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2018 Annual Report

Sunplus Technology Co., Ltd. Prepared by
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PLEASE READ FOLLOWING NOTICE BEFORE USING THIS REPORT

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TABLE OF CONTENT

I. LETTER TO SHAREHOLDERS

BUSINESS REPORT

2018 Business Results

Sunplus consolidated net operating revenue totaled NT$6,078 million and the gross profit were NT$2,429 million in 2018. While R&D expense totaled NT$1,699 million and the G&A expenses were NT$533 million, marketing expense were NT$287 million, Operating net loss was NT$90 million in 2018. Including total non-operating net income NT$294million, the profit before tax were NT$204 million. Excluding the income tax expense NT$62 million, the net profit of the year totaled NT$142 million, attributable to owner of the Company were NT$6 million which the earning per share after tax for 2017 was NT$0.01.

The net sales from continuing operations in 2018 decline 10.89% compared to the same period last year. Gross profit margin maintained at approximately 40% comparable to the previous year. The net income outside the industry was mainly due to the interests of the molecular companies in 2018, which recognized NT$171 million.

The IFRS Consolidated Statement exposes other comprehensive gains and losses in 2018, Including the difference between the conversion of financial statements of foreign operating institutions, reserve for the sale of financial assets unrealized gains and losses, determine the number of reassessments of the welfare plan, the shareholding of related enterprises and joint ventures recognized by equity method, the total net profit and loss for other consolidated losses in 2018 is NT$131 million. Total after 2018 net profit, the total consolidated profit and loss in 2017 was NT$11 million, the consolidated profit and loss was attributed to the loss of NT$121 million by the owner of the company.

PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

Sunplus technology mergers and acquisitions of major individuals, including Sunplus Technology, Generplus Technology, SunplusIT Technology, Jumplux Technology, and mainland subsidiary.

Sunplus is currently focuses on the development, in addition to advanced driver assistance system (ADAS) automotive chip products and systems platform, has been launched with advanced driving support system function (ADAS) of the wafer platform products, and car information entertainment system (Display Audio), BoomBox, SoundBar, portable entertainment systems and other products. It also introduces the intelligent computing chip Plus1 for AioT applications, and also provides IP authorization such as high-speed interface, data converter and analog.

With the popularity of smart phones, the convenience of getting on the car and the car infotainment system, the system has quickly become the standard equipment for the new car. Even if the global new car market grows slower, it will not affect the growth of the system. Will become the main growth driver of Sunplus Technology's revenue and profit.

The revolutionary breakthrough of the intelligent computing chip Plus1, which greatly reduces the research and development threshold of high-speed computing, will be the best solution for a small number of different AIOT new applications, and the popularity of related applications in the future can be expected.

Generalplus Technology focuses on consumer electronics chips, the product line includes voice, multimedia, and microcontrollers, Product development market leadership. The main application products include interactive toys, education and learning, driving Recorder, Sports DV, Gaming Keyboard and Wireless Charging. In 2018, the company introduced a new high-end voice controller with built-in 96KB flash memory, 8-channel 12-bit ADC, 8-channel audio synthesis unit and integrated high-power push-pull audio amplifier. In the aspect of driving recorder, the image recognition hardware acceleration module is strengthened to achieve the high-speed operation requirement of artificial intelligence for learning and identification. In terms of MCU, the development and mass production of 32-bit dual-motor control chips was completed. In terms of wireless charging, the company is compatible with the Apple 7.5W solution, and the QI 15W has also passed the certification. Currently, the development of the power RX SoC is in the hands.

Sunplus Innovation Technology focuses on computer peripheral application chip development, including human-machine interface device chips, network camera chips, optical sensors, RF wireless transmission chips, remote control ICs, and more. Most of the sales in 2018 came from PC-related mouse keyboard and camera chip solutions, and a small part came from high-stakes, set-top boxes, rear pull and remote control chips. Will continue to invest in non-PC applications and maintain PC market share in 2019.

In response to the growing demand for automotive electronics and high-speed storage, Jumplux Technology has developed ASICs with system customers. In 2018, it focused on the application of Apple CarPlay and Baidu CarLife and passed the AECQ100 certification to obtain the certification of the car manufacturer.

Subsidiaries in China include Shanghai Sunplus, Sunplus prof-tek, Sunmedia, Sunplus-EHUE and Sunplus APP. Mainly to support the company's mainland customers in the company's engineering services and business promotion.

External competition, regulations, and overall economic environment
Sunplus Technology focuses on the development of niche-type automotive wafers and intelligent computing chips, continuing its leading position in the audio-visual market, and is beneficial to the competitiveness of automotive audio-visual systems, vehicle-adaptive driving assistance systems, and AIOT.

Generplus Technology's consumer product line has been leading the market for many years, and will launch new product series such as smart interactive robots and computer vision applications.

In addition to continuing to develop in a more integrated direction, Sunplus Innovation Technology is also actively developing non-PC related products to establish a foundation for growth and profitability.

Jumplux Technology actively participates in the automotive USB Media Hub to support Apple CarPlay and Baidu CarLife to meet the needs of the Chinese automotive market. And committed to the development of UFS bridge chip.

Looking forward to 2019, the haze of the US-China trade war is gradually dissipating, and the unfavorable factors dragging down the international economy are expected to decrease. However, Trump’s trade barrierism is still huge, and the uncertainty of the future of the international economy is very high. It will also affect the overall competition of the technology industry. The company will pay close attention to the changes in the international economic environment.

Future company development strategy

Sunplus Technology includes all of the merged individuals of the Group, will continue to deepen the core competitiveness of various fields, efforts to expand the market, Improve product value and observe market trends, adjust and optimize product lines and investments.

Improve industry and industry performance, at the same time actively investing in advanced technology, open up new products and markets, reserve a new wave of growth momentum.
Expect to continue to increase profits, return the long-term support of shareholders.

All the best,
Chairman & CEO,

Chou-Chye Huang

II. COMPANY PROFILE

2.1 Foundation of Sunplus

Sunplus was founded in August 3rd 1990 in Hsinchu, Taiwan.

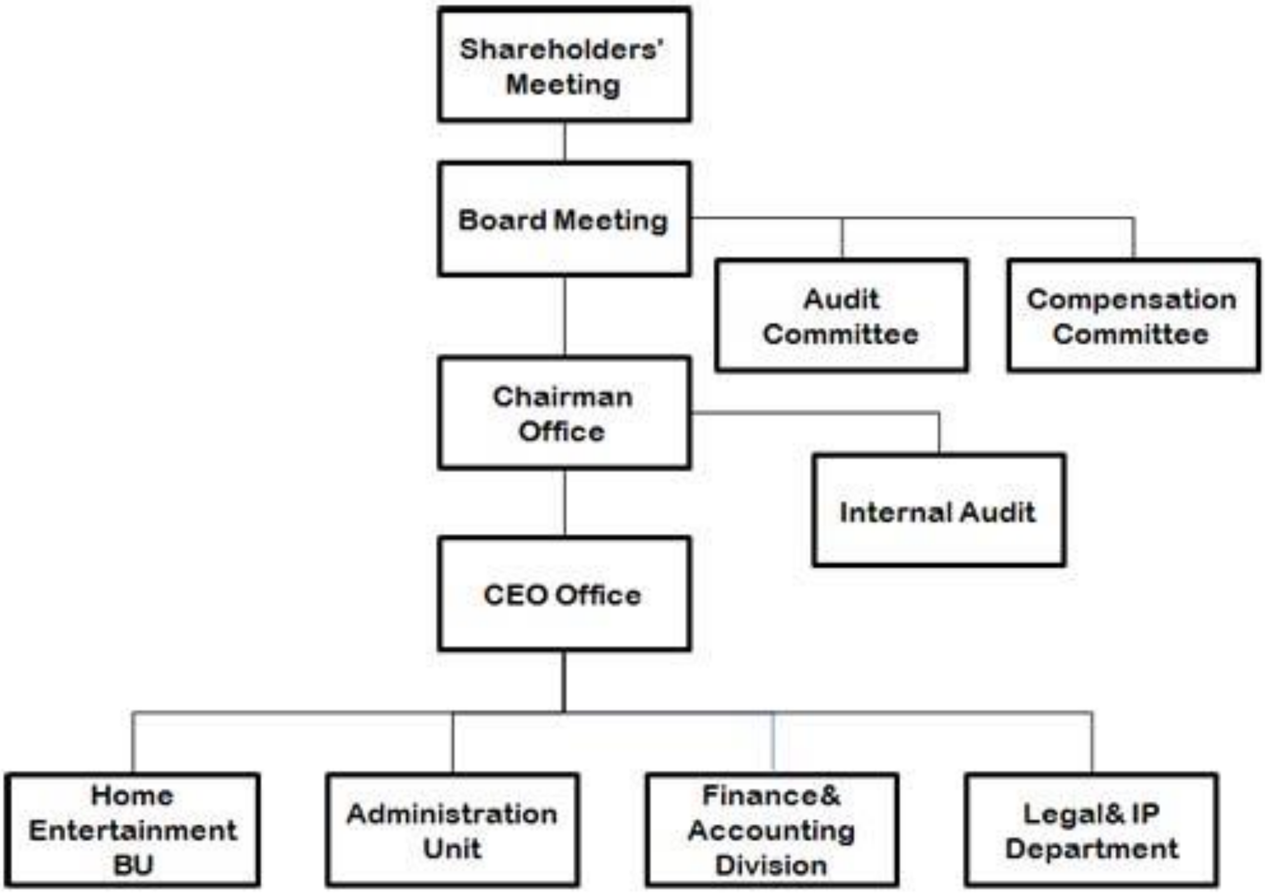
2.2 Milestones

For the formation of the Company's share capital, please refer to pages 54-57 of this annual report.
Please refer to pages 284 to 295 of this annual report on the relationship between the Company and the investment enterprises.

August 1990	Sunplus Technology was founded
May 1993	Obtained approval from the SIPA to move into Hsinchu Science Park
October 1993	Moved into Hsinchu Science Park
September 1994	Company started in-house wafer circuit probe testing
December 1995	Groundbreaking for the construction of Sunplus' office building, located in 19, Innovation First Road, Hsinchu Science Park
April 1996	Evaluated as "The most productive IC design company" by Hsinchu SIPA
January 1997	Grand opening of Sunplus' office building
September 1997	Sunplus Technology was IPO on the Over-The-Counter stock market
January 2000	Sunplus was listed on the main board of the Taiwan Stock Exchange (TSE)
Jun 2000	Received certificate of ISO 9001 Quality Assessment by RWTUV
September 2000	Reorganized into three new business unit, Consumer center, Multimedia center, and production center; and the BOD appointed Mr. Yarn-Chen Chen as the president
December 2000	Received the "Distinguished Achieved Award" from Hsinchu SIPA
March 2001	Launched Global Depositary Receipts on the London Stock Exchange
December 2001	Completed the Grandtech merger and announced the company's reorganization
January 2002	Established a subsidiary in Shanghai, China to provide better service to customers in Mainland.
February 2002	Implemented ERP system successfully to enhance company's operating efficiency and competence
Jun 2002	Purchased a new office building (B-building) at Science Park
July 2002	Sponsored the new Innovation Park and Parking Lot at Science Park, Hsinchu
February 2003	Licensed 32-bit core IP from MIPS Technology for next-generation consumer electronic products
April 2003	Completed acquisition of Oak Optical Storage Business and spin-off a new venture, Sunext Technology to focus on next generation Blue Ray ODD controller
May 2003	Licensed MPEG-4 video compression technology from DivX Networks to create DivX certified IC solution for consumer electronic products
Jun 2003	Announced reorganization by altering the Product Business Unit Systems to Functional Business Unit Systems
August 2003	Established a new milestone for monthly sales over NT$1 billion
December 2003	Won "Innovation Product Award 2003" and "R&D Performance Award 2003" from Hsinchu SIPA
March 2004	Established a new subsidiary, Generalplus Technology to focus on consumer IC design
September 2004	Received certificate of ISO 14000 Quality Assessment
December 2004	MFP SoC with 4800dpi image quality won "Innovation Product Award 2004" from Hsinchu SIPA
December 2004	Won "R&D Performance Award 2004" from Hsinchu SIPA
Jun 2005	Announced the first 32-bit processor core S+core® with Sunplus-owned instruction set architecture
Jun 2005	Launched USB2.0-to-Serial ATA bridge solution
August 2005	Applied MPEG-4 image controlling technology to the first IP cam with resolution up to 1M pixel in the worldwide
August 2005	Completed the merger with the 3G team of information & communication research lab ITRI and started the development of 3G cellular communication ICs
September 2005	Established a new milestone of monthly sales up to NT$1.899 billion as record high
October 2005	Mass-produced the PHS mobile baseband processor
November 2005	Announced the worldwide first DVD ICs certificated by DivX Ultra
December 2005	Announced reorganization by altering the Functional Business Unit System to Product Business Unit System and the resolved to spin off the LCD IC business. Mr. Chou-Chye Huang was appointed to CEO of Sunplus

March 2006	Completed the spin-off of the LCD IC business into Orise Technology Co., Ltd.
December 2006	Completed the spin-off of Controller & Peripheral Business Unit into Sunplus Innovation Technology Inc.
December 2006	Completed the spin-off of the Personal Entertainment Business Unit and Advanced Business Unit into Sunplus mMobile Inc.
December 2006	Established a new record high with 2006 profit after tax, NT$2.97 billion
February 2007	Licensed digital TV SoC IP to Silicon Image, Inc. with US$40 million for license fee.
March 2007	Completed the return of capital with outstanding shares afterward 512,953,665 shares
April 2007	The spin-off LCD driver IC design company Orise Technology was IPO
April 2007	Sunplus mMobile spun-off Sunplus mMedia Inc.
December 2007	Highly integrated SoC SPG290 with interactive game and education function won the “Innovation Product Award 2007” from Hsinchu SIPA
December 2007	Received certificate of IECQ 080000 for hazardous substance process management.
December 2007	Established a new subsidiary, Sunplus Prof-tek Technology, in Shenzhen
January 2008	Established a new subsidiary, Sunmedia Technology, in Chengdu
March 2008	Sunext licensed optical storage technology to Broadcom Corporation with license income up to US$38 million
March 2008	Launched first DTMB demodulator for China digital broadcasting TV system among Taiwanese IC design companies
April 2008	Established new subsidiary Sunplus APP Technology in Beijing, to follow up Sunplus University Program in China
March 2009	Joint-promoted with DTS next generation DVD SoC delivering the ultimate audio entertainment experience.
October 2009	Spun off Sunplus mMedia’s product lines: PC-Cam to Sunplus Innovation Technology Inc.; PMP/MP3/DPF to Generalplus Technology Inc.; DSC to new start-up
December 2009	Started up iCatch Technology Inc. to take over the DSC business from Sunplus mMedia Inc.
August 2010	Celebrated Sunplus’ 20th Anniversary and Kept Going for “Technology for Easy Living”
May 2011	Announced reorganization by altering the IC design Unit and System design Unit to “DVD Product Center”, “STB Product Center”, “TV Product Center” and “IP Product Center”. Appointed Dr. Archie Yeh as President of Home Entertainment Business Unit
November 2011	The subsidiary, Generalplus Technology Co., Ltd., focused on consumer IC design listing on Taiwan Stock Exchange under the code “4952”
May 2012	Updated the company vision from “Technology for Easy Living” to “Customers Win we win”
June 2012	Elected the 9th Board of Directors and Supervisors in AGM2012, the BOD re-elected Unanimously Mr. Chou-Chye Huang as Chairman
December 2012	Joint-invest Sunplus Core Technology (renamed: S2-tek Inc.) for TV IC design
January 2013	Reorganization to “DVD Product Center”, “STB Product Center” and “IP Product Center”.
November 2013	“DVD Product Center” renamed to “Automotive Product Center”.
January 2014	Established new subsidiary Beijing Sunplus-Ehue Tech Co., Ltd.
October 2014	Sunplus mMedia spun-off Jumplux for USB Multi-Screen Display SoC and IP Design
December 2014	The consolidated net sales reached NT$8.71 billion
January 2015	Orise Technology merged with Focal Tech
January 2015	Disposed STB product Center
February 2015	Reorganization due to disposal of STB center, Chariman & CEO Mr. Chou-Chye Huang is acting as President of HE BU
June 2015	Elected the 10th Board of Directors and Supervisors in AGM2015, the BOD re-elected Unanimously Mr. Chou-Chye Huang as Chairman
December 2016	Completed TSMC 28nm HPC + IP development and verification
June 2017	The first release of the Corporate Social Responsibility Report (CSR Report) actively implements corporate social responsibility to meet the international trends of balanced environmental, social and corporate governance development, contribute to economic development, and improve employees, their families, and the local community as a whole. Social quality of life
March 2018	Home Entertainment BU has set up a "Smart Computing Project"
August 2018	Update Slogan to "Make difference". Simple and powerful, easy to understand, the larger version of Make declares that you want to "do something" and create valuable differentiation

III. Corporate Governance
3.1 Organization
3.1.1 Organization Chart



3.1.2 Major Corporate Functions

March 31st, 2019

Department	Job Description
Chairman Office	(1) Engaging the strategic alliances (2) Planning and executing investment plans (3) Arranging Board of Directors Meetings (4) The planning, promotion and implementation of the Company's integrity management
CEO Office	(1) Establishing company's operational strategies, and goals (2) Auditing and improving the operating performances (3) Communicating with investors, public and media (4) Executing and managing the strategic alliances (5) Managing strategic investments
Internal Auditor	(1) Executing internal auditing plan as routine (2) Auditing subsidiaries regularly (3) Auditing special cases (4) Re-certification auditing of self-examination (5) Establishing the internal control system
Home Entertainment Business Unit	(1) Developing world-class audio and video solutions (2) Managing sales channels and distributors and providing customer services (3) Marketing and expanding business worldwide (4) Conducting production, material control, International trading affairs (5) Developing and handling quality assurance system (6) Planning new products and engaging cutting-edge technologies (7) Maintaining testing software and facility
Administration Unit	(1) Total Management, Plant Management, Procurement, Occupational safety, Environmental Protection and Administrative Services (2) Managing human resources and personnel (3) Establishing corporate information service to upgrade the productivity (4) Automating of business process to be more competitive (5) Consulting for management to making business decisions
Finance & Accounting Division	(1) Managing finance & accounting affairs (2) Arranging annual shareholders' meeting
Legal & IP Department	(1) Coordinating the legal and IP affairs (2) Controlling the project procedures and design documents (3) Conserving company confidential documents (4) Purchasing, maintaining librarianship (5) Conducting contracts & IP management

3.2 Directors, and Management

3.2.1 Directors& Supervisors

April 12th, 2019/Unit: shares

Title	Name	Date Elected	Initial Date Elected	Term of Office	Share holding When Elected		Current Shareholding		Spouse & Minor Shareholding		Educational Background	Positions Currently held in Other Companies (Note 2)
					Amount	%	Amount	%	Amount	%		
Chairman & CEO	**Chou-Chye Huang**	2018.06.11	1990.07.09	3 years	92,737,817	15.67	92,737,817	15.67	1,370,993	0.23	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	Note 1
Director	**Wen-Shiung Jan**	2018.06.11	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	MBA, International Business, National Taiwan University, Taiwan	**Supervisor**: Mildex Optical Inc., Hi-Yes Group., E-Pin Optical Inc. **Director**: Ability Enterprise, Sunext, Panjit **Independent Director**: Ko Ja (Cayman), Biostar **Chairman & General Manager**: iCatch **Chairman**: ECSC Inc.
Director	Global View Co., Ltd.,	2018.06.11	1990.07.09	3 years	10,038,049	1.70	10,038,049	1.70	0	0.00	-	**Chairman**: RADIANT INNOVATION INC. **Chairman**: Samoa GLOBAL VIEW HOLDINGS LTD. **Chairman**: British Cayman Islands GLOBAL VIEW CO.,LTD **Director**: FidoDarts
Director	**Wen-Ren Su** (Global View Co., Ltd., Representative of Legal Entity)	2018.06.11	1990.07.09	3 years	0	0.00	0	0.00	0	0.00	B.S., Accounting, Chinese Culture University	**Director & President:** Global View, **Director:** Beijing Global View, **Independent Director:** Well Shin Technology Co., Ltd. **Supervisor:** BEIJING HANDHELD ELECTRONIC TECHNOLOGY
Director	**Wei-Min Lin**	2018.06.11	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	M.S., Accountancy, Jinan University, China	**CPA Auditor** of Wei-Min Lin Accounting Firm **Independent Director**: Fu-Shin holding Cayman
Independent Director	**Che-Ho Wei**	2018.06.11	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	Ph.D., Electronic Engineering, University of Washington, Seattle, USA	**Independent Director & Compensation Committee**: Genesis Photonics Inc., **Director**: Unizyx Holding Corporation, Arcadyan Technology, MXIC **Chairman :** NIIEPA NCTU, Department of Electronic Engineering, Adjunct Professor
Independent Director	**Tse-Jen Huang**	2018.06.11	2015.06.12	3 years	0	0.00	0	0.00	0	0.00	EMBA, National Taiwan University of Science and Technology	**CPA and Head** of Shengxin CO., CPAs **Independent Director & Compensation Committee**: GenMont, Sunfon
Independent Director	**Yao-Ching Hsu**	2018.06.11	2015.06.12	3 years	0	0.00	0	0.00	0	0.00	M.S., Laws, Cornell University, USA	**Charged lawyer** of Yuan Qing Patent and Trademark Office **Director:** Xiyinlina Prevention Foundation

Note1 :
Chairman: Generalplus, Russell Holdings Co., Ltd.,Venturplus Group Inc., Venturplus Mauritius Inc., Venturplus Cayman Inc., Shanghai Sunplus, Sunplus Technology (HK), Sunplus Venture Capital, Lin Shih Investment, Weiying Investment, Sunplus Management Consulting, Generalplus International (SAMOA)Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), , Sunplus Prof-tek, Sunmedia, Sunplus APP, Ytrip Technology , Magic Sky Limited, , Award Glory Ltd., Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Zhu Ming Teaching Foundation, Zhu Ming Academic Foundation.

Chairman & President: Sunext, Sunplus mMedia, Jumplux, Beijing Sunplus-Ehue Tech Co., Ltd.

Director: Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Inc., iCatch, Global View Co., Ltd., Radiant.

Note 2: None of the Company’s directors is within second-degree of consanguinity, such as a spouse or relative, to each other.

3.2.2 Directors and Supervisors' Qualifications and Independence Analysis

April 12th, 2019

Criteria / Name (Note 1)	With over 5 years of working experience and one of the following professional requirements			Independent Status (Note 2)										Numbers of other public companies concurrently serving as an independent director
	An instructor of higher position in a department of commerce, law, finance, accounting, or other departments related to the Company's business in a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the Company's business	With an experience in commerce, law, finance, accounting or other specialties necessary to the Company's business	1	2	3	4	5	6	7	8	9	10	
Chou-Chye Huang			✓				✓	✓	✓	✓	✓	✓	✓	
Wen-Shiung Jan			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	2
Wen-Ren Su (Global View Co., Ltd., Representative of Legal Entity)			✓	✓	✓		✓		✓	✓	✓	✓		1
Wei-Min Lin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Che-Ho Wei	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Tse-Jen Huang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Yao-Ching Hsu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Note 1: The amount of columns depends on the actual circumstance.

Note 2: "✓" indicates the directors and supervisors meeting any of the following criteria during the term of office and two years before being elected.

(1) Not an employee of the company or its affiliates.

(2) Not a director or supervisor of the company or its affiliates. (This does not apply, however, in case where the position is an independent director of the company, its parent company, or a subsidiary in which the company holds, directly or indirectly, more than 50% of shares.)

(3) Not the shareholder (with its relatives or under others' names) who holds more than 1% shareholding of the total issued shares or ranked as the Top 10 shareholders.

(4) Not a spouse, relative within the second-degree of consanguinity, or the lineal relative within the fifth-degree of consanguinity of any of the persons in the preceding three paragraphs.

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of the company's issued shares or that holds shares ranked as Top 5 in holdings.

(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution, which has financial or business relationship with the Company.

(7) Not a professional individual, owner, partner, director, supervisor, or officer (and a spouse thereof) of a sole proprietorship, partnership, company, or institution which provides commercial, legal, financial, accounting, and so on, services or consultation to the company or to its affiliates.

(8) Not a spouse or a relative within the second-degree of consanguinity to other directors of the company.

(9) Not been a person of any condition as defined in Article 30 of the Company Law.

(10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.3 Major Shareholders of Sunplus' Shareholders as Legal Entities

a) Global View's Top 10 Shareholders

April 12th, 2019

Shareholder	Holding
Sunplus Technology	13.06%
HSBC as trustee for Bank of Singapore	9.20%
Jhih-Yuan Chou	5.42%
Kai Tian Investment Co., Ltd	4.9%
Citi bank as trustee for First Securities (HK)	3.31%
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	2.58%
Meng-Huei Lin	2.47%
Shuhui Chen	2.47%
Yunlong Huang	2.09%
Yi Jiang Nan Co., Ltd.	1.75%

b) Remark if the above Major Shareholders as Legal Entities:

Shareholder	Major Shareholders	Holding
HSBC as trustee for Bank of Singapore	Not Applicable	-
Kai Tian Investment Co., Ltd	Bing Huang Shi	50%
	Yi Ye Wu	50%
Citi bank as trustee for First Securities (HK)	Not Applicable	-
China Trust Commercial Bank is entrusted to keep the investment account of Baofu Investment Consultant (Hong Kong) Co., Ltd. - Customer Account	Not Applicable	-
Yi Jiang Nan Co., Ltd.	Jiaxi Huang	27%
	Jiaqi Huang	26%

3.2.4 Management Team

April 12th, 2019/Unit: shares

Title	Country of Citizenship	Name	Gender	Effective Date	Current Shareholding		Spouse's & Minor's Shareholding		Use the Name of Others to Hold Shares		Educational Background	Positions Currently held in Other Companies (Note 5)	With Spouse or Two Parents Relationship Manager		
					Amount	%	Amount	%	Amount	%			Job Title	Name	Relationship
Chairman & CEO	Republic of China	Chou-Chye Huang	male	1990.07.09	92,737,817	15.67	1,370,993	0.23	0	0.00	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	**Note:1**	-	-	-
Vice President	Republic of China	Wayne Shen	male	2005.12.01	969,558	0.16	0	0.00	0	0.00	EMBA, Technology Management, National Chiao-Tung University, Taiwan	**Note:2**	-	-	-
Assistant VP	Republic of China	Alex Chang	male	2013.07.01	0	0.00	0	0.00	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	**Note:3**	-	-	-
Assistant VP	Republic of China	Jason Lin	male	2013.11.01	146,111	0.02	0	0.00	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	**Note:4**	-	-	-
Assistant VP	Republic of China	Michael Su	male	2018.03.15			0	0.00	0	0.00	Master of Electrical Engineering, University of Southern California, USA	-			
Director of Finance & Accounting Division	Republic of China	Shu-Chen Cheng	female	2013.03.01	36,067	0.01	0	0.00	0	0.00	Bachelor, Accounting, Tunghai University, Taiwan	**Note:5**	-	-	-

Note 1

Chairman: Generalplus, Russell Holdings Co., Ltd.,Venturplus Group Inc., Venturplus Mauritius Inc., Venturplus Cayman Inc., Shanghai Sunplus, Sunplus Technology (HK), Sunplus Venture Capital, Lin Shih Investment, Weiying Investment, Sunplus Management Consulting, Generalplus International (SAMOA)Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), , Sunplus Prof-tek, Sunmedia, Sunplus APP, Ytrip Technology , Magic Sky Limited, , Award Glory Ltd., Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Zhu Ming Teaching Foundation, Zhu Ming Academic Foundation.

Chairman & President: Sunext, Sunplus mMedia, Jumplux, Beijing Sunplus-Ehue Tech Co., Ltd.

Director: Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Inc., iCatch, Global View Co., Ltd., Radiant.

Note 2

Director: Sunplus mMobile, Sunplus Innovation Technology, Beijing Sunplus-Ehue Tech Co., Ltd., Jumplux, Sunplus mMedia, Sunext
Supervisor: Lin Shih Investment, Weiying Investment, Sunplus Management Consulting, Sunplus Venture Capital.

Note 3

AVP: iCatch, Sunext, Jumplux, , Shanghai Sunplus.
Director: Rudong Core Electronic Technology.

Note 4

Director: Advanced Vehicle Systems Co., Ltd.

Note 5

Manager: Sunext, Jumplux.
Supervisor: Rudong Core Electronic Technology.

3.2.5 Remuneration to Directors, Presidents, and Vice Presidents

a) Remuneration to Directors

Units: NT$, shares

Title	Name (Note 1)	Remuneration to Directors								(A)+(B)+(C)+(D) %of Net Income (Note 10)		Remuneration to Directors who hold a Concurrent Post in the Company								(A)+(B)+(C)+(D)+(E)+(F)+(G) % of Net Income (Note 10)		Remuneration from Long-term Investments Except Subsidiaries (Note 11)
		Salary (A) (Note 2)		Pension (B)		Bonus from Profit Distribution (C) (Note 3)		Allowance (D) (Note 4)				Salary, Bonus, etc. (E) (Note 5)		Pension (F)		Employee Bonus from Profit Distribution (G) (Note 6)						
																Sunplus		Consolidated Subsidiaries (Note 7)				
		Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Sunplus	Consolidated Subsidiaries (Note 7)	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	Sunplus	Consolidated Subsidiaries (Note 7)	
Chairman	Chou-Chye Huang	-	-	-	-	119,384	119,384	2,255,500	2,547,500	42.29	47.48	5,446,316	6,293,072	91,848	91,848	-	-	-	-	140.89	161.17	5,982,829
Director	Wen-Shiung Jan																					
Director	Global View																					
	Wen-Ren Su Representative of Legal Entity																					
Director	**Wei-Min Lin**																					
Independent Director	**Che-Ho Wei**																					
Independent Director	**Tse-Jen Huang**																					
Independent Director	**Yao-Ching Hsu**																					

* In addition to the above table revealed, in the last year, the directors of the Company provided remuneration for the services provided by all the companies in the financial report (such as advisers who are not employees): None.

Remuneration Class

Remuneration to Directors	Names of Directors			
	The total amount of the first four remuneration (A)+(B)+(C)+(D)		The total amount of the first seven remuneration (A)+(B)+(C)+(D)+(E)+(F)+(G)	
	Sunplus (Note 8)	Consolidated Subsidiaries (Note 9) H	Sunplus (Note 8)	Consolidated Subsidiaries (J) (Note 10)
Under NT$2,000,000	Chou-Chye Huang, Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu	Chou-Chye Huang, Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu	Wen-Shiung Jan, Global View, Wen-Ren Su, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu	Global View, Wei-Min Lin, Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu
NT$2,000,000~NT$5,000,000 (Not included)				Wen-Shiung Jan, Wen-Ren Su
NT$5,000,000~NT$10,000,000 (Not included)			Chou-Chye Huang	Chou-Chye Huang
NT$10,000,000~NT$15,000,000 (Not included)				
NT$15,000,000~NT$30,000,000 (Not included)				
NT$30,000,000~NT$50,000,000 (Not included)				
NT$50,000,000~NT$100,000,000 (Not included)				
Total	8	8	8	8

Note 1: Names of directors shall be disclosed separately (name of juridical-person shareholders and their representatives shall be disclosed separately), and the remuneration shall be disclosed in total amount. If a director concurrently serves as a president or vice president, his/her remuneration shall be disclosed accordingly in this table and table c) Remuneration to Management Team.

Note 2: It indicates the remuneration to directors (including salary, allowance, pension, bonus, rewards, and etc.) in the most recent fiscal year.

Note 3: It indicates the remuneration to directors from profit distribution in the most recent fiscal year according to the proposal submitted by BOD to shareholders' meeting for approval.

Note 4: It indicates the expenses generated from directors' business (including transportation fees, social activity fees, allowances, dormitories, company cars, and etc.) in the most recent fiscal year. If the Company provides a house, car/other transportation, or other allowances to directors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

Note 5: It indicates the salaries, allowances, pensions, severance pay, bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or other employees). If the Company provides a house, car/other transportation, or other allowances to directors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

And the salary fee recognized by IFRS 2 "Share Fundamental Contribution", including obtaining employee stock vouchers, restrictions on employee rights of new shares and participation in cash replenishment of shares and so on, should also be included in the remuneration.

Note 6: It indicates the employee bonuses (including cash and stock) paid to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or other employees). The amount of employee bonus according to the proposal of profit distribution submitted by BOD to shareholders' meeting for approval in the most recent fiscal year shall be disclosed. If there is no such proposal yet, the stock bonus may be calculated according to the stock bonus last year.

Note 7: The total amount remuneration paid to the Company's directors by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 8: It indicates the numbers of directors classified by the amount of their remuneration paid by Sunplus. The amount of remuneration paid to juridical-person shareholders shall be distributed equally to each representative, and then they shall also be classified according to the amount. If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".
Note 9: It indicates the numbers of directors classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".
Note 10: It indicates the net income in the most recent fiscal year.
Note 11: a. Whether the Company's directors receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".
b. If "Yes", the amount of remuneration may be disclosed voluntarily and be included into column I; also, the title of the column shall be change to "All the Long-term Investments".
c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid by from other long-term investments except subsidiaries.
※The remuneration disclosed here shall not be applied for taxation purpose because those are calculated on a different basis.

b) Remuneration to Management Team

Unit: NT$, shares

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Reward, Allowance, etc. (C) (Note 3)		Bonus from Profit Distribution (D) (Note 4)				(A)+(B)+(C) +(D) % on Net Income (Note 8)		Remuneration from Long-term Investments Except Subsidiaries (Note 9)
		Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus		Consolidated Subsidiaries (Note 5)		Sunplus	Consolidated Subsidiaries (Note 5)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
CEO	Chou-Chye Huang	7,982,800	7,982,800	268,608	268,608	1,377,716	1,377,716	0	0	0	0	171.45	171.45	30,000
VP	Wayne Shen													

* Regardless of title, where the job is equivalent to the general manager, deputy general manager (such as: president, chief executive, director ... etc.), should be exposed.

Remuneration to Management	Names of Presidents and Vice Presidents: Sunplus (Note 6)	Names of Presidents and Vice Presidents: All companies in the financial report (E) (Note 7)
Under NT$2,000,000		
NT$2,000,000~NT$5,000,000	Wayne Shen	Wayne Shen
NT$5,000,000~NT$10,000,000	Chou-Chye Huang	Chou-Chye Huang
NT$10,000,000~NT$15,000,000		
NT$15,000,000~NT$30,000,000		
NT$30,000,000~NT$50,000,000		
NT$50,000,000~NT$100,000,000		
More than NT$100,000,000		
Total	2	2

Note 1: Names of presidents and vice presidents shall be disclosed separately, and the remuneration shall be disclosed in total amount. If a director concurrently serves as a president or vice president, his/her remuneration shall be disclosed accordingly in this table and table a) Remuneration to Directors.
Note 2: It indicates the remuneration to presidents and vice presidents, including salary, allowance, pension, and severance pay) in the most recent fiscal year.
Note 3: It indicates the bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to presidents and vice presidents. If the Company provides a house, car/other transportation, or other allowances to presidents and vice presidents, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors. And the salary fee recognized by IFRS 2 "Share Fundamental Contribution", including obtaining employee stock vouchers, restrictions on employee rights of new shares and participation in cash replenishment of shares and so on, should also be included in the remuneration.
Note 4: It indicates the employee bonuses (including cash and stock) paid to presidents and vice presidents according to the proposal of profit distribution submitted by BOD to shareholders' meeting for approval in the most recent fiscal year. If there is no such proposal yet, the stock bonus may be calculated according to the stock bonus last year. The amount of stock bonus for public companies shall be calculated at fair value, which means the closing price on the balance sheet date. For private companies, the amount of stock bonus shall be calculated based on the net value on the last day in the fiscal year when the profit distributed. The term "Net Income" indicates the net income in the most recent fiscal year.
Note 5: The total amount remuneration paid to the Company's presidents and vice presidents by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.
Note 6: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by Sunplus. If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Names of Presidents and Vice Presidents".
Note 7: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Names of Presidents and Vice Presidents".
Note 8: It indicates the net income in the most recent fiscal year.
Note 9: a. Whether the Company's presidents and vice presidents receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".
b. If "Yes", the amount of remuneration paid by other long-term investments except subsidiaries may be disclosed voluntarily and included into column E; also, the title of the column shall be changed to "All the Long-term Investments".
c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid to presidents and vice presidents who concurrently hold posts in other long-term investments except subsidiaries.
※The remuneration disclosed here shall not be applied for taxation purpose because those are calculated on a different basis.

c) **Employee Bonus Granted to Management Team** April 12th, 2019

Title	Name	Shares Bonus	Cash Bonus	Sum up	% on Net Income
Chairman & CEO	Chou-Chye Huang	-	-	-	-
Vice President	Wayne Shen				
Assistant VP	Jason Lin				
Assistant VP	Alex Chang				
Assistant VP	Michael Su				
Director of Finance & Accounting Division	Shu-Chen Cheng				

3.2.6 Analysis for remuneration paid by all the companies in the consolidated financial statements (including Sunplus) to directors, presidents and vice presidents as % net income in the most recent two years. Also, the relevant policy, standards and procedures, and the relation between remuneration and performance shall be stated.

1. Analysis for remuneration paid as % net income

Remuneration	2017		2018	
	Amount	% of Net income(Loss)	Amount	% of Net income (Loss)
Director Supervisor Management	19,254,000	4.57%	12,296,000	218.93%

2. The remuneration is fair compared to peers and the compensations are based on the operation performance of company and individuals.

3.3 Corporate Governance Implementation

3.3.1 BOD Meeting Status

5 meetings were held in 2018 (5 meetings by 10th BOD), 5 meetings by 11th BOD, 10 times in total BOD(A), and the attendance of directors is as follow:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%) (Note 2)	Remarks
Chairman	Chou-Chye Huang	10	0	100	Re-election
Director	Wen-Shiung Jan	9	1	90	Re-election
Director	Representative of Legal Entity , Global View **Wen-Ren Su**	10	0	100	Re-election
Director	**Wei-Min Lin**	10	0	100	Re-election
Independent Director	**Che-Ho Wei**	10	0	100	Re-election
Independent Director	**Tse-Jen Huang**	10	0	100	Re-election
Independent Director	**Yao-Ching Hsu**	10	0	100	Re-election

Other information required to be disclosed:

1.The operation of the board if one of the following circumstances, should specify the date of the board, period, the contents of the motion, the opinions of all independent directors and the handling of opinions of independent directors:

(1)matters listed in Article 14-3 of the Securities Exchange Act

Board of Directors	The contents of the motion and follow-up	Article 14-3 of the Securities Exchange Act	Independence or objection
Tenth 27th Board of Directors 2018.01.31	1. Deloitte United Certified Public Accountants Internal Adjustment and Change of Visa Accountant Discussion.	v	None
	Opinion of independent directors：None.		
	The Company's handling of the opinions of independent directors：None.		
	Resolution results: After the chairman asked all the attendees to pass the case without objection.		
Tenth 30th Board of Directors 2018.04.27	1. Review of the qualifications of candidates for directors (including independent directors).	v	Note
	Opinion of independent directors：None.		
	The Company's handling of the opinions of independent directors：None.		
	Resolution results: (1) In this case, due to their own interests with the directors, they voted individually and invited the directors under review to evade participation in the discussion and voting. (2) Examining the qualifications of Mr. Huang Zhoujie, a candidate for directorship, because he has a stake in the relationship with Mr. Huang Zhoujie, the chairman has avoided refusing to participate in the discussion and voting. Upon the direction of the chairman, Wei Zhe and the independent director were appointed as the acting chairman. (3) Except for the directors who refused to participate in the discussion and voting according to law, the case was approved by the chairman or the acting chairman after consultation with the remaining attending directors without objection.		
Eleventh 1th Board of Directors	1. The fourth session of the company's "payroll committee members" appointed discussion.	v	None
	Opinion of independent directors：None.		

