Beijing)	2	Research and development expenses	\$ 135	Note 2	-
			Other accrued expenses	129	Note 3	-
Jumplux Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Other accrued expenses	128	Note 3	-
			Research and development expenses	2,867	Note 2	0.07%
Lin Shih Investment Co., Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	136,717	Note 3	1.19%
			Interest revenue	298	Note 2	0.01%
Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	236,272	Note 3	2.05%
			Interest revenue	4,081	Note 2	0.10%
Russell Holdings Limited	Sun Media Technology Co., Ltd.	2	Other receivables	264,105	Note 3	2.30%
			Interest revenue	4,854	Note 2	0.12%
Sun Media Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Management expenses	38	Note 2	-
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Sunplus App Technology	2	Interest revenue	497	Note 2	0.01%
			Other receivables	38,280	Note 3	0.33%
Sunplus Technology (Beijing)	Jsilicon Technology	2	Sales	1,773	Note 1	0.04%
			Notes and accounts receivable	1,733	Note 1	0.02%
Sunplus App Technology	Sunplus Technology (Beijing)	2	Research and development expenses	10	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, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise, U.S. Dollars and Renminbi in Thousands)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,480,604 (US\$ 74,605 RMB\$ 37,900)	\$ 2,488,577 (US\$ 74,605 RMB\$ 37,900)	-	100	\$ 1,336,413	\$ (22,822)	\$ (22,822)	Subsidiary
	Award Glory Ltd.	Belize	Investment	218,185 (US\$ 5,642)	63,384 (US\$ 2,042)	-	100	140,217	(4,756)	(4,756)	Subsidiary
	Global View Co., Ltd.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	300,612	65,735	8,525	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	745,076	43,589	42,308	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	674,294	196,901	67,537	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,069,867	40,710	40,710	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	556,725	108,405	66,265	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	765,446 (US\$ 24,660)	765,446 (US\$ 24,660)	24,660	100	590,329	6,724	6,724	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	29	273,521	(43,496)	(16,370)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	983,237	981,053	58,778	93	190,889	15,472	14,162	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	407,566	357,565	22,441	90	23,727	(24,956)	(24,401)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,812	(97)	(97)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	43,835 (HK\$ 11,075)	43,835 (HK\$ 11,075)	11,075	100	36	(3)	(3)	Subsidiary
	Magic Sky Limited	Samoa	Investment	315,366 (US\$ 10,160)	312,728 (US\$ 10,075)	-	100	29,405	(57,135)	(57,135)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,689	(97)	(97)	Subsidiary
Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	70,157	5,400	100	49,837	(5,003)	(5,003)	Subsidiary	
Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	132,000	13,200	-	2,967	(26,378)	(14,508)	Subsidiary	
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	270,426	196,901	26,947	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	16,812	108,405	2,264	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	13,218	(43,496)	(597)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,351	(24,956)	(649)	Subsidiary
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	2,270	(26,378)	(11,100)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	52,404	108,405	6,118	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	45,659	(43,496)	(2,063)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	-	-	-	-	15,472	-	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	465	(24,956)	(1,906)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
Russell Holdings Limited	Autosys Co., Ltd.	Cayman Islands, British West Indies	Investment	77,600 (US\$ 2,500)	77,600 (US\$ 2,500)	-	16	80,138	(5,621)	2,152	Investee
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,480,604 (US\$ 74,605 RMB\$ 37,900)	2,480,604 (US\$ 74,605 RMB\$ 37,900)	-	100	1,336,410	(22,805)	(22,805)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,480,604 (US\$ 74,605 RMB\$ 37,900)	2,480,604 (US\$ 74,605 RMB\$ 37,900)	-	100	1,336,388	(22,805)	(22,805)	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	592,554 (US\$ 19,090)	592,554 (US\$ 19,090)	19,090	100	479,989	12,527	12,527	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	592,554 (US\$ 19,090)	592,554 (US\$ 19,090)	19,090	100	479,987	12,527	12,527	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	12,106 (US\$ 390)	12,106 (US\$ 390)	-	100	5,507	216	216	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2019	December 31, 2018	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	\$ 218,193 (US\$ 5,642 RMB\$ 9,900)	\$ 63,384 (US\$ 2,042)	-	100	\$ 140,217	\$ (4,756)	\$ (4,756)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,963 (US\$ 772)	23,963 (US\$ 772)	-	100	643	(158)	(158)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	82,486 (US\$ 1,270 RMB\$ 9,900)	39,421 (US\$ 1,270)	-	100	28,371	(3,524)	(3,524)	Subsidiary
	WORLDPLUS HOLDINGS L.L.C.	America	Investment	111,744 (US\$ 3,600)	-	-	100	111,203	(29,474)	(1,074)	Subsidiary