<table>
<tr><td rowspan="2">2018.06.11</td><td colspan="3">The Company's handling of the opinions of independent directors：None.</td></tr>
<tr><td colspan="3">Resolution results:
(1) The case has its own interests with independent directors and evades participation in discussions and voting.
(2) Except for independent directors who did not participate in the discussion and voting according to law, the case was approved by the chairman after consultation with the remaining attending directors without objection.</td></tr>
<tr><td rowspan="4">Eleventh 2th Board of Directors 2018.07.26</td><td>1. The Company transferred the shareholding of the shares of the subsidiary icatch and the cash increase of the share options to all shareholders of the company for discussion.
2. Discussion of the company's directors and functional committees.
3. Discussion on the distribution of directors' compensation in 2017.</td><td>v</td><td>None</td></tr>
<tr><td colspan="3">Opinion of independent directors：None.</td></tr>
<tr><td colspan="3">The Company's handling of the opinions of independent directors：None.</td></tr>
<tr><td colspan="3">Resolution results:
1. After the chairman has consulted all the attending directors, they will pass the case without objection.
2. (1) Except for the general directors who did not participate in the discussion and voting according to law, the chairman of the agency consulted all the attending independent directors and passed the no-objection on the general director's car and horse fees.
(2) Except for the independent directors who did not participate in the discussion and voting in accordance with the law, the chairman of the general committee was consulted by the chairman and the car and horse fees of the independent directors were passed without objection.
3. (1) Except for the general directors who did not participate in the discussion and voting according to law, the Acting Chairman consulted all the attending independent directors and passed the nomination of the general director's remuneration without a dissent.
(2) Except for the independent directors who have not participated in the discussion and voting in accordance with the law, the chairman of the general committee is consulted by the chairman, and the remuneration of the independent directors is passed without objection.</td></tr>
<tr><td rowspan="4">Eleventh 4th Board of Directors 2018.11.12</td><td>1. Deloitte internal adjustment exchange visa accountant discussion.</td><td>v</td><td>None</td></tr>
<tr><td colspan="3">Opinion of independent directors：None.</td></tr>
<tr><td colspan="3">The Company's handling of the opinions of independent directors：None.</td></tr>
<tr><td colspan="3">Resolution results: After the chairman asked all the attendees to pass the case without objection.</td></tr>
<tr><td rowspan="4">Eleventh 5th Board of Directors 2018.12.26</td><td>1. 2019 Accountant Appointment and Independence Assessment Discussion.</td><td>v</td><td>None</td></tr>
<tr><td colspan="3">Opinion of independent directors：None.</td></tr>
<tr><td colspan="3">The Company's handling of the opinions of independent directors：None.</td></tr>
<tr><td colspan="3">Resolution results: After the chairman asked all the attendees to pass the case without objection.</td></tr>
</table>

(2) Except for the foregoing, other board of directors who oppose or retain opinions and have a record or written statement by an independent director: None.

2. A. On April 27, 2018, the Board of Directors discussed "Review of Candidates for Directors (including Independent Directors)":
(1). In this case, due to their own interests with the directors, they will vote individually and invite the directors under review to evade participation in the discussion and voting.
(2). Examine the qualifications of Mr. Huang Zhoujie, a candidate for directorship. Because he has a stake in the relationship with Mr. Huang Zhoujie, he is not allowed to participate in the discussion and voting according to law. Upon the direction of the chairman, Wei Zhe and the independent director were appointed as the acting chairman.
(3). In addition to legally evading directors who did not participate in the discussion and voting, the case was approved by the chairman or the acting chairman after consultation with the remaining attending directors without objection.
B. The Board of Directors discussed on June 11, 2007, "The appointment of the fourth member of the "Wage Remuneration Committee" of the Company":
(1). This case has its own interests with independent directors and evades participation in discussions and voting.
(2). Except for independent directors who did not participate in the discussion and voting according to law, the case was approved by the chairman after consultation with the remaining attending directors without objection.
C. The Board of Directors discussed on July 26, 2007, "The Company's Directors and Functional Committee Cars and Horses":
(1). In addition to legally evading the general directors who did not participate in the discussion and voting, the Acting Chairman consulted all the attending independent directors and passed the no-objection on the general director's car and horse fees.
(2). Except for the independent directors who did not participate in the discussion and voting in accordance with the law, the chairman of the general committee was consulted by the chairman and the car and horse fees of the independent directors were passed without objection.
D. The Board of Directors discussed the "2006 Remuneration Distribution of Directors" on July 26, 2007:
(1). In addition to legally evading the general directors who did not participate in the discussion and voting, the chairman of the agency consulted all the attending independent directors and passed the nomination of the general director's remuneration.
(2). Except for the independent directors who did not participate in the discussion and voting in accordance with the law, the general directors of all the attending members were consulted by the chairman, and the remuneration of the independent directors was passed without objection.

3. The objectives of strengthening the functions of the board of directors in the current and most recent years (such as setting up an audit committee, improving information transparency, etc.) and performance assessment.
The company has set up functional committees such as auditing and remuneration, reviewing relevant proposals in accordance with its authority and submitting resolutions to the board of directors to improve supervision functions and strengthen management functions. Board members continue to participate in refresher courses related to corporate governance topics, enriching new knowledge and enhancing communication to continuously improve board functions.

Note 1: The name of a legal entity shareholder and its representative shall be disclosed.
Note 2: (a) If a director or supervisor being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.
(b) If there is a re-election before year-end, the new directors and supervisors along with the original ones shall be disclosed, and the date of directors and supervisors being elected shall be stated. The actual rate of attendance shall be calculated according to the meetings held when they are at posts.

3.3.2 Audit Committee

2018 First Annual Audit Committee Meeting 5 times, Second Annual Audit Committee Meeting 4 times, 9 times in total (A), the independent directors are listed below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%) (Note)	Remarks
Independent director	**Che-Ho Wei**	8	1	88.89	

Independent director	**Tse-Jen Huang**	9	0	100.00	
Independent director	**Yao-Ching Hsu**	9	0	100.00	

Other information required to be disclosed:
1.The operation of the Audit Committee is one of the following circumstances, should specify the date of the board, period, the contents of the motion, the results of the resolutions of the Audit Committee and the handling of the opinions of the Audit Committee.
(1) The matters listed in Article 14.5 of the Securities Exchange Act.
(2) Except for the foregoing, other unapproved by the Audit Committee, and more than two-thirds of all directors agreed to the matter.

The Audit Committee	The contents of the motion and follow-up	The matters listed in Article 14.5 of the Securities Exchange Act	unapproved by the Audit Committee, and more than two-thirds of all directors agreed to the matter
The 25th Audit Committee of the First Session 2018.01.31	1. Deloitte internal adjustment exchange visa accountant discussion.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		
The 26th Audit Committee of the First Session 2018.03.14	1. 2017 the report on the results of the internal control self-assessment report and the statement of the internal control system.	v	None
	2. The fourth quarter of 2017 the implementation of the budget report and the 2017 annual financial statements to discuss the case.	v	None
	3. 2017 consolidated financial statements discussion	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		
The 1th Audit Committee of the Second Session 2018.07.26	1. The Company transferred the shareholding of the shares and the cash increase of the shareholding of the subsidiary icatch to all shareholders of the company for discussion.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		
The 2th Audit Committee of the Second Session 2018.08.08	1. The second quarter of 2018 budget implementation report and the discussion of consolidated financial statements.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		

The 3th Audit Committee of the Second Session 2018.11.12	1. Deloitte internal adjustment exchange visa accountant discussion.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		
The 4th Audit Committee of the Second Session 2018.12.26	1. 2019 Accountant Appointment and Independence Assessment Discussion.	v	None
	Audit committee resolution results: All members of the Audit Committee agreed to adopt.		
	The Company's handling of the opinions of the Audit Committee： All attendees agree to pass.		

2. If there is any avoidance of motions in conflict of interest by Independent Director, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified: None.
3. The communication between the independent director and the internal audit manager and the accountant (should include the company's financial, business conditions to communicate matters, methods and results):
(1) The Company's accountant discussed with the independent directors on January 31, 2018, the review of the 2017 financial report before the review of the risk assessment. And for the combined financial report for the fourth quarter of 2017 and the first to third quarter of 2018 on March 14, 2018, May 14, 2018, August 8, 2018 and November 12, 2018, respectively Check or check results to communicate.
(2) The internal audit supervisors of the Company regularly report with the independent directors on the implementation of the internal audit plan and the implementation of the tracking report, for the implementation of the audit business and the results are fully communicated.
(3) The independent directors of the Company may at any time require the visa accountants to examine the financial statements (including the consolidated financial statements) and other relevant laws and regulations, report and communicate to independent directors.

3.3.3 Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Item	Implementation Status (Note 1)			Difference to "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"
	Y	N	Summary	
1. Formulation of its own corporate governance principles	V		Sunplus and its subsidiaries Generalplus for the establishment of a good corporate governance system, participate in the "Code of Practice for Corporate Governance of Listed OTC", the Company's Code of Corporate Governance Practices, and has been disclosed at the Public Information Observatory and the company's website. The rest of the subsidiaries has not formulated the related principles, however all of our rules and procedures are based on laws and regulations stipulated by authorities in charge.	No major Difference
2. Shareholding Structure and Shareholders' Rights	V			
1) The way handling shareholders' suggestions or disputes			(1) Sunplus and its subsidiaries Generalplus, Sunext and Sunplus Innovation Commission by the stock agency on behalf of the relevant business, and according to the law to establish a complete spokesman system. The Company and Generalplus and set up Investor Relations Responsible Personnel responsible for handling shareholder recommendations and disputes related matters. Unlisted Subsidiaries are responsible for handling shareholders' opinions, doubts and disputes.	No major Difference
2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders	V		(2) The Company and its subsidiaries Generalplus, and Sunplus Innovation through the shares of the agency, master and understand the structure of major shareholders, and regularly declare the directors and managers of equity changes, to master the ultimate controlling shareholder of the major shareholders and major shareholders. Other subsidiaries shares regularly view the register of members at the end of each month, to master the ultimate controlling shareholder of the major shareholders and major shareholders.	No major Difference
3) Risk management mechanism and fire wall between the Company and its affiliates	V		(3) The Company and Sunplus Innovation have a " Relational transaction processing", Generalplus has a "Group Business and Related Transactions", the remaining subsidiaries also have various management methods, for the relationship between the business transactions are clearly defined, to achieve risk control mechanisms.	No major Difference
4) Disclosure agreement to prohibit that those insiders may not take advantage of undisclosed information of which they have learned to engage in insider trading.	V		(4) The Company and its subsidiaries, Generalplus have formulated the "Internal Significant Information Disclosure and Prevention of Insider Trading Management Procedures" and "Integrity Management Procedures and Behavior Guide", and told the company insiders to strictly follow, it is forbidden for insiders to use the unlisted information on the market to buy and sell securities.	No major Difference
3. Composition and Responsibilities of the BOD 1) Board diversity policy 2) Other Functional Committees than Audit committee and Compensation Committee 3) Regulations governing the board performance evaluation and implementation 4) Regular evaluation of external auditors' independency	V V V V		(1) A. Article 20 of the Company's Code of Practice on Corporate Governance (the ability of the board of directors as a whole) has clearly defined the composition of the board of directors. In addition to being a director of a company manager, it is not appropriate to exceed one-third of the board of directors. Operational, operational and development needs to develop an appropriate diversification approach. The nomination and selection of the board of directors of the Company follows the requirements of the Articles of Association and adopts the nomination system for candidates. In addition to assessing the eligibility of each candidate's academic experience, it also complies with the "Director's Election Method" and the "Code of Corporate Governance" to ensure the directors. Diversity and independence of members. B. The current board of directors of the company has seven seats: (1) General directors: He holds a master's degree from the Institute of Electrical Engineering of Tsinghua University, a master's degree from the Institute of International Enterprise Management of the Taiwan University, a bachelor's degree in accounting from the Cultural University, and a Ph.D. in economics and taxation from Jinan University. (2) Independent directors: composed of members such as Dr. Motor of the University of Washington in Seattle, EMBA of the Institute of Finance and Finance of the Taiwan University of Science and Technology, and Master of Laws of Cornell University. (3) Those who are longer than leaders, operational judgment, management, crisis management, and have industrial knowledge and international market views include Huang Zhoujie, Zhan Wenxiong, and Shu Weiren; those who served as the chairman of the National Science Council are Wei Zhehe; those who are longer than financial accounting tax have Huang Zeren And Lin Weimin; who is longer than legal affairs, Xu Zhaoqing. C. The company has 14% of employees with employee status and 43% of independent directors. An independent director has a term of office of more than nine years, and the other two independent directors are appointed for a term of three to five years. One director is over 70 years old, one is 60 to 69 years old, and five are under 60 years old. The directors of each subsidiary also have different expertise in various fields, and indeed implement the policy of diversity of board members. (2) Sunplus and Genealplus have set up audit committee and compensation committee. The company shall set up other functional committee if needed anytime. (3) The Company and its subsidiaries have not yet established a performance appraisal method for the Board of Directors, but not regularly review the board function, the future will look at the law environment, company operating conditions and management needs, assess the feasibility of assessing the performance of the board of directors. (4) The accounting department of the company evaluates the independence of the visa accountant once a year. The company's accounting department evaluates the visa accountant's diligence. The company's accounting firm Huang Yufeng and Lin political accountant are in line with the company's independence evaluation criteria (Note 2). Adopted by the Audit Committee and the Board of Directors on December 26, 2018. Each subsidiary will assess the independence of the visa accountant at the end of the year, and the appointment of the accountant in the	No major Difference No major Difference No major Difference No major Difference

			resolution of the board of directors.	
4. Is the OTC Company listed in the Corporate Governance Full-time (Part-time) unit or person responsible for corporate governance related matters (Including but not limited to providing information required by directors and supervisors to perform their business, to handle matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law, for company registration and change registration, production of Board of Directors and Shareholders' Meeting)?	V		The Company and its subsidiaries appoint the Chairman's Office to be responsible for corporate governance matters, to handle matters relating to the meetings of the Board of Directors and the Shareholders' Meeting, and assist the Company in complying with the relevant laws and regulations of the Board of Directors and the Shareholders' Association, provide information necessary for the directors to carry out their business, with the latest laws and regulations related to the development of the company, to assist the directors in following the decree	No major Difference
5. Communication channel with Stakeholders (Including but not limited to shareholders, employees, customers and suppliers)	V		Sunplus and its subsidiaries maintain good relations with stakeholders including banks, suppliers, and other relevant parties. Sunplus, with a principle of honesty, provides sufficient information about the Company's operations and defends the Company's lawful rights and interests. The interests of the company's stakeholders are concerned about issues and communication methods (Note 3) The Company and Lingtong Technology have set up stakeholder areas on the company's website. The remaining subsidiaries also provide detailed contact information on the company's website. Interested parties can contact the phone, letter, fax and email at any time if necessary.	No major Difference
6. Engaging professional shareholder services agent to handle shareholders meeting matters	V		Sunplus, Generalplus, Sunplus Innovation Technology : China Trust Commercial Bank Corporate Trust Operation and service Department Sunext: SinoPac Securities Corporate Trust Operation and service Department	No major Difference
7. Information Disclosure 1) Establishment of corporate website to disclose information regarding the Company's financials, business, and corporate governance status 2) Other information disclosure channels (ex. English website, appointing responsible people to handle information collection and disclosure, appointing spokesman, webcasting investors conference)	V V		(1) Sunplus and Genealplus have established bilingual corporate website, managed by relevant departments to disclose Company's financials, business, and corporate governance status. Sunplus Innovation also have established bilingual corporate website to disclose the business and product information. (2) Sunplus and its subsidiaries have established English website. Sunplus, Generalplus, and Sunplus Innovation Technology have assigned spokesperson, acting spokesperson and designated specialists to disclose and collect the company's information. Other subsidiaries are responsible for the collection and disclosure of company information, there is currently no speaker yet.	No major Difference No major Difference
8. Other important information to facilitate better understanding of the Company's corporate governance (such as human rights, employee rights, employee wellness, community participation, social contribution, community service, investor relations, supplier relations, shareholders' rights, customer relations, the implementation of risk management policies and risk evaluation measures, the implementation of consumers/customers protection policies, and purchasing insurance for directors and supervisors.):	V		(1) Employee rights: Sunplus and its subsidiaries have made and followed the internal management procedures regarding employee rights under the regulations of the Labor Standards Act and Gender Equality in Employment Act. (2) Employee wellness: Sunplus and its subsidiaries have made and followed the internal management procedures regarding employee wellness. (3) Investor relations: Sunplus and its subsidiaries have set a investor relations professionals to communicate with investors and disclose the operations and financials. (4) Supplier relations: Sunplus and its subsidiaries have good relationship with suppliers and manage the supply chains efficiently. (5) Stakeholders: Sunplus and its subsidiaries respect all stakeholders and have established the channels to communicate with stakeholders. (6) Continuing education record of directors and supervisors: Please refer to Market Observation Post System (7) Implementation of risk management policies and risk evaluation measures: Internal rules and procedures are based on laws and regulations stipulated by authorities in charge (8) Customer: Sunplus and its subsidiaries provide best service to Customers based on internal rules and procedures (9) Sunplus and Generalplus have taken liability insurance for directors and supervisors with respect to liabilities resulting from exercising their duties in Sunplus and subsidiaries.	No major Difference
9. Please review the results of the corporate governance evaluation issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in recent years, and to give priority to matters and measures that have not yet been improved: The improvement of 2018 years is as follows: (1) The Company has established a policy of diversification of board members and disclosed the implementation of the diversification policy on the annual report and the company website. (2) The Company has set up special (part-time) units for promoting corporate social responsibility and corporate integrity management, and explains the operation and implementation of the set-up units in the annual report and company website, and reports to the board of directors regularly every December. (3) The company's annual report and website have disclosed the protection measures and implementation of employees' work environment and personal safety. The other part has not yet been improved and will actively research improvement.				

Note 1: Whether or not "yes" or "no" is checked, it should be stated in the summary description field.

Note 2: The evaluation criteria for the independence of the Company's accountants are as follows:

Sunplus Technology
Accountant Independence Assessment Criteria

Evaluation items	Evaluation result	Whether it is independent
1. Whether the accountant has a direct or significant indirect financial interest relationship with the Company	No	Yes
2. Whether the accountant has a financing or guaranteeing action with the Company or the directors of the Company	No	Yes
3. Whether the accountant has a close business relationship or potential employment relationship with the Company	No	Yes
4. Whether the accountants and their members of the audit team are currently directors or managers in the current or the last two years or have a significant impact on the audit work	No	Yes
5. Whether the accountant has provided non-audit services to the Company that may directly affect the audit	No	Yes
6. Whether the accountant has any stock or other securities issued by the Company	No	Yes
7. Whether the accountant has a conflict with the defendant of the Company or on behalf of the Company in coordination with other third parties	No	Yes
8. Whether the accountant has a kinship with the directors, managers or persons who have a significant impact on the audit	No	Yes

Note 3: The company's stakeholders pay attention to issues and communication methods:

Stakeholder	Concerns	Communication route	Communication frequen	Related records
Staff	Salary, benefits, education, occupational health and safety	Staff communication meeting	Once every six months	Meeting record
		High-level supervisor mailbox	Irregular	E-mail
		Employee welfare committee	Irregular	announcement
		Labor Retirement Reserves Supervision Committee	Once per season	Meeting record
		Internal promotion: E-mail, posters, electronic bulletin board	Irregular	E-mail, posters, announcements
		Employee performance interview	2 times a year	Performance and Future Development Analysis
client	Customer appeal	Customer complaints	Customer complaint case	Notes / Quality Assurance / Customer Appeal System
	Customer satisfaction	customer satisfaction survey	2 times a year	Notes/Quality Insurance/Customer Satisfaction Survey System Foreign document control
	Product quality and hazardous substance requirements	mail	Irregular	Notes / Quality Assurance / Customer Appeal System
Agent	Bad quarters inventory	Bad quarters inventory	Quarterly	GPM system
Outsourcing factory	Green product requirements	GPM system	Report deadlines, new product releases, new specification requirements	Notes / Quality Assurance / Audit Management System
	Supplier management approach	Outsourcing factory audit: For the new outsourcing factory, it will join the company before joining	When the new outsourcing factory joins the company's supply chain	Notes / Quality Assurance / Audit Management System
	Supplier management approach	Outsourcing factory assessment: for the quality / environmental assessment of existing outsourcing plants	1 time a year	Notes / Quality Assurance Department / Instrument Calibration
supplier	Instrument calibration	Annual calibration plan	Monthly schedule	Management System
Government agencies	Compliance	Document round trip	Irregular	Official document
	Green environmental compliance	Official website announcement	Irregular	Website download
	Technology Exchange	Meeting, E-mail	Irregular	E-mail, poster

3.3.4 Disclosure of Operations of the Company's Compensation Committee:

1. **Qualifications and Independence Analysis**

Status(Note 1)	Name	With over 5 years of working experience and one of the following professional requirements: An instructor of higher position in a department of commerce, law, finance, accounting, or other departments related to the Company's business in a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the Company's business	With an experience in commerce, law, finance, accounting or other specialties necessary to the Company's business	Independent Status (Note 2): 1	2	3	4	5	6	7	8	Numbers of other public companies concurrently serving on compensation committee	Remark
Independent Director	**Che-Ho Wei**	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	**Tse-Jen Huang**		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	**Yao-Ching Hsu**		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: The Status is identified by director, independent director and other.

Note 2: "✓" indicates the directors and supervisors meeting any of the following criteria during the term of office and two years before being elected.

(1) Not an employee of the company or its affiliates.
(2) Not a director or supervisor of the company or its affiliates. (But as a company or its parent company, An independent director who is a subsidiary of the law or local law, not in this limit.)
(3) Not the shareholder (with its relatives or under others' names) who holds more than 1% shareholding of the total issued shares or ranked as the Top 10 shareholders.
(4) Not a spouse, relative within the second-degree of consanguinity, or the lineal relative within the fifth-degree of consanguinity of any of the persons in the preceding three paragraphs.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of the company's issued shares or that holds shares ranked as Top 5 in holdings.
(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution, which has financial or business relationship with the Company.
(7) Not a professional individual, owner, partner, director, supervisor, or officer (and a spouse thereof) of a sole proprietorship, partnership, company, or institution which provides commercial, legal, financial, accounting, and so on, services or consultation to the company or to its affiliates.
(8) Not been a person of any condition as defined in Article 30 of the Company Law.

2. **Operation**
   1. BOD appointed three independent director to be members of compensation committee.
   2. The term of office is 3 years from June 11th 2018. The third salary remuneration committee of the 2018th meeting meets twice, and the fourth salary remuneration committee meets once, for a total of three times (A), membership qualifications and attendance are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(B/A) (%) (Note)	Remarks
Convener	**Che-Ho Wei** i	3	0	100	
Member	**Tse-Jen Huang**	3	0	100	
Member	**Yao-Ching Hsu**	3	0	100	
Other information required to be disclosed: 1. The BOD has adopted the proposal by compensation committee without dissent 2. The participated members have approved the resolutions by compensation committee. without dissent					

Note 1: (a) If the member being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.
(b) If there is a re-appointment before year-end, the new member along with the original ones shall be disclosed, and the date of member being appointed shall be stated. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

3.3.5 Social Responsibilities Implementation Status (such as environment protection, community participation, contribution to community, social service, charity, consumer rights, human rights and other social responsibilities):

Item	Implementation Status (Note 1): Y	N	Summary (Note 2)	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
1. Exercising Corporate Governance				
1) The company declares its corporate social responsibility policy and examines the results of the implementation.	V		(1) The Company has established a Code of Practice for Corporate Social Responsibility to review its implementation effectiveness and continuous improvement at any time, and regularly publish corporate social responsibility reports and report the results of the year to the Board of Directors at the last annual board meeting. Although the subsidiaries have not established corporate social responsibility policies, they still continue to practice corporate social responsibility. In the future, relevant policies will be formulated as appropriate.	No major Difference
2) The Company organizes education and training on the implementation of corporate social responsibility	V			No major Difference

initiatives on a regular basis			(2) The Company conducts regular education and training on corporate social responsibility, the subsidiaries do not have regular staff social responsibility education and training, but by the promotion of corporate social responsibility related to the core staff arrangements for external social responsibility education and training, training frequency in accordance with the staff changes, professional division of labor and standard revision frequency, in the day-to-day business, employees are also required to comply with the relevant regulations and ethical standards, with a view to achieving the goal of corporate social responsibility.	
3) The company establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies, and reporting the BOD	V		(3) The Company for the sound management of corporate social responsibility, the company set up part-time units to promote corporate social responsibility, responsible for corporate social responsibility policy, system or related management policy and the specific promotion of the proposed and implemented, and report to the Board on a regular basis. The company's latest report to the board of directors was on December 26, 2018. Although the subsidiaries did not set up to promote social responsibility full-time(pare-time) units, but in environmental protection and related social responsibility activities are spare no effort.	No major Difference
4) The company adopts employee performance evaluation system combined with corporate social responsibility policies, and that a clear and effective incentive and discipline system be established.	V		(4) The Company and its subsidiaries have formulated a reasonable remuneration policy, with the staff performance appraisal system to clear and effective implementation of incentives and disciplinary system.	No major Difference
2. Fostering a Sustainable Environment				
1) The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment.	V		(1) The Company and its subsidiaries comply with the relevant environmental laws and regulations, actively respond to resource recovery and classification, and procurement of various high-performance equipment to enhance the energy, resource efficiency, the other to promote the use of renewable materials, to reduce the impact on the environment. But also to convey to employees the concept of energy saving and carbon reduction, and the implementation of education and training to achieve full environmental goals.	No major Difference
2) The company establishes proper environmental management systems based on the characteristics of their industries.	V		(2) The company and its subsidiaries pay attention to environmental management. At present, the company has passed ISO14001, ISO45001 and TOSHMS environmental protection and occupational safety and health management system certification, and employs qualified management personnel with higher standards than the laws and regulations. The company and Lingtong Technology each have a qualified occupational safety and health business executive, a qualified occupational safety manager and occupational safety and health administrator. The company and its subsidiaries have promoted paperless operations and the use of energy-saving lamps and water-saving appliances, and actively promoted waste reduction activities, reduced environmental impact, and used environmentally friendly new refrigerants to avoid ozone layer damage and simultaneously implement Policy to turn off the lights and save water.	No major Difference
3) The company monitors the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction.	V		(3) The Company conducts annual greenhouse gas inventory, the Company and the central air-conditioning of the subsidiaries are controlled by hand, in the temperature does not reach a certain high temperature before the use of reduction, and the use of intelligent control systems and frequency conversion devices to effectively control the amount of air conditioning, can immediately detect the environmental needs and automatically adjust the amount of air conditioning, avoid unnecessary waste. Equipped with electric power automatic control equipment, monitor the use of electricity at any time , to enhance the efficiency of energy use, reduce power consumption, to achieve energy conservation and carbon reduction and greenhouse gas reduction of the strategic objectives.	No major Difference
3. Preserving Public Welfare				
1) The company adopts relevant management policies and processes complying with relevant laws and regulations and the International Bill of Human Rights	V		(1) The Company and its subsidiaries comply with the labor laws and regulations, and set relevant working rules, safeguard employees' rights and interests, and provide information to enable employees to understand their rights and interests.	No major Difference
2) The company provides an effective and appropriate grievance mechanism and channels with response to any employee's grievance in an appropriate manner.	V		(2) Sunplus, Generalplus, and Sunplus Innovation have a "Employee Appeals Scheme" setting out the complaint and handling procedures, construction of employee complaints mechanism and communication channels, to protect employees' rights. The remaining subsidiaries were held through a labor conference, staff communication will be coordinated, and set up online views exchange channels, understand the idea of both employers and employees, create a win-win situation.	No major Difference
3) The company provides safe and healthful work environments for their employees, and organizes training on safety and health for their employees on a regular basis.	V		(3) The company and its subsidiaries provide facilities and environments that are better than the Occupational Safety and Health Act. Set up special organizations and personnel according to law, implement environmental safety and health management related matters, and pass ISO14001, ISO45001 and TOSHMS environmental and occupational safety and health management systems. The workplace is automatically inspected regularly to ensure the safety of employees, the environment and equipment. It also provides regular health checks that are better than the laws and regulations. Provide a good environment for employees to develop their careers and provide a variety of educational training and training programs.	No major Difference
4) The company establishes a platform to facilitate regular two-way communication between the management and the employees, and informs employees of operation changes that might have material impacts by reasonable means.	V		(4) The Company and its subsidiaries regularly handle the employee satisfaction survey and staff communication meeting, understand your colleagues' recognition and understanding of corporate policy.	No major Difference
5) The company establishes effective training programs to foster career skills of their employees' careers	V		(5) The Company and the subsidiaries of the Ministry of Human Resources for the development of peer development of a complete training program, so that colleagues can perform their duties in the existing posts, at the same time, the	No major Difference
6) In the process of research and development, procurement,	V			No major Difference

production, operations, and services, the company establishes policies and grievance mechanism to protect on consumer rights and interests 7) The company follows relevant laws, regulations and international guidelines when marketing or labeling their products and services 8) Prior to engaging in commercial dealings, The company assess whether there is any record of a supplier's impact on the environment and society 9) When The company enters into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.	V V V		necessary skills for promotion. (6) The Company and its subsidiaries have customer service management procedures and customer complaints related treatment, effectively handle customer complaints and provide timely services. (7) The Company and its subsidiaries are responsible for the marketing and labeling of products and services, comply with the relevant laws and regulations and international standards of our customers and suppliers. (8) The Company and its subsidiaries preferred suppliers with environmental responsibility, And have relevant management methods and conduct regular audits. (9) All suppliers of the Company are subject to the Company's honest policies, do not receive gifts, rebates, and prohibit irregular transactions, if there is a breach of the break, in order to the most reasonable offer, the best quality, and the best service, to achieve the company and suppliers work together to enhance the purpose of corporate responsibility. Generalplus and suppliers signed by the contract, it is not clear if there is a breach of social responsibility, or other circumstances that have a significant adverse effect on society, the Company may terminate or terminate the terms of the Contract, but when the company has a need, the supplier shall cooperate with the terms of the Environmental and Social Responsibility Letter. Sunplus Innovation and Jumplux future contract with major suppliers, depending on the actual needs of the content will include compliance with both sides of the corporate social responsibility policy, and if the supplier is involved in a policy violation, and have a significant impact on the environment and society of the source community, may terminate or terminate the terms of the contract at any time.	No major Difference No major Difference No major Difference
4. Enhancing Information Disclosure 1) The company discloses the relevant and reliable information relating to their corporate social responsibility on company website and Market Observation Post System.			Sunplus, Generalplus and Sunplus Innovation in the annual report of shareholders to disclose the implementation of social responsibility information, upload annual report to public information station, You can also contact the public information station at the company's website.	No major Difference
5. If the Company has its own Corporate Social Responsibility Code in accordance with the Code of Practice for Corporate Social Responsibility of Listed Companies, Please describe the difference between the operation and the code: The Company has established the Corporate Social Responsibility Code, for related issues such as sustainable management, environmental protection, employee rights, social welfare and related information, Are the internal system of norms. The subsidiaries have not yet defined the corporate social responsibility policy, but related issues such as sustainable management, environmental protection, employee rights, social welfare and related information, are the internal system of norms. To fulfill corporate social responsibility, the Company and its subsidiaries will from time to time contribute to environmental protection, social contribution, social services, social welfare, consumer rights, human rights, safety and health and other social responsibility activities.				
6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices (1) Sunplus and the subsidiaries for the professional IC design company, IC research and development and design based, department of non-polluting industries, there is no environmental pollution situation. (2) Sunplus and its subsidiaries are actively involved in relevant activities related to social welfare from time to time. (3) Based on the concept of professional services, the Company and its subsidiaries have formulated the relevant guidelines for the implementation of the relevant customers, in order to seek the fastest solution to customer questions. (4) Sunplus and its subsidiaries are responsible for the management of the Company's employees in accordance with the Labor Standards Act, and by hand to deal with the work of employees, to protect its basic rights and interests. (5) The company and its subsidiaries refer to occupational safety and health related laws and regulations to handle safety and health work to ensure workers' health and safety. (6) The company implements workplace and worker health and safety care through ISO45001 international occupational safety and health management system and TOSHMS Taiwan occupational safety and health management system.				

Note 1: Operation Check whether "Yes" or "No" is checked, should be described in the summary description field.
Note 2: The company has prepared corporate social responsibility report, the abstract statement can be used to indicate the way in which the corporate social responsibility report is reviewed and the index page is replaced.

3.3.6 Implementation of Ethical Corporate Management

Sunplus discloses financial reports according to the regulations of the government.
In order to enhance transparency and protect shareholders' rights and interests, Sunplus announces financial results and business information on TSE and Sunplus' websites regularly.

Item	**Implementation Status (Note 1)**			**Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons**
	Y	**N**	**Summary**	
1. Promulgation ethical corporate management principles 1) The company shall clearly specify in their rules and external documents the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies 2) The company shall adopt programs to prevent unethical conduct and setting out in each program the standard operating procedures, conduct	V V		(1) The Company and Generalplus have established the "Integrity Operation Procedures and Behavior Guidelines" as a policy and practice for expressly operating in good faith and a commitment by the Board of Directors and management to actively implement the operating policies. The Company and Lingtong Technology also publicly disclosed the "Integrity Operation Procedures and Behavior Guidelines" and related regulations on the public information observatory and the company's website. The rest of the subsidiaries uphold the "integrity", "creative", "quality", "service" business philosophy, the development of the company's internal management system and methods, implementation of the implementation of the review.	No major Difference No major Difference

guidelines, penalties, and complaints with respect to the company's operations and business 3) The company shall establish the prevention programs which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures	V		(2) Sunplus and Generalplus have separate "Reporting System", "Employees' Code of Ethics", "Director's and Managers' Code of Ethics", "Reports on Cases of Reporting Illegal and Unethical or Integrity" and "Integrity Management" "Operation Procedures and Behavior Guide", which clearly defines the relevant operational procedures and behavioral guidelines for preventing dishonesty, so that in order to keep colleagues aware of the integrity behaviors, the company publishes the regulatory documents on the ethics of the industry on the company's internal website for colleagues. In addition to the enquiries, the new colleagues will be promoted through educational courses. For any suspected violation of professional ethics, if it is confirmed to be true, the offender will take severe disciplinary measures including termination of employment or business relationship, and take legal action in due course. The "rules of work" of the subsidiaries are prohibited from breaches of dishonesty, for violation of the provisions of the punishment and appeals system. (3) Sunplus and Generalplus have a "Business Operation Procedures and Conduct Guide", it is forbidden to provide or receive improper benefits. Sunplus have a "prosecution system", Generalplus official website set up online "reporting system", encourage reporting of any unlawful or breaches of ethical code of conduct or code of conduct. In addition, the company also requires the employees of the line of management, production centers, business and information units with higher sensitivity to sign the “Integrity Commitment Letter”; when signing the annual dealer contract with the customer, they sign the “Declaration of Integrity Act” together; Define the “Integrity Statement” by the relevant supplier based on the annual transaction amount. The remaining subsidiaries are in the "working rules", the report of the integrity of employees and the disciplinary system, and through the internal control system effective implementation, to reduce the risk of dishonesty, to guard against the effect.	No major Difference
2. Implementation of ethical corporate management 1) The Company shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of this Company part of the terms and conditions of the contract	V		(1) Sunplus and Generalplus "Integrity Operation Procedures and Behavior Guide" clearly stipulate that the contract should fully understand the other party's integrity management status when necessary, and incorporate the company's integrity management policy into the contract terms. In addition, the company has signed an "Declaration of Integrity Act" when signing an annual distributor contract with a customer since 2006; the relevant supplier has also signed a "Declaration of Integrity" based on the annual transaction amount. The remaining subsidiaries use the customer credit line assessment and supplier management operations to carefully assess the legality of the parties to avoid untrustworthy business activities.	No major Difference
2) The Company shall designate the responsible unit with respect to ethical corporate management of implementation. The BOD shall monitor the implementation regularly.	V		(2) Sunplus and Generalplus for the sound management of the integrity of management, designated chairman of the room to promote business integrity management unit, responsible for the development and promotion of integrity management policies and preventive programs. The dedicated unit reports to the board of directors on a regular basis every year in December.	No major Difference
3) The Company shall promulgate policies for preventing conflicts of interests and offer appropriate means to voluntarily explain whether their interests would potentially conflict with those of the companies.	V		(3) The communication channels between the Company and its subsidiaries and the management department are smooth, if any problems are found, can respond to management. In addition to that, responsible for the integrity of the business-related departments are in accordance with their duties according to the law related matters, to prevent conflicts of interest and to provide appropriate statements on the operation of the pipeline.	No major Difference
4) The companies shall establish effective accounting systems and internal control systems and Internal auditors shall periodically examine the compliance	V		(4) Sunplus, Generalplus and Sunplus Innovation have established an effective accounting system and internal control system for the implementation of credit management, internal auditors regularly check the implementation of the internal control system, and through the implementation of self-inspection system, to ensure the effectiveness of the internal control system, as the basis for the declaration of internal control system, and reported to the board of directors.	No major Difference
5) The company shall periodically organize or engage out-sourcing training programs of ethical corporate management	V		(5) Sunplus and Generalplus have a "Business Operation Procedures and Conduct Guide", built-in integrity business in the corporate culture, and from time to time in the meeting in the publicity. Also in the internal announcement to the company employees to guide the integrity of operating procedures and conduct guidelines, the implementation of the company in good faith based on the core values and business philosophy. In 2018, the company announced the company's integrity policy and conducted tests on its new colleagues, with a total of 46 training records. The remaining subsidiaries implement opportunity education in their daily business, and will organize educational training in the future according to the company's actual situation.	No major Difference
3. Whistle-blowing System (1) The Company shall have in place a formal channel for receiving reports on unethical conduct, and establish a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules.	V		(1) Sunplus have a "prosecution system", Generalplus has a "report on the handling of cases of unlawful and unethical or dishonesty", the remaining subsidiaries have a "Employee Appeals Scheme", the Company and its subsidiaries are assigned to the appropriate admissibility of the person in charge, as a convenient report of the staff when the report.	No major Difference
(2) The Company shall set up procedures to handle with Whistle-blowing System and Confidentiality of the identity of whistle-blowers	V		(2) The Company and its subsidiaries have the relevant reporting and appeals, the contents of the clear report of the operating procedures and related confidentiality principles.	No major Difference
(3) The Company shall have measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	V		(3) The procedures for the protection of the prosecutor in the relevant reporting and appeals of the Company and its subsidiaries	No major Difference
4. Disclose of its implementation of ethical corporate management 1) The company shall disclose the status of the enforcement of their own			Sunplus and Generalplus have placed relevant specifications for integrity management on the company's internal website for the peers to inquire at any time. The company's external website and the public information observatory's annual report and corporate social	No major Difference

ethical corporate management best practice principles on their company websites			responsibility report also disclose the relevant policy requirements and information of integrity management.	
5. If the Company has its own Code of Practice on the basis of the Code of Practice for the Listing of Goodwill Company on Listing, please describe the difference between the operation and the code: The Company and the subsidiaries and the manufacturers and organizations are uphold the principle of operating integrity.				
6. Other important information that helps to understand the operation of the company's integrity: (Such as the company to review and amend the integrity of the business rules and regulations) The Company and the subsidiaries in good faith as a fundamental, to all employees uphold the spirit of good faith, responsible for investors, customers and society. The company has a complaint, the report letter box, employees who find any violation of the principle of good faith or harm the company's reputation, can be reported or reported through the Internet. In addition, the Company and the subsidiaries and related manufacturers and partners for long-term cooperation, and express contract, set up relevant full-time staff involved, Maintain long-term stable cooperative relations.				

Note 1: Operation Check whether "Yes" or "No" is checked, should be described in the summary description field.

3.3.7 Formulate Corporate Governance Rules and Regulations: (If the company has established corporate governance rules and related regulations, it should disclose its search methods)

The Company has a Code of Corporate Governance Practices, to protect the interests of shareholders, strengthen the functions of the board of directors, respect for the interests of stakeholders, to enhance the transparency of information, etc. are relevant norms, also for the Taiwan Stock Exchange Co., Ltd. for corporate governance review one by one to review the actual implementation of the assessment indicators, hoping to help companies gradually build a good corporate governance system, to enhance the effectiveness of corporate governance. The Company's corporate governance operation, please refer to this Annual Report, Corporate Governance Report III, Corporate Governance Operations (pages 14-31), for the Code of Corporate Governance Practices, please contact our website.

3.3.8 Other Matters Needed to Improve the Company’s Implementation of Corporate Governance:

None

3.3.9 Internal Control System Execution Status and Information

a) Statement of Internal Control System

Sunplus Technology Co., Ltd.
Statement of Internal Control System

Date: **March 20th, 2019**

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during **January 1st – December 31st, 2018**:

Sunplus is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of Board of Directors and management team. Sunplus has established such a system aimed at providing reasonable assurance regarding achievement of objectives in the following categories: (a) effectiveness and efficiency of operations (including profitability, performance, and protection of assets), (b) reliability of financial reporting, and (c) compliance with applicable laws and regulations.
An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only reasonable assurance of accomplishment for the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment and circumstances. Nevertheless, Sunplus' internal control system contains self-monitoring mechanisms, and Sunplus takes corrective actions whenever a deficiency is identified.
Sunplus evaluates the design and operating effectiveness of our internal control system based on "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (a) control environment, (b) risk assessment, (c) control activities, (d) information and communication, and (e) monitoring. Each component further contains several items. Please refer to the Regulations for details.
Sunplus has evaluated the design and operating effectiveness of our internal control system according to the aforesaid criteria.
Based on the findings of the evaluation mentioned in the preceding paragraph, Sunplus believe that, during the **year 2018**, our internal control system (including the supervision and management of subsidiaries), as well as our internal control to monitor the achievement of our objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
This statement is an integral part of Sunplus' annual report for the **year 2018** and prospectus, and would be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Article 20, 32, 171, and 174 of the "Securities and Exchange Law".
This statement has been passed by the Board of Directors Meeting held on **March 20th, 2019**, with all six attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Sunplus Technology Co., Ltd.

Chou-Chye Huang

Chou-Chye Huang
Chairman& CEO

3.3.10 The Company's Internal Control System Audit Report by External Auditors: Not applicable

3.3.11 Regulatory Authorities' Legal Penalties to the Company, and the Company's Resulting Punishment on Its Employees: None

3.3.12 Major Resolutions by the Shareholders' Meetings and the Board of Directors Meetings

2018 The implementation of the resolution of the shareholders' meeting		
Date	**Decision Maker**	**Resolution matters and implementation**
2018.06.11	Shareholders' Meeting	1. To recognize the Company's 2017 annual business report and financial statements. Implementation of the situation: The relevant bibliography has been filed with the competent authority for filing and announcement in accordance with the relevant laws and regulations. 2. To recognize the Company's 2017 earnings distribution case. Implementation of the situation: Proposed on July 19, 2018 for the ex-dividend basis, August 09, 2018 is the date of payment (Cash dividend of $.5533 per share) 3. Through capital accumulation and cash. Implementation of the situation: Proposed on July 19, 2018 for distributing base date, August 09, 2018 is the date of payment (Distributary capital reserve of $.1467 per share). 4. Election of the 11th Board of Directors. Implementation of the situation: Director elected: Chou-Chye Huang, Wen-Shiung Jan, Global View Co., Ltd., Wei-Min Lin Independent director elected: Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu The list was elected and announced on June 11, 107 at the public information observatory. 5. By lifting the restrictions on the new directors of the company. Implementation of the situation: Effective from the resolution of the shareholders' meeting.
2018.09.12	First shareholder temporary meeting	1. Through the Company's shareholding of the subsidiary icatch, the shareholding and cash increase of the shareholding transfer to all shareholders of the company for discussion. Implementation of the situation: Effective from the resolution of the shareholders' meeting.

2018 and as of the date of publication of the annual report of the board of directors important matters			
Date	**Decision Maker**	**Case**	**Result**
2018.05.14	Board Meeting	1. Discussion on the consolidated financial statements for the first quarter of 2018.	After the chairman's consultation, all the attending directors passed the case without objection.
2018.06.11	Board Meeting	1. Chairman's selection.	Mr. Wen-Shiung Jan, the director of the case, nominated Mr. Chou-Chye Huang as the chairman of the board of directors of the company. All the attending directors unanimously agreed that Mr. Chou-Chye Huang is the chairman of the company.
		2. The fourth session of the company's "payroll committee members" appointed discussion.	1. This case has its own interests with independent directors, and evades participation in discussions and voting according to law. 2. In addition to legally evading

			independent directors who did not participate in the discussion and voting, the case was approved by the chairman after consultation with the remaining attending directors without objection.
2018.07.26	Board Meeting	1. The Company transferred the shareholding of the shares and the cash increase of the shareholding of the subsidiary icatch to all shareholders of the company for discussion. 2. The company's first shareholder temporary meeting in 2018 was discussed. 3. Discussion on the distribution of directors' compensation in 2017.	After the chairman's consultation, all the attending directors passed the case without objection. 1. Upon the direction of the Chairman, Che-Ho Wei and the acting director of the independent directors, in addition to legally evading the general directors who did not participate in the discussion and voting, were consulted by the acting chairman to attend all the independent directors, and the general director's remuneration was passed without objection. 2. Except for the independent directors who did not participate in the discussion and voting in accordance with the law, the chairman of the general committee was consulted by the chairman, and the remuneration of the independent directors was passed without objection.
2018.08.08	Board Meeting	1. Consolidated financial statements for the second quarter of 2017.	After the chairman asked all the attendees to pass the case without objection.
2018.11.12	Board Meeting	1. Summary of financial statements for the third quarter of 2017.	After the chairman asked all the attendees to pass the case without objection.
2019.03.20	Board Meeting	1. Discussions on the remuneration of employees and the distribution of directors' remuneration in the year of 2018. 2. Discussion case of summary of consolidated financial statements for 2018. 3. Discussion case of Business Report for 2018. 4. Discussion case of Surplus distribution for 2018. 5. Deal with the capital reserve distribution cash discussion case. 6. Discussion on "Restrictions on Canceling the Competition of Directors of the Company". 7. Dissolution of the restrictions on the competition of managers of the company. 8. The convening of the ordinary shareholders 'meeting in 2019 and the discussion of the shareholders' proposal.	In this case, the remuneration of directors were determined as the total amount of compensation, there is no decision on the amount of personal compensation, so there is no need to avoid the benefits. After the chairman asked all the attendees to pass the case without objection. After the chairman asked all the attendees to pass the case without objection.

3.3.13 The most recent year and as of the date of report publication the directors have different opinions and record or written statements by the board of directors through important resolutions, its main content:

None

3.3.14 The most recent year and as of the date of report publication, the person related with financial report that resignation of summary of the situation.

None

3.4 Audit Fees

Audit Firm	Name of Auditor		Duration of auditing	Remarks
Deloitte & Touche	Zheng-Zhi Lin	Yi-Xin Gao	2018.01.01~2018.09.30	
	Zheng-Zhi Lin	Yu-Feng Huang	2018.10.01~2018.12.31	

Amount \ Item		Audit fee	Non-audit fee	Total
1.	Under NT$2,000,000		✓	
2.	NT$2,000 ,000~ NT$4,000,000			
3.	NT$4,000,000 ~ NT$6,000,000	✓		
4.	NT$6,000,000 ~ NT$8,000,000			✓
5.	NT$8,000,000 ~ NT$10,000,000			
6.	Over NT$10,000,000			

3.4.1 Payment of visa accountants, visa accountants and their relationship between the firm's non-audit fees accounted for the proportion of the audit fee of more than one-fourth per cent, should disclose the amount of audit and non-audit fees and non-audit services: Not applicable.

3.4.2 Replacement of accounting firms and replacement of annual audit fees paid to replace the previous year's audit fee reductions, should disclose the reduction, proportion and reason of the audit public expense: Not applicable.

3.4.3 The audit fee is reduced by more than 15% over the previous year, should reduce the amount of audit fees, the proportion and reason: Not applicable.

3.5 Replacement of Auditors

3.5.1 About the former accountant

<table>
<tr><td>Change date</td><td colspan="3">November 12, 2018</td></tr>
<tr><td>Replace reason and explanation</td><td colspan="3">Deloitte & Touche internal business transfer</td></tr>
<tr><td rowspan="3">The description was terminated or not accepted by the appointor or accountant</td><td>situation \ litigant</td><td>Accountant</td><td>Appointed person</td></tr>
<tr><td>Proactively terminate the appointment</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td>No longer accept (continue) appointment</td></tr>
</table>

<table>
<tr><td>Opinions and Reasons for Examining Check Reports Other than Unqualified Opinions within the Latest Two Years</td><td colspan="3">The 2018 and 2017 annual review reports of the central bank issued reservations. The relevant information of the investee companies whose main series was included in the financial statements and equity methods of the some non-substantial subsidiaries in the consolidated financial statements were based on the financial reports unaudited by the accountants during the same period. Recognize and expose.</td></tr>
<tr><td rowspan="7">Is there any disagreement with the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Financial report disclosure</td></tr>
<tr><td></td><td>Check the scope or steps</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>No</td><td colspan="2">✓</td></tr>
<tr><td colspan="3">Instructions</td></tr>
<tr><td>Other disclosures
(The first to fourth heads of Article 10, paragraphs 6 to 7 should be disclosed)</td><td colspan="3">No</td></tr>
</table>

3.5.2 About Succession Accountant

Office name	Deloitte & Touche
Accountant's name	Zheng-Zhi Lin、Yu-Feng Huang
Date of appointment	November 12, 2018
Pre-appointment accounting for specific transactions Treatment methods or accounting principles and Financial report may issue opinions Consultation and results	No
Successor Accountant to Former Accountant Written opinions on different opinions	No

3.5.3 Reply from former accountants to the first and second items of Article 10, paragraph 5 of this standard: None.

3.6 Chairman, Presidents, and Managers in Charge of Finance and Accounting Who Held a Position in Sunplus' Independent Audit Firm or Its Affiliates during the Recent Year:

Not applicable.

3.7 Net Change in Shareholding and Net Changes in Shares Pledged by Directors, Management, and Shareholders with 10% Shareholding or More

3.7.1 Net Change in Shareholding and Net Changes in Shares Pledged by Directors, Management, and Shareholders with 10% Shareholding or More

Unit: Shares

Title	Name	2018		Ended of April 12th, 2019	
		Shareholding Increased (decreased)	Shares Pledged (Released)	Shareholding Increased (decreased)	Shares Pledged (Released)
Chairman& CEO	Chou-Chye Huang	0	0	0	0
Director	Global View Co., Ltd.	0	0	0	0
Director	Wen-Shiung Jan	0	0	0	0
Director	Wei-Min Lin	0	0	0	0
Independent Director	Che-Ho Wei	0	0	0	0
Independent Director	Tse-Jen Huang	0	0	0	0
Independent Director	Yao-Ching Hsu	0	0	0	0
VP	Wayne Shen	0	0	0	0
Director of Finance & Accounting Division	Shu-Chen Cheng	0	0	0	0
AVP	Alex Chang	0	0	0	0
AVP	Jason Lin	0	0	0	0
AVP	Michael Su (Date of appointment: March 15, 2018)	0	0	0	0

3.7.2 Stock Trade

Name (Note 1)	Transfer Reason	Transaction Date	Name of Counter Party	Nature of Relationship	Amount of Shares	Transaction Price
-	-	-	-	-	-	-

3.7.3 Shares Pledge with Related Parties

Ended of April 12th, 2019

Name (Note 1)	Reason of Pledge (Note 2)	Date of Change	Name of Counter Party	Nature of Relationship	Amount of Shares	Percentage of Shareholding	Percentage of Shares Pledge	Transaction Price
-	-	-	-	-	-	-	-	-

Note 1: Including Directors, mangers and shareholders holding more than 10%

Note 2: Reasons for shares pledged or released

3.8 Top 10 Shareholders & Related Parties

Name	Current Shareholding		Shareholding under Spouse & Minor		Shareholding under Others' Name		Relationship with related-parties	
	Amount of Shares	Holding %	Amount of Shares	Holding %	Amount of Shares	Holding %	Name	Relationship
Chou-Chye Huang	92,737,817	15.67%	1,370,993	0.23%	-	-	Global View	Corporate Director
De-Zhong Liu	13,045,795	2.20%	2,006,943	0.34%	-	-	-	-
Global View Co., Ltd.	10,038,049	1.70%	-	-	-	-	Chou-Chye Huang	Corporate Director of Global View Co., Ltd.
Zhi-yuan Zhou (Representative of Legal Entity)	0	0.00%	0	0.00%	-	-	-	-
Chih-Hao Gong	8,083,160	1.37%	771,433	0.13%	-	-	-	-
Polunin Emerging Markets Small Cap Fund, LLC	7,732,825	1.31%	-	-	-	-	-	-
Wen-Qin Lee	7,000,000	1.18%	1,647,542	0.28%	-	-	-	-
Dimensional Emerging Markets Value Fund	6,588,620	1.11%	-	-	-	-	-	-
Citigroup (Taiwan) Commercial Bank is entrusted with the DFA Investment Diversified Group's Emerging Markets Core Portfolio Investment Account	6,073,153	1.03%	-	-	-	-	-	-
Chase Managed Advanced Starlight Advanced General International Stock Index	5,294,000	0.89%	-	-	-	-	-	-

3.9 Long-term Investment Ownership

December 31st, 2018/Unit: thousand shares, %

Long-term Investments (Note)	Sunplus Investment		Shareholding of Director, Supervisor, Management or Subsidiary		Synthetic Shareholding	
	Amount of Shares	Holding %	Amount of Shares	Holding%	Amount of Shares	Holding %
Sunext Technology	58,050	91	-	-	58,050	91
Generalplus Technology	37,324	34	14,892	14	52,216	48
Sunplus Innovation Technology	31,450	61	3,979	8	35,429	69
iCatch Technology Inc.	20,735	30	5,354	8	26,089	38
Sunplus mMedia Inc.	22,441	90	2,559	10	25,000	100
Jumplux Technology	13,200	55	10,100	42	23,300	97
Global View Co., Ltd.	8,229	13	173	-	8,402	13
Broadcom Inc.	-	-	-	-	-	-

Note: Except companies listed above, all other long-term investments are held by the parent company.

IV. Capital & Shares

4.1 Capitalization

April 12th, 2019

Month/Year	Price (NT$)	Authorized capital		Issued capital		Remark		
		Shares (thousand shares)	Amount (NT$K)	Shares (thousand shares)	Amount (NT$K)	Funding (NT$K)	Funding Except Cash	Note
08/1990	10	2,300	23,000	620	6,200	Cash Offering 6,200	None	Not IPO yet
08/1990	10	2,300	23,000	1,150	11,500	Cash Offering 5,300	None	Not IPO yet
03/1992	10	2,300	23,000	2,300	23,000	Cash Offering 11,500	None	Not IPO yet
12/1993	10	6,000	60,000	6,000	60,000	Cash Offering 20,900 Capitalization of Profits 16,100	None	Not IPO yet
09/1994	10	19,800	198,000	19,800	198,000	Cash Offering 60,000 Capitalization of Profits 78,000	None	Not IPO yet
06/1995	10	39,600	396,000	39,600	396,000	Capitalization of Profits 198,000	None	06/28/1995 SFC No. 37335
06/1996	10	64,360	643,600	64,360	643,600	Capitalization of Profits 247,600	None	06/26/1996 SFC No. 40155
06/1997	10	105,500	1,055,000	105,500	1,055,000	Capitalization of Profits 411,400	None	06/10/1997 SFC No.46641
06/1998	10	184,000	1,840,000	184,000	1,840,000	Capitalization of Profits 785,000	None	06/08/1998 SFC No.49408
06/1999	10	269,120	2,691,200	269,120	2,691,200	Capitalization of Profits 851,200	None	06/23/1999 SFC No.57760
06/2000	10	600,000	6,000,000	370,000	3,700,000	Capitalization of Profits 1,008,800	None	06/03/2000 SFC No.48003
09/2000	10	600,000	6,000,000	390,000	3,900,000	Cash Offering for GDR 200,000	None	09/18/2000 SFC No 72620
06/2001	10	700,000	7,000,000	534,000	5,340,000	Capitalization of Profits 1,440,000	None	06/27/2001 SFC No 140791
12/2001	10	700,000	7,000,000	544,742	5,447,424	Merger from Grandtech 10,742	None	12/12/2001 SFC No 173137
06/2002	10	1,000,000	10,000,000	694,950	6,949,500	Capitalization	None	05/30/2002 SFC

						of Profits 957,334 And Capital Surplus 544,742		No.129546
07/2003	10	1,000,000	10,000,000	777,504	7,775,040	Capitalization of Profits 130,590 And Capital Surplus 694,950	None	05/22/2003 SFC No.0920122560
06/2004	10	1,000,000	10,000,000	875,254	8,752,544	Capitalization of Profits 355,500 And Capital Surplus 622,004	None	06/15/2004 SFC No.0930126644
07/2005	10	1,050,000	10,500,000	945,570	9,455,700	Capitalization of Profits 487,576 And Capital Surplus 175,051 Employee Stock Option 40,529	None	07/11/2005 FSC No. 0940127940 TSE No.09400288741
11/2005	10	1,050,000	10,500,000	948,147	9,481,472	Employee Stock Option 25,772	None	TSE No.09400340711
03/2006	10	1,050,000	10,500,000	948,730	9,487,297	Employee Stock Option 5,825	None	TSE No.09500052761
06/2006	10	1,050,000	10,500,000	949,784	9,497,844	Employee Stock Option 10,547	None	TSE No.09500116511
06/2006	10	1,200,000	12,000,000	1,021,358	10,213,578	Capitalization of Profits 508,844 And Capital Surplus 189,230 Employee Stock Option 17,660	None	FSC No.0950126238
11/2006	10	1,200,000	12,000,000	1,022,777	10,227,773	Employee Stock Option 14,195	None	TSE No.0950030505
01/2007	10	1,200,000	12,000,000	512,212	5,122,119	Capital Reduction 5,114,358 Employee Stock Option 8,703	None	FSC No.0950159014
03/2007	10	1,200,000	12,000,000	512,954	5,129,537	Employee Stock Option 7,418	None	TSE No.0960005441
09/2007	10	1,200,000	12,000,000	554,240	5,542,399	Capitalization of Profits 288,622 And Capital	None	FSC No.0960038299

						Surplus 102,415 Employee Stock Option 21,825		
11/2007	10	1,200,000	12,000,000	556,051	5,560,514	Employee Stock Option 18,115	None	TSE No.0960037136
03/2008	10	1,200,000	12,000,000	556,750	5,567,504	Employee Stock Option 6,990	None	TSE No.09700075761
05/2008	10	1,200,000	12,000,000	556,893	5,568,931	Employee Stock Option 1,427	None	TSE No.09700142371
09/2008	10	1,200,000	12,000,000	598,203	5,982,028	Capitalization of Profits 301,637 And Capital Surplus 111,092 Employee Stock Option 368	None	FSC No.0970036239
02/2009	10	1,200,000	12,000,000	596,910	5,969,099	Treasury Stock write-off 12,929	None	TSE No.0980003591
03/2014	10	1,200,000	12,000,000	591,995	5,919,949	Treasury Stock write-off 4,915	None	TSE No.13000058351

April 12th, 2019/Unit: shares

Type	**Authorized Capital**				**Remark**
	Issued Shares	**Treasury Stock Shares**	**Un-issued Shares**	**Total**	
Common Share	591,994,919	0	608,005,081	1,200,000,000	

SHELF REGISTRATION

Type	Shares Expected to Issue		Issued Shares		Objective and Expected Benefit of Issued Shares	Expected time of Un-issued Shares	Remark
	Total Shares	Amount	Amount	Price			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4.1.1 Composition of Shareholders

April 12th, 2019/Unit: share

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Retail investors	Treasury Stock	Total
Persons	0	4	243	134	69,414	0	69,795
Shares	0	101,048	23,290,373	72,748,075	495,855,423	0	591,994,919
Shareholding	0.0%	0.02%	3.93%	12.29%	83.76%	0.0%	100.00%

Note: The first-listed companies and cabinet companies should disclose their shareholdings in land-based capital; land-based capital refers to the people, legal persons, organizations, and other organizations in mainland China as stipulated in Article 3 of the People's Republic of China to Taiwan Investment Permit Measures, or its investment in a third region.

4.1.2 Distribution Profile of Shareholder Ownership – Common Share

April 12th, 2019/Par value per share: NT$10

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned (shares)	Holding (%)
1~999	32,496	2,482,505	0.42%
1,000~5,000	25,386	58,349,509	9.86%
5,001~10,000	5,977	48,679,201	8.22%
10,001~15,000	1,645	20,822,296	3.52%
15,001~20,000	1,392	26,275,357	4.44%
20,001~30,000	1,032	26,761,174	4.52%
30,001~40,000	460	16,637,635	2.81%
40,001~50,000	370	17,286,584	2.92%
50,001~100,000	555	41,028,198	6.93%
100,001~200,000	277	38,843,864	6.56%
200,001~400,000	111	31,828,781	5.38%
400,001~600,000	27	13,434,860	2.27%
600,001~800,000	15	10,649,780	1.80%
800,001~1,000,000	15	13,902,221	2.35%
Over 1,000,001	37	225,012,954	38.00%
Total	69,795	591,994,919	100.00%

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not Applicable

4.1.4 Major Shareholders

April 12th, 2019

Shareholding / Name	Shares Owned	Holding %
Chou-Chye Huang	92,737,817	15.67%
De-Zhong Liu	13,045,795	2.20%
Norges Bank	11,426,000	1.93%
Global View Co., Ltd.	10,038,049	1.70%
Chih-Hao Gong	8,253,160	1.39%
Polunin Emerging Markets Small Cap Fund, LLC	7,732,825	1.31%
Wen-Qin Lee	7,000,000	1.18%
Dimensional Emerging Markets Value Fund	6,588,620	1.11%
Citigroup (Taiwan) Commercial Bank is entrusted with the DFA Investment Diversified Group's Emerging Markets Core Portfolio Investment Account	6,073,153	1.03%
Chase Managed Advanced Starlight Advanced General International Stock Index	5,294,000	0.89%

4.1.5 Net Worth, Earnings, Dividends, and Market Price per Share

Year / Item			2017	2018	Ended of March 31st, 2019
Market Price	Highest		20.20	19.00	14.10
	Lowest		11.00	9.66	10.85
	Average		14.52	14.24	12.38
Net Worth	Before Distribution		15.15	14.30	14.42
	After Distribution		14.45	(Note1)	(Note1)
Earnings Per Share	Weighted Average Shares		588,434,923	588,434,923	588,434,923
	EPS (Note 2)	Before Adjustment	0.72	0.01	0.01
		After Adjustment	0.72	(Note1)	-
Dividends Per Share	Cash Dividends		0.70(Note6)	(Note1)	-
	Stock Dividends	From Profits	-	(Note1)	-
		From Surplus	-	(Note1)	-
	Accumulated Undistributed Dividends		-	(Note1)	-
Return on Investment	Price/Earnings Ratio (Note 3)		20.17	1,424.00	1,238.00
	Price/Dividend Ratio (Note 4)		20.74	(Note1)	-
	Cash Dividends Yield Rate (Note 5)		0.05	(Note1)	-

Note 1: Pending shareholders' approval

Note 2: Retroactively adjusted for stock dividends and stock remuneration to employees

Note 3: Price/Earnings ratio=average market price/earnings per share

Note 4: Price/dividends ratio=Average market price/cash dividends per share

Note 5: Cash dividends yield rate=cash dividend per share/average market price per share

Note 6: Capital reserve cash is NT$ 0.1467 per share, and the surplus is calculated as surplus NT$ 0.5533 per share, totaling NT$ 0.70 in cash per share

4.1.6 Dividend Policy

a) Dividend policy in the "Article of Incorporation"

Our dividend policy is made according to regulations set forth in the "Company Act" and the "Article of Incorporation". The dividends can be in the form of cash or stock, which depends on the status of company's capital, financial structure, operational needs, retained earnings and industrial environment. The dividend policy for this year will follow the aforementioned rules and maintain the policy of cash dividend with stock dividend, while cash part shall not be less than 10% of the total dividend.

b) Stock dividends for 2018

Board' proposal waiting for shareholders' approval :(1).legal reserve NT$561,634 (2)Special reserve N$241,172,672 (3) No dividends are available for distribution this year

c) The proposed capital reserve of the shareholders' meeting is cashed out

The Company's capital reserve for the year 2018 was cashed out, was approved by the board of directors on March 20, 2019 (not yet passed by the shareholders' meeting), it is proposed to allocate more than NT$213,118,171 of the capital reserve of the excess amount of the issued amount of the issued shares to the shareholders, shareholding of the cash register on the basis of the capital reserve, NT$0.36 in cash per share.

d) **Expected Variation: None**

4.1.7 Impact to Profits and EPS Resulting from Dividend Distribution

Due to no official financial guidance there is no related information to disclose.

4.1.8 Profits Distributed as Employee Rewards and Directors and Supervisors' Compensation

a) **Regulations Concerning Rewards to Employees, Directors, and Supervisors in the "Article of Incorporation"**

If the Company has a profit for the year, should be raised not less than one percent for the staff and not more than one percent. Five for the directors reward. But the company still has accumulated losses (including the adjustment of undistributed surplus amount), should be kept in advance to make up the amount.

The former employee is remunerated by stock or cash, which shall be made to include the employees of the subsidiary who meet the conditions set by the Board. The remuneration of the former directors is only in cash.

The first two items should be resolved by the board of directors, and report to the shareholders' meeting.

When allocating the net profits of each fiscal year, the Company should pay the taxes and make up the losses in previous years; and then shall set aside 10% of the rest after paying tax and making up loss as a legal capital reserve until the accumulated legal capital reserve has equaled the total capital of the Company; In accordance with the law or the competent authorities, to allocate or rotate the special surplus reserve, the surplus, together with the previous accumulated unallocated surplus, is the shareholder's dividend, the board of directors is proposing to assign a motion, to be circulated after the resolution of the shareholders' meeting. But the ratio of the distributions offered by the surplus and the cash dividends of the shareholders, depending on the actual profit and the state of the funds, adjusted by the shareholders' meeting. The above cash dividend shall not be less than 10% of the total dividend of the shareholders to be distributed, but the cash dividend per share is lower than NT$0.5 will not be issued.

In the event that the previous year's accrued or current year occurred but the annual after-tax surplus was not included in the shareholders', accrual of the same amount of surplus reserve due from the previous year's accumulated unallocated surplus, and deducted before being allocated for distribution.

b) **BOD Proposal to Distribute Profits as Bonus to Employees, Directors, and Supervisors**

The BOD meeting proposed to distribute the profits in 2018
Cash bonus to Employee NT$79,590
Cash bonus to Directors NT$119,384

c) **Bonus to Employees, Directors, and Supervisors for last fiscal year**

Approval by shareholders' meeting on June 11th, 2018, the company decided to distribute the profits of 2016
Cash rewards to Employee NT$4,322,651
Cash bonus to Directors NT$6,483,975

The above distributions are not different from those of the Board of Directors of the Company dated 14 March 2018.

4.1.9 Buyback of Common Shares

None

4.2 Issuance of Corporate Bonds

None

4.3 Preferred Shares

None

4.4 Issuance of GDR

March 31st, 2018

Item \ Issuing Date		March 16, 2001	
Issuing Date		March 16, 2001	
Issuance & Listing		London Stock Exchange Listed	
Total Amount		US$191,400,000	
Offering Price per Unit		US$9.57	
Issued Units		14,737,222.5	
Underlying Securities		Offering 20,000,000 new shares of common stock of par value NT$10	
Common Shares Represented		29,474,455 Common Shares	
Rights and Obligations of GDR holders		Same as common share holders	
Trustee		N/A	
Depositary Bank		The Bank of New York	
Custodian Bank		Mega International Commercial Bank	
GDRs Outstanding		176,225 units	
Apportionment of the expenses for the issuance and maintenance		All fees and expenses related to issuance of GDRs were borne to the selling shareholders and Sunplus, while the maintenance expenses such as annual listing fees, information disclosure fees and other expenses were borne by Sunplus	
Terms and Conditions in the Deposit Agreement and Custody Agreement		-	
Closing price per GDRs	2018	Highest	US$1.27
		Lowest	US$0.64
		Average	US$0.952
	January 1 to March 31, 2019	Highest	US$0.91
		Lowest	US$0.71
		Average	US$0.798

4.5 Employee Stock Options Plan

4.5.1 Issuance of Employee Stock Options and Its Impact to Shareholders Equity

4.5.2 Stock Option to Management Team and Top 10 Individual

4.6 Restricted Employees Stock

Not applicable

4.7 Mergers and Acquisitions

Not Applicable

V. Financial Plan & Implementation

Not Applicable

VI. Business Highlight
6.1 Business Activities
6.1.1 Business Scope
a) Major Business

CC01080 Manufacturing of electronic component
I501010 Product Designing
F401010 International Trading
I301010 Software Design Services
I301020 Data Processing Services
R&D, Manufacturing, Testing, Selling of

(1) ICs
(2) modules
(3) Application software
(4) IPs
(5) Trading and Agency Business of ICs

4 Product Segments and Sales Amount

Unit: NT$K, %

Product Categories	2018	
	Amount	Percentage %
IC income	5,663,059	93.18
Other	414,674	6.82
Total	6,077,733	100.00

6.1.2 Plan to develop new products (services)

Company	Plans to develop new products
Sunplus Technology	(1) Car entertainment system chip (2) Vehicle smart cockpit system chip (3) Vehicle navigation and driving assistance system flat (4) Medium and high-order Soundbar system chip (5) High-speed interface IP (6) High - performance data converter (7) Analog IP
Generalplus Technology	(1) Consumer product line More audio channel / voice and image output higher resolution / support higher data compression rate / built-in more standard interface (standard interface) / low operating voltage and low power (low power) of the product (2) Multimedia product line Provides high, medium and low order multimedia IC solutions, focusing on high-speed CPU / DSP performance, high-resolution image compression, playback and storage technology (3) MCU product line Home appliances, handheld devices, PC and other peripheral applications related to the microcontroller, charging microcontrollers, high-performance brushless motor microcontrollers and other related products
Sunplus Innovation Technology	(1) High integration, multi-function micro-controller (2) High-integration, multi-functional optical

	mouse system integrated chip (3) Wireless mouse, wireless keyboard and intelligent remote control overall solution (4) USB3.0 Advanced 8Mp NB/Web Cam Controller IC (5) USB3.0 3D NB/Web Cam Controller IC (6) USB2.0 Low Power NB Cam Controller IC
iCatch Technology	(1) H.265 UHD (4K) / SHV (8K) SoC chip products: used in ultra-high quality, high compression, high performance, low power image processing products (2) High-speed interface IC: to provide high-speed, high-quality transmission interface, to connect multiple video recorders. Used in 360-degree panoramic video car and monitor the market demand
Sunext Technology	(1) Advanced high - end process ultra - high quality Blu-ray read - only storage control chip (2) Multi-channel optical storage servo motor drive control chip

6.1.3 Industry Overview

a) Industry Status and Exhibition

2018 global IC design industry share to the highest in the United States, Taiwan second, China has grown fast and has risen to third place. According to the Institute of Industry Intelligence Research (MIC) estimates, Taiwan IC design industry in 2018 outstanding performance, 2019 will remain growing momentum, and because of the strong demand for high-end process, Taiwan wafer foundry output will grow. And driven by high-end packaging needs, Taiwan IC packaging and testing industry to restore growth momentum. In the IC design industry, ITRI IEK industry analyst Zhehao Fan pointed out, at present, the international semiconductor manufacturers emphasize life applications and user experience, technology layout direction will also be its own advantages of technology as the core, locking the wisdom of computing, wisdom, sensory transmission and other things required for the development of the three major technical direction, build a more open industrial ecology, more interoperable platform.

b) Supply Chain

In the product development flow, Sunplus focuses on IC design, system design, wafer testing and sales services but out-sources most of the manufacturing including mask making, wafer fabrication, wafer sawing, packaging and final testing. The infrastructure of semiconductor industry in Taiwan is very efficient; we have foundries like TSMC, UMC, etc., and backend assembly and testing houses such ASE, SPIL and KYEC. Since those factories are located in Hsinchu Science Park or nearby, the “Cluster” effect could enable high production efficiency.

c) Market Trend and Competition

Company	Main **Product**	Product development trends and competitive situation
Sunplus	IC products used in DVD players, automotive information and entertainment systems, and authorized high-speed interface IP, high-performance data converter IP and analog IP	Sunplus is currently focuses on the development of automotive chip products and systems platform, has been launched with advanced driving support system function (ADAS) of the wafer platform products, and car information entertainment system (IVI), BoomBox, SoundBar, portable entertainment systems and other products. There is also a high-speed interface, data converters and analog IP licenses. As depots gradually introduce ADAS applications, Goldman Sachs

		Research Department pointed out, the current ADAS penetration rate in Europe, America and Japan is only 8-12%, and estimated 2015~2025 ADAS annual compound growth rate up to 42%, Barclays Securities estimates that ADAS penetration will exceed 25% by 2020, future related applications will be more popular, Sunplus will become the main revenue and profit growth momentum. Foreign European and Japanese semiconductor manufacturers and domestic MediaTek as the main competitor. In the product development of car infotainment systems, it focuses on the application of mobile internet, such as Apple CarPlay and Google Android Auto. This application, as shown on Apple's official website, is currently available on more than 500 models, showing its growth trend. Extending Sunplus's IVI system advantages and customer channels, we are also developing smart cockpit applications to meet the trend of automotive integration and intelligent architecture design. In addition, we have also found that AI technology is maturing. It is expected that AI will be widely used on various devices, including consumer products and automotive products. So now Sunplus has also invested resources to explore the possibility of AI applications, so that future products can use AI. The introduction of technology provides consumers with a better experience.
Generalplus	A.Consumer IC : 1. 8/16-bit LCD control IC 2. 8/16/32-bit voice / music control IC 3.16-bit SMS / caller ID B. Multimedia IC 1. 16/32-bit MCU/DSP JPEG/MPEG/H.263/H.264 Decoder/Encoder C. MCU IC 1.Remote control IC 2. Motor Control IC 3. Industrial Control IC	In the intelligent interactive toys and educational learning platform products and competitors compared, the company's special wisdom interactive technology and complete the total solution favored by customers, and technology leadership and response quickly known, will raise the threshold of competition, and leading the industry to launch 16/32 bit platform, and provide customers with complete development tools and libraries, it is easy to develop content , to achieve the competitor is not easy to achieve interactive features, the leading position in the industry.
Sunplus Innovation Technology	Micro-control product line, used in computer and home appliances such as keyboard, mouse, and remote control; Image product line, used in external network camera, NB laptop built-in network camera	Optical mouse image sensor main suppliers to the original phase technology-based, MCU major suppliers to Holtek, Sonix, Elan and the company mainly. The company's leading industry has introduced a high-integrated wired optical mouse single chip, provide Total solution for customers with wired and wireless handsets, and become a major supplier of optical mouse optical chips. NB Camera IC leading manufacturers for the domestic Sonix Technology and Realtek, the company in the plug-in Webcam product competition, has been the major international manufacturers, including Logitech (Logitech) and other quality recognition, as its long-term

		cooperation with the supplier.
iCatch	1. H.264 FHD SoC chip products: Used in H.264 video compression, high resolution digital camera with high resolution and high frame rate (FHD DSC), wearable carriage, carriage recorder (Car Cameras), IP Security Cameras and Sport Cameras. 2. Mjpeg HD SoC chip products: For low-cost HD DSC, Sport Cameras, Car Cameras, IP Security Cameras, 3. ISP SoC chip products: Used in Tablet PC, Smart Phone required video recording function.	Medium and low order digital cameras are driven by mobile devices, resulting in global digital camera sales continue to show a downward trend. But the public for high-performance video and video products demand continues to introduce new, equipped with H.264 / H.265 video compression, high resolution and high frame rate of high-end digital camera, wearable camera, sports video recorder, driving recorder and IP camera growth of five applications can be expected. Digital video and imaging system single chip core technology threshold high, the main competitor is only Ambarella.
Sunext	Light storage control chip Multi-channel digital motor driven chip	With the Ultra HD Blu-ray (Ultra HD BD) standard specification, with 4K TV strong promotion and gradually popular, ultra-high-definition Blu-ray player will be 4K film and television content broadcast the main medium. Ultra-high-definition Blu-ray player servo control chip has been officially mass production, Sunext will become the opportunity to grow revenue. In addition, Hong Yang and actively develop multi-channel digital motor-driven chip products, is entering the final commercialization system integration and customer recognition stage, the core technology will be the basis for the development of Sunext, and hope to become the automation industry integration program of the best supply partners.