Note : The initial exchange rate was based on the exchange rate as of September 30, 2019.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2019	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of September 30, 2019	Accumulated Inward Remittance of Earnings as of September 30, 2019
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental	\$ 533,888 (US\$ 17,200)	Note 1	\$ 548,011 (US\$ 17,655)	\$ -	\$ -	\$ 548,011 (US\$ 17,655)	100	\$ 29,005	\$ 29,005 (Note 2)	\$ 448,786	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental	1,001,040 (US\$ 32,250)	Note 1	1,001,040 (US\$ 32,250)	-	-	1,001,040 (US\$ 32,250)	100	265	265 (Note 2)	794,932	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental	620,800 (US\$ 20,000)	Note 1	620,800 (US\$ 20,000)	-	-	620,800 (US\$ 20,000)	100	(37,291)	(37,291) (Note 3)	63,271	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	87,000 (RMB 20,000)	Note 1	61,689 (US\$ 586 RMB 10,000)	34,800 (RMB 8,000)	-	96,486 (US\$ 586 RMB 18,000)	96	(24,414)	(23,200) (Note 3)	(42,079)	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services	266,438 (RMB 61,250)	Note 1	140,021 (US\$ 4,511)	-	-	140,021 (US\$ 4,511)	91	(1,980)	(1,796) (Note 3)	(2,874)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental	117,450 (RMB 27,000)	Note 1	117,450 (RMB 27,000)	-	-	117,450 (RMB 27,000)	100	3,018	3,018 (Note 3)	49,673	-
Iculture Communication Co., Ltd.	System development	14,138 (RMB 3,250)	Note 4	-	-	-	-	100	(17)	(17) (Note 3)	92	-
JSilicon Technology Co., Ltd. (Ru Dong)	Development of computer software, system integration services	43,500 (RMB 10,000)	Note 5	-	-	-	-	100	(3,623)	(3,623) (Note 3)	39,971	-
Lingyao Technology Co., Ltd. (Shenzhen)	Development of computer software, system integration services and building rental	82,820 (RMB 19,039)	Note 7	-	111,744 (US\$ 3,600)	-	111,744 (US\$ 3,600)	100	(859)	(859) (Note 3)	111,203	-
Shuangxin Technology Co., Ltd. (Chongqing)	Development of computer software, system integration services	17,400 (RMB 4,000)	Note 6	-	-	-	-	100	(1,287)	(1,287) (Note 3)	85,739	-

Accumulated Investment in Mainland China as of September 30, 2019	Investment Amounts Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 2,683,342 (US\$ 79,872 RMB 46,900)	\$ 2,709,506 (US\$ 78,602 RMB 62,000)	\$ 4,944,255

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of September 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 39,110 (US\$ 1,260)	\$ 39,110 (US\$ 1,260)	\$ 617,140

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2019	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Value as of September 30, 2019	Accumulated Inward Remittance of Earnings as of September 30, 2019
					Outflow	Inflow						
Generalplus Shenzhen	Design of ICs, after sales service and marketing research	\$ 580,448 (US\$ 18,700)	Note 1	\$ 580,448 (US\$ 18,700)	\$ -	\$ -	\$ 580,448 (US\$ 18,700)	100	\$ 12,310	\$ 12,310	\$ 474,460	\$ -

Accumulated Investment in Mainland China as of September 30, 2019	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investment
\$ 580,448 (US\$ 18,700)	\$ 580,448 (US\$ 18,700)	\$ 1,197,385

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

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

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

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

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

Note 6: The initial exchange rate was based on the exchange rate as of September 30, 2019.

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 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 9: The original foreign currency was derived from the exchange rate on September 30, 2019.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Notes/Trade Receivables (Payables)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Market Transactions	Ending Balance	%		
Generalplus Technology (Shenzhen) Corp.	Development and processing services	\$ 63,995	17.56	Based on contract	Based on contract	Not comparable with market transactions	\$ 29,330	90.86	\$ 746	NA