6.1.4 Technology and Development

a) R&D expenditure

Unit: NT$K, %

Year / Item	2018	Ended March 31st, 2019
Expense	1,699,345	357,494
Percentage to Revenue	28%	30%

b) R&D Accomplishment

Company	Accomplishment	Applications
Sunplus	H.264 decoder MPEG2/4 decoder Servo Control HDMI DVD JPEG decoder Video encoder	1. Automotive information and entertainment system chip 2. Car Play / Android Auto platform products 3. Automotive smart cockpit platform products 4. ADAS system platform 5. Medium and high-order Soundbar system chip 6. High-speed interface IP 7. High - performance data converter

		8. Analog IP
Generalplus	4-ch Voice/Music IC LCD Controller 8-ch Voice synthesizer USB audio controller SoC for dash cam supporting HD 720p SoC for dash cam supporting HD 1080p Remote controller with LCD controller integrated High anti - interference touch IC Wireless charging controller	RISC CPU ARM Coretex-M4 32bits CPU MCU for home appliance, wireless charger, etc.
Sunplus Innovation Technology	1.MCU for mouse/KB controller, remote controller 2.ISP for PC camera, NB cam, web cam, etc 3..Low power consumption high integration microcontrollers 4.Wireless transmission technology with voice input and 3D navigation 5. USB2.0 to SATAII bridge 6. Face and gesture identification IC	MCU, highly integrated optical mouse controller, wireless mouse/KB controller, USB3.0 Web cam controller , USB 2.0 low power NB cam controller, etc.
iCatch	JPEG encoding MPEG4 encoding H.264 encoding H.265 encoding	H.265 UHD SoC high speed interface control
Sunext	USB DVD-RW SoC Optical servo controller for CD/DVD/BD	UBD motor driver

6.1.5 Business Plan

Short-term business plan:

Sunplus is focusing on developing automotive wafer products and system platforms, Has launched advanced driver assistance system (ADAS) wafer platform products. Successfully developed single-chip products and system solutions for audio products such as CarPlay/Android Auto AV system, Boombox, and Soundbar, and portable audio/video entertainment systems. It also provides IP authorization such as high-speed interface, data converter and analogy. As ADAS related systems have been successively included in the implementation of legislation in various countries, front-line depots have also introduced ADAS applications. Market adjustment agencies estimate that ADAS's annual compound growth rate can reach 35%. Barclays Securities further predicts ADAS penetration rate by 2020. Will exceed 25%, future related applications will become more popular, and will become the main growth driver for Sunplus's revenue and profit. In the product development of car infotainment systems, it focuses on the application of mobile internet, such as Apple CarPlay and Google Android Auto. Such applications, such as Apple's official website, have been carried by more than 500 models, showing its growth trend. Sunplus will successively launch its successor products to meet the needs of customers after loading and front loading. In addition, in the home market, Sunplus also supplies global well-known brand customers Soundbar and audio products system single chip, and continues to work closely with audio and audio codec manufacturers to integrate advanced audio processing technology into Sunplus' system platform. To provide a good experience for end consumers.

Generalplus focuses on consumer electronics chips, product lines include voice, multimedia, and microcontroller chips, and product development ranks the market leader. The main applications include multimedia interactive toys, educational learning, voice and LCD control, MP3, consumer digital camcorders and MCU and other related applications. In the consumer product line, it is expected to maintain stable growth and profitability. In the multimedia product line, focusing on intelligent interactive robots, wearable devices, IoT start-up products, driving recorders, aerial recorders, sports DVs, etc., is expected to continue to grow in product development and market expansion. In the MCU product line, more emphasis will be placed on the planning and development of new product lines and the establishment of new customers, investing more resources and accelerating the expansion of product lines.

Sunplus Innovation Technology focuses on computer peripheral application development, products include PC man-machine interface chip, webcam chip, optical sensor, RF wireless transmission chip, remote control IC, etc. Most of the 2017 sales amount came from PC-related mouse keyboard and camera chip solutions, and a small percentage of it came from high-calibration and remote control chips. Because the PC and notebook market has shrunk and the competition in the industry is fierce, Sunplus Innovation Technology's 2017 earnings decline. After resource adjustment and expansion of new product lines, we hope to increase the proportion of non-PC-related products such as Gao Paiyi wireless remote control and on-vehicle cameras, and return to a stable growth track after 2018.

iCatch Technology Inc. product research and development focuses on low-power, high-efficiency, superior HD video compression and image quality, combined with low-cost structure. R&D chips are widely used in smart phones, tablet PCs, wearable cameras, driving recorders, drones, digital cameras and IP cameras. Currently actively researching and developing OpenCV with 28nm low-power advanced process, 4K UHD ultra-high resolution, H.265 video compression and instant computer vision. Consumer demand for high-performance video and imaging products is constantly being improved, and the high-resolution and high-frame-rate related image processing chip market will have very large room for growth. This is also the main focus of the iCatch Technology Inc. future market and operational growth. And aiming to become a world-class leader in digital video and imaging system chip solutions.

Sunext Technology has gradually adjusted its product lines, committed to the development of new technologies and new products, and strived to improve operational efficiency. In recent years, the company has been operating near profit and loss. Ultra-high-definition Blu-ray player servo control chip has been officially mass production, with the Ultra HD BD standard specification confirmed, consumer demand for 4K ultra-high-definition content, will become the growth of Sunext revenue opportunities. In addition, Sunext actively develops multi-channel digital motor drive chip products and is entering the stage of final commercialization system integration and customer recognition. This core technology will be the basis for the development of Hongyang, and it is expected to become the best supplier of automation industry integration solutions.

Long-term development:

Sunplus Technology includes all of the Group's consolidated entities, will continue to deepen its core competitiveness in all areas, strive to expand the market to increase market share, develop high value-added products to improve gross margin, observe the boom and market trends, adjust and optimize the product line Reinvestment to improve the performance of industry and industry investment, at the same time, it actively invests in the development of advanced technologies and products, expands the scale of operations, enriches the operating team and enhances the company’s visibility and image, in the hope of creating more profit for all shareholders.

6.2 Market Status

6.2.1 Market Analysis

a) Market Analysis by Region

Unit: NT$K, %

Area	2018	
	Amount (NT$K)	Percentage (%)
Asia	4,067,191	66.92
Taiwan	1,908,470	31.40

Others	102,072	1.68
Total	6,077,733	100

b) Market Share

In the 2018 Taiwan IC design industry, the value of innovation in output value reached NT$625.1 billion, a 10.2% increase from the previous year. Digitimes Research analyst Chai Huanxin said that Taiwan's IC design output value is expected to continue in 2019, but the largest application of smart phone market shipments may not be easy to pick up, in contrast, panel driver IC and AI, 5G and other new applications will be relatively growth. The company's 2018 consolidated revenue was NT$6.08 billion, with a market share of approximately 9.7%.

c) Demand and Growth

According to the MIC, the demand for special application chips (ASIC) is rising in 2019, and Taiwan IC design related companies are expected to benefit. Senior industry analyst Ye Junxiu pointed out that ASIC chip demand has always existed, but from 2018, the demand increase has been observed. In the past, mainstream demand was centered on 3C, but with the development of the Internet of Things, the product category is moving towards diversified development, including AI. Development has also opened up the market demand for cloud and terminal inference of customized chips. Under this wave of demand, Taiwanese companies are expected to benefit from the simultaneous benefits. In addition to the existing IC design service providers, traditional IC design vendors can also accumulate the bottom layer in the past. IP provides the foundation for the development of ASIC services, with advanced process development experience to provide services.

According to Ye Xixiu, senior industry analyst at MIC, the IC design service revenue in Taiwan has maintained a growth of about 10% year-on-year. This shows that demand is still growing steadily, although ASIC is not a high overall proportion, but customized services. Maori is also attracting many traditional IC design companies. Take Taiwanese factory dynamics as an example. In the past, IC design service providers such as Creative and Zhiyuan provided ASIC design services. Now, MediaTek and Sunplus have established ASIC departments to develop their own IP and high-end process chips through long-term accumulation. The ability to assist customers in the development of unique application chips, and further expansion of applications beyond the 3C market. In the process part, the package is transmitted through the SiP module type, integrating sensors of different processes such as sensors, memory, and processing cores to improve the efficiency of the wafer and bring about wafer diversity. In view of this, Lingyang has invested a relatively large amount of resources in the intelligent computing project (Plus1) IC development in the past few years, which can be applied to AI. As customers gradually understand acceptance and market demand increases, sales will have an opportunity to grow year by year.

Company	Product	Demands
Sunplus	Car infotainment &ADAS	With advanced ADAS related systems gradually listed in the legislation implementation regulations of various countries, first-line depots have also introduced ADAS applications, the market adjustment agency estimates that ADAS' compound annual growth rate can reach 35%, and Barclays expects ADAS penetration rate will exceed 25% by 2020, future related applications will become more popular, Strategy Analytics predicts ADAS output will exceed 26 billion U.S. dollars by 2020.
Generalplus	Education and learning toys	Electronic education toys have been more than ten years of history, because of its excellent interaction and sound and light effects, can help children to learn from the shape, name, number to

		text and so on, through fun games and interactive processes, due to the prevalence of smart phones and tablet PCs, for school age children and adolescents, in the electronic trend, manufacturers have also begun to launch such as Tablet PC learning platform, children in the subtle, but also because the learning effect is better than traditional books development of fast learning, so the market continues to grow rapidly.
	Intelligent interactive toys	In recent years, the rapid development of electronic chips and a large number of various sensors used, so that toys are no longer just dull and passive amusement equipment, but with a lot of sound and light effects and interactive features of interesting products, at the same time in the smart phone, flat on the Apps game popular, toy manufacturers also follow the trend of the launch of interactive toys with Apps, but also caused another wave. At present, toy manufacturers are striving to develop the interactive electronic toys, at the same time with a variety of strong movies, TV animation, so that each year has a high degree of electronic toys growth, At present, the annual turnover of intelligent interactive toys of the Company can reach hundreds of millions of pieces, for the highest market share of IC design company.
	Wireless charging	The development of wireless charging technology, has now gradually become standardized. According to the market regulator IHS iSuppli forecast 2015 will exceed 100 million units of electronic devices equipped with wireless charging function. IHS also statistics, Global Wireless Receiver and Transmitter Market, Is expected to grow from 25 million in 2013 to 1.7 billion in 2023, a number of mobile phone manufacturers have been imported wireless charging, the market will continue to be optimistic.
	Driving recorder market	Driving record total 720P market size in 2014 has exceeded 10 million units, while the 1080P

		part of the show doubled growth, 2014 has exceeded 8 million units, coupled with the demand for dual photographic lens gradually rise, it is expected that there will still be a lot of room for growth in the market in the next few years.
Sunplus Innovation	Keyboard, mouse, and remote control PC / NB cam	PC laptop market shrunk by nearly 10%, Competition in the same industry is more intense, resulting in PC peripheral applications based HID man-machine interface device market, declining state. In the Tablet PC with smart home appliances will be very promising market direction. 5Mp and 8Mp Tablet PC with Internet Camera is a new demand and technical ability to upgrade, the company has been in this direction of high-end video products into research and development, create new products and applications for tablets. Also actively increase the non-PC-related product lines such as high-shot wireless remote control and car camera, reduce the dependence on the PC market.
iCatch	High - order digital camera Wearable camera Driving recorder IP camera	The public for high-performance video and video products to improve demand, equipped with H.264 / H.265 video compression, high resolution and high frame rate of high-end digital cameras, wearable cameras, driving recorders and IP camera growth of the four applications can be expected, the four major application market from 2013 to 2017 annual growth rate will be more than 35%.
Sunext	Ultra HD Blu-ray player	Major TV manufacturers strongly promote of 4K TV, in order to maintain the 4K video content playback quality and consumer viewing effect, Ultra-high-definition Blu-ray player (UHD BD Player) will be 4K film and television content broadcast the main media. So ultra-high-definition Blu-ray servo control chip will have the opportunity to gradually grow in the future.

d) Advantages and disadvantages of competitive advantages and development prospects

(1) Competition Analysis

(a) Accumulation and impartation of the experience of the R&D team

The company since its inception in 1990 that is positioned as IC design company, management team has established a complete product development, technology management, marketing and other systems, and passed on to the backward employees**, s**o that technology without fault, customers less complain, the staff personal growth achievements. In addition, Sunplus and actively establish a patent layout, so that the core IP research and development can create more value.

(b) Focus on high-level consumer IC market, enlarge the distance from competitors

Since the IC market is extremely competitive and stagnation is an ever-present trap, we keep on bringing in a large number of R&D resources to develop new high-level consumer products and widening the distance between us and other competitors. Meanwhile, Sunplus' numerous product lines give us a tremendous advantage over our competitors. We are the kind of customer that prized by most wafer foundries because our wafer demand does not fluctuate when a few products are eliminated. Due to our steady stream orders to our wafer suppliers, we enjoy more consistent wafer supply during peak seasons over our competitors. This also allows us to keep our wafer costs at a competitive rate.

(c) Strategic cooperation with upper stream and down- stream factories

In recent years, Sunplus has increased cooperation between our upper stream and down-stream factories. We believe that this new strategic and more dynamic cooperation relationship will bring positive contributions to our production and marketing in the long term.

(d) Maintain long-term and stable cooperative relationship with customers

Consumer electronic products rely on IC to raise their added-on value; consequently the manufacturers and brand-names choose their IC suppliers with extreme caution by evaluating their product specification, features, delivery term, yield rate, and sales service. IC design houses have to work in coordination with customers to build up long-term relationship and facilitate the cooperation.

Sunplus is always devoted itself to cutting-edge technology development and have accumulated IC design expertise. We also adopted distributors as expanding sales channels to reach more customers with strongly support and best service. Till today, we have sustained a strong relationship with a lot of end-product manufacturers worldwide.

(2) Advantages

(a) Sunplus offers high value-added products to enable customer to win the market.
(b) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.
(c) Sunplus has strong IC design capability to meet customers' requirements for time to market and costs reduction.
(d) Sunplus has built up long-term relationship with wafer foundries due to our steady demand for wafers, and therefore we can get stable supply and lower prices from wafer foundries.
(e) Sunplus have developed a strong technology and customer base on car entertainment IC that makes Sunplus easier to get into automotive ADAS applications

(3) Disadvantages

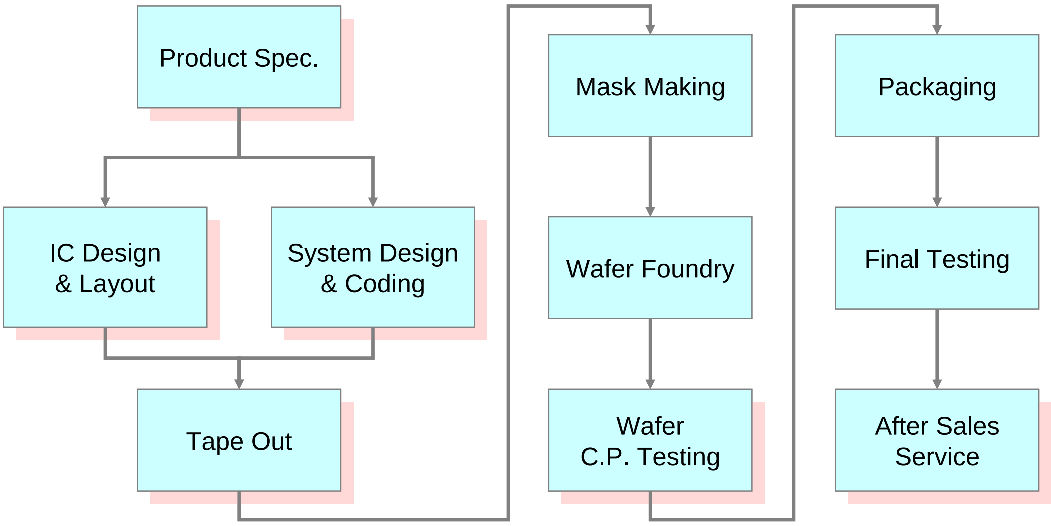
(a) The competitors are mainly international and big IC design companies.
(b) Revenue and growth are slowing down due to poor PC demands.
(c) SoC design and integration of features and functions, which developing products costs are a lot more than before, has become the trend of IC design.
(d) Consumer application demands link to world economics.
(e) There is high entry-barrier to get into automotive market.

(4) Business Strategy

(a) Developing new and high value-added products.
(b) Process migration to make per wafer productivity higher and drive cost down.
(c) Expanding strategic partnership with clients to create win-win situation.
(d) Collaboration with partners to broaden IP licensing sources.

6.2.2 Product Applications and Development Flow

a) IC Development Flow



In the product development flow, Sunplus focuses on IC design, system design, wafer testing and sales services but out-sources most aspects of the manufacturing including mask making, wafer fabrication, wafer sawing, packaging, and final testing.

6.2.3 Major Suppliers

The major materials are wafers, at present the main suppliers for domestic and foreign wafer foundry manufacturers, whose wafer supplements are sufficient and stable.

Main raw material name	Major suppliers	Supply status
Wafer	A, B, D	Quality and supply stability, long-term cooperation, the supply situation is good.

6.2.4 Major Customers and Suppliers in the Recent Two Years

a) Major Customers

Unit: NT$K

2017				2018				End of March, 31, 2019			
Customer	Sales Amount	% of Total Sales	Relation with Sunplus	Customer	Sales Amount	% of Total Sales	Relation with Sunplus	Customer	Sales Amount	% of Total Sales	Relation with Sunplus
A	1,083,925	15.89	No	B	763,906	12.57	No	C	176,974	15.00	No
B	798,635	11.71	No	C	652,318	10.73	No	B	141,158	11.97	No
C	658,358	9.65	No	A	622,701	10.25	No	D	116,392	9.87	No
Others	4,279,319	62.75		Others	4,038,808	66.45		Others	745,076	63.16	
Net sales	6,820,237	100.00		Net sales	6,077,733	100.00		Net sales	1,179,600	100.00	

b) Major Supplier

Unit: NT$K

2017				2018				End of March, 31, 2018			
Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus
A	1,098,986	39.78	No	A	953,504	38.84	No	A	150,156	39.34	No
B	324,802	11.76	No	B	233,065	9.49	No	C	35,312	9.25	No
C	222,943	8.07	No	C	192,493	7.84	No	B	34,234	8.97	No
Others	1,116,224	40.39		Others	1,075,991	43.83		Others	161,984	42.44	
Net purchase	2,762,955	100.00		Net purchase	2,455,053	100.00		Net purchase	381,686	100.00	

6.2.5 Production

Unit: thousand pcs, NT$K

Year / Product	2017			2018		
	Capacity	Output	Value	Capacity	Output	Value
Multimedia ICs	-	714,121	4,134,661	-	643,298	3,670,886
IC income	-	18	20,307	-	17	23,111
Total	-	714,139	4,154,968	-	643,315	3,693,997

Note: Sunplus out-sourced production to wafer foundries, so there is no capacity limitation.

6.2.6 Sales

Unit: thousand pcs, NT$K

Year / Product	2017				2018			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
IC income	227,505	2,104,660	477,832	4,049,749	189,206	1,894,980	386,708	3,768,079
Other ICs	-	49,630	-	616,198	-	13,490	52	401,184
Total	227,505	2,154,290	477,832	4,665,947	189,206	1,908,470	386,760	4,169,263

6.3 Personnel Structure

Year		2017	2018	End of March 31, 2019
Workforce Structure by Job Function	R&D	911	757	746
	Production	115	72	73
	Administration	392	333	328
	Total	1,418	1,162	1,147
Average Age		32.7	36.9	37.6
Average Years Served		5.14	6.88	7.86
Workforce Structure by Education Degree	Ph.D.	1%	1%	1%
	Master	40%	38%	38%
	Bachelor	48%	50%	47%
	Other Higher Education	7%	7%	10%
	High School	4%	4%	4%
	Total	100%	100%	100%

6.4 Environmental Protection & Expenditures

6.4.1 Environmental Protection

The company is a high-tech integrated circuit professional IC design firms, in the Hsinchu Science and Technology Industrial Park in the semiconductor research and development, all products commissioned at home and abroad well-known integrated circuit manufacturers manufacturing wafer, relevant aspects of the environmental pollution regulations and the losses caused by non-violation of environmental regulations.

The vast majority of the company's office operations, no facilities and equipment to produce harmful pollution sources, no expenditure on environmental protection operations. On the product, the foundry, package, and test foundry with the best combination of quality, cost, and production efficiency are entrusted to reduce the consumption of defective products and effectively reduce environmental expenditure directly and indirectly. If defective products are produced, they are currently qualified manufacturers. Unpaid cleaning, no clean-up costs.

Sunplus does not violate any EPA regulation regarding pollutants and environmental protection.

To adhere to the conception of Earth Vision, Sunplus has established the environment protection system for fulfilling policies, social responsibilities and obligations, and been ISO-14001 certified.

To reduce the environmental impact of E-Waste, Sunplus supplies customers with hazardous substances free (HSF) and satisfying products, and has been IECQ QC080000 certified.

In order to reduce the impact of the greenhouse effect on the climate, Sunplus Technology conducts independent investigation of greenhouse gas emissions in accordance with the ISO14064 standard and 100 years as the base year of inspections in the Republic of China, and exposes it in the Corporate Social Responsibility Report (CSR Report), according to the results of the self-examination, the annual greenhouse gas emissions in the past three years (2015-2017) were 4957.23, 4681.77, and 4283.61 (tons of CO_2 equivalent), of these, those that belonged to [Scope 1] and those directly emitting emissions (such as official vehicle fuel consumption and generator oil) accounted for only about 0.06% (2017 category 1 was 2.94 tons of CO_2 equivalent). Yu Jun is an Scope II, and the indirect emission of energy such as purchased electricity.

Sunplus is an IC design industry. More than 99.9% of greenhouse gas emissions are indirect emissions. The emission sources mainly come from the water and electricity required by air-conditioning and office lighting. They have passed the plant monitoring system, making air-conditioning equipment more efficient. , At the same time, to promote energy-saving concepts and actions to colleagues, with a goal of reducing the amount by more than 2% annually, reducing unnecessary waste.

In addition, it also actively strengthens employees’ awareness of environmental protection, promotes waste reduction, recycling, energy conservation and water saving, and saves energy resource consumption in order to reduce the impact on the environment.

6.4.2 Working Environment

As the leading company in IC design, it is the company's primary responsibility to care for and care for the company's workers. We provide facilities and environments that are better than the Occupational Safety and Health Act, and set up dedicated organizations and personnel to implement environmental safety and health management related matters.

Employee's workplace is automatically checked and monitored on a regular basis to ensure the safety of employees, the environment and equipment.

In addition, new employees are free of physical examination, and work related to labor health check according to Article 20 of the Occupational Safety and Health Act and the Labor Health Protection Rules, providing employees with comprehensive health checks to ensure that each employee can master their own health.

Since April 2018, the occupational safety and health management system has been promoted, and the management system verification audit has been completed. At the same time, ISO 45001:2018 (Occupational Health and Safety Management Systems) and CNS15506:2011 (TOSHMS, Taiwan Occupational Safety and Health Management System) Taiwan Occupational Safety and Health Management System, two occupational safety and health management systems certification.

6.5 Employees

6.5.1 Employee Welfare

We strive to provide a clean and supportive environment for our employees. We established an Employee Welfare Committee to operate welfare activities including emergency aid, educational grants, book purchase subsidies, social club activities and overseas trips. We also comply with the Labor Standards Law to conduct labor insurance and retirement system programs, and participation with the National Health Insurance plan according to the National Health Insurance Act. Moreover, we also handle group insurance and insurance for employees' family to ensure security for our employees.

6.5.2 Pension Plan

Sunplus has a pension plan for all regular employees, which provides benefits according to the Labor Standard Law. The Company makes monthly contributions, equal to 2% of salaries, to the pension fund, which is administered by a pension fund monitoring committee. The contributions are deposited in the committee's name in the Central Trust of China. Since July 1, 2005, employees who choose Labor Pension Act Implementation Rules of the Labor Pension, the Company makes monthly contributions, equal to 6% of salaries to the personal pension fund of Bureau of Labor Insurance.

6.5.3 Other Affairs

Sunplus have smooth commutation channels with employees. Employees could address their opinions to management team directly. All operations are based on the Labor Standard Law. Sunplus' labor relations are outstanding. We are proud to say that there has not been a single loss resulting from a labor dispute since the establishment of the company.

6.5.4 Training

The Company provides various kinds of external professional training courses & internal training regarding management, professional skills, general skills, special skills, and self-development.

6.5.5 Loss from Controversy between Labor and Management

None

6.6 Important Contracts

Contract	Counter Party	Term	Content	Restriction
Lease of Land	Hsinchu Science Park Administration	1995/8/01-2034/12/31	Lease of Land	Self-use
Lease of office	Hsinchu Science Park Administration	2012/01/01~2018.12.31	Lease of office	-
Licensing	KPENV	2006.Feb ~	IP Licensing	Subject to agreement
Licensing	Broadcom International	2008.Feb ~	IP Licensing	Subject to agreement
Licensing	ARM Limited	2007.12.27 ~	ARM7 TDMI-Score	Only license Generalplus
Licensing	ARM Limited	2010.06.01 ~	CORETEX-A8 Score	Only license Generalplus
Licensing	ARM Limited	2008.03.09 ~	ARM926EJ-Score	Only license Generalplus

VII. Financial Statements

7.1 Condensed Financial Statement and Auditors' Opinions by adopting IFRSs

7.1.1 Condensed Balance Sheet by adopting IFRSs-Consolidated

Unit: NT$K

Year / Item		Recent 5 Years (Note 1)					End of March 31, 2019 (Note 4)
		2014 (Note 3)	2015	2016	2017	2018	
Current Assets		8,037,727	8,705,229	8,792,142	8,561,910	6,638,302	6,362,687
Fixed Assets		3,490,672	3,563,095	2,265,910	2,164,154	2,052,359	2,059,763
Intangible Assets		278,188	193,481	191,024	196,131	178,521	169,359
Other Assets		3,012,857	3,137,202	3,379,946	2,557,784	3,057,802	3,380,721
Total Assets		14,819,444	15,599,007	14,629,022	13,479,979	11,926,984	11,972,530
Current Liabilities	Before Distribution	2,709,677	2,740,858	3,045,403	2,190,116	1,684,729	1,399,863
	After Distribution	2,709,677	3,267,733	3,134,084	2,517,667	(Note 2)	(Note 2)
Non-Current Liabilities		1,070,564	1,632,909	895,442	646,578	374,649	603,710
Total Liabilities	Before Distribution	3,836,100	4,373,767	3,940,845	2,836,694	2,059,378	2,003,573
	After Distribution	3,836,100	4,900,642	4,029,526	3,164,245	(Note 2)	(Note 2)
Equity Attributed to Shareholder of the parent		9,324,318	9,530,012	9,024,254	8,966,236	8,465,942	8,538,080
Capital Stock		5,919,949	5,919,949	5,919,949	5,919,949	5,919,949	5,919,949
Capital Surplus		936,051	897,317	911,110	835,241	801,398	805,187
Retain Earnings	Before Distribution	1,813,177	2,444,655	2,012,196	2,336,709	2,250,839	2,255,899
	After Distribution	1,813,177	1,917,780	1,923,515	2,009,158	(Note 2)	(Note 2)
Unrealized Gain (Loss) on Financial Merchandise		309,932	331,492	244,400	(62,262)	(442,843)	(379,554)
Cumulative translation adjustments		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions		1,598,388	1,695,228	1,663,923	1,677,049	1,401,664	1,430,877
Total Equity	Before Distribution	10,365,512	11,225,240	10,688,177	10,643,285	9,867,606	9,968,957
	After Distribution	10,365,512	10,698,365	10,599,496	10,315,734	(Note 2)	(Note 2)

Note 1: Figures are audited by adopting IFRSs

Note 2: Distribution is waiting to be approved in Shareholders' Meeting

Note 3: Figures are audited and adjusted by adopting IAS19

Note 4: Figures are reviewed by CPA adopting IFRSs

7.1.2 Balance Sheet by adopting IFRSs- Standalone

Unit: NT$K

Item		Recent 5 Years (Note 1) 2014 (Note 3)	2015	2016	2017	2018
Current Assets		3,213,839	3,273,115	3,267,397	2,942,735	1,909,420
Fixed Assets		775,098	744,937	722,145	682,943	687,187
Intangible Assets		200,631	67,742	68,497	62,141	86,495
Other Assets		7,055,589	7,279,247	6,465,991	6,055,212	6,268,285
Total Assets		11,245,157	11,365,041	10,524,030	9,743,031	8,951,387
Current Liabilities	Before Distribution	1,154,078	836,984	898,923	604,818	413,663
	After Distribution	1,509,276	1,363,859	987,604	932,369	（Note 2）
Non-Current Liabilities		766,761	998,045	600,853	171,977	71,782
Total Liabilities	Before Distribution	1,920,839	1,835,029	1,499,776	776,795	485,445
	After Distribution	2,276,037	2,361,904	1,588,457	1,104,346	（Note 2）
Equity Attributed to Shareholder of the parent						
Capital Stock		5,919,949	5,919,949	5,919,949	5,919,949	5,919,949
Capital Surplus		936,051	897,317	911,110	835,241	801,398
Retain Earnings	Before Distribution	2,221,787	2,444,655	2,012,196	2,336,709	2,250,839
	After Distribution	1,866,589	1,917,780	1,923,515	2,009,158	（Note 2）
Unrealized Gain (Loss) on Financial Merchandise		309,932	331,492	244,400	(62,262)	(442,843)
Cumulative translation adjustments		(63,401)	(63,401)	(63,401)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions		-	-	-	-	-
Total Equity	Before Distribution	9,324,318	9,530,012	9,024,254	8,966,236	8,465,942
	After Distribution	8,969,120	9,003,137	8,935,573	8,638,685	（Note 2）

Note 1: Figures are audited by adopting IFRSs
Note 2: Distribution is waiting to be approved in Shareholders' Meeting
Note 3: Figures are reviewed and adjusted by adopting IAS19

7.1.3 Condensed Income Statement adopting IFRSs -Consolidated

Unit: NT$K

Item \ Year	Recent 5 Years (Note 1)					End of March 31, 2019 (Note 4)
	2014 (Note 2&3)	2015	2016	2017	2018	
Net Sales	7,871,515	8,465,833	7,556,045	6,820,237	6,077,733	1,179,600
Gross Profit (Loss)	3,314,401	3,522,625	3,202,488	2,736,766	2,429,384	504,577
Income from Operation (Loss)	552,876	566,540	236,391	47,185	(89,790)	(43,558)
Non-operating Income (Expense)	390,694	371,467	129,776	587,470	293,780	79,891
Income (Loss)Before Tax	943,570	938,007	366,167	634,655	203,990	36,333
Income (Loss) From Operations of Continued Segments (Loss)	886,956	856,125	272,506	551,228	142,323	28,349
Income (Loss) From Operations of Discontinued Segments	(332,841)	(27,845)	-	-	-	-
Consolidated Net Income (Loss)	554,115	828,280	272,506	551,228	142,323	28,349
Other comprehensive income (Loss) for the period, net of income tax	124,871	18,282	(113,556)	(320,167)	(131,361)	69,343
Total Comprehensive Income (Loss) for the Period	678,986	846,562	158,950	231,061	10,962	97,692
Net Profit (Loss) Attributable to: Owner of the Company	422,852	589,348	120,187	421,458	5,616	7,103
Net Profit (Loss) Attributable to: Non-controlling interests	131,263	238,932	152,319	129,770	136,707	21,246
Total Comprehensive Income (Loss) Attributable to: Owner of the Company	536,619	609,203	26,577	109,174	(120,733)	70,392
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests	142,367	237,359	132,373	121,887	131,695	27,300
Earnings per share (Loss)	0.72	1.00	0.20	0.72	0.01	0.01

Note 1: Figures are audited for the past-5 years by CPA adopting IFRSs

Note 2: Figures are reviewed and adjusted by adopting IAS19

Note 3: Figures are adjusted because Sunplus decided to dispose STB center to Availink Inc.by Board Meeting on 2015/1/20

Note4: Figures are audited by adopting IFRSs.

7.1.4 Condensed Income Statement adopting IFRSs -Standalone

Unit: NT$K

Item \ Year	Recent 5 Years (Note 1)				
	2014 (Note 2&3)	**2015**	**2016**	**2017**	**2018**
Net Sales	2,577,171	2,671,392	1,904,224	1,365,802	1,238,780
Gross Profit(Loss)	944,754	1,011,207	767,713	473,255	429,308
Income from Operation(Loss)	178,340	167,996	(79,166)	(273,494)	(239,614)
Non-operating Income (Expense)	582,468	453,504	200,242	694,952	247,374
Income (Loss)Before Tax	760,808	621,500	121,076	421,458	7,760
Income(Loss) From Operations of Continued Segments(Loss)	755,693	617,193	120,187	421,458	5,616
Income(Loss) From Operations of Discontinued Segments	(332,841)	(27,845)	-	-	-
Net Income (Loss)	422,852	589,348	120,187	421,458	5,616
Other comprehensive income (Loss) for the period, net of income tax	113,767	19,855	(93,610)	(312,284)	(126,349)
Total Comprehensive Income(Loss) for the Period	536,619	609,203	26,577	109,174	(120,733)
Net Profit(Loss) Attributable to: Owner of the Company	422,852	589,348	120,187	421,458	5,616
Net Profit (Loss)Attributable to: Non-controlling interests	-	-	-	-	-
Total Comprehensive Income (Loss)Attributable to: Owner of the Company	536,619	609,203	26,577	109,174	(120,733)
Total Comprehensive Income (Loss)Attributable to: Non-controlling interests	-	-	-	-	-
Earnings per share (Loss)	0.72	1.00	0.20	0.72	0.01

Note 1: Figures are audited for the past-5 years by CPA adopting IFRSs

Note 2: Figures are reviewed and adjusted by adopting IAS19

Note 3: Figures are adjusted because Sunplus decided to dispose STB center to Availink Inc.by Board Meeting on 2015/1/20

7.1.5 Auditors’ Opinions

Year	CPA	Audit Opinion
2014	Tung-Hui Yeh, Hung-Peng Lin	An unqualified opinion
2015	Tung-Hui Yeh, Shu-Jay Huang	An unqualified opinion
2016	Zheng-Zhi Lin, Shu-Jay Huang	An unqualified opinion
2017	Zheng-Zhi Lin, Shu-Jay Huang	An unqualified opinion
2018	Zheng-Zhi Lin, Yu-Feng Huang	An unqualified opinion

7.2 Financial Analysis for recent 5 years

7.2.1 Financial Analysis (consolidated by IFRSs)

Unit: NT$K

Analysis Item / Year		2014 (Note 7&8)	2015	2016	2017	2018	End of March 31, 2019 *(Note 2)*
		Recent 5 years (Note 1)					
Capital Structure	Debts ratio (%)	26.29	28.03	26.93	21.04	17.26	16.73
	Long-term fund to Property, plant and equipment (%)	331.73	350.30	495.04	503.31	480.79	483.98
Liquidity	Current ratio (%)	284.40	317.60	288.70	390.93	394.02	454.52
	Quick ratio (%)	228.76	257.15	251.00	319.47	326.66	378.13
	Times interest earned (times)	1,853.70	2,518.77	1,020.20	2,519.94	956.27	707.88
Operating Performance	Average collection turnover (times)	4.82	5.13	5.29	5.49	5.64	5.17
	Average collection days	76	71	69	66	65	71
	Inventory turnover (times)	4.02	3.84	4.18	4.37	3.99	3.36
	Payment turnover (times)	5.87	7.09	6.23	5.60	6.03	5.57
	Average inventory turnover days	91	95	87	83	91	108
	Fixed assets turnover (times)	2.79	2.40	2.59	3.07	2.88	2.29
	Property, plant and equipment turnover (times)	0.54	0.56	0.50	0.48	0.47	0.39
Profitability	Return on total assets (%)	4.01	5.65	2.02	4.07	1.27	0.27
	Return on stockholders' equity (%)	5.20	7.47	2.48	5.16	1.38	0.28
	Profit before tax to paid-in capital (%) (Note 6)	10.32	15.37	6.19	10.72	3.44	0.61
	Profit after tax to net sales (%)	7.03	9.78	3.60	8.08	2.34	2.40
	Earnings per share (NT$)	0.72	1.00	0.20	0.72	0.01	0.01
Cash Flow	Cash flow ratio (%)	10.64	36.73	40.69	14.37	16.85	2. 12
	Cash flow adequacy ratio (%) (Note3)	49.41	46.54	54.36	77.50	56.71	76.47
	Cash flow reinvestment ratio (%)	1.30	3.64	4.08	Note 4	Note 4	0.24
Leverage	Operating leverage	6.07	5.55	11.54	49.66	Note 5	Note 5
	Financial leverage	1.07	1.07	1.20	2.25	Note 5	Note 5

Variation Analysis 2018 vs. 2017

1. The decrease in interest coverage ratio is mainly due to the decrease in net profit before interest expense for the year.
2. The decrease in the rate of return on assets and the rate of return on equity was mainly due to the decrease in net profit after tax reduction for the disposal of investment interests during the year.
3. The decrease in the ratio of net profit and pre-tax net profit to the amount of paid-in capital was mainly due to the decrease in investment interests during the year.
4. The decrease in basic earnings per share was mainly due to the decrease in net profit after tax for the year.
5. The decrease in the cash flow rate is mainly due to the decrease in net cash inflows from operating activities in the last five years.

Note 1: Figures have been audited by adopting IFRSs.

Note 2: Figures 1Q'19ave been audited by adopting IFRSs.

Note 3: Cash flow adequacy ratio of 2014o 2016 is calculated based on the data by Taiwan GAAP.

Note 4: Figures not listed due to cash flow from operating less than cash dividends.

Note 5: Figures not listed due to operating loss.

Note 6: for those stock without par value or par value not equal to NT$10, the ratio of Operating income to paid-in capital (%) is calculated by ratio to attributable to Owner of the Company.

Note 7: Figures are reviewed and adjusted by adopting IAS19.

Note 8: Figures are adjusted because Sunplus decided to dispose STB center to Availink Inc.by Board Meeting on 2015/1/20.

7.2.2 Financial Analysis (Standalone) by IFRSs

Unit: NT$K

Analysis Item \ Year		Recent 5 years (Note 1)				
		2014 (Note 5&6)	2015	2016	2017	2018
Capital Structure	Debts ratio (%)	17.08	16.14	14.25	7.97	5.42
	Long-term fund to Property, plant and equipment (%)	1,287.75	1,400.06	1,322.92	1,327.52	1,231.97
Liquidity	Current ratio (%)	278.47	391.06	363.47	486.54	461.58
	Quick ratio (%)	212.16	334.88	319.86	426.00	393.47
	Times interest earned (times)	3,120.87	2,662.46	687.97	5,155.27	259.53
Operating Performance	Average collection turnover (times)	3.30	4.00	4.26	4.95	6.65
	Average collection days	111	91	86	74	55
	Inventory turnover (times)	2.84	2.86	3.23	3.34	3.03
	Payment turnover (times)	4.54	7.26	8.57	6.33	6.61
	Average inventory turnover days	129	128	113	109	120
	Fixed assets turnover (times)	3.23	3.51	2.59	1.94	1.80
	Property, plant and equipment turnover (times)	0.23	0.23	0.17	0.13	0.13
Profitability	Return on total assets (%)	4.01	5.39	1.25	4.22	0.10
	Return on stockholders' equity (%)	4.67	6.25	1.29	4.68	0.06
	Profit before tax to paid-in capital (%) (Note 4)	7.22	10.02	2.04	7.11	0.13
	Profit after tax to net sales (%)	16.40	22.06	6.31	30.85	0.45
	Earnings per share (NT$)	0.72	1.00	0.20	0.72	0.01
Cash Flow	Cash flow ratio (%) (Note2)	24.04	70.01	86.72	51.41	54.00
	Cash flow adequacy ratio (%)	100.10	97.84	84.41	137.53	92.68
	Cash flow reinvestment ratio (%)	2.63	2.10	2.49	0.15	Note 7
Leverage	Operating leverage	4.48	5.42	Note 3	Note 3	Note 3
	Financial leverage	1.16	1.17	Note 3	Note 3	Note 3

Variation Analysis 2017 vs. 2016
1. The decrease in debt-to-asset ratio due to the decrease in borrowings during the year.
2. The decrease in the interest protection ratio was mainly due to the decrease in net profit before tax for the current year.
3. The increase in accounts receivable turnover and the decrease in average collection days were mainly due to the decrease in accounts receivable during the year.
4. The decrease in return on assets and return on equity was mainly due to the decrease in net profit after taxation as a result of the decrease in investment interest during the year and the decrease in the share of profits of subsidiaries, affiliates, and joint ventures using the equity method.
5. Pre-tax net profit as a percentage of paid-in capital ratio, net income ratio, and earnings per share was mainly attributable to the decrease in net profit after taxation as a result of the decrease in the disposal of investment interests during the year and the decrease in the share of subsidiaries, affiliates, and joint ventures using the equity method.
6. The decrease in the cash flow allowance rate was mainly due to the decrease in net cash inflows from operating activities in the last five years.

1. Capital Structure Analysis
   (1) Debts ratio = Total Liabilities/Total Assets
   (2) Long term fund to Property, plant and equipment = (Total Equity + Non-Current Liabilities)/ Property, plant and equipment

2. Liquidity Analysis

(1) Current Ratio	= Current Assets/Current Liabilities
(2) Quick Ratio	= (Current Assets – Inventories – Prepaid Expenses)/Current Liabilities
(3) Times Interest Earned	= Earnings before Interest and Taxes/Interest Expenses

3. Operating Performance Analysis

(1) Average Collection Turnover	= Net Sales/Average Trade Receivables
(2) Average Collection Days	= 365/Receivables Turnover Rate
(3) Average Inventory Turnover	= Cost of Sales/Average Inventory
(4) Average Payment Turnover	= Cost of Sales/Average Trade Payables
(5) Average Inventory Turnover Days	= 365/Average Inventory Turnover
(6) Property, plant and equipment Turnover	= Net Sales/ Average Property, plant and equipment
(7) Total Assets Turnover	= Net Sales/Average Total Assets

4. Profitability Analysis

(1) Return on Total Assets	= {Net Income + Interest Expense × (1 – Effective tax rate)}/Average Total Assets
(2) Return Ratio on Stockholders' Equity	= Net Income/Average Total Equity
(3) Profit after Tax to Net Sales	= Net Income/Net Sales
(4) Earnings Per Shares	= (Net Profit Attributable to Owner of the Company – Preferred Stock Dividend)/ Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash Flow Rate	= Net Cash Provided by Operating Activities/Current Liabilities
(2) Cash Flow Adequacy Ratio	= Five-Year Cash from Sum of Operations /(Five-Year Capital Expenditure + Inventory Increase + Cash Dividend)
(3) Cash flow reinvestment ratio	= (Net Cash Provided by Operating Activities – Cash Dividend)/(Property, plant and equipment + Long-term Investment + Other Non-current Assets + Working Capital) (Note3)

6. Leverage

(1) Operating Leverage	= (Net Sales – Operating Expenses & Cost)/Operating Income (Note4)
(2) Financial Leverage	= Operating Income/(Operating Income – Interest Expenses)

Note 1: Figures have been audited by adopting IFRSs.
Note 2: The calculation of the cash flow tonnage ratio from 2014 to 2016 is calculated using the previous year's ROC information.
Note 3: Net operating loss, it is not listed
Note 4: for those stock without par value or par value not equal to NT$10, the ratio of Operating income to paid-in capital (%) is calculated by ratio to attributable to Owner of the Company
Note 5: Figures are reviewed and adjusted by adopting IAS19
Note 6: Figures are adjusted because Sunplus decided to dispose STB center to Availink Inc.by Board Meeting on 2015/1/20
Note 7: The net cash flow from operating activities is less than the number of cash dividends issued, so it is not listed.

7.3 Audit Committee's Report

Sunplus Technology Co., Ltd.
Audit Committee's Report

Sunplus' Board has submitted the 2018 business report, financial statements and distribution of 2017 earnings. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. The Audit Committee has reviewed the 2017 business report, financial statements and distribution of 2017 earnings, and verified that they comply with the Company Law and relevant regulations. According to Article14-4of Securities Exchange Law and Article 219 of the Company Law, I hereby submit this report.

To Sunplus 2019 Annual General Shareholders' Meeting

Sunplus Technology Co., Ltd.
Audit Committee
Convener,

Che-Ho Wei
March 20th, 2019

7.4 Consolidated Financial Statements and Auditors' Audit Report

Sunplus Technology Company Limited and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Sunplus Technology Company Limited

By

CHOU-CHYE HUANG
Chairman

March 20, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

We have audited the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Integrated circuit chip sales accounted for 94% of the Group's total revenue. Operating income declined in 2018, but sales to some customers increased significantly. Therefore, we deem revenue recognition as a key audit matters. For a detailed explanation of revenue, refer to Notes 4 and 25 to the accompanying consolidated financial statements.

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

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

Other Matter

We have also audited the parent company only financial statements of Sunplus Technology Company Limited as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for 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 Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 3,235,721	27	$ 4,156,277	31
Financial assets at fair value through profit or loss - current (Notes 3, 4, 7 and 35)	1,313,747	11	9,468	-
Available-for-sale financial assets - current (Notes 3, 4 and 9)	-	-	1,633,531	12
Notes and accounts receivable, net (Notes 3, 4, 5, 11, 25 and 36)	954,030	8	1,197,626	9
Other receivables (Notes 3, 4 and 6)	70,960	1	164,712	1
Inventories (Notes 4 and 12)	818,948	7	1,007,962	8
Other financial assets - current (Notes 3, 18 and 37)	153,575	1	291,373	2
Other current assets (Note 18)	91,321	1	100,961	1
Total current assets	6,638,302	56	8,561,910	64
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 3, 4, 7 and 35)	737,867	6	89,280	1
Financial assets at fair value through other comprehensive income - non-current (Notes 3, 4, 8 and 35)	246,208	2	-	-
Available-for-sale financial assets - non-current (Notes 3, 4, 9 and 35)	-	-	189,263	1
Financial assets carried at cost (Notes 3, 4 and 10)	-	-	519,259	4
Investments accounted for using the equity method (Notes 4 and 14)	729,219	6	379,351	3
Property, plant and equipment (Notes 4, 5, 15 and 37)	2,052,359	17	2,164,154	16
Investment properties (Notes 4 and 16)	1,039,314	9	1,139,051	8
Intangible assets (Notes 4, 5 and 17)	178,521	2	196,131	1
Deferred tax assets (Notes 4 and 27)	30,254	-	31,215	-
Other financial assets - non-current (Notes 3, 18 and 37)	127,215	1	84,426	1
Other non-current assets (Notes 18 and 36)	147,725	1	125,939	1
Total non-current assets	5,288,682	44	4,918,069	36
TOTAL	$ 11,926,984	100	$ 13,479,979	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 37)	$ 311,215	3	$ 444,111	3
Contract liabilities - current (Notes 3 and 25)	7,511	-	-	-
Accounts payable (Note 20)	484,810	4	723,983	5
Current tax liabilities (Notes 4 and 27)	56,972	-	60,946	1
Provisions - current (Notes 4 and 21)	-	-	11,555	-
Deferred revenue - current (Notes 4, 22 and 30)	1,629	-	1,663	-
Current portion of long-term loans bank (Notes 19 and 37)	250,046	2	175,000	1
Other current liabilities (Notes 3 and 22)	572,546	5	772,858	6
Total current liabilities	1,684,729	14	2,190,116	16
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 37)	-	-	249,143	2
Deferred revenue - non-current, net of current portion (Notes 4, 22 and 30)	61,894	-	64,844	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	79,313	1	101,000	1
Guarantee deposits received (Notes 33 and 36)	230,177	2	230,702	2
Other liabilities	3,265	-	889	-
Total non-current liabilities	374,649	3	646,578	5
Total liabilities	2,059,378	17	2,836,694	21
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 24 and 29)				
Share capital				
Common shares	5,919,949	50	5,919,949	44
Capital surplus	801,398	7	835,241	6
Retained earnings				
Legal reserve	1,941,826	16	1,900,505	14
Special reserve	67,279	1	22,995	-
Unappropriated earnings	241,734	2	413,209	3
Total retained earnings	2,250,839	19	2,336,709	17
Other equity	(442,843)	(4)	(62,262)	-
Treasury shares (Note 37)	(63,401)	1	(63,401)	-
Total equity attributable to owners of the Company	8,465,942	71	8,966,236	67
NON-CONTROLLING INTERESTS (Notes 4, 13, 24 and 32)	1,401,664	12	1,677,049	12
Total equity	9,867,606	83	10,643,285	79
TOTAL	$ 11,926,984	100	$ 13,479,979	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 25, and 36)	$ 6,077,733	100	$ 6,820,237	100
OPERATING COSTS (Notes 12 and 26)	3,648,349	60	4,083,471	60
GROSS PROFIT	2,429,384	40	2,736,766	40
OPERATING EXPENSES (Notes 26 and 36)				
Selling and marketing expenses	286,562	5	308,054	4
General and administrative expenses	532,943	9	599,899	9
Research and development expenses	1,699,345	28	1,779,383	26
Total operating expenses	2,518,850	42	2,687,336	39
OTHER OPERATING INCOME AND EXPENSES	(324)	-	(2,245)	-
(LOSS) PROFIT FROM OPERATIONS	(89,790)	(2)	47,185	1
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 26, 30 and 36)				
Other income	116,463	2	97,685	1
Other gains and losses	246,002	4	424,967	6
Finance costs	(23,823)	-	(26,226)	-
Share of profit of associates	(44,862)	(1)	91,044	1
Total non-operating income and expenses	293,780	5	587,470	8
PROFIT BEFORE INCOME TAX	203,990	3	634,655	9
INCOME TAX EXPENSE (Notes 4 and 27)	61,667	1	83,427	1
NET PROFIT FOR THE YEAR	142,323	2	551,228	8
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 24):				
Remeasurement of defined benefit plans	1,845	-	(5,947)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(103,685)	(2)	-	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
Share of the other comprehensive loss of associates accounted for using the equity method	(8,556)	-	(75)	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 24):				
Exchange differences on translating foreign operations	(18,061)	-	(62,931)	(1)
Unrealized (loss) gain on available-for-sale financial assets	-	-	(256,849)	(4)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(2,904)	-	5,635	-
Other comprehensive loss income for the year, net of income tax	(131,361)	(2)	(320,167)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 10,962	-	$ 231,061	3
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 5,616	-	$ 421,458	6
Non-controlling interests	136,707	2	129,770	2
	$ 142,323	2	$ 551,228	8
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (120,733)	(2)	$ 109,174	1
Non-controlling interests	131,695	2	121,887	2
	$ 10,962	-	$ 231,061	3
EARNINGS PER SHARE (Note 28)				
Basic	$ 0.01		$ 0.72	
Diluted	$ 0.01		$ 0.72	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Share Capital Issued and Outstanding			Retained Earnings			Other Equity						
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Noncontrolling Interests	Total Equity
BALANCE, JANUARY 1, 2017	591,995	$ 5,919,949	$ 911,110	$ 1,890,531	$ 21,927	$ 99,738	$ (62,062)	$ 306,462	$ -	$ (63,401)	$ 9,024,254	$ 1,663,923	$ 10,688,177
Offset of the 2016 deficit													
Legal reserve	-	-	-	9,974	-	(9,974)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	1,068	(1,068)	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(88,681)	-	-	-	-	(88,681)	-	(88,681)
Difference between stock price and book value from disposal of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	-	-	-	(18)	-	-	-	-	(18)	-	(18)
Issuance of share dividends from capital surplus	-	-	(207,317)	-	-	-	-	-	-	-	(207,317)	-	(207,317)
Difference between share price and book value from disposal of subsidiaries	-	-	129,668	-	-	-	-	-	-	-	129,668	-	129,668
Net profit for the year ended December 31, 2017	-	-	-	-	-	421,458	-	-	-	-	421,458	129,770	551,228
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(5,622)	(60,038)	(246,624)	-	-	(312,284)	(7,883)	(320,167)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	415,836	(60,038)	(246,624)	-	-	109,174	121,887	231,061
Changes of equity of subsidiaries	-	-	-	-	-	(2,624)	-	-	-	-	(2,624)	-	(2,624)
Adjustment of capital surplus for the Company													
Cash dividends received by subsidiaries	-	-	1,780	-	-	-	-	-	-	-	1,780	-	1,780
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(108,761)	(108,761)
BALANCE, DECEMBER 31, 2017	591,995	5,919,949	835,241	1,900,505	22,995	413,209	(122,100)	59,838	-	(63,401)	8,966,236	1,677,049	10,643,285
Effect of retrospective application and retrospective restatement	-	-	-	-	-	294,288	-	(59,838)	(230,011)	-	4,439	1,478	5,917
BALANCE, JANUARY 1, 2018 AS RESTATED	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
Offset of the 2017 deficit													
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(327,551)	-	-	-	-	(327,551)	-	(327,551)
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	-	50,782	-	50,782

Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	-	(86,846)	-	(86,846)
Difference between share price and book value from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	-	(271)	-	(271)
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	-	(22,606)	-	(22,606)
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	-	5,616	136,707	142,323
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	-	(111,027)	-	(126,349)	(5,012)	(131,361)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	-	(111,027)	-	(120,733)	131,695	10,962
Adjustment of capital surplus for the Company Cash dividends received by subsidiaries	-	-	2,492	-	-	-	-	-	-	-	2,492	-	2,492
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	-	37,070	-	-	-	-
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	(408,558)	(408,558)
BALANCE, DECEMBER 31, 2018	591,995	$ 5,919,949	$ 801,398	$ 1,941,826	$ 67,279	$ 241,734	$ (138,875)	$ -	$ (303,968)	$ (63,401)	$ 8,465,942	$ 1,401,664	$ 9,867,606

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 203,990	$ 634,655
Adjustments for:		
Depreciation expenses	275,786	259,983
Amortization expenses	82,237	97,645
Bad-debt expenses	-	29,376
Net gain on fair value change of financial assets designated as of fair value through profit or loss	(67,736)	(4,901)
Finance costs	23,823	26,226
Interest income	(26,314)	(22,111)
Dividend income	(23,564)	(23,230)
Compensation costs of employee share options	37	220
Share of profits of associates	44,862	(91,044)
Loss on disposal of property, plant and equipment	324	2,245
Gain on disposal of subsidiaries	(170,897)	-
Gain on disposal of investments	(11,724)	(642,140)
Impairment loss recognized on financial assets	-	203,363
Impairment loss recognized non-financial assets	-	25,190
Net loss on foreign currency exchange	34,248	9,184
Amortization of prepaid lease payments	2,810	2,778
Changes in operating assets and liabilities:		
Decrease in financial assets held for trading	-	15,053
Decrease in trade receivables	114,488	48,582
Decrease (increase) in other receivables	11,333	(90,911)
Increase in inventories	(17,157)	(149,572)
(Increase) decrease in other current assets	(6,368)	41,058
Decrease in trade payables	(89,495)	(6,586)
Increase in contract liabilities	27,331	-
Decrease in provisions	-	(779)
Decrease in deferred revenue	(3,659)	(1,641)
Decrease in other current liabilities	(151,849)	(38,882)
Decrease in accrued pension liabilities	(4,309)	(3,213)
Cash generated from operations	248,197	320,548
Interest received	25,125	24,445
Dividends received	97,629	64,377
Interest paid	(21,745)	(27,065)
Income tax paid	(65,287)	(67,373)
Net cash generated from operating activities	283,919	314,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	-	(1,921,210)
Proceeds of the sale of available-for-sale financial assets	-	2,745,491
Purchases of financial assets measured at cost	-	(89,341)
Proceeds of the disposal of financial assets measured at cost	-	54,099
Returned capital to the Company - financial assets measured at cost	-	3,183
Purchase of financial assets at FVTOCI	(105,213)	-
Purchase of financial assets at FVTPL	(1,764,316)	-
Proceeds from the sale of financial assets at FVTPL	2,060,690	-
Proceeds from the sale of financial assets at FVTOCI	4,930	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

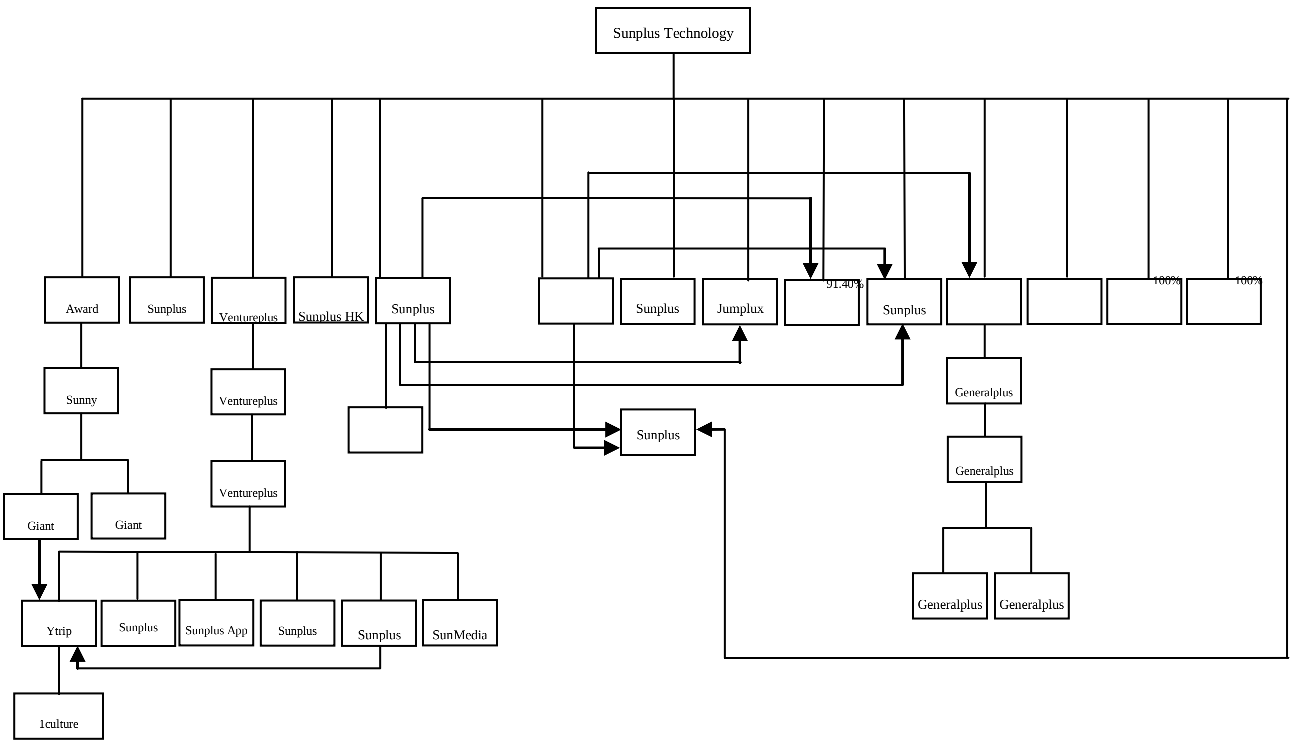
	2018	2017
Acquisition of associates	(110,368)	-
Proceeds from disposal of subsidiaries	(159,571)	219,242
Payments for property, plant and equipment	(173,729)	(99,960)
Proceeds of the disposal of property, plant and equipment	568	162
Increase in refundable deposits	(2,039)	-
Decrease in refundable deposits	62	748
Payments for intangible assets	(84,655)	(124,521)
Payments for investment properties	(3,891)	(6,592)
Decrease in investment properties	10,016	-
Decrease (increase) on other non-current assets	10,635	(143,170)
Decrease in other assets - non-current	3,570	1,476
Net cash (used in) generated from investing activities	(313,311)	639,607
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(132,566)	(105,832)
Repayments of long-term borrowings	(179,088)	(1,021,586)
Proceeds of guarantee deposits received	47,914	107,187
Refunds of guarantee deposits received	(18,331)	(77,857)
Dividends paid to interests	(411,905)	(294,218)
Dividends paid to non-controlling interests	(169,798)	(200,179)
Decrease in non-controlling interests	(31,266)	(1,000)
Net cash used in financing activities	(895,040)	(1,593,485)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	3,876	(8,272)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(920,556)	(647,218)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,156,277	4,803,495
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,235,721	$ 4,156,277

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

1. GENERAL INFORMATION

Sunplus Technology Company Limited ("Sunplus" or the "Company") was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 24).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the "Group") as of December 31, 2018:



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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 20, 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, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies:

1) Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"

The amendment requires that market conditions and non-vesting conditions should be taken into account and vesting conditions, other than market conditions, should not be taken into account when estimating the fair value of the cash-settled share-based payments at the measurement date. Instead, they should be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction. The amendment should be applied to cash-settled share-based payment transactions that are unvested at January 1, 2018.

2) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for the classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for the classification, measurement and impairment of financial assets and hedging cost have been applied retrospectively starting from January 1, 2018, and the other requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized as of December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

	Measurement Category		**Carrying Amount**		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 4,156,277	$ 4,156,277	(a)
Equity securities	Available-for-sale	Fair value through profit or loss - equity instruments	708,522	533,487	(b)
		Fair value through other comprehensive income - equity instruments	-	279,700	(b)
Mutual funds	Available-for-sale	Fair value through profit or loss - current	1,633,531	1,633,531	(c)

(Continued)

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	$ 73,040	$ 73,040	(a)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	1,362,338	1,362,338	(a)
Restricted assets	Loans and receivables	Amortized cost	302,759	302,759	(a)

(Concluded)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	$ 98,748	$ -	$ -	$ 98,748	$ -	$ -	
Add: Reclassification from available-for-sale (IAS 39)	-	2,053,783	14,487	2,068,270	67,898	(53,412)	(b), (c)
	98,748	2,053,783	14,487	2,167,018	67,898	(53,412)	
FVTOCI	-	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	288,270	(8,570)	279,700	226,390	(236,437)	(b), (c)
	-	288,270	(8,570)	279,700	226,390	(236,437)	
	$ 98,748	$ 2,342,053	$ 5,917	$ 2,446,718	$ 294,288	$ (289,849)	

a) Cash and cash equivalents, time deposits with original maturities of more than 3 months, trade receivables (including related parties), other receivables and restricted assets that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

b) The Group elected to classify all of listed company and unlisted company investments previously classified as available-for-sale under IAS 39 as at FVTPL under IFRS 9. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets was reclassified to retained earnings in the amount of $6,416 thousand and to other equity - unrealized gain (loss) on financial assets at FVTOCI in the amount of $(6,146) thousand.

   Investments in unlisted shares previously measured at cost under IAS 39 have been classified at FVTPL and at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $352,224 and $278,613 thousand was recognized in financial assets at FVTPL and retained earnings, respectively, on January 1, 2018; consequently, an increase of $171,568 and a decrease of $275,558 thousand was recognized in financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI, respectively, on January 1, 2018.

c) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a decrease of $8,145 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an increase of $8,145 thousand in retained earnings on January 1, 2018.

3) IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

Currently, the estimate of allowances for sales returns which may occur in the year are recognized as provisions. Under IFRS 15, such provisions are recognized as other current liabilities.

Impact on assets, liabilities and equity for the current period

	December 31, 2017 Carrying Amount	Adjustments Arising from Initial Application	January 1, 2018 Adjusted Carrying Amount
Contract liabilities - current	$ -	$ 37,384	$ 37,384
Provisions - current	11,555	(11,555)	-
Other current liabilities	772,858	(25,829)	747,029
Total effect on liabilities	$ 784,413	$ -	$ 784,413

4) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendments clarify that the difference between the carrying amount of a debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as a deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendments also stipulate that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

5) Amendments to IAS 40 "Transfers of Investment Property"

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of a change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that evidence of a change in use is not limited to those illustrated in IAS 40.

6) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulates that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the interpretation.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect 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 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, lease assets and liabilities are recognized for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present 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 will be classified within financing activities; cash payments for the interest portion will be classified within operating activities.

Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Right-of-use assets	$ -	$ 249,727	$ 249,727
Total effect on assets	$ -	$ 249,727	$ 249,727
Lease liabilities - current	$ -	$ 10,907	$ 10,907
Lease liabilities – non-current	-	238,820	238,820
Total effect on liabilities	$ -	$ 249,727	$ 249,727

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.

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 will have 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 entity 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 clarify that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

4) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulates that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explain that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

5) 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 amendment shall be applied prospectively.

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 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Materiality"	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of the period.

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

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

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IFRSs as endorsed by the FSC.

b. Basis of preparation

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

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

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 statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, 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 no controlling interests even if this results in the no controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the no controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the no controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any no controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Starting from 2018, the fair value of investment retained in a former subsidiary at the date when control is lost is regarded as the fair value on the initial recognition of the investment in an associate. Before 2018, the fair value of investment retained in the former subsidiary at the date when control was lost was regarded as the cost on initial recognition of an investment in an associate or a joint venture.

See Note 13 and Tables 5 and 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and no controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

f. Inventories

Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The inventories of Sunplus Technology Company Limited, Generalplus Technology Inc., Sunplus Innovation Technology Inc., Sunplus mMobile Inc., iCatch Technology Inc., Sunplus mMedia Inc., Jumplux Technology and Sunext Technology Co., Ltd. are generally recorded at standard cost. On the balance sheet date, the cost is adjusted to approximate weighted-average cost method. Other subsidiaries' inventories are recorded at the weighted-average cost.

g. Investments in associates and jointly controlled entities

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture arrangements that involve the establishment of a separate entity in which ventures have joint control over the economic activity of the entity are referred to as jointly controlled entities.

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

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

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

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

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

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

When a group entity transacts with its associate (and jointly controlled entity, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate and the jointly controlled entity that are not related to the Group.

h. Property, plant and equipment

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

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

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

i. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated at first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. The impairment loss recognized for goodwill is not reversible in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

l. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

m. Financial instruments

1) Financial instruments

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

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

a) Financial assets

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

i. Measurement category

2018

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

i) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial assets. Fair value is determined in the manner described in Note 35.

ii) Financial assets at amortized cost

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

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

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

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

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

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

- Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

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

iii) Investments in equity instruments at FVTOCI

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

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

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

<u>2017</u>

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are either held for trading or designated as at fair value through profit or loss.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or

- The financial asset is a contract which contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial assets.

ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and presented as a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment loss is recognized in profit and loss.

iii) Loans and receivables

Loans and receivables (including notes and accounts receivable, other receivables and cash and cash equivalents) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

ii. Impairment of financial assets

<u>2018</u>

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

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

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

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

<u>2017</u>

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets at amortized cost, such as trade receivables and other receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset’s carrying amount and the present value of its estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of a security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables that are written off against the allowance account.

iii. Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

c) Financial liabilities

i. Subsequent measurement

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

ii. Derecognition of financial liabilities

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

n. Provisions

For the best estimate of provisions, the discounted cash flows need to consider the risk and uncertainties of obligations. Provisions are measured by the discounted value of the estimated cash flows for the liquidation of the obligation.

o. Revenue recognition

2018

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

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

Revenue from the sale of goods

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

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

Other

Other mainly comes from software development.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar provisions. Provisions for sales returns and liabilities for returns are recognized at the time of sale based on the seller’s reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
c) The amount of revenue can be measured reliably;
d) It is probable that the economic benefits associated with the transaction will flow to the Group; and
e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

p. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Except the circumstances stated above, all the other borrowing costs are recognized in profit or loss in the period in which the borrowing costs are incurred.

r. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire noncurrent assets are recognized as a deduction from the carrying amount of the relevant asset and recognized in profit or loss over the useful lives of the related assets.

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

t. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

At the end of each reporting period, The Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

u. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3) Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

a. Estimated impairment of financial assets - 2018

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

b. Estimated impairment of trade receivables - 2017

When there is objective evidence of impairment loss of receivables, the Group takes into consideration the estimation of the future cash flows of such assets. The amount of impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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

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

For the year ended December 31, 2018 and 2017, the Group recognized impairment losses on intangible assets of $0 and $25,190 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand	$ 7,521	$ 10,220
Checking accounts and demand deposits	1,338,553	1,535,059
Cash equivalent		
Time deposits in banks	1,881,214	2,602,835
Repurchase agreements collateralized by bonds	8,433	8,163
	$ 3,235,721	$ 4,156,277

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

	December 31	
	2018	2017
Bank balance	0.01%-1.55%	0.01%-3.60%
Repurchase agreement collateralized by bonds	1.00%	1.00%

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

	December 31	
	2018	2017
Financial assets at FVTPL - current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	$ 1,280,668	$ -
- Securities listed in the ROC - CB	28,718	-
- Securities listed in the ROC	4,361	-
Financial assets held for trading		
Non-derivative financial assets		
- Securities listed in the ROC - CB	-	9,468
	$ 1,313,747	$ 9,468
Financial liabilities at FVTPL – non-current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Unlisted shares and emerging market shares	$ 462,387	$ -
- Private funds	160,226	-
- Mutual funds	75,432	-
- Listed shares and emerging market shares	39,822	-
Financial assets held for trading		
Non-derivative financial assets		
- Unlisted debt securities in other countries - CB	-	89,280
	$ 737,867	$ 89,280

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

	December 31, 2018
Non-current	
Domestic and foreign investments	
Listed shares and emerging market shares	$ 78,246
Unlisted shares and emerging market shares	127,991
Private funds	39,971
	$ 246,208

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Current	
Domestic and foreign investments	
- Mutual funds	$ 1,321,681
- Listed shares and emerging market shares	311,850
	$ 1,633,531
Non-current	
Domestic investments	
- Listed shares and emerging market shares	$ 114,828
- Mutual funds	74,435
	$ 189,263

10. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017
Non-current	
Unlisted shares and emerging market shares	$ 382,170
Private funds	137,089
	$ 519,259
Classification according to financial asset measurement categories	
Classified as available for sale	$ 519,259

Management believed that the above unlisted equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

The Group recognized impairment losses of $203,363 thousand for the above financial assets carried at cost for December 31, 2017.

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2018	2017
Notes receivable		
Notes receivable - operating	$ 16	$ 57
Trade receivables		
At amortized cost		
Gross carrying amount	954,518	1,305,313
Less: Allowance for impairment loss	(504)	(107,744)
	954,014	1,197,569
	$ 954,030	$ 1,197,626

Accounts receivable

2018

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:

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	$ 953,258	$ 691	$ -	$ -	$ 569	$ 954,518
Expected credit losses	-	-	-	-	(504)	(504)
Amortized cost at December 31, 201	$ 953,258	$ 691	$ -	$ -	$ 65	$ 954,014

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

	December 31, 2018
Balance at January 1, 2018 per IAS 39	$ 107,744

Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	107,744
Less: Amounts written off (Note)	(107,257)
Exchange differences	17
Balance at December 31, 2018	$ 504

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

December 31, 2017

The average credit period on sales of goods was the same as 2018. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date on which credit was initially granted until the end of the reporting period. An allowance for impairment loss was recognized against trade receivables based on the estimated irrecoverable amounts determined by reference to past default experience with the counterparties and an analysis of their respective current financial positions.

For some trade receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for the impairment for notes and trade receivables as of December 31, 2017, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Group to any respective counterparty.

The aging of receivables was as follows:

	December 31, 2017
0-60 days	$ 1,008,766
61-90 days	102,429
91-120 days	86,891
121-360 days	-
More than and including 361 days	107,257
Total	$ 1,305,313

The above aging schedule was based on the invoice date.

The aging of the receivables that are past due but not impaired was as follows:

	December 31, 2017
Less than and including 60 days	$ 636
More than and including 91 days	-
Total	$ 636

The above aging schedule was based on the past due date from end of credit term.

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

	Individually Impaired	Collectively Impaired	Total
Balance at January 1, 2017	$ 78,394	$ -	$ 78,394
Add: Impairment losses recognized on receivable	29,376	-	29,376
Foreign exchange translation gains	(26)	-	(26)
Balance at December 31, 2017	$ 107,744	$ -	$ 107,744

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 321,099	$ 401,352
Work in progress	290,973	302,298
Raw materials	206,876	304,312
	$ 818,948	$ 1,007,962

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 were $3,563,885 thousand and $3,563,885 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2018 and 2017 were as follows:

	Years Ended December 31	
	2018	2017
Inventory write - downs (reversed)	$ (35,411)	$ (11,426)
Income from scrap sales	361	94
	$ (35,050)	$ (11,332)

13. SUBSIDIARIES

a. The subsidiaries included in the consolidated financial statements

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

			Percentage of Ownership		
			December 31		
Name of Investor	Name of Investee	Main Businesses and Products	2018	2017	Note
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	-
	Ventureplus Group Inc.	Investment	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	-
	Lin Shih Investment	Investment	100.00	100.00	-
	Sunplus mMobile Inc.	Design of ICs	100.00	100.00	-
	Sunext Technology Co., Ltd.	Design of ICs	91.40	61.15	-
	Sunplus Innovation Technology	Design of ICs	61.13	61.13	-
	Generalplus Technology Inc. (“Generalplus”)	Design of ICs	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
	iCatch Technology Inc.	Design of ICs	-	37.64	The Group lost controlling interest over iCatch as of July 31, 2018; thus the investee is no longer included in the consolidated financial statements; refer to Note 14 for the details.
	Wei-Young Investment Inc.	Investment	100.00	100.00	-
	Russell Holdings Limited	Investment	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	89.76	87.20	-
	Award Glory	Investment	100.00	100.00	-
	Jumplux Technology	Design of ICs	55.00	-	Sunplus and its subsidiaries owned 97.08% of the equity in Jumplux Technology.
Ventureplus	Ventureplus Mauritius	Investment	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	Investment	100.00	100.00	-
Ventureplus Cayman	Ytrip Technology	Web research and development	38.47	68.80	Sunplus's 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.	93.33	93.33	-
	Sunplus Prof-tek Technology (Shenzhen)	Development of computer software, system integration services, building rental services and property management	100.00	100.00	-
	Sunplus Technology (Shanghai)	Development of computer software, system integration services and building rental services	100.00	100.00	-
	SunMedia Technology	Development of computer software, system integration	100.00	100.00	-

		services and building rental services			
	Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	100.00	100.00	-
Sunplus Technology (Shanghai)	Xiamen Xm-plus	Manufacturing and sale of computer software and system integration services	-	100.00	The Group lost controlling interest over Xiamen Xm-plus as of March 31, 2018; thus, the investee was not included in the consolidated financial statements; refer to Note 14 for the details.
	Ytrip Technology	Web research and development	44.08	-	Sunplus's subsidiaries had a 90.71% stake in Ytrip.
Ytrip Technology	1culture Communication	Development and sale	100.00	100.00	-
Sunplus Venture	Jumplux Technology	Design of ICs	42.08	72.14	Sunplus and its subsidiaries owned 97.08% of the equity in Jumplux Technology.
	Han Young Technology	Design of ICs	70.00	70.00	-
	Sunext Technology Co., Ltd. (“Sunext”)	Design of ICs	-	6.98	Sunplus and its subsidiaries had 91.40% equity in Sunext.
	Sunplus mMedia	Design of ICs	7.64	9.55	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.64	5.64	Sunplus and its subsidiaries had 68.86% equity in Sunplus Innovation
	iCatch Technology, Inc.	Design of ICs	-	6.05	The Group lost controlling interest over iCatch as of July 31, 2018; thus the investee is no longer included in the consolidated financial statements; refer to Note 14 for the details.

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31 2018	Percentage of Ownership December 31 2017	Note
Lin Shih	Generalplus Technology Inc.	Design of ICs	13.69	13.69	Sunplus and its subsidiaries had 47.99% equity in Generalplus.
	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	3.25	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.09	2.09	Sunplus and its subsidiaries had 68.86% equity in Sunplus Innovation
	iCatch Technology	Design of ICs	-	1.75	The Group lost controlling interest over iCatch as of July 31, 2018; thus the investee is no longer included in the consolidated financial statements; refer to Note 14 for the details.
Generalplus	Generalplus Samoa	Investment	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	IC product development, after sales service and market research	100.00	100.00	-
	Generalplus HK	Sales	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.
Sunplus mMedia Inc.	Jumplux Technology	Design of ICs	-	22.86	Due to organizational restructuring, the company transferred its equity to Sunplus in 2018.
Award Glory	Sunny Fancy	Investment	100.00	100.00	-
Sunny Fancy	Giant Kingdom	Investment	100.00	100.00	-
	Giant Rock	Investment	100.00	100.00	-
Giant Kingdom	Ytrip Technology	Web research and development	8.16	14.60	Sunplus's subsidiaries had a 90.71% stake in Ytrip.

(Concluded)

The financial statements as of and for the years ended December 31, 2017 of the above subsidiaries except Sunplus Management Consulting had been audited by the auditors. The management of the Company believes that the financial statements of Sunplus Management Consulting will not be subject to major adjustments if it were audited.

b. Subsidiary excluded from the consolidated financial statements

	The Voting Ratio of Noncontrolling Equity December 31 2018	The Voting Ratio of Noncontrolling Equity December 31 2017
<u>Company name</u>		
Generalplus Technology Inc.	52.01%	52.01%

Sunplus Innovation Technology	31.14%	31.14%
iCatch Technology	-	54.56%

Refer to attachment 6 for registered countries and company information:

Company Name	Profits Attributed to Noncontrolling Interests Years Ended December 31 2018	2017	Noncontrolling Interests December 31 2018	2017
Generalplus Technology Inc.	$ 147,898	$ 176,445	$ 1,109,947	$ 1,138,500
Sunplus Innovation Technology	18,906	(635)	283,063	261,835
iCatch Technology	(20,889)	(38,445)	-	250,584

The summarized financial information below represents amounts before intragroup eliminations.

	December 31 2018	2017
Current assets	$ 3,201,689	$ 3,959,132
Noncurrent assets	760,401	783,624
Current liabilities	828,965	1,137,685
Noncurrent liabilities	175,669	201,562
Equity	$ 2,957,456	$ 3,403,509
Equity attributable to:		
Owners of the Company	$ 1,564,446	$ 1,752,590
Noncontrolling interests	1,393,010	1,650,919
	$ 2,957,456	$ 3,403,509

	For the Years Ended December 31 2018	2017
Operating revenue	$ 4,223,670	$ 4,756,231
Net income	$ 306,710	$ 286,739
Other comprehensive income	(10,077)	(18,398)
Total other comprehensive income	$ 296,633	$ 268,341
Equity attributable to:		
Owners of the Company	$ 160,795	$ 149,374
Noncontrolling interests	145,915	137,365
	$ 306,710	$ 286,739
Total other comprehensive attributable to:		
Owners of the Company	$ 156,526	$ 138,712
Noncontrolling interests	140,107	129,629
	$ 296,633	$ 268,341
Cash flows		
Cash flows from operating activities	$ 414,702	$ 241,873
Cash flows used in investing activities	(146,496)	(52,177)
Cash flows used in financing activities	(296,520)	(340,361)

Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,649)	3,970
Net cash outflow	$ (29,963)	$ 146,695
Dividend paid to noncontrolling interests		
Generalplus Technology Inc.	$ (169,798)	$ (200,179)

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in associates	$ 729,219	$ 379,351

a. Investments in associates

	December 31	
	2018	2017
Listed companies		
Global View Co., Ltd.	$ 307,106	$ 379,351
iCatch Technology	350,859	-
Autsys Co., Ltd.	71,254	-
	$ 729,219	$ 379,351

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	December 31	
Name of Associate	**2018**	**2017**
Global View Co., Ltd.	13%	13%
iCatch Technology	36%	-
Autsys Co., Ltd.	19%	-

Refer to Table 5 following these Notes to 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 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 they lost control of Sunplus Technology Xiamen Xm-plus. 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 re-measured at fair value, and a disposal gain of $27,061 thousand was recognized.

In July 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 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 date, as follows:

	December 31	
Name of Associate	**2018**	**2017**

Global View, Co., Ltd.	$ 248,530	$ 392,134

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

	December 31	
	2018	2017
Total assets	$ 2,569,477	$ 2,062,675
Total liabilities	$ 369,039	$ 129,672

	Years Ended December 31	
	2018	2017
Revenue	$ 1,005,661	$ 188,461
Profit for the period	$ (45,428)	$ 53,596
Comprehensive income	$ (103,126)	$ 739,555
Group's share of profits of associates	$ (44,862)	$ 91,044

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2018 and 2017 was based on the associates' financial statements audited by the auditors for the same years.

15. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2017										
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Prepayments for Equipment	Total
Cost											
Balance at January 1, 2017	$ 2,420,928	$ 202,883	$ 16,161	$ 581,209	$ 7,020	$ 260,976	$ 3,284	$ 21,278	$ 25	$ -	$ 3,513,764
Additions	-	14,060	1,144	74,072	1,612	10,862	640	698	-	-	103,086
Disposals	-	(8,772)	(2,430)	(53,855)	(221)	(12,586)	(506)	(62)	-	-	(78,432)
Reclassified to investment property	-	(23,676)	-	25	-	-	23,676	-	(25)	-	-
Effect of exchange rate changes	(13,579)	(6)	256	(35,001)	(565)	(1,369)	(742)	(142)	-	-	(51,148)
Balance at December 31, 2017	$ 2,407,349	$ 184,489	$ 15,131	$ 566,450	$ 7,846	$ 257,883	$ 26,352	$ 21,772	$ -	$ -	$ 3,487,272
Accumulated depreciation											
Balance at January 1, 2017	$ 404,240	$ 95,601	$ 15,329	$ 480,895	$ 3,282	$ 216,976	$ 2,269	$ 17,764	$ -	$ -	$ 1,236,356
Depreciation expense	53,059	25,593	702	84,445	977	22,113	453	1,099	-	-	188,441
Disposals	-	(8,772)	(2,353)	(53,190)	(216)	(10,926)	(506)	(62)	-	-	(76,025)
Reclassified to investment property	-	(2,762)	-	-	-	-	2,762	-	-	-	-
Effect of exchange rate changes	(497)	(163)	(178)	(33,737)	(487)	(1,839)	(283)	32	-	-	(37,152)
Balance at December 31, 2017	$ 456,802	$ 107,497	$ 13,500	$ 478,413	$ 3,556	$ 226,324	$ 4,695	$ 18,833	$ -	$ -	$ 1,311,620
Accumulated impairment											
Balance at December 31, 2017	$ -	$ -	$ -	$ 11,498	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,498
Carrying amounts at December, 2017	$ 1,950,547	$ 74,992	$ 1,631	$ 76,539	$ 4,290	$ 31,559	$ 21,657	$ 2,939	$ -	$ -	$ 2,164,154

	Year Ended December 31, 2018										
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Payable for purchases of Equipment	Total
Cost											
Balance at January 1, 2018	$ 2,407,349	$ 184,489	$ 15,131	$ 566,450	$ 7,846	$ 257,883	$ 26,352	$ 21,772	$ -	$ -	$ 3,487,272
Additions	-	882	1,576	133,708	-	19,426	125	253	45	2,940	158,955
Disposals	-	(9,476)	(1,836)	(5,908)	(1,790)	(6,625)	-	(1,237)	-	-	(26,872)
Reclassified to investment property	-	23,676	-	-	-	45	(23,676)	-	(45)	-	-
Consolidated changes	-	-	-	(77,014)	-	(1,224)	(516)	-	-	-	(78,754)
Effect of exchange rate changes	(24,104)	(5,697)	(1,142)	(707)	(152)	(3,174)	497	3,171	-	-	(31,308)
Balance at December 31, 2018	$ 2,383,245	$ 193,874	$ 13,729	$ 616,529	$ 5,904	$ 266,331	$ 2,782	$ 23,959	$ -	$ 2,940	$ 3,509,293
Accumulated depreciation											
Balance at January 1, 2018	$ 456,802	$ 109,497	$ 13,500	$ 478,413	$ 3,556	$ 226,324	$ 4,695	$ 18,833	$ -	$ -	$ 1,311,620
Depreciation expense	53,993	21,608	3,612	101,194	1,348	15,746	5,272	773	-	-	203,546
Disposals	-	(9,476)	(1,115)	(6,389)	(22)	(7,741)	-	(1,237)	-	-	(25,980)
Reclassified to investment property	-	2,762	-	-	-	-	(2,762)	-	-	-	-
Consolidated charges	-	-	-	(34,174)	-	(505)	(473)	-	-	-	(35,152)
Effect of exchange rate changes	(2,977)	2,466	(3,238)	1,551	(1,249)	(1,828)	(4,401)	1,078	-	-	(8,598)
Balance at December 31, 2018	$ 507,818	$ 126,857	$ 12,759	$ 540,595	$ 3,633	$ 231,996	$ 2,331	$ 19,447	$ -	$ -	$ 1,445,436
Accumulated impairment											
Balance at December 31, 2018	$ -	$ -	$ -	$ 11,498	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,498
Balance at December 31, 2017 and January 1, 2018	$ 1,950,547	$ 74,992	$ 1,631	$ 76,539	$ 4,290	$ 31,559	$ 21,657	$ 2,939	$ -	$ -	$ 2,164,154
Carrying amounts at December, 2018	$ 1,875,427	$ 67,017	$ 970	$ 64,436	$ 2,271	$ 34,335	$ 451	$ 4,512	$ -	$ 2,940	$ 2,052,359

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

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

Refer to Note 35 for the carrying amounts of property, plant and equipment that had been pledged by the Group to secure borrowings.

16. INVESTMENT PROPERTIES

Investment Properties

Cost	
Balance at January 1, 2017	$ 1,444,993
Additions	6,592
Reclassified	(268)
Effect of exchange rate differences	(16,256)
Balance at December 31, 2017	1,435,061
Accumulated depreciation	
Balance at January 1, 2017	(226,089)
Depreciation expense	(71,542)
Effect of exchange rate differences	1,621
Balance at December 31, 2017	(296,010)
	$ 1,139,051

(Continued)

	Investment Properties
Cost	
Balance at January 1, 2018	$ 1,435,061
Additions	3,891
Reclassified	(10,016)
Effect of exchange rate differences	(28,801)
Balance at December 31, 2018	1,400,135
Accumulated depreciation	
Balance at January 1, 2018	$ (296,010)
Depreciation expense	(72,240)
Effect of exchange rate differences	7,429
Balance at December 31, 2018	(360,821)
	$ 1,039,314

(Concluded)

The investment properties held by the Group are depreciated over their useful lives of 5 to 20 years, using the straight-line method.

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 method, and the important unobservable input values used include the discounted value. The evaluated fair value is as follows:

	December 31	
	2018	2017
Fair value	$ 1,267,909	$ 1,755,274

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 method, and the important unobservable input values used include the discounted value. The evaluated fair value is as follows:

	December 31	
	2018	2017
Fair value	$ 2,471,410	$ 2,310,166

17. INTANGIBLE ASSETS

	Year Ended December 31, 2017					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 716,741	$ 393,456	$ 114,229	$ 30,596	$ 2,460	$ 1,257,482
Additions	99,512	29,101	-	-	-	128,613
Decrease	(99,113)	(65,129)	-	-	(3,882)	(168,124)
Reclassified	44,922	(45,695)	271	-	-	(502)
Effect of exchange rate differences	370	(999)	10	-	1,422	803
Balance at December 31	$ 762,432	$ 310,734	$ 114,510	$ 30,596	$ -	$ 1,218,272
Accumulated amortization						
Balance at January 1	$ 527,506	$ 346,256	$ 79,091	$ -	$ 2,460	$ 955,322
Amortization expense	63,947	30,978	2,720	-	-	97,645
Decrease	(99,113)	(65,129)	-	-	(3,882)	(168,124)
Reclassified	36,268	(36,302)	34	-	-	-
Effect of exchange rate differences	64	(515)	1	-	1,422	972
Balance at December 31	$ 528,672	$ 275,297	$ 81,846	$ -	$ -	$ 885,815
Accumulated deficit						
Balance at January 1	$ 111,136	$ -	$ -	$ -	$ -	$ 111,136
Addition	3,613	-	21,577	-	-	25,190
Balance at December 31	$ 114,749	$ -	$ 21,577	$ -	$ -	$ 136,326
Carrying amounts at December 31, 2017	$ 119,011	$ 35,437	$ 11,087	$ 30,596	$ -	$ 196,131

	Year Ended December 31, 2018					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 762,432	$ 310,734	$ 114,510	$ 30,596	$ -	$ 1,218,272
Additions	66,784	24,736	-	-	-	91,520
Decrease	(20,568)	(22,271)	-	-	-	(42,839)
Effect of exchange rate differences	(500)	(3,439)	(6)	-	-	(3,945)
Consolidated changes	(29,641)	(11,151)	-	-	-	(40,792)
Balance at December 31	$ 778,507	$ 298,609	$ 114,504	$ 30,596	$ -	$ 1,222,216
Accumulated amortization						
Balance at January 1	$ 528,672	$ 275,297	$ 81,846	$ -	$ -	$ 885,815
Amortization expense	54,526	26,340	1,371	-	-	82,237
Decrease	(20,568)	(22,271)	-	-	-	(42,839)
Effect of exchange rate differences	(181)	(375)	(2)	-	-	(558)

Consolidated changes	(5,534)	(8,139)	-	-	-	(13,673)
Balance at December 31	$ 556,915	$ 270,852	$ 83,215	$ -	$ -	$ 910,982

(Continued)

	Year Ended December 31, 2018					
	Technology License Fees	**Software**	**Patents**	**Goodwill**	**Technological Know-how**	**Total**
Accumulated deficit						
Balance at January 1	$ 114,749	$ -	$ 21,577	$ -	$ -	$ 136,326
Consolidated changes	(3,613)	-	-	-	-	(3,613)
Balance at December 31	$ 111,136	$ -	$ 21,577	$ -	$ -	$ 132,713
Carrying amounts at December 31, 2018	$ 110,456	$ 27,757	$ 9,712	$ 30,596	$ -	$ 178,521

(Concluded)

Impairment loss recognized on the above intangible assets was $25,190 thousand for the year ended December 31, 2017.

These intangible assets are amortized on a straight-line basis over the useful lives of the assets, estimated as follows:

Technology license fees	1-10 years
Software	1-10 years
Patents	8-18 years
Technological know-how	5 years

	For the Year Ended December 31	
	2018	**2017**
An analysis of depreciation by function		
Operating costs	$ 228	$ 629
Selling and marketing expenses	110	100
General and administrative expenses	6,743	7,067
Research and development expenses	75,156	89,849
	$ 82,237	$ 97,645

18. OTHER ASSETS

	December 31	
	2018	**2017**
Current		
Other financial assets		
Pledged time deposits (a)	$ 153,575	$ 291,373
Other assets		
Pledged for EDA tools	$ 17,194	$ 25,929
Finance lease payables (c)	2,756	2,814
Others	71,371	72,218
	$ 91,321	$ 100,961

(Continued)

	December 31	
	2018	**2017**

Noncurrent

Other financial assets		
Pledged time deposits (a)	$ 10,943	$ 11,386
Time deposits (b)	116,272	73,040
	$ 127,215	$ 84,426
Other assets		
Finance lease payables (c)	$ 102,175	$ 107,113
Refundable deposits	7,749	7,456
Prepaid long-term investment	30,001	-
Others	7,800	11,370
	$ 147,725	$ 125,939

(Concluded)

a. Refer to Notes 33 and 37 for information on pledged time deposits.

b. Generalplus Shenzhen invested RMB26,000 thousand and RMB16,0000 thousand in long-term certificates of deposit with the bank in August 2016 and July 2018 (for durations of two to three years). 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 2017 were $104,931 thousand and $109,927 thousand, respectively.

19. LOANS

Short-term borrowings

	December 31	
	2018	2017
Secured borrowings		
Bank loans	$ 122,769	$ 208,800
Unsecured borrowings		
Bank loans	188,446	235,311
	$ 311,215	$ 444,111

The weighted average effective interest rates for bank loans from January 1, 2018 to December 31, 2018 and from January 1, 2017 to December 31, 2017 were 2.500%-3.594% and 1.800%-2.650% per annum, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	December 31 2018	December 31 2017
Floating rate borrowings				
Unsecured bank borrowings	2019.10.14	Repayable in October 2019	$ 135,046	$ 149,143
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016	100,000	200,000
Unsecured bank borrowings	2019.2.14	Repayable quarterly from February 2014	15,000	75,000
			250,046	424,143
Less: Current portion			250,046	175,000
Long-term borrowings			$ -	$ 249,143

The effective borrowing rates as of December 31, 2018 and 2017 were 1.545%-3.959% and 1.545%-2.655%.

According to the loan contract, the consolidated financial statements of the company for 107 and 106 years are limited by current ratio, debt ratio, interest guarantee multiple and current ratio, debt ratio and a restriction on net tangible assets. However, the Company's inability to meet the ratio requirements would not be deemed as a violation of the contracts. As of 2018 and 2017, the Company was in compliance with these financial ratio requirements.

20. TRADE PAYABLES

	December 31 2018	December 31 2017
Accounts payable		
Payable - operating	$ 484,810	$ 723,983

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.

21. PROVISIONS

	December 31, 2017
Customer returns and rebates	$ 11,555

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

22. OTHER LIABILITIES

	December 31	
	2018	**2017**
Current		
Other payables		
Salaries or bonuses	$ 299,445	$ 347,067
Compensation due to directors	59,190	85,979
Payable for royalties	42,261	38,743
Commissions payable	39,772	36,667
Labor/health insurance	29,424	28,702
Refund liabilities (Note 25)	14,796	-
Payables for purchases of equipment	8,670	23,444
Payables for labor	6,403	8,615
Receipt in advance	3,767	51,096
Others	68,818	152,545
	$ 572,546	$ 772,858
Deferred revenue		
Deferred revenue		
Arising from government grants (Note 30)	$ 1,629	$ 1,663
Non-current		
Other payable		
Payables for purchases of equipment	$ 2,376	$ -
Decommissioning liabilities	889	889
	$ 3,265	$ 889
Deferred revenue		
Arising from government grants (Note 30)	$ 61,894	$ 64,844

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Sunplus, Generalplus, Sunext, Sunplus Innovation, Sunplus mMedia and Jumplux Technology of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

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

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	**2017**
Present value of funded defined benefit obligation	$ 268,025	$ 290,833
Fair value of plan assets	(188,770)	(191,869)
Net liabilities arising from defined benefit obligation	$ 79,255	$ 98,964

Movements in net defined benefit liabilities were as follows:

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liabilities (Assets)**
Balance at January 1, 2017	$ 278,239	$ 185,639	$ 92,600
Service cost			
Current service cost	771	-	771
Net interest expense (income)	4,357	2,993	1,364
Recognized gain and loss	5,128	2,993	2,135
Remeasurement			
Return on plan assets	-	(1,589)	1,589
Actuarial (gain) loss-experience adjustment	64	-	64
Actuarial (gain) loss-changes in demographic assumptions	2,530	-	2,530
Actuarial loss-changes in financial assumptions	4,872	-	4,872
Recognized in other comprehensive income	7,466	(1,589)	9,055
Benefit paid	-	4,826	(4,826)
Balance at December 31, 2017	$ 290,833	$ 191,869	$ 98,964
Balance at January 1, 2018	$ 290,833	$ 191,869	$ 98,964
Service cost			
Current service cost	789	-	789
Net interest expense (income)	3,587	2,513	1,074
Recognized gain and loss	4,376	2,513	1,863
Remeasurement			
Return on plan assets	-	4,596	(4,596)
Actuarial (gain) loss-experience adjustment	(4,068)	-	(4,068)
Actuarial (gain) loss-changes in demographic assumptions	(53)	-	(53)
Actuarial loss-changes in financial assumptions	5,222	-	5,222
Recognized in other comprehensive income	1,101	4,596	(3,495)

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	$ -	$ 5,932	$ (5,932)
Consolidated changes	(24,373)	(8,609)	(15,764)
Liabilities extinguished on settlement	(3,912)	(7,531)	3,619
Balance at December 31, 2018	$ 268,025	$ 188,770	$ 79,255

(Concluded)

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

	For the Year Ended December 31	
	2018	2017
Operating costs	$ 215	$ 273
Selling and marketing expenses	234	251
General and administrative expenses	453	522
Research and development expenses	904	1,147
Net liability arising from defined benefit obligation	$ 1,806	$ 2,193

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

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

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

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

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

	December 31	
	2018	2017
Discount rate(s)	1.10%-1.20%	1.25%-1.50%
Expected rate(s) of salary increase	4.00%-5.00%	3.50%-6.25%
Resignation rate	0%-28%	0%-29%

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

	December 31, 2018	December 31, 2017
Discount rate(s)		
0.25% increase	$ (8,405)	$ (9,901)
0.25% decrease	$ 8,761	$ 10,306
Expected rate(s) of salary increase		
1% increase	$ 35,932	$ 40,268
1% decrease	$ (31,147)	$ (35,114)

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

	December 31	
	2018	2017
Expected contributions to the plan for the next year	$ 9,106	$ 4,829
Average duration of the defined benefit obligation	14-17 years	14-18 years

24. EQUITY

a. Share capital

1) Common shares:

	December 31	
	2018	2017
Number of shares authorized (in thousands)	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000
Number of shares issued and fully paid (in thousands)	591,995	591,995
Shares issued	$ 5,919,949	$ 5,919,949

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

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

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of December 31, 2018, the outstanding 175 thousand units of GDRs represented 350 thousand common shares.

b. Capital surplus

	December 31	
	2018	2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Arising from the issuance of common shares	$ 409,213	$ 496,059
Arising from the acquisition of a subsidiary	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,022	140,293
May be used to offset a deficit only		
From treasury share transactions	43,958	41,466
Changes in net equity of associates or joint ventures accounted for using the equity method	50,782	-
	$ 801,398	$ 835,241

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 distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 26-g.

Appropriation of earnings to 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 from the 2017 and 2016 earnings were approved at the shareholders' meetings in June 11, 2018 and on June 13, 2017, respectively. The appropriations, including dividends, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Year 2017	For Year 2016	For Year 2017	For Year 2016
Legal reserve	$ 41,321	$ 9,974		
Special reserve	44,284	1,068		
Cash dividend	327,551	88,681	$ 0.5333	$ 0.1498

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

The Company's shareholders also proposed in the shareholders' meeting on June 13, 2017 to issue cash dividends from capital surplus of $207,317 thousand.

The appropriations of earnings, the bonuses for employees, and the remuneration of directors for 2018 are subject to resolution in the shareholders' meeting to be held on March 20, 2016.

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 561	$ -
Special reserve	241,173	-

The Company's board of directors also proposed in the shareholders' meeting on March 20, 2019 to issue cash dividends from capital surplus of $213,118 thousand.

The appropriation of earnings for 2018 is subject to resolution in the shareholders' meeting to be held on June 10, 2019.

d. Special reserve

	For the Year Ended December 31	
	2018	2017
Beginning at January 1	$ 22,995	$ 21,927
Appropriations to the special reserve	44,284	1,068
Balance at December 31	$ 67,279	$ 22,995

e. Other equity items

1) Foreign currency translation reserve:

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (122,100)	$ (62,062)
Exchange differences on translating foreign operations	(13,871)	(59,220)
Share of exchange differences of associates accounted for using equity method	(2,904)	(818)
Balance at December 31	$ (138,875)	$ (122,100)

2) Unrealized gain (loss) from available-for-sale financial assets:

	For the Year Ended December 31, 2017
Balance at January 1, 2017	$ 306,462
Changes in fair value of available-for-sale financial assets	356,999
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(610,076)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	6,453
Balance at December 31, 2018	59,838
Effect of retrospective application and retrospective restatement - IFRS 9	(59,838)
Balance at January 1, 2018 (IFRS 9)	$ -

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

	For the Year Ended December 31, 2018
Balance at January 1 (IAS 39)	$ -
Effect of retrospective application and retrospective restatement - IFRS 9	(230,011)
Balance at January 1 (IFRS 9)	(230,011)
Current	
Unrealized gain (loss)	(104,028)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	37,070
Share of unrealized gain (loss) on associates accounted for using the equity method	(6,999)
Balance at December 31	$ (303,968)

f. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ 1,677,049	$ 1,663,923
Effect of retrospective application and retrospective restatement - IFRS 9	1,478	-
Attributable to no controlling interests:		
Share of profit for the year	136,707	129,770
Exchange difference on translation foreign operations	(4,190)	(3,711)
Unrealized losses on available-for-sale financial assets	-	(3,772)
Unrealized gain (loss) on financial assets at FVTOCI	343	-
Actuarial gains on defined benefit plans	(1,165)	(400)
Distribution of dividends by associates	(169,798)	(200,179)
Partial disposal of subsidiaries	-	88,842
Noncontrolling interests - restricted shares options held by subsidiaries' employees	-	142
Noncontrolling interests related to outstanding vested share options held by the employees of subsidiaries	37	78
Disposal of subsidiaries (Note 31)	(229,844)	-
Others	(8,953)	2,356
Balance at December 31	$ 1,401,664	$ 1,677,049

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, 2017	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2017	-	3,560	3,560
Number of shares as of January 1, 2018	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2018	-	3,560	3,560

The Group's shares held by its subsidiaries at the end of the reporting periods were 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)
December 31, 2018			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,050

(Continued)

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)
December 31, 2017			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 58,384

(Concluded)

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

25. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers	$ 5,663,059	$ 6,419,659
Rental income from property	199,184	216,055
Other	215,490	184,523
	$ 6,077,733	$ 6,820,237

a. Contract information

Revenue from the sale of goods

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

Other

Other mainly come from software development.

b. Disaggregation of revenue

For the Year Ended December 31, 2018

	Reportable Segments
	Direct Sales
Primary geographical markets	
Asia	$ 4,067,191
Taiwan	1,908,470
Others	102,072
	$ 6,077,733

(Continued)

Reportable Segments
Direct Sales

Timing of revenue recognition

Satisfied at a point in time	$ 5,812,317
Satisfied over time	265,416
	$ 6,077,733

(Concluded)

c. Contract balances

	December 31, 2018
Note and trade receivables (Note 11)	$ 954,030
Contract liabilities - current	$ 7,511

The variation of contract liabilities is mainly due to the difference between the time when the performance obligation is met and the payment schedule of the customer.

26. NET PROFIT

Net profit included the following items:

a. Other income

	For the Year Ended December 31	
	2018	2017
Dividend income	$ 23,564	$ 23,230
Interest income	26,314	22,111
Others	66,585	52,344
	$ 116,463	$ 97,685

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gain on disposal of investment	$ -	$ 642,140
Gain on disposal of subsidiary/associates	182,621	-
Net gain (loss) on financial assets and liabilities		
Net gain (loss) on financial assets designated as at FVTPL (Note 7)	67,736	4,901
Net foreign exchange loss	(15,895)	(64)
Loss on reversal of impairment loss on financial assets	-	(25,190)
Loss on non-financial assets	-	(203,363)
Others	11,540	6,543
	$ 246,002	$ 424,967

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	$ 21,239	$ 24,530
Other finance costs	2,584	1,696

	2018	2017
	$ 23,823	$ 26,226

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	$ 79,758	$ 79,327
Operating expenses	196,028	180,656
	$ 275,786	$ 259,983
An analysis of amortization by function		
Operating costs	$ 228	$ 629
Operating expenses	82,009	97,016
	$ 82,237	$ 97,645

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2018	2017
Direct operating expenses from investment property that generated rental income	$ 76,191	$ 77,210

f. Employee benefit expense

	For the Year Ended December 31	
	2018	2017
Short-term benefits	$ 1,716,303	$ 1,833,142
Post-employment benefits		
Defined contribution plans	56,066	54,695
Defined benefit plans (Note 23)	1,806	2,193
Other employee benefits	57,872	56,888
Share-based payments		
Equity-settled	37	220
Other employee benefits	28,418	27,157
Total employee benefit expense	$ 1,802,630	$ 1,917,407
An analysis of employee benefit expense by function		
Operating costs	$ 136,269	$ 157,293
Operating expenses	1,666,361	1,760,114
	$ 1,802,630	$ 1,917,407

g. Employees' compensation and remuneration of directors

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration 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 of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which have been approved by the Company's board of directors on March 20, 2019 and March 14, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees’ compensation	1.00%	1.00%
Remuneration of directors	1.50%	1.50%

Amount

	For the Year Ended December 31			
	2018		2017	
	Cash	Shares	Cash	Shares
Employees’ compensation	$ 80	$ -	$ 4,323	$ -
Remuneration of directors	119	-	6,484	-

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

There was no difference between the actual amounts of employees’ compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

Information on the 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.

h. Gain or loss on exchange rate changes

	For the Year Ended December 31	
	2018	2017
Exchange rate gains	$ 140,569	$ 181,405
Exchange rate losses	(156,464)	(181,469)
	$ (15,895)	$ (64)

27. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 86,720	$ 92,937
Adjustments for prior periods	(24,496)	(7,310)
Consolidated changes	(1,518)	-
	60,706	85,627
Deferred tax		
In respect of the current year	961	(2,200)
Income tax expense recognized in profit or loss	$ 61,667	$ 83,427

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

	Years Ended December 31	
	2018	2017
Profit before tax	$ 203,990	$ 634,655
Income tax expense at the 17% statutory rate	$ 40,798	$ 107,891
Different statutory rate in other jurisdictions	1,710	3,258
Tax effect of adjusting items:		
Nondeductible expenses in determining taxable income	(11,962)	(125,363)
Temporary differences	(22,380)	37,484
Unrecognized temporary differences	(885)	(876)
Additional income tax under the Alternative Minimum Tax Act	-	9,471
Current investment credit	-	(3,306)
Effects of consolidated income tax filing	(47)	(40)
Current income tax expense	7,234	28,519
Deferred income tax expense		
Temporary differences	961	(2,200)
Unrecognized loss carryforwards	77,806	64,418
Adjustments for prior years' tax	(24,496)	(7,310)
Foreign income tax expense	1,680	-
Consolidated changes	(1,518)	-
Income tax expense recognized in profit or loss	$ 61,667	$ 83,427

Based on the Income Tax Act in the ROC, the applicable corporate tax rate used by the Group in 2017 was 17%. In February 2018, the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate has been adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%.

As the status of the appropriation of earnings in 2019 is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31 2018	December 31 2017
Current tax assets		
Tax refund receivable (classified as other receivable)	$ 871	$ 3,431
Current tax liabilities		
Income tax payable	$ 56,972	$ 60,946

c. Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities that met the offset criteria.

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

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized loss on inventories	$ 19,913	$ (7,811)	$ 12,102
Fixed assets	864	3,199	4,063
Unrealized sales	658	17	675
Exchange (gains) losses	(924)	(79)	(1,003)
Other	10,704	3,713	14,417
	$ 31,215	$ (961)	$ 30,254

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Unrealized loss on inventories	$ 18,669	$ 1,244	$ 19,913
Fixed assets	2,992	(2,128)	864
Unrealized sales	622	36	658
Exchange (gains) losses	(1,326)	402	(924)
Other	8,058	2,646	10,704
	$ 29,015	$ 2,200	$ 31,215

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

	December 31	
	2018	2017
Loss Carryforwards		
Expiry in 2018	$ -	$ 200,391
Expiry in 2019	257,108	257,108
Expiry in 2020	251,700	251,700
Expiry in 2021	551,637	551,637
Expiry in 2022	536,364	536,364
Expiry in 2023	1,467,084	1,486,011
Expiry in 2024	65,199	65,199
Expiry in 2025	49,489	49,489
Expiry in 2026	55,551	139,632
Expiry in 2027	88,194	130,842
Expiry in 2027	132,947	-
Expiry in 2028		
	$ 3,455,273	$ 3,668,373
Deductible temporary differences	$ 177,411	$ 510,560

e. Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2018 pertaining to Sunplus:

Unused Amount	Expiry Year
$ 190,618	2019
211,457	2020
322,509	2021
394,894	2022
1,144,831	2023
24,228	2027
$ 2,288,537	

Loss carryforwards as of December 31, 2018 pertaining to Sunplus Venture:

Unused Amount	Expiry Year
$ 30,907	2019
17,891	2020
4,863	2022
92,197	2023
$ 145,858	

Loss carryforwards as of December 31, 2018 pertaining to Lin Shin:

Unused Amount	Expiry Year
$ 9,864	2019
39,908	2023
$ 49,772	

Loss carryforwards as of December 31, 2018 pertaining to Sunext:

Unused Amount	Expiry Year
$ 120,088	2021
100,760	2022
159,490	2023
31,147	2024
975	2025
2,618	2028
$ 415,078	

Loss carryforwards as of December 31, 2018 pertaining to Sunplus mMedia:

Unused Amount	Expiry Year
$ 25,719	2019
22,352	2020
109,040	2021
35,847	2022
30,658	2023
29,360	2024
27,164	2025
11,155	2026
9,369	2027
57,436	2028
$ 358,100	

Loss carryforwards as of December 31, 2018 pertaining to Jumplux:

Unused Amount	Expiry Year
$ 4,692	2024
21,350	2025
44,396	2026
54,597	2027
72,893	2028
$ 197,928	

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

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

Income tax assessments

The income tax returns of Sunplus and Sunplus mMobile through 2015 and Generalplus, Sunplus Innovation, Sunext, Sunplus mMedia, Sunplus management Consulting, Wei-Yough, Lin Shih, Sunplus Venture and Jumplus through 2016 had been assessed by the tax authorities.

28. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic gain per share	$ 0.01	$ 0.72
Diluted earnings per share	$ 0.01	$ 0.72

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

Net profit for the year

	Years Ended December 31	
	2018	2017
Profit for the year attributable to owners of the Company	$ 5,616	$ 421,458
Effect of potentially dilutive common shares		
Bonuses for employees	-	-
Earnings used in the computation of diluted EPS from continuing operations	$ 5,616	$ 421,458

The weighted average number of common shares outstanding (in thousand shares) is as follows:

	For the Year Ended December 31	
	2018	2017
Weighted average number of common shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential common shares:		
Bonuses issued to employees	60	284
Weighted average number of common shares used in the computation of diluted earnings per share	588,495	588,719

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

29. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

In their meeting on June 28, 2012, the shareholders of Sunplus Innovation Technology Inc. (SITI) approved a plan on a restricted employee share option plan (ESOP), through which employees would receive 2,400 thousand shares amounting to $24,000 thousand, with no up-front cost and at a par value of $10.00; the Financial Supervisory Commission approved this plan on June 28, 2013.

On August 7, 2013, under the board of directors' approval, SITI executed the restricted ESOP, through which employees received 1,000 thousand shares at a par value of $10.00 with no up-front cost. The shares were issued and granted on August 15, 2013, with the fair value of $8.7699.

In their meeting on April 18, 2014, the shareholders of Sunplus Innovation Technology Inc. (SITI) approved the second plan of the restricted employee share option plan (ESOP), through which employees would receive 1,400 thousand shares amounting to $14,000 thousand, with no up-front cost and at a par value of $10.00. The shares were issued and granted on April 19, 2014, with the fair value of $6.0599.

Under the restricted ESOP, employees who are still employed by SITI and pass the annual performance appraisal are eligible for a certain percentage of shareholding, as stated below.

a. 50% shareholding ratio after the second anniversary from the grant date;

b. 50% of the shareholding ratio after the third anniversary from the grant date.

The restrictions under the ESOP are as follows:

a. During the duration of the restricted ESOP, the employee may not sell, discount, transfer, grant, enact, or by any other method dispose of the shares.

b. During the duration of the restricted ESOP, employees will still receive share and/or cash dividends, and also have rights to join the capital increase by cash plan (if any).

c. Shares must be handed over to the trustees after the publication of the ESOP, and the Company may not request a return of the ESOP before the realization of the vesting conditions. If employees fail to meet the vesting conditions, SITI has the right to take back and cancel the limited employee share options, but the Company will still grant employees share and cash dividends generated during the vesting period.

Information about the Sunplus Innovation's restricted share option plan for the year ended December 31, 2018 and 2017 was as follows:

	Number of Restricted Shares (In Thousands)	
	2018	2017
Balance at January 1	-	234
Vested	-	(234)
Balance at December 31	-	-

30. GOVERNMENT GRANTS

In August 2013, Sun Media Technology Co., Ltd. received a government grant amounting to RMB 16,390 thousand ($79,213 thousand) for the purchase of land on which to build a plant. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset.

The total revenue recognized as profit for the years ended December 31, 2018 and 2017 was $1,661 and $1,641 thousand, respectively.

31. 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 has independently operated its financial activities on July 31, 2018, so the Company assessed it has lost control.

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
Other current assets	1,009	94,941
Noncurrent assets		
Property, plant and equipment	595	43,007
Intangible assets	77	25,427
Refundable deposits	-	1,674
Deferred income tax - noncurrent	-	1,518

(Continued)

	Sunplus Technology Xiamen Xm-plus	iCatch Technology
Current liabilities		
Trade payables	$ (170)	$ (148,922)
Accrued expenses	-	(28,812)
Other current liabilities	(20,710)	(606)
Accrued pension liabilities	-	(15,533)
Deposits received	-	(33,053)
Contract liabilities	-	(19,637)
Net liabilities disposed of	$ (17,978)	$ 421,172

(Concluded)

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
Disposed of net liabilities (assets)	17,978	(421,172)
Reclassification of net assets and related hedging instruments to accumulated exchange differences on profit (loss) due to loss of control of subsidiaries	(211)	-
Non-controlling interests	-	229,844
Gain on disposals	$ 27,061	$ 143,836

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In June 2017, Sunplus Venture purchased equity from employees of Jumplux Technology Co., Ltd., increasing its controlling interest from 94.29% to 95.00%.

In October 2017, Sunplus Venture disposed of 3.66% of its interest in Generalplus Technology Inc., reducing its controlling interest from 51.65% to 47.99%.

In July 2018, Sunplus subscribed for the capital increase in cash of Jumplux Technology Co., Ltd., increasing its controlling interest from 95.00% to 97.08%.

In August 2018, Sunplus Technology (Shanghai) subscribed for the capital increase in cash of Ytrip Technology Co., Ltd., increasing its controlling interest from 83.40% to 90.71%.

From October to December, 2018, Sunplus purchased the equity from the external shareholders of Sunext Technology Co., Ltd. increasing its controlling interest from 74.15% to 91.40%.

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

2018

	Jumplux Technology Co., Ltd.	Ytrip Technology Co., Ltd.	Sunext Technology Co., Ltd.
Cash consideration paid	$ (100,000)	$ (120,150)	$ (31,571)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	96,333	101,403	31,300
Reattribution of other equity to (from) non-controlling interests			
-Exchange differences on translating the financial statements of foreign operations	-	212	-
Differences recognized from equity transactions	$ (3,667)	$ (18,535)	$ (271)

	Jumplux Technology Co., Ltd.	Ytrip Technology Co., Ltd.	Sunext Technology Co., Ltd.	Total
Line items adjusted for equity transactions				
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (3,667)	$ (18,535)	$ -	$ (22,202)
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition				
Retained earnings	-	-	(271)	(271)
	$ (3,667)	$ (18,535)	$ (271)	$ (22,473)

33. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to leases of land with lease terms between 2 and 20 years. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

Sunplus

The Company leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2020, December 2021 and December 2034. The SBIPA has the right to adjust the annual lease amount. The amount was $8,318 thousand for the period ended. The Company had pledged $6,100 thousand time deposits (classified as other noncurrent financial assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31	
	2018	2017
Up to 1 year	$ 8,318	$ 8,259
Over 1 year to 5 years	21,079	23,855
Over 5 years	36,576	39,901
	$ 65,973	$ 72,015

Sunplus Innovation

Sunplus Innovation leases office from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2018. The SBIPA has the right to adjust the annual lease amount of $5,459 thousand.

The future lease payables are as follows:

	December 31	
	2018	2017
Up to 1 year	$ 5,549	$ 5,489
Over 1 year to 5 years	22,196	-
	$ 27,745	$ 5,489
Refundable deposits	$ 910	$ 910

Generalplus Technology Inc.

Generalplus leases land from Science-Based Industrial Park Administration under renewable agreements expiring in December 2020. The SBIPA has the right to adjust the annual lease amount of $1,532 thousand. Generalplus deposited $3,000 thousand (classified as other noncurrent financial assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31	
	2018	2017
Up to 1 year	$ 1,491	$ 1,458
Over 1 year to 5 year	1,491	2,916
	$ 2,982	$ 4,374

The Group as lessor

Sunplus Technology (Shanghai)

Operating leases relate to the investment property owned by the Group with lease terms between 1 and 5 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2018 and 2017, deposits received under operating leases amounted to $39,899 thousand and $37,439 thousand, respectively.

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

	December 31	
	2018	2017

Up to 1 year	$ 142,129	$ 97,784
Over 1 year to 5 years	133,209	37,218
	$ 275,338	$ 135,002

SunMedia Technology

Operating leases relate to the investment property owned by the Group with lease terms 15 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2018 and 2017, deposits received under operating leases amounted to $7,379 thousand and $6,848 thousand, respectively.

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

	December 31	
	2018	**2017**
Up to 1 year	$ 84,521	$ 83,978
Over 1 to 5 years	435,290	440,026
Over 5 years	581,826	684,521
	$ 1,101,637	$ 1,208,525

34. 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.

35. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

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	-	-	160,226	160,226
	$ 1,429,001	$ -	$ 622,613	$ 2,051,614
Financial assets at FVTOCI				
Listed shares and emerging market shares	$ 78,246	$ -	$ -	$ 78,246
Unlisted shares and emerging market shares	17,320	-	110,671	127,991
Private funds	-	-	39,971	39,971
	$ 95,566	$ -	$ 150,642	$ 246,208

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Unlisted debt securities other countries	$ 9,468	-	-	$ 9,468
Securities listed in ROC	-	89,280	-	89,280
	$ 9,468	$ 89,280	$ -	$ 98,748
Available-for-sale financial assets				
Mutual funds	$ 1,396,116	$ -	$ -	$ 1,396,116
Quoted shares	426,678	-	-	426,678
	$ 1,822,794	$ -	$ -	$ 1,822,794

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

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

For the Year Ended December 31, 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	15,589	-	15,589
Recognized in other comprehensive income	-	(77,563)	(77,563)
Purchases	276,125	75,212	351,337
Sales	(111,996)	(4,930)	(116,926)
Transfers out of Level 3	-	(13,593)	(13,593)
Effect of exchange rate changes	7	(52)	(45)
Balance at December 31, 2018	$ 622,613	$ 150,642	$ 773,255

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

a) The fair values of unlisted shares and emerging market shares 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.

	December 31	
	2018	**2017**
Price-to-book ratio	0.66-4.16	0.94-3.37
Price-to-sales ratio	0.69-7.52	1.25-1.38
Discount for lack of marketability	10%-30%	10%-50%

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

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

c. Categories of financial instruments

	December 31			
	2018		2017	
Financial assets				
Fair value through profit or loss (FVTPL)				
Held for trading	$	-	$	98,748
Fair value through profit or loss (FVTPL)		2,051,614		-
Loans and receivables (i)		-		5,901,870
Available-for-sale financial assets (ii)		-		2,342,053
Financial assets at amortized cost (iii)		4,549,250		-
Financial assets at fair value through other comprehensive income				
Equity instruments		246,208		-
Financial liabilities				
Measured at amortized cost (iv)		1,276,248		1,822,939

i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, note and trade receivables, other financial assets and refundable deposit.

ii) The balance included available - for - sale financial assets carried at cost.

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

iv) The balances included financial liabilities measured at amortized cost, which comprised short-term and long-term loans, note and trade payables, long-term liabilities -current portion and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, convertible notes, trade receivable, trade payables, bonds payable and borrowings. 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 reported 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 in foreign currency, and the use by management of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

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

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 were refer to Note 38.

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, other financial assets, long-term and short-term loans, accounts payable, other accounts payable and deposit margins. A negative number below indicates a decrease in post-tax profit associated with the New Taiwan dollar strengthening $1.00 against USD and RMB. For a $1.00 weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit, and the balances below would be positive.

	USD Impact	
	Years Ended December 31	
	2018	**2017**
Profit or loss	$ (9,525)	$ (17,986)

	RMB Impact	
	Years Ended December 31	
	2018	**2017**
Profit or loss	$ (107)	$ (1,159)

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 appetite, ensuring the most cost-effective hedging strategies are applied.

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

	December 31	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 2,025,410	$ 2,878,159
Financial liabilities	311,215	191,761
Cash flow interest rate risk		
Financial assets	1,367,150	1,566,070
Financial liabilities	250,046	676,493

Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables held constant, the Group's post-tax profit for the years ended December 31, 2018 and 2017 would increase/decrease by $1,396 thousand and $1,122 thousand, respectively.

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 year ended December 31, 2018 would have increased/decreased by $20,516 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the year ended December 31, 2018 would have increased/decreased by $2,462 thousand, respectively.

Had equity prices been 1% higher/lower, post-tax profit for the year ended December 31, 2017 would have increased/decreased by $18,228 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the 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 failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

The Group's concentration of credit risk of 59% and 61% in total trade receivables as of December 31, 2018 and 2017, 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 December 31, 2018 and 2017, the Group had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest risk rate tables

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

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**
Nonderivative financial liabilities					
Noninterest bearing	$ 274,169	$ 85,001	$ 561,988	$ 38,504	$ 63,523
Variable interest rate liabilities	105	15,000	235,046	-	-
Fixed interest rate liabilities	117,896	-	193,361	7,685	152,292
	$ 392,170	$ 100,001	$ 990,395	$ 46,189	$ 215,815

December 31, 2017

	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
Nonderivative financial liabilities					
Noninterest bearing	$ 497,278	$ 383,305	$ 752	$ 39,605	$ -
Variable interest rate liabilities	246	-	175,000	100,000	-
Fixed interest rate liabilities	59,533	-	-	11,090	153,723
	$ 557,057	$ 383,305	$ 175,752	$ 150,695	$ 153,723

b) Financing facilities

	December 31 2018	2017
Unsecured bank overdraft facility		
Amount used	$ 561,504	$ 710,776
Amount unused	4,479,716	4,829,399
	$ 5,041,220	$ 5,540,175

36. 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

Name	Relationship with the Group
Beijing Golden Global View Co., Ltd.	Associate (Note 1)
Xiamen Xm-plus Technology Ltd.	Associate (Note 2)
iCatch Technology, Inc.	Associate (Note 3)
Advanced Vehicle Systems Co., Ltd.	Associate (Note 4)

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

Note 2： The board of directors of Xiamen Xm-plus Technology Ltd. was re-elected on December 19, 2018. The Company judged that it had lost significant influence on Xiamen Xm-plus Technology Ltd.

Note 3： On July 31, 2018, the Company assessed that it had lost control of iCatch Technology, Inc.; therefore, it is classified as an associate.

Note 4： It is an associate of the company; subsidiary of AutoSys Co., Ltd.

b. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31 2018	2017
Sales	Associates	$ 51,833	$ 296

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

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

Account Item	Related Party	December 31 2018	2017
Trade receivables	Associates	$ 17,941	$ -
Other trade receivable	Associates	$ 1,358	$ -

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2018 and 2017, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

Account Item	Related Parties Types	December 31 2018	2017
Refundable deposits	Associates	$ 871	$ 888
Deposits received	Associates	$ 393	$ -
Operating expenses	Associates	$ 4,539	$ 5,017
Non-operating income and expenses	Associates	$ 9,009	$ -

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

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

e. Compensation of key management personnel

	For the Years Ended December 31 2018	2017
Short-term employee benefits	$ 61,183	$ 59,185
Post-employment benefits	1,562	1,515
	$ 62,745	$ 60,700

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

37. PLEDGED OR MORTGAGED ASSETS

The following assets of the Company have been pledged or mortgaged as guarantees for endorsement, loan, purchase quota, leased land and customs clearance:

	December 31	
	2018	2017
Buildings, net	$ 615,136	$ 634,538
Pledged time deposits (classified as other financial assets, including current and non-current)	164,518	302,759
	$ 779,654	$ 937,297

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

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

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
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
Nonmonetary 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

December 31, 2017

		Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets				
Monetary items				
USD	$	47,338	29.760	$ 1,408,779
HKD		13,832	3.807	52,658
CNY		5,011	4.565	22,875
JPY		607	0.264	160
GBP		3	40.110	120
EUR		1	35.570	36
Nonmonetary items				
USD		3,000	29.760	89,280
USD		501	30.571	15,316
CHF		510	30.179	15,391
Financial liabilities				
Monetary items				
USD		29,352	29.760	873,516
CNY		3,852	4.565	17,584
EUR				

The foreign currency exchange loss and gain (realized and unrealized) were amounted to $15,895 thousand and $64 thousand for the ended December 31, 2018 and 2017, respectively. Due to the diversity of the functional currencies of the Group, it is unable to disclose foreign currency with significant influence.

39. ADDITIONAL DISCLOSURES

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

3) Marketable securities held: Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital.

5) Intercompany relationships and significant intercompany transactions: Table 4 (attached)

6) Information on investee: Table 5 (attached)

b. Information on investments in mainland China

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

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 receiving of services.

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

40. 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 referring to 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 years ended December 31, 2018 and 2017 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2018 and 2017 are shown in the accompanying consolidated balance sheets.

a. Segment revenues and results

The following was an analysis of the Group's operating revenue and results by reportable segment.

	Segment Revenue	
	For the Year Ended December 31	
	2018	**2017**
IC design	$ 5,663,059	$ 6,419,659
Income from lease of property, plant, and equipment	199,184	216,055
Other income	215,490	184,523
	$ 6,077,733	$ 6,820,237

b. Geographical information

The Group operates in two principal geographical areas - the Asia and Taiwan.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets is detailed below.

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2017	2018	2017
Asia	$ 4,067,191	$ 4,594,885	$ 2,192,346	$ 2,356,138
Taiwan	1,908,470	2,154,290	1,077,848	1,143,198
Others	102,072	71,062	-	-
	$ 6,077,733	$ 6,820,237	$ 3,270,194	$ 3,499,336

Noncurrent assets exclude noncurrent assets held for sale, financial instruments, deferred tax assets, post-employment benefits assets, and assets result from insurance contracts.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2018	2017
Customer A	$ 763,906	$ 798,635
Customer B	652,318	658,358
Customer C	622,701	1,083,925

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Ventureplus Cayman Inc.	Sun Media Technology Co., Ltd.	Other receivables	Yes	$ 40,027	$ -	$ -	3.1971%	Note 1	$ -	Note 2	$ -	-	$ -	$ 135,431 (Note 10)	$ 270,862 (Note 10)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Technology (Beijing)	Receivables from related parties	Yes	6,900	-	-	1.8%	Note 1	-	Note 3	-	-	-	259,645 (Note 12)	259,645 (Note 12)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	29,959	25,108	25,108	1.8%	Note 1	-	Note 4	-	-	-	21,637 (Note 11)	43,274 (Note 11)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	219,120	91,300	91,300	1.8%	Note 1	-	Note 5	-	-	-	259,645 (Note 12)	259,645 (Note 12)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	381,320	256,923	256,923	2.35%	Note 1	-	Note 6	-	-	-	463,230 (Note 13)	463,230 (Note 13)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	321,321	230,061	168,561	2.2%	Note 1	-	Note 7	-	-	-	411,427 (Note 14)	411,427 (Note 14)
5	Sunplus Prof-tek Technology (Shenzhen)	Ytrip Technology Co., Ltd.	Receivables from related parties	Yes	1,963	-	-	1.8%	Note 1	-	Note 8	-	-	-	40,850 (Note 15)	81,700 (Note 15)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	29,673	29,673	1.8%	Note 1	-	Note 9	-	-	-	40,850 (Note 15)	81,700 (Note 15)

Note 1: Short-term financing.

Note 2: Ventureplus Cayman Inc. provided funds for the operating needs of Sun Media Technology Co., Ltd.

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

Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus APP Technology.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 6: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 7: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 8: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Ytrip Technology Co., Ltd.

Note 9: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

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 should not exceed 20% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements, and the individual amount of each guarantee should not exceed 10% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 11: 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 12: 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 13: 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 14: 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 15: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral (Property, Plant, or Equipment)	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited ("Sunplus")	Ventureplus Cayman Inc.	3 (Note 4)	$ 846,594 (Note 5)	$ 160,075	$ -	$ -	$ -	-	$ 1,693,188 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	846,594 (Note 5)	417,528	417,528	219,960	-	4.93	1,693,188 (Note 6)	Yes	No	Yes
		Ytrip Technology Co., Ltd.	3 (Note 4)	846,594 (Note 5)	121,780	-	-	-	-	1,693,188 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	846,594 (Note 5)	20,000	10,000	10,000	-	0.12	1,693,188 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	347,423 (Note 7)	316,025	156,725	125,380	156,725	27.07	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 YEAR ENDED DECEMBER 31, 2018
(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	December 31, 2018				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	$ 10,043	-	$ 10,043	Note 3
	Mega RMB Money Market RMB	-	Financial assets at fair value through profit or loss - current	466	24,408	-	24,408	Note 3
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,387	53,267	-	53,267	Note 3
	Yuanta AUD Money Market	-	Financial assets at fair value through profit or loss - current	2,000	18,518	-	18,518	Note 3
	Taishin China-US Money Market	-	Financial assets at fair value through profit or loss - current	3,000	30,287	-	30,287	Note 3
	Yuanta USD Money Market TWD	-	Financial assets at fair value through profit or loss - current	4,396	42,367	-	42,367	Note 3
	Yuanta RMB Money Market CNY	-	Financial assets at fair value through profit or loss - current	470	24,253	-	24,253	Note 3
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	13,197	165,249	-	165,249	Note 3
	PineBridge Preferred Securities	-	Financial assets at fair value through profit or loss - current	2,946	28,431	-	28,431	Note 3
	UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss - current	1,851	30,887	-	30,887	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	247	78,532	-	78,532	Note 3
	PineBridge Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	28,955	-	28,955	Note 3
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	3,420	50,589	-	50,589	Note 3
	Prudential Financial RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,810	57,669	-	57,669	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	18,039	-	18,039	Note 3
	Pictet-Security RI	-	Financial assets at fair value through profit or loss - non-current	2	61,430	-	61,430	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	14,002	-	14,002	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	672	-	672	Note 2
	Triknight Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	21,000	190,050	5	190,050	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Availink Inc.	-	Financial assets at fair value through other comprehensive income - non-current	9,039	$ 590	-	$ 590	Note 1
	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.	CTBC Global iSport Fund	-	Financial assets at fair value through profit or loss - current	1,000	9,410	-	9,410	Note 3
	Yuanta Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	25,680	-	25,680	Note 3
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	870	10,042	-	10,042	Note 3
	Ruentex Material Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20	526	-	526	Note 2
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	1,853	-	1,853	Note 2
	Global Pmx Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	200	19,300	-	19,300	Note 2
	Laster Tech Corporation Ltd. - CB	-	Financial assets at fair value through profit or loss - current	15	1,466	-	1,466	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	7,952	-	7,952	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
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	78,246	2	78,246	Note 2
	Sunplus Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	3,560	40,050	1	40,050	Note 2
	Lead Sun Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,000	30,756	-	30,756	Note 1
	Prine Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	3,380	-	3,380	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

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	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	-	6,143	-	6,143	Note 1
	Availink Inc.	-	Financial assets at fair value through other comprehensive income	9,920	31,280	8	31,280	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	21,113	-	21,113	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	-	9,215	-	9,215	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	1,982	-	1,982	Note 2
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,900	47,937	-	47,937	Note 2
	Cathay China A50	-	Financial assets at fair value through profit or loss - current	2,900	47,995	-	47,995	Note 2
	Cyberon Corporation	-	Financial assets at fair value through profit or loss - non-current	786	28,820	8	28,820	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	54,500	7	54,500	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
	Simple Act Inc.	-	Financial assets at fair value through profit or loss - non-current	1,900	-	10	-	Note 1
	Information Technology Total Services	-	Financial assets at fair value through profit or loss - non-current	51	-	-	-	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	-	36,970	2	36,970	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	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	-	43,742	7	43,742	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	900	39,150	2	39,150	Note 2
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	29,663	8	29,663	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	1,386	17,320	4	17,320	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	25,200	6	25,200	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF B Type Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,400	29,162	-	29,162	Note 3
	GF Every Day The Red Haired Type Money Market Fund B		Financial assets at fair value through profit or loss - current	5,700	25,587	-	25,587	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	-	43,708	16	43,708	Note 1
	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	8,076	4	8,076	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at fair value through profit or loss - current	5,721	59,048	-	59,048	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,601	42,347	-	42,347	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	810	10,143	-	10,143	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	150	47,512	-	47,512	Note 3
	Yuanta RMB Money Market	-	Financial assets at fair value through profit or loss - current	3,679	38,982	-	38,982	Note 3
	Yuanta USD Money Market TWD	-	Financial assets at fair value through profit or loss - current	6,712	64,694	-	64,694	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	2,235	30,072	-	30,072	Note 3
	Yuanta De-Li Money Market	-	Financial assets at fair value through profit or loss - current	4,333	70,553	-	70,553	Note 3
	Yuanta De-Bao Money Market	-	Financial assets at fair value through profit or loss - current	5,000	60,010	-	60,010	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	24,513	10	24,513	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	$ 848	8	$ 848	Note 1
	Point Grab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - non-current	-	82,623	-	82,623	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	32,306	15	32,306	Note 1

Note 1: The market value was based on the carrying amount as of December 31, 2018.

Note 2: The market value was based on the closing price as of December 31, 2018.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2018.

Note 4: The exchange rate was based on the exchange rate as of December 31, 2018.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Flow of Transaction (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd. (the "Company")	Generalplus Technology Inc.	1	Sales	$ 3,105	Note 1	0.05%
			Nonoperating income and gains	137	Note 2	-
			Notes and trade receivables	375	Note 1	-
	Sunext Technology Co., Ltd.	1	Sales	1,500	Note 1	0.02%
			Nonoperating income and gains	10,580	Notes 2 and 4	0.17%
			Notes and trade receivables	187	Note 1	-
			Other receivables	1,226	Note 3	0.01%
	Sunplus Innovation Technology Inc.	1	Sales	427	Note 1	0.01%
			Nonoperating income and gains	3,828	Note 2	0.06%
			Notes and trade receivables	78	Note 1	-
			Other receivables	642	Note 3	0.01%
	iCatch Technology, Inc.	1	Sales	4,843	Note 1	0.08%
			Nonoperating income and gains	8,601	Notes 2 and 4	0.14%
	Jumplux Technology Co., Ltd.	1	Sales	6,857	Note 1	0.11%
			Nonoperating income and gains	13,111	Notes 2 and 4	0.22%
			Notes and trade receivables	1,407	Note 1	0.01%
			Other receivables	2,084	Note 3	0.02%
	Sunplus mMedia Inc.	1	Nonoperating income and gains	8,250	Notes 2 and 4	0.14%
			Other receivables	1,388	Note 3	0.01%
			Sales	2,728	Note 1	0.04%
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Accrued expenses	608	Note 3	0.01%
			Marketing expenses	2,688	Note 2	0.04%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Accrued expenses	5,370	Note 3	0.05%
			Marketing expenses	23,271	Note 2	0.38%
Generalplus Technology Inc.	Generalplus Technology (Hong Kong) Inc.	2	Marketing expenses	11,087	Note 2	0.18%
			Other accrued expenses	2,322	Note 3	0.01%
	Generalplus Technology (Shenzhen) Inc.	2	Sales	2,211	Note 2	0.03%
			Research and development expenses	94,261	Note 2	1.55%
			Notes and trade receivables	1,505	Note 3	0.01%
			Other accrued expenses	43,030	Note 3	0.36%
	Sunplus Innovation Technology Inc.	2	Sales	80	Note 1	-
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Marketing expenses	7,821	Note 2	0.13%
	Sun Media Technology Co., Ltd.	2	Marketing expenses	17,597	Note 2	0.29%
Sunext Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Accrued expenses	25	Note 3	-
			Research and development expenses	26	Note 2	-

(Continued)

Company Name	Counterparty	Flow of Transaction (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other receivables	$ 89,440	Note 3	0.75%
			Other payable	345	Note 3	-
			Nonoperating income and gains	2,161	Note 2	0.04%
			Research and development expenses	319	Note 3	0.01%
	Sunplus App Technology	2	Nonoperating income and gains	399	Note 2	0.01%
			Other receivables	24,596	Note 3	0.21%
	Sunplus Technology (Beijing)	2	Research and development expenses	477	Note 2	0.01%
			Nonoperating income and gains	33	Note 2	-
	Jumplux Technology Co., Ltd.	2	Account receivables	125	Note 2	-
			Sales	320	Note 1	0.01%
Jumplux Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Other accrued expenses	4,084	Note 3	0.03%
			Research and development expenses	5,323	Note 2	0.09%
Sunplus Venture	Sun Media Technology Co., Ltd.	2	Nonoperating income and gains	3,816	Note 2	0.06%
			Other receivables	172,133	Note 3	1.44%
Ventureplus Cayman Inc.	Sun Media Technology Co., Ltd.	2	Nonoperating income and gains	307	Note 2	0.01%
Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	2	Other receivables	261,358	Note 3	2.19%
			Nonoperating income and gains	5,180	Note 2	0.09%
SunMedia Technology Co., Ltd.	Sunplus App Technology	2	Research and development expenses	210	Note 2	-
	Sunplus Technology (Beijing)	2	Management expenses	65	Note 2	-
			Accounts payable	64	Note 1	-
Ytrip Technology Co., Ltd.	1culture Communication Co., Ltd.	2	Sales	510	Note 1	0.01%
			Management expenses	31	Note 2	-
Sunplus Technology (Beijing)	Xinamen Xm-plus Technology Ltd.	2	Sales	427	Note 2	0.01%
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Ytrip Technology Co., Ltd.	2	Nonoperating income and gains	3	Note 2	-
			Other receivables	29,068	Note 3	0.24%
	Sunplus App Technology	2	Nonoperating income and gains	272	Note 2	-

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

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

Note 3: The transaction payment terms were at normal commercial terms.

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

Note 5: The directional flow of the transactions are indicated by the following numerals:
1 - From parent company to subsidiary.
2 - Between subsidiaries.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2018	December 31, 2017	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,460,981	$ 2,451,767	-	100	$ 1,354,351	$ (79,793)	$ (79,793)	Subsidiary
				(US$ 74,605	(US$ 74,305						
				RMB 37,900)	RMB 37,900)						
	Award Glory Ltd.	Belize	Investment	62,720	23,712	-	100	33,116	(7,932)	(7,932)	Subsidiary
				(US$ 2,042)	(US$ 772)						
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	307,106	82,960	10,837	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	750,558	64,080	61,556	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	704,549	284,344	97,531	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,028,567	55,005	55,005	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	523,083	60,709	37,109	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	757,432	739,003	24,660	100	579,038	1,965	1,965	Subsidiary
				(US$ 24,660)	(US$ 24,060)						
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	30	289,419	(103,184)	(28,936)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	924,730	924,730	58,050	91	174,391	1,808	2,746	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	357,565	22,441	90	46,128	(1,647)	(58,822)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,910	(41)	(41)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	43,425	43,425	11,075	100	39	-	-	Subsidiary
				(HK$ 11,075)	(HK$ 11,075)						
	Magic Sky Limited	Samoa	Investment	308,133	305,921	-	100	82,747	(14,459)	(14,459)	Subsidiary
				(US$ 10,032)	(US$ 9,960)						
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,785	(417)	(417)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	30,157	5,400	100	56,947	2,338	2,339	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	-	13,200	55	17,475	(73,126)	(17,085)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	282,537	284,344	38,915	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	369,316	-	-	-	1,808	54	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	15,662	60,709	1,268	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	13,793	(103,184)	(1,016)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	6,000	(1,647)	(2,186)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	13,370	(73,126)	(43,067)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	49,298	60,709	3,426	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	47,647	(103,184)	(3,510)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	385,709	-	-	-	1,808	128	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	2,371	(1,647)	(6,419)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	65,085	-	-	-	1,808	11	Subsidiary
				(US$ -)	(US$ 2,119)					(US$ -)	
	Autosys Co., Ltd.	Cayman Islands, British west Indies	Investment	76,788	-	5,000	19	71,254	(14,214)	(4,738)	Investee
				(US$ 2,500)							
Wei-Young Investment Inc.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	350	-	-	-	1,808	2	Subsidiary

Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,460,981 (US$ 74,605 RMB 37,900)	2,451,767 (US$ 74,305 RMB 37,900)	-	100	1,354,332	(79,794)	(79,794)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,460,981 (US$ 74,605 RMB 37,900)	2,460,981 (US$ 74,305 RMB 37,900)	-	100	1,354,309	(79,795)	(79,795)	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	586,349 (US$ 19,090)	586,349 (US$ 19,090)	19,090	100	480,817	14,211	14,211	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	586,349 (US$ 19,090)	586,349 (US$ 19,090)	19,090	100	480,815	14,211	14,211	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2018	December 31, 2017	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,979 (US$ 390)	$ 11,979 (US$ 390)	390	100	$ 5,253	$ (462)	$ (462)	Subsidiary
Sunplus mMedia Inc.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	32,000	-	-	-	(48,781)	(10,034)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	62,720 (US$ 2,042)	23,712 (US$ 772)	-	100	33,116	(7,932)	(7,932)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,712 (US$ 772)	23,712 (US$ 772)	-	100	811	(3,121)	(3,121)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	39,008 (US$ 1,270)	- (US$ -)	-	100	32,306	(4,812)	(4,812)	Subsidiary

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental services	$ 528,298 (US$ 17,200)	Note 1	$ 542,273 (US$ 17,665)	$ -	$ -	$ 542,273 (US$ 17,655)	100%	$ 39,671	$ 39,671	$ 432,741	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services, building rental services and property management	990,559 (US$ 32,250)	Note 1	990,559 (US$ 32,250)	-	-	990,559 (US$ 32,250)	100%	(3,070)	(3,070)	817,000	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental services	614,300 (US$ 20,000)	Note 1	614,300 (US$ 20,000)	-	-	614,300 (US$ 20,000)	100%	(80,976)	(80,976)	102,178	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, system integration services and information management and education	67,080 (RMB 15,000)	Note 1	62,719 (US$ 586 RMB 10,000)	-	-	62,719 (US$ 586 RMB 10,000)	93%	(23,514)	(21,947)	(53,034)	-
Ytrip Technology Co., Ltd.	Computer system integration services, supply of general advertising and other information services	273,910 (RMB 61,250)	Note 1	138,555 (US$ 4,511)	-	-	138,555 (US$ 4,511)	91%	(25,374)	(21,852)	(1,026)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	120,744 (RMB 27,000)	Note 1	120,744 (RMB 27,000)	-	-	120,744 (RMB 27,000)	100%	1,041	1,041	48,076	-
1culture Communication Co., Ltd.	System development	14,534 (RMB 3,250)	Note 3	-	-	-	-	100%	18	11	112	-
Xiamen Xm-plus Technology Ltd.	Development of computer software, system integration services and building rental services	232,544 (RMB 52,000)	Note 1	-	39,008 (US$ 1,270)	-	39,008 (US$ 1,270)	19%	(65,610)	(32,089)	-	-

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,508,158 (US$ 76,272 and RMB 37,000)	$ 2,580,950 (US$ 75,002 and RMB 62,000)	$ 5,079,565

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 38,701 (US$ 1,260)	$ 38,701 (US$ 1,260)	$ 617,140

(Continued)

Generalplus Technology Inc. (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g. Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Generalplus Shenzhen	IC product development, after sales service and market research	$ 574,371 (US$ 18,700)	Note 1	$ 574,371 (US$ 18,700)	$ -	$ -	$ 574,371 (US$ 18,700)	100%	$ 14,673	$ 14,673	$ 475,542	$ -

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 574,371 (US$ 18,700)	$ 574,371 (US$ 18,700)	$ 1,250,480

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

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

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

Note 4: The initial exchange rate was based on the exchange rate as of December 31, 2018.

(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 YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Other Payable To Related Parties		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Market Transactions	Ending Balance	%		
Generalplus Technology (Shenzhen) Corp.	Development and processing services	$ 94,261	19.18%	Based on contract	Based on contract	Not comparable with market transactions	$ 43,030	94.88	$ -	NA

7.5 The Company's individual financial report for the past year has been audited by the accountant

Sunplus Technology Company Limited

Financial Statements for the
Years Ended December 31, 2018 and 2017 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Sunplus Technology Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2018 and 2017, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2018 and 2017, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue recognition</u>

Integrated circuit chip sales accounted for 90% of the Company's total revenue. Operating income declined in 2018, but sales to some customers increased significantly. Therefore, we deem revenue recognition as a key audit matter. For a detailed explanation of revenue, refer to Notes 4 and 23 to the accompanying consolidated financial statements.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2019

<u>*Notice to Readers*</u>

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Par Value)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 780,555	9	$ 1,722,569	18
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4, 7 and 31)	661,494	7	-	-
Available-for-sale financial assets - current (Notes 3, 4, 5 and 9)	-	-	602,003	6
Accounts receivable, net (Notes 3, 4, 5, 11 and 32)	171,387	2	200,733	2
Other receivables (Notes 3, 4, 25 and 32)	14,226	-	51,268	-
Inventories (Notes 4 and 12)	256,907	3	276,908	3
Other financial assets (Notes 3, 16 and 33)	-	-	59,520	1
Other current assets (Note 16)	24,851	-	29,734	-
Total current assets	1,909,420	21	2,942,735	30
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 3, 4, 7 and 31)	266,154	3	-	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4, 8 and 31)	4,337	-	-	-
Available-for-sale financial assets - non-current (Notes 3, 4, 9 and 31)	-	-	74,435	1
Financial assets carried at cost (Notes 3, 4, 5 and 10)	-	-	201,923	2
Investments accounted for using the equity method (Notes 4, 13 and 32)	5,981,209	67	5,762,269	59
Property, plant and equipment (Notes 3, 4, 5, 14 and 33)	687,187	8	682,943	7
Intangible assets (Notes 4, 5 and 15)	86,495	1	62,141	1
Deferred tax assets (Notes 4, 5 and 25)	2,485	-	2,485	-
Other financial assets (Notes 3, 16 and 33)	6,100	-	6,100	-
Other non-current assets (Note 16)	8,000	-	8,000	-
Total non-current assets	7,041,967	79	6,800,296	70
TOTAL	$ 8,951,387	100	$ 9,743,031	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank borrowings (Note 17)	$ -	-	$ 59,520	1
Contract liabilities - current (Note 23)	2,547	-	-	-
Account payable (Note 18)	108,075	1	136,811	1
Provisions - current (Notes 3, 4 and 19)	-	-	7,300	-
Current portion of long-term bank loans (Notes 17 and 33)	115,000	1	175,000	2
Other current liabilities (Notes 3 and 20)	188,041	2	226,187	2
Total current liabilities	413,663	4	604,818	6
NON-CURRENT LIABILITIES				
Long-term bank loans, net of current portion (Notes 17 and 33)	-	-	100,000	1
Net defined benefit liabilities (Notes 4 and 21)	5,275	-	10,864	-
Guarantee deposits	64,131	1	61,113	1
Other non-current liabilities, net of current portion (Note 23)	2,376	-	-	-
Total non-current liabilities	71,782	1	171,977	2
Total liabilities	485,445	5	776,795	8
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 22)				
Common shares	5,919,949	66	5,919,949	61
Capital surplus	801,398	9	835,241	9
Retained earnings				
Legal reserve	1,941,826	21	1,900,505	20
Special reserve	67,279	1	22,995	-
Unappropriated earnings	241,734	3	413,209	4
Total retained earnings	2,250,839	25	2,336,709	24
Other equity	(442,843)	(5)	(62,262)	(1)
Treasury shares (Note 22)	(63,401)	-	(63,401)	(1)
Total equity	8,465,942	95	8,966,236	92
TOTAL	$ 8,951,387	100	$ 9,743,031	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 23 and 32)	$ 1,238,780	100	$ 1,365,802	100
OPERATING COSTS (Notes 12, 21 and 24)	809,472	66	892,547	65
GROSS PROFIT	429,308	34	473,255	35
OPERATING EXPENSES (Notes 21, 24 and 32)				
Selling and marketing expenses	31,670	3	43,754	3
General and administrative expenses	176,445	14	220,785	16
Research and development expenses	460,807	37	482,210	36
Total operating expenses	668,922	54	746,749	55
LOSS FROM OPERATIONS	(239,614)	(20)	(273,494)	(20)
NONOPERATING INCOME AND EXPENSES (Notes 4, 13, 24, 27 and 32)				
Other income	52,856	4	39,506	3
Other gains and losses	152,227	12	424,700	31
Finance costs	(4,864)	-	(8,337)	(1)
Share of profit of associates and joint ventures	47,155	4	239,083	18
Total nonoperating income and expenses	247,374	20	694,952	51
PROFIT BEFORE INCOME TAX	7,760	-	421,458	31
INCOME TAX EXPENSE (Notes 4 and 25)	2,144	-	-	-
NET PROFIT FOR THE YEAR	5,616	-	421,458	31
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)				
Remeasurement of defined benefit plans	3,443	-	(4,088)	-
Unrealized losses from investments in equity instruments at FVTOCI	(94,350)	(8)	-	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(18,667)	(1)	(1,534)	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 22)				

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
Exchange differences on translating foreign operations	18,919	2	(42,119)	(3)
Unrealized loss on available-for-sale financial assets	-	-	(278,167)	(21)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	(35,694)	(3)	13,624	1
Other comprehensive loss for the year, net of income tax	(126,349)	(10)	(312,284)	(23)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (120,733)	(10)	$ 109,174	8
EARNINGS PER SHARE (Note 26)				
Basic	$ 0.01		$ 0.72	
Diluted	$ 0.01		$ 0.72	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding			Retained Earnings			Other Equity				
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2017	591,995	$ 5,919,949	$ 911,110	$ 1,890,531	$ 21,927	$ 99,738	$ (62,062)	$ 306,462	$ -	$ (63,401)	$ 9,024,254
Appropriation of the 2016 earnings											
Legal reserve	-	-	-	9,974	-	(9,974)	-	-	-	-	-
Special reserve	-	-	-	-	1,068	(1,068)	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(88,681)	-	-	-	-	(88,681)
Difference between share price and book value from disposal of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	-	-	-	(18)	-	-	-	-	(18)
Issuance of share dividends from capital surplus	-	-	(207,317)	-	-	-	-	-	-	-	(207,317)
Difference between share price and book value from disposal of subsidiaries	-	-	129,668	-	-	-	-	-	-	-	129,668
Changes of equity of subsidiaries	-	-	-	-	-	(2,624)	-	-	-	-	(2,624)
Net profit for the year ended December 31, 2017	-	-	-	-	-	421,458	-	-	-	-	421,458
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(5,622)	(60,038)	(246,624)	-	-	(312,284)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	415,836	(60,038)	(246,624)	-	-	109,174
Disposal of treasury shares	-	-	1,780	-	-	-	-	-	-	-	1,780
BALANCE, DECEMBER 31, 2017	591,995	5,919,949	835,241	1,900,505	22,995	413,209	(122,100)	59,838	-	(63,401)	8,966,236
Effect of retrospective application and retrospective restatement	-	-	-	-	-	294,288	-	(59,838)	(230,011)	-	4,439
BALANCE, JANUARY 1, 2018 AS RESTATED	591,995	5,919,949	835,241	1,900,505	22,995	707,497	(122,100)	-	(230,011)	(63,401)	8,970,675
Appropriation of the 2017 earnings											
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(327,551)	-	-	-	-	(327,551)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	-	50,782
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	-	(86,846)
Difference between share price and book value from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	-	(271)
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	-	(22,606)
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	-	5,616

Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	-	(111,027)	-	(126,349)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	-	(111,027)	-	(120,733)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	2,492	-	-	-	-	-	-	-	2,492
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	-	37,070	-	-
BALANCE, DECEMBER 31, 2018	591,995	$ 5,919,949	$ 801,398	$ 1,941,826	$ 67,279	$ 241,734	$ (138,875)	$ -	$ (303,968)	$ (63,401)	$ 8,465,942

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 7,760	$ 421,458
Adjustments for:		
Depreciation expenses	45,232	45,365
Amortization expenses	42,802	32,582
Bad-debt expense	-	30,558
Net gain on the fair value change of financial assets designated as at fair value through profit or loss	13,218	-
Financial costs	4,864	8,337
Interest income	(6,885)	(5,379)
Dividend income	(4,568)	(6,559)
Share of profit of subsidiaries, associates and joint ventures	(47,155)	(239,083)
Gain on disposal of investments	-	(516,435)
Gain on disposal of subsidiaries	(119,154)	-
Impairment loss recognized on financial assets	-	96,567
Impairment loss recognized on non-financial assets	-	21,577
Realized gain on the transactions with subsidiaries	(2,287)	(404)
Net loss on foreign currency exchange	203	6,494
Changes in operating assets and liabilities:		
Decrease (increase) in other receivables	22,170	(3,563)
Decrease in trade receivables	29,387	117,072
Decrease (increase) in inventories	20,001	(19,678)
Decrease in other current assets	4,883	40,071
Decrease in contract liabilities	(996)	-
Decrease in trade payables	(28,717)	(7,993)
Decrease in provisions	-	(1,854)
Decrease in other current liabilities	(34,475)	(55,517)
Decrease in defined benefit liabilities	(2,146)	(2,229)
Cash generated from operations	(55,863)	(38,613)
Interest received	7,398	5,422
Dividends received	278,568	353,024
Interest paid	(5,018)	(8,888)
Income tax paid	(1,680)	-
Net cash generated from operating activities	223,405	310,945
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	(454,704)	-
Proceeds from the sale of financial assets at FVTPL	313,976	-
Purchases of available-for-sale financial assets	-	(275,420)
Proceeds of the sale of available-for-sale financial assets	-	1,128,917
Capital returned to the Company - financial assets carried at cost	-	3,183
Purchase of investments accounted for using the equity method	(346,554)	(393,281)
Payments for property, plant and equipment	(41,358)	(14,568)
Payments for intangible assets	(65,360)	(48,365)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Decrease in other assets - non-current	59,520	4,980
Decrease in refundable deposits	-	58
Net cash (used in) generated from investing activities	(534,480)	405,504
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments) proceeds of short-term borrowings	(59,520)	22,020
Repayments of long-term borrowings	(160,000)	(670,832)
Proceeds from guarantee deposits received	1,860	48,146
Refunds of guarantee deposits received	(752)	(48,249)
Dividends paid to owners of the Company	(414,397)	(295,998)
Net cash used in financing activities	(632,809)	(944,913)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	1,870	(6,712)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(942,014)	(235,176)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,722,569	1,957,745
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 780,555	$ 1,722,569

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

1. GENERAL INFORMATION

Sunplus Technology Company Limited (“Sunplus” or the “Company”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific devices. Sunplus’ shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 22).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 20, 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, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies:

   1) IFRS 9 “Financial Instruments” and related amendments

      IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for the classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

      The requirements for the classification, measurement and impairment of financial assets and hedging cost have been applied retrospectively starting from January 1, 2018, and the other requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized as of December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Company has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Company's financial assets and financial liabilities as at January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 1,722,569	$ 1,722,569	(a)
Equity securities	Available-for-sale	Mandatorily at FVTPL	201,923	186,286	
		Fair value through other comprehensive income - equity instruments	-	98,687	(b)
Mutual funds	Available-for-sale	Mandatorily at FVTPL - current	676,438	602,003	(c)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	252,001	252,001	(a)
Restricted assets	Loans and receivables	Amortized cost	65,620	65,620	(a)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	$ -	$ -	$ -	$ -	$ -	$ -	
Add: Reclassification from available-for-sale (IAS 39)	-	781,438	6,851	788,289	10,841	(3,990)	(b), (c)
	-	781,438	6,851	788,289	10,841	(3,990)	
FVTOCI	-	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	96,923	1,764	98,687	201,877	(200,113)	(b), (c)
	-	96,923	1,764	98,687	201,877	(200,113)	
	$ -	$ 878,361	$ 8,615	$ 886,976	$ 212,718	$ (204,103)	

	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Investments accounted for using the equity method	$ 5,762,269	$ (4,176)	$ 5,758,093	$ 81,570	$ (85,746)	(d)

a) Cash and cash equivalents, time deposits with original maturities of more than 3 months, trade receivables (including related parties), other receivables and restricted assets that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

b) Investments in unlisted shares previously measured at cost under IAS 39 have been classified at FVTPL and at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $111,851 and $6,851 thousand was recognized in financial assets at FVTPL and retained earnings, respectively, on January 1, 2018; consequently, an increase of $98,687 and $1,764 thousand was recognized in financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI, respectively, on January 1, 2018.

The Company recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $201,877 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $201,877 thousand in retained earnings on January 1, 2018.

c) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a decrease of $3,990 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an increase of $3,990 thousand in retained earnings on January 1, 2018.

d) As a result of the retrospective application of IFRS 9 by Investments accounted for using the equity method, there was a decrease in investments accounted for using the equity method of $4,176 thousand, a decrease in other equity - unrealized gain (loss) on available-for-sale financial assets of $55,848 thousand, a decrease in other equity - unrealized gain (loss) on financial assets at FVTOCI of $85,746 thousand and an increase in retained earnings of $81,570 thousand on January 1, 2018.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

Currently, the estimate of allowances for sales returns which may occur in the year are recognized as provisions. Under IFRS 15, such provisions are recognized as other current liabilities.

Impact on assets, liabilities and equity for the current period

	January 1, 2018 Carrying Amount	**Adjustments Arising from Initial Application**	**January 1, 2018 Adjusted Carrying Amount**
Contract liabilities - current	$ -	$ 3,543	$ 3,543
Provisions - current	7,300	(7,300)	-
Other current liabilities	226,187	3,757	229,944
Total effect on liabilities	$ 233,487	$ -	$ 233,487

3) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendments clarify that the difference between the carrying amount of a debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Company expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Company should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as a deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendments also stipulate that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Company's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Company will achieve the higher amount and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

4) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulates that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Company applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the interpretation.

b. 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) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Company will elect 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 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

Upon initial application of IFRS 16, lease liabilities for all leases on the parent company only balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the parent company only statements of comprehensive income, the Company will present 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 parent company only statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities.

Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the statements of cash flows.

The Company anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Right-of-use assets	$ -	$ 185,344	$ 185,344
Total effect on assets	$ -	$ 185,344	$ 185,344
Lease liabilities - current	$ -	$ 3,913	$ 3,913
Lease liabilities – non-current	-	181,431	181,431
Total effect on liabilities	$ -	$ 185,344	$ 185,344

The Company as lessor

Except for sublease transactions, the Company 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.

2) IFRIC 23 "Uncertainty Over Income Tax Treatments"

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

3) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

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 amendment shall be applied prospectively.

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

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 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Materiality"	January 1, 2020 (Note 3)

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

Note 2: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of the period.

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The accompanying parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IFRSs as endorsed by the FSC.

b. Basis for Preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments accounted for using the equity method

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

1) Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

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

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

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

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

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

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

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

2) Investments in associates

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

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

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

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

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

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

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

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

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of tangible and intangible assets

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

2018

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial assets. Fair value is determined in the manner described in Note 31.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

<u>2017</u>

Financial assets are classified into the following categories: Available-for-sale financial assets and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables, cash and cash equivalents, debt investments with no active market, and other receivables) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

2018

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

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

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

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

2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets at amortized cost, such as trade receivables and other receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset’s carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of a security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

For the best estimate of provisions, the discounted cash flows need to consider the risk and uncertainties of obligations. Provisions are measured by the discounted value of the estimated cash flows for the liquidation of the obligation.

l. Revenue recognition

2018

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

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

Revenue from the sale of goods

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

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

Other

Other mainly comes from software development and royalties.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar provisions. Provisions for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

   Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

   a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

   b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   c) The amount of revenue can be measured reliably;

   d) It is probable that the economic benefits associated with the transaction will flow to the Company; and

   e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

   The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Dividend and interest income

   Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

   Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

m. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3) Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of financial assets - 2018

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

b. Estimated impairment of receivable - 2017

When there is objective evidence of impairment loss of receivables, the Company takes into consideration the estimation of the future cash flows of such assets. The amount of impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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

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

For the year ended December 31, 2018 and 2017, the Company recognized impairment losses on intangible assets of $0 and $21,577 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 424	$ 479
Checking accounts and demand deposits	522,131	724,090
Cash equivalents		
Time deposits	258,000	998,000
	$ 780,555	$ 1,722,569

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

	December 31	
	2018	**2017**
Bank balance	0.01%-0.65%	0.01%-0.63%

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

	December 31	
	2018	**2017**
Financial assets at FVTPL - current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	$ 661,494	$ -

(Continued)

	December 31 2018	December 31 2017
Financial liabilities at FVTPL - non-current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Unlisted debt securities - ROC	$ 190,050	$ -
- Mutual funds	75,432	-
- Securities listed in other countries	672	-
	$ 266,154	$ -

(Concluded)

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

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

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Current	
Domestic investments	
- Mutual funds	$ 602,003
Non-current	
Domestic investments	
- Mutual funds	$ 74,435

10. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017
Non-current	
Unlisted shares and emerging market shares	$ 201,923
Classified according to financial asset measurement categories	
Classified as available for sale	$ 201,923

Management believed that the above unlisted equity investments held by the Company, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

The Company believed that the above financial asset carried at cost had impairment losses of $96,567 as of December 31, 2017.

11. ACCOUNTS RECEIVABLE, NET

	December 31 2018	December 31 2017
Trade receivables		
At amortized cost		
Gross carrying amount	$ 171,387	$ 307,990
Less: Allowance for impairment loss	-	(107,257)
	$ 171,387	$ 200,733

2018

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

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

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

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

December 31, 2018

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

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

	December 31, 2018
Balance at January 1, 2018 per IAS 39	$ 107,257
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	107,257
Less: Amounts written off (Note)	(107,257)
Balance at December 31, 2018	$ -

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

December 31, 2017

The average credit period on sales of goods was the same as 2018. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date on which credit was initially granted until the end of the reporting period. An allowance for impairment loss was recognized against trade receivables based on the estimated irrecoverable amounts determined by reference to past default experience with the counterparties and an analysis of their respective current financial positions.

Of the trade receivables balance that were past due at the end of the reporting period, the Company did not recognize an allowance for the impairment for notes and trade receivables as of December 31, 2017, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Company to any respective counterparty.

The aging of receivables is as follows:

	December 31, 2017
0-60 days	$ 184,337
61-90 days	16,396
91-120 days	-
121-360 days	-
More than 361 days	107,257
Total	$ 307,990

The above aging schedule was based on the invoice date.

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

	Individually Impaired	Collectively Impaired	Total
Balance at January 1, 2017	$ 76,699	$ -	$ 76,699
Add: Impairment losses recognized on receivables	30,558	-	30,558
Balance at December 31, 2017	$ 107,257	$ -	$ 107,257

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 98,872	$ 126,860
Work in progress	129,316	130,703
Raw materials	28,719	19,345
	$ 256,907	$ 276,908

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 were $809,472 thousand and $892,547 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2018 and 2017 were as follows:

	Years Ended December 31	
	2018	2017
(Loss) gains on inventory value recoveries	$ (17,880)	$ 14,308
Income from scrap sales	87	69
	$ (17,793)	$ 14,377

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	$ 5,384,684	$ 5,382,918
Investments in associates	596,525	379,351
	$ 5,981,209	$ 5,762,269

a. Investments in subsidiaries

	December 31	
	2018	2017
Listed companies		
Generalplus Technology Corp.	$ 704,549	$ 723,246
Non-listed Company		
Ventureplus Group Inc.	1,354,351	1,489,741
Sunplus Venture Capital Co., Ltd.	1,028,567	915,693
Lin Shih Investment Co., Ltd.	750,558	799,259
Russell Holdings Limited	579,038	520,859
Sunplus Innovation Technology	523,083	481,414
Sunext Technology Co., Ltd.	174,391	115,593
Magic Sky Limited	82,747	89,418
Wei-Young Investment Inc.	56,947	17,870
Sunplus mMedia Inc.	46,128	24,886
Award Glory Ltd.	33,116	-
Sunplus mMobile Inc.	29,785	30,202
Jumplux Technology Co., Ltd.	17,475	-
Sunplus Management Consulting	3,910	3,951
Sunplus Technology (H.K.)	39	38
iCatch Technology Inc.	-	170,748
	$ 5,384,684	$ 5,382,918
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)		
Award Glory Ltd.	$ -	$ 12,990

Except for Sunplus Management Consulting, the investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2018 and 2017 were based on the subsidiaries' financial statements audited by the Company's auditors for the same reporting periods as those of the Company. Refer to Note 35 for the detail list of investments in subsidiaries.

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

	December 31	
	2018	2017
Listed companies		
Generalplus Technology Corp.	34%	34%
Non-listed Company		
Ventureplus Group Inc.	100%	100%
Sunplus Venture Capital Co., Ltd.	100%	100%
Lin Shih Investment Co., Ltd.	100%	100%
Russell Holdings Limited	100%	100%
Sunplus Innovation Technology	61%	61%
iCatch Technology Inc.	-	38%
Sunext Technology Co., Ltd.	91%	61%
Magic Sky Limited	100%	100%
Sunplus mMobile Inc.	100%	100%

(Continued)

	December 31	
	2018	2017
Sunplus mMedia Inc.	90%	87%
Wei-Young Investment Inc.	100%	100%
Sunplus Management Consulting	100%	100%
Sunplus Technology (H.K.)	100%	100%
Jumplux Technology	55%	-
Award Glory Ltd.	100%	100%

(Concluded)

b. Investments in associates

	December 31	
	2018	2017
Associates		
Global View Co., Ltd.	$ 307,106	$ 379,351
iCatch Technology Inc.	289,419	-
	$ 596,525	$ 379,351

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2018	2017
Global View Co., Ltd.	13%	13%
iCatch Technology Inc.	30%	-

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

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

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

	December 31	
	2018	2017
Global View Co., Ltd.	$ 248,530	$ 392,134

All the associates are accounted for using the equity method.

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

	December 31	
	2018	2017
Total assets	$ 2,346,302	$ 2,062,675
Total liabilities	$ 365,599	$ 129,672

	Years Ended December 31	
	2018	2017
Revenue	$ 1,005,661	$ 188,461

Profit for the period	$ (35,177)	$ 53,596
Comprehensive income	$ (95,076)	$ 739,555
Share of profits of associates accounted for using the equity method	$ (18,098)	$ 91,044

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

14. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2017						
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment	Total
Cost							
Balance, beginning of year	$ 969,205	$ 47,321	$ 1,168	$ 171,272	$ 27,551	$ -	$ 1,216,517
Additions	-	2,843	1,144	100	2,076	-	6,163
Disposals	-	(8,772)	(87)	(7,227)	(1,547)	-	(17,633)
Balance, end of year	$ 969,205	$ 41,392	$ 2,225	$ 164,145	$ 28,080	$ -	$ 1,205,047
Accumulated depreciation and impairment							
Balance, beginning of year	$ 303,220	$ 29,533	$ 570	$ 149,504	$ 11,545	$ -	$ 494,372
Depreciation expense	19,721	4,415	520	14,390	6,319	-	45,365
Disposals	-	(8,772)	(87)	(7,227)	(1,547)	-	(17,633)
Balance, end of year	$ 322,941	$ 25,176	$ 1,003	$ 156,667	$ 16,317	$ -	$ 522,104
Net, end of year	$ 646,264	$ 16,216	$ 1,222	$ 7,478	$ 11,763	$ -	$ 682,943

	Year Ended December 31, 2018						
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment	Total
Cost							
Balance, beginning of year	$ 969,205	$ 41,392	$ 2,225	$ 164,145	$ 28,080	$ -	$ 1,205,047
Additions	-	275	-	36,552	9,709	2,940	49,476
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance, end of year	$ 969,205	$ 32,191	$ 1,770	$ 198,906	$ 35,002	$ 2,940	$ 1,240,014
Accumulated depreciation and impairment							
Balance, beginning of year	$ 322,941	$ 25,176	$ 1,003	$ 156,667	$ 16,317	$ -	$ 522,104
Depreciation expense	19,721	3,954	537	14,699	6,321	-	45,232
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance, end of year	$ 342,662	$ 19,654	$ 1,085	$ 169,575	$ 19,851	$ -	$ 552,827
Net, end of year	$ 626,543	$ 12,537	$ 685	$ 29,331	$ 15,151	$ 2,940	$ 687,187

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

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

Refer to Note 33 for the carrying amounts of property, plant and equipment that had been pledged by the Company to secure borrowings.

15. INTANGIBLE ASSETS

	Year Ended December 31, 2017			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 235,447	$ 19,759	$ 97,099	$ 352,305
Additions	43,398	4,405	-	47,803
Disposals	(7,263)	(7,782)	-	(15,045)
Balance at December 31	$ 271,582	$ 16,382	$ 97,099	$ 385,063
Accumulated amortization				
Balance at January 1	$ 86,429	$ 12,070	$ 74,173	$ 172,672
Amortization expense	25,749	5,484	1,349	32,582
Disposals	(7,263)	(7,782)	-	(15,045)
Balance at December 31	$ 104,915	$ 9,772	$ 75,522	$ 190,209
Accumulated deficit				
Balance at January 1	$ 111,136	$ -	$ -	$ 111,136
Additions	-	-	21,577	21,577
Balance at December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2017	$ 55,531	$ 6,610	$ -	$ 62,141

	Year Ended December 31, 2018			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 271,582	$ 16,382	$ 97,099	$ 385,063
Additions	63,880	3,276	-	67,156
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 314,894	$ 11,120	$ 97,099	$ 423,113

(Continued)

	Year Ended December 31, 2018			
	Technology License Fees	Software	Patents	Total
Accumulated amortization				
Balance at January 1	$ 104,915	$ 9,772	$ 75,522	$ 190,209
Amortization expense	38,036	4,766	-	42,802
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 122,383	$ 6,000	$ 75,522	$ 203,905
Accumulated deficit				
Balance at January 1	$ 111,136	$ -	$ 21,577	$ 132,713
Additions	-	-	-	-
Balance at December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2018	$ 81,375	$ 5,120	$ -	$ 86,495

(Concluded)

The company recognized impairment loss on above intangible assets $21,577 thousand as of December 31, 2017, respectively.

These intangible assets were depreciated on a straight-line basis at the following rates per annum:

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

An analysis of the amortization by function:

	December 31	
	2018	2017
Operating costs	$ 191	$ 483
Selling and marketing expenses	3	6
General and administrative expenses	3,933	4,392
Research and development expenses	38,675	27,701
	$ 42,802	$ 32,582

16. OTHER ASSETS

	December 31	
	2018	2017
Current		
Other financial assets		
Pledged time deposits (a)	$ -	$ 59,520
Other assets		
Prepayments for EDA tools	$ 16,019	$ 18,986
Prepaid royalty	5,170	5,627
Others	3,662	5,121
	$ 24,851	$ 29,734
Non-current		
Other financial assets		
Pledged time deposits (a)	$ 6,100	$ 6,100
Other assets		
Refundable deposits	$ 200	$ 200
Others	7,800	7,800
	$ 8,000	$ 8,000

a. Refer to Notes 29 and 33 for information on pledged time deposits.

17. LOANS

a. Short-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Bank loans	$ -	$ 59,520

The weighted average effective interest rate on the bank loans as of December 31, 2017 were 2.65%.

b. Long-term borrowings

The borrowings of the Company were as follows:

	December 31	
	2018	2017
Loans on credit	$ 115,000	$ 275,000
Less: Current portion	115,000	175,000
Long-term borrowings - non-current	$ -	$ 100,000

The effective rate borrowings as of December 31 2018 and 2017 were 1.545%-1.600%, and 1.545%-1.925%.

According to the loan contract, the financial statements of the company for 107 and 106 years are limited by current ratio, debt ratio, interest guarantee multiple and current ratio, debt ratio and a restriction on net tangible assets. However, the Company's inability to meet the ratio requirements would not be deemed as a violation of the contracts. As of 2018 and 2017, the Company was in compliance with these financial ratio requirements.

18. ACCOUNTS AND NOTES PAYABLE

	December 31	
	2018	2017
Accounts payable		
Payable - operating	$ 108,075	$ 136,811

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

19. PROVISIONS

	December 31, 2017
Customer returns and rebates	$ 7,300

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons such as estimated product returns and rebates that may occur in the following year. The provision is recognized as a reduction of operating income in the period the related goods are sold.

20. OTHER LIABILITIES

	December 31	
	2018	2017
Current		
Other liabilities		
Salaries or bonuses	$ 102,634	$ 112,458
Payable for royalties	19,459	38,501
Payable on machinery and equipment	7,770	2,028
Refund liabilities (Note 23)	9,014	-
Labor/health insurance	7,491	7,302
Compensation due to directors	199	10,807
Credit balances on the carrying values of long-term investments	-	12,990
Others	41,474	42,101
	$ 188,041	$ 226,187
Non-current		
Payable on machinery and equipment	$ 2,376	$ -

21. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Defined benefit plans

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

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

	December 31	
	2018	**2017**
Present value of funded defined benefit obligation	$ 169,342	$ 165,832
Fair value of plan assets	(164,067)	(154,968)
Net defined benefit liabilities	$ 5,275	$ 10,864

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Liabilities (Assets) Arising from Defined Benefit Obligation**
Balance at January 1, 2017	$ 159,999	$ 150,994	$ 9,005
Service cost			
Current service cost	573	-	573
Interest expense	2,560	2,438	122
Recognized in profit or loss	3,133	2,438	695
Remeasurement			
Return on plan assets	-	(1,388)	(1,388)
Actuarial (gain) loss-changes in financial assumptions	4,553	-	4,553
Adjustment on actuarial (gain) loss-experience adjustment	(1,853)	-	(1,853)
Recognized in other comprehensive income	2,700	(1,388)	4,088
Contributions from employer	-	2,924	(2,924)
Balance at December 31, 2017	$ 165,832	$ 154,968	$ 10,864

(Continued)

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Liabilities (Assets) Arising from Defined Benefit Obligation**
Balance at January 1, 2018	$ 165,832	$ 154,968	$ 10,864
Service cost			
Current service cost	587	-	587
Interest expense	2,322	2,190	132
Recognized in profit or loss	2,909	2,190	719
Remeasurement			
Return on plan assets	-	4,044	(4,044)

Actuarial (gain) loss-changes in financial assumptions	5,484	-	5,484
Adjustment on actuarial (gain) loss-experience adjustment	(4,883)	-	(4,883)
Recognized in other comprehensive income	601	4,044	(3,443)
Contributions from employer	-	2,865	(2,865)
Balance at December 31, 2018	$ 169,342	$ 164,067	$ 5,275

(Concluded)

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

	For the Year Ended December 31	
	2018	**2017**
Operating costs	$ 153	$ 186
Selling and marketing expenses	6	5
General and administrative expenses	232	221
Research and development expenses	328	283
	$ 719	$ 695

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

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

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

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

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

	December 31	
	2018	**2017**
Discount rate(s)	1.15%	1.40%
Expected rate(s) of salary increase	4.00%	4.00%
Resignation rate	0%-28%	0%-28%

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

	December 31	
	2018	**2017**
Discount rate(s)		
0.25% increase	$ (5,484)	$ (5,666)
0.25% decrease	$ 5,726	$ 5,924
Expected rate(s) of salary increase		
1% increase	$ 23,638	$ 24,545
1% decrease	$ (20,348)	$ (21,012)

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

	December 31	
	2018	**2017**
The expected contributions to the plan for the next year	$ 2,866	$ 2,923
The average duration of the defined benefit obligation	15 years	16 years

22. EQUITY

a. Share capital

1) Common shares:

	December 31	
	2018	**2017**
Numbers of shares authorized (in thousands)	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000
Number of shares issued and fully paid (in thousands)	591,995	591,995
Shares issued	$ 5,919,949	$ 5,919,949

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

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

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of December 31, 2018, the outstanding 175 thousand units of GDRs represented 350 thousand common shares.

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of 2018 and 2017 for each component of capital surplus was as follows:

	December 31	
	2018	**2017**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
From the issuance of common shares	$ 409,213	$ 496,059
From the acquisition of a subsidiary	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,022	140,293
May be used to offset a deficit only		
From treasury share transactions	43,958	41,466
Changes in net equity of associates or joint ventures accounted for using the equity method	50,782	-
	$ 801,398	$ 835,241

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

c. Retained earnings and dividend policy

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

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 24-6.

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

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

The appropriations from the 2017 and 2016 earnings were approved at the shareholders' meetings in June 11, 2018 and on June 13, 2017, respectively. The appropriations, including dividends, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2017	**For Year 2016**	**For Year 2017**	**For Year 2016**
Legal reserve	$ 41,321	$ 9,974		
Special reserve	44,284	1,068		
Cash dividend	327,551	88,681	$ 0.5533	$ 0.1498

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

The Company's shareholders also proposed in the shareholders' meeting on June 13, 2017 to issue cash dividends from capital surplus of $207,317 thousand.

The appropriations of earnings, the bonuses for employees, and the remuneration of directors for 2018 are subject to resolution in the shareholders' meeting to be held on March 20, 2019.

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 561	$ -
Special reserve	241,173	-

The Company's board of directors also proposed in the shareholders' meeting on March 20, 2019 to issue cash dividends from capital surplus of $213,118 thousand.

The appropriation of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 10, 2019.

d. Special reserve

	For the Year Ended December 31	
	2018	**2017**
Beginning at January 1	$ 22,995	$ 21,927
Appropriations to the special reserve	44,284	1,068
Balance at December 31	$ 67,279	$ 22,995

e. Other equity items

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

	Years Ended December 31	
	2018	2017
Balance at January 1	$ (122,100)	$ (62,062)
Share of exchange differences of associates accounted for using the equity method	(16,775)	(60,038)
Balance at December 31	$ (138,875)	$ (122,100)

2) Unrealized gain (loss) on available-for-sale financial assets:

Balance at January 1, 2017	$ 306,462
Changes in fair value of available-for-sale financial assets	262,308
Cumulative loss reclassified to profit or loss upon disposal of available-for-sale financial assets	(515,385)
Reclassification adjustments to profit or loss on impairment of available-for-sale financial assets	-
Share of unrealized gain on revaluation of jointly controlled entities accounted for using the equity method	6,453
Balance at December 31, 2017	59,838
Effect of retrospective application and retrospective restatement - IFRS 9	(59,838)
Balance at January 1, 2018 (IFRS 9)	$ -

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

	For the Year Ended December 31, 2018
Balance at January 1 (IAS 39)	$ -
Effect of retrospective application and retrospective restatement - IFRS 9	(230,011)
Balance at January 1 (IFRS 9)	(230,011)
Current	
Unrealized gain (loss)	(94,350)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	37,070
Share of unrealized gain (loss) on associates accounted for using the equity method	(16,677)
Balance at December 31	$ (303,968)

f. Noncontrolling interests

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
Number of shares as of January 1, 2017	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2017	-	3,560	3,560
Number of shares as of January 1, 2018	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2018	-	3,560	3,560

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

	Number of Shares Held (In Thousand)	Carrying Amount	Market Price
December 31, 2018			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,050
December 31, 2017			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 58,384

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

23. REVENUE

	Years Ended December 31	
	2018	2017
Revenue from the sale of goods	$ 1,114,399	$ 1,272,853
Other	124,381	92,949
	$ 1,238,780	$ 1,365,802

a. Contract information

Revenue from the sale of goods

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

Other

Other mainly comes from software development and royalties.

b. Disaggregation of revenue

For the Year Ended December 31, 2018

	Reportable Segments
	Direct Sales
Primary geographical markets	
Asia	$ 964,181
Taiwan	224,409
Others	50,190
	$ 1,238,780
Timing of revenue recognition	
Satisfied at a point in time	$ 1,173,618
Satisfied over time	65,162
	$ 1,238,780

c. Contract balances

	December 31, 2018
Trade receivables (Note 11)	$ 171,387
Contract liabilities - current	$ 2,547

The variation of contract liabilities is mainly due to the difference between the time when the performance obligation is met and the payment schedule of the customer.

24. NET PROFIT

Net profit included the following items:

a. Other income

	Years Ended December 31	
	2018	2017
Rent income	$ 29,740	$ 18,543
Dividend income	4,568	6,559
Interest income	6,885	5,379
Others	11,663	9,025
	$ 52,856	$ 39,506

b. Other gains and losses

	Years Ended December 31	
	2018	2017
Gain on disposal of associates	$ 119,154	$ -
Service income of management support	44,542	38,649
Net foreign exchange gain (loss)	1,749	(12,240)
Net loss on financial assets and liabilities		
Net loss on financial assets designated as at FVTPL (Note 7)	(13,218)	-
Gain on disposal of investment	-	516,435
Impairment loss on financial assets carried at cost	-	(96,567)
Net loss on non-financial assets	-	(21,577)
	$ 152,227	$ 424,700

c. Finance costs

	Years Ended December 31	
	2018	2017
Interest on bank loans	$ 3,887	$ 7,558
Other financial costs	977	779
	$ 4,864	$ 8,337

d. Depreciation and amortization

	Years Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	$ 4,044	$ 4,858
Operating expenses	41,188	40,507
	$ 45,232	$ 45,365
An analysis of amortization by function		
Operating costs	$ 191	$ 483
Operating expenses	42,611	32,099
	$ 42,802	$ 35,582

e. Employee benefit expense

	Years Ended December 31	
	2018	2017
Short-term benefits	$ 422,759	$ 475,467
Post-employment benefits		
Defined contribution plans	18,402	18,959
Defined benefit plans (Note 21)	719	695
	19,121	19,654
Other employee benefits	10,314	10,868
Total employee benefit expense	$ 452,194	$ 505,989
An analysis of employee benefit expense by function		
Operating costs	$ 61,245	$ 79,790
Operating expenses	390,949	426,199
	$ 452,194	$ 505,989

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which have been approved by the Company's board of directors on March 20, 2019 and March 14, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation	1.0%	1.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31			
	2018		2017	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 80	$ -	$ 4,323	$ -
Remuneration of directors	119	-	6,484	-

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2017 and 2016.

Information on the 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.

g. Gain or loss on exchange rate changes

	Years Ended December 31	
	2018	2017
Exchange rate gains	$ 21,272	$ 23,910
Exchange rate losses	(19,523)	(36,150)
	$ 1,749	$ (12,240)

25. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	Years Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 1,680	$ -
Adjustments for prior periods	464	-
Deferred tax		
In respect of the current year	(373)	-
Changes in tax rates	373	-
Income tax expense recognized in profit or loss	$ 2,144	$ -

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

	Years Ended December 31	
	2018	2017
Profit before tax	$ 7,760	$ 421,458
Income tax expense calculated at the statutory rate	$ 1,552	$ 71,648
Tax effect of adjusting items:		
Nondeductible expenses	(31,528)	(130,105)
Temporary differences	(21,414)	18,802
Tax-exempt income	(47)	(40)
Current income tax expense	(51,437)	(39,695)
Unrecognized investment credit	51,437	39,695
Foreign income tax expense	1,680	-
Adjustments for prior years’ tax	464	-
Income tax benefit (expense) recognized in profit or loss	$ 2,144	$ -

Based on the Income Tax Act in the ROC, the applicable corporate tax rate used by the Company in 2017 was 17%. In February 2018, the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate has been adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%.

As the status of the 2019 appropriation of earnings is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31	
	2018	2017
Current tax assets		
Tax refund receivable (classified as other receivables)	$ 508	$ 3,073

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

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

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Depreciation expense	$ 2,893	$ (2,102)	$ 791
Exchange (gains) losses	(13)	(455)	(468)
Others	(395)	2,557	2,162
	$ 2,485	$ -	$ 2,485

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

	December 31	
	2018	2017
Loss carryforwards		
Expiry in 2019	$ 190,618	$ 190,618
Expiry in 2020	211,457	211,457
Expiry in 2021	322,509	322,509
Expiry in 2022	394,894	394,894
Expiry in 2023	1,144,831	1,163,758
Expiry in 2027	24,228	-
	$ 2,288,537	$ 2,283,236
Deductible temporary differences	$ 124,021	$ 432,827

e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2018:

Unused Amount	Expiry Year
$ 190,618	2019
211,457	2020
322,509	2021
394,894	2022
1,144,831	2023
24,228	2027
$ 2,288,537	

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

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

f. Income tax assessments

The income tax returns of the Company before 2015 had been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2018	2017
Basic gain per share	$ 0.01	$ 0.72
Diluted earnings per share	$ 0.01	$ 0.72

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

Net profit for the year

	Years Ended December 31	
	2018	2017
Profit for the year attributable to owners of the Company	$ 5,616	$ 421,458
Effect of potentially dilutive common shares		
Bonuses for employees	-	-
Earnings used in the computation of diluted EPS from continuing operations	$ 5,616	$ 421,458

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

	Years Ended December 31	
	2018	**2017**
Weighted average number of common shares used in the computation of basic earnings per shares	$ 588,435	$ 588,435
Effect of dilutive potential common shares:		
Employee bonuses	60	284
Weighted average number of common shares used in the computation of diluted earnings per share	$ 588,495	$ 588,719

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

27. DISPOSAL OF SUBSIDIARIES

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

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

For details about the partial disposal of Sunext Technology Co., Ltd. and Jumplux Technology, refer to Note 32 to the Company's consolidated financial statements for the year ended December 31, 2018.

29. OPERATING LEASE ARRANGEMENTS

The Company as lessee

Operating leases relate to leases of land with lease terms between 20 years. The Company does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

The Company leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2020, December 2021 and December 2034. The SBIPA has the right to adjust the annual lease amount. The amount was $8,318 thousand for the period ended. The Company had pledged $6,100 thousand time deposits (classified as other non-current financial assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31	
	2018	2017
Up to 1 year	$ 8,318	$ 8,259
Over 1 year to 5 years	21,079	23,855
Over 5 years	36,576	39,901
	$ 65,973	$ 72,015

30. CAPITAL MANAGEMENT

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

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

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

31. FINANCIAL INSTRUMENTS

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

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

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

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

1) Fair value hierarchy

December 31, 2018

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

December 31, 2017

	Level 1	Level 2	Level 3	Total

Available-for-sale financial assets				
Mutual funds	$ 676,438	$ -	$ -	$ 676,438

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

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

For the year ended December 31, 2018

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

c. Categories of financial instruments

	December 31 2018	December 31 2017
Financial assets		
Financial assets at FVTPL	$ 927,648	-
Loans and receivables (i)	-	2,040,390
Available-for-sale financial assets (ii)	-	878,361
Financial assets at amortized cost (iii)	927,468	-
Financial assets at fair value through other comprehensive income		
Equity instruments	4,337	-
Financial liabilities		
Measured at amortized cost (iv)	287,206	532,444

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

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

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

iv) The balances include financial liabilities measured at amortized cost, which comprise short-term and long-term loans, guarantee deposits, trade and other payables and long-term liabilities - current portion.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

The carrying amounts of the Company’s foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period, please refers to Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

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

	USD Impact	
	Years Ended December 31	
	2018	**2017**
Profit or loss	$ (3,163)	$ (4,955)

	RMB Impact	
	Years Ended December 31	
	2018	**2017**
Profit or loss	$ (1,007)	$ (1,069)

b) Interest rate risk

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

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

	December 31

	2018	2017
Fair value interest rate risk		
Financial assets	$ 264,100	$ 1,063,620
Financial liabilities	-	59,520
Cash flow interest rate risk		
Financial assets	521,977	723,936
Financial liabilities	115,000	275,000

Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2018 and 2017 would decrease/increase by $509 thousand and $561 thousand, respectively.

c) Other price risk

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

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

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

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

Had equity prices been 1% higher/lower, post-tax profit for the year ended December 31, 2017 would have increased/decreased by $6,764 thousand, respectively.

2) Credit risk

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

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

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

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

The Company's concentration of credit risk of 91% and 87% in total trade receivables as of December 31, 2018 and 2017, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest rate risk tables

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

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Noninterest bearing	$ -	$ 147,657	$ -	$ -	$ -
Variable interest rate liabilities	105	15,000	100,000	-	-
Fixed interest rate liabilities	-	-	-	2,633	61,427
	$ 105	$ 162,657	$ 100,000	$ 2,633	$ 61,427

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Noninterest bearing	$ -	$ 156,523	$ -	$ -	$ -
Variable interest rate liabilities	246	-	175,000	100,000	-
Fixed interest rate liabilities	59,533	-	-	-	61,746
	$ 59,779	$ 156,523	$ 175,000	$ 100,000	$ 61,746

b) Financing facilities

	December 31	
	2018	2017
Unsecured bank overdraft facility		
Amount used	$ 115,000	$ 334,520
Amount unused	3,121,450	2,733,280
	$ 3,236,450	$ 3,067,800

32. TRANSACTIONS WITH RELATED PARTIES

a. Name and relationship of related parties

Related Party Name	Related Party Category
Xiamen Xm-plus Technology Ltd.	Associate (Note 1)
iCatch Technology, Inc.	Associate (Note 2)
Advanced Vehicle Systems Co., Ltd.	Associate (Note 3)
Jumplux Technology Co., Ltd.	Subsidiary
Generalplus Technology Inc.	Subsidiary

(Continued)

Related Party Name	Related Party Category
Sunext Technology Co., Ltd.	Subsidiary
Sunplus Innovation Technology Inc.	Subsidiary
Sunplus mMedia Inc.	Subsidiary
Sunplus Venture Capital Co., Ltd.	Subsidiary
Lin Shih Investment Co., Ltd.	Subsidiary
Wei-Young Investment Inc.	Subsidiary
Russell Holdings Limited	Subsidiary

(Concluded)

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

Note 2: 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

Account Items	Related Parties Types	For the Year Ended December 31 2018	2017
Sales of goods	Subsidiaries	$ 19,460	$ 29,031
	Associates	28,058	-
		$ 47,518	$ 29,031

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

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

Account Item	Related Party	December 31 2018	2017
Trade receivables	Subsidiaries	$ 2,047	$ 4,747
	Associates	2,400	-
		$ 4,447	$ 4,747
Other receivable	Subsidiaries	$ 5,339	$ 7,844
	Associates	1,358	-
		$ 6,697	$ 7,844

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2018 and 2017, no impairment loss was recognized for trade receivables from related parties.

d. Other transactions with related parties

Account Item	Related Parties Types	For the Year Ended December 31 2018	2017
Nonoperating income and expenses	Subsidiaries	$ 44,508	$ 43,542
	Associates	8,072	-
		$ 52,580	$ 43,542

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

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

e. Acquisitions of investments accounted for using the equity method

For the year ended December 31, 2018

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

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

f. Compensation of key management personnel

	For the Year Ended December 31 2018	2017
Short-term employee benefits	$ 18,100	$ 14,072
Post-employment benefits	269	269
	$ 18,369	$ 14,341

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

33. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2018	2017
Buildings, net	$ 615,136	$ 634,538
Pledged time deposits (classified to other financial assets, including current and non-current)	6,100	65,620
	$ 621,236	$ 700,158

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

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

December 31, 2018

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

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
HKD	$ 13,650	3.807	$ 51,966
USD	9,924	29.760	295,338
CNY	1,075	4.565	4,907
JPY	360	0.264	95
GBP	3	40.110	120
Nonmonetary items subsidiaries accounted for using equity method			
USD	20,507	29.760	610,288
HKD	10	3.807	38
Financial liabilities			
Monetary items			
USD	4,969	29.760	147,877
CNY	6	4.565	27
GBP	1	40.110	40

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

	2018		2017	
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
USD	30.715 (USD:NTD)	$ (1,234)	29.760 (USD:NTD)	$ (1,831)
HKD	3.921 (HKD:NTD)	-	3.807 (HKD:NTD)	(1,039)
CNY	4.472 (CNY:NTD)	(32)	4.565 (CNY:NTD)	-
		$ (1,266)		$ (2,870)

35. ADDITIONAL DISCLOSURES

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

   1) Financings provided: Table 1 (attached)

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

   3) Marketable securities held: Table 3 (attached)

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

   5) Information on investee: Table 4 (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 5)

Except for Table 1 to Table 5, there’s no further information about other significant transactions.

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Ventureplus Cayman Inc.	Sun Media Technology Co., Ltd.	Other receivables	Yes	$ 40,027	$ -	$ -	3.1971%	Note 1	$ -	Note 2	$ -	-	$ -	$ 135,431 (Note 10)	$ 270,862 (Note 10)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Technology (Beijing)	Receivables from related parties	Yes	6,900	-	-	1.8%	Note 1	-	Note 3	-	-	-	259,645 (Note 12)	259,645 (Note 12)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	29,959	25,108	25,108	1.8%	Note 1	-	Note 4	-	-	-	21,637 (Note 11)	43,274 (Note 11)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	219,120	91,300	91,300	1.8%	Note 1	-	Note 5	-	-	-	259,645 (Note 12)	259,645 (Note 12)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	381,320	256,923	256,923	2.35%	Note 1	-	Note 6	-	-	-	463,230 (Note 13)	463,230 (Note 13)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	321,321	230,061	168,561	2.2%	Note 1	-	Note 7	-	-	-	411,427 (Note 14)	411,427 (Note 14)
5	Sunplus Prof-tek Technology (Shenzhen)	Ytrip Technology Co., Ltd.	Receivables from related parties	Yes	1,963	-	-	1.8%	Note 1	-	Note 8	-	-	-	40,850 (Note 15)	81,700 (Note 15)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	29,673	29,673	1.8%	Note 1	-	Note 9	-	-	-	40,850 (Note 15)	81,700 (Note 15)

Note 1: Short-term financing.

Note 2: Ventureplus Cayman Inc. provided funds for the operating needs of Sun Media Technology Co., Ltd.

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

Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus APP Technology.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 6: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 7: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 8: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Ytrip Technology Co., Ltd.

Note 9: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

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 should not exceed 20% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements, and the individual amount of each guarantee should not exceed 10% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 11: 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 12: 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 13: 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 14: 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 15: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral (Property, Plant, or Equipment)	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited ("Sunplus")	Ventureplus Cayman Inc.	3 (Note 4)	$ 846,594 (Note 5)	$ 160,075	$ -	$ -	$ -	-	$ 1,693,188 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	846,594 (Note 5)	417,528	417,528	219,960	-	4.93	1,693,188 (Note 6)	Yes	No	Yes
		Ytrip Technology Co., Ltd.	3 (Note 4)	846,594 (Note 5)	121,780	-	-	-	-	1,693,188 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	846,594 (Note 5)	20,000	10,000	10,000	-	0.12	1,693,188 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	347,423 (Note 7)	316,025	156,725	125,380	156,725	27.07	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

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2018
(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	December 31, 2018				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	$ 10,043	-	$ 10,043	Note 3
	Mega RMB Money Market RMB	-	Financial assets at fair value through profit or loss - current	466	24,408	-	24,408	Note 3
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,387	53,267	-	53,267	Note 3
	Yuanta AUD Money Market	-	Financial assets at fair value through profit or loss - current	2,000	18,518	-	18,518	Note 3
	Taishin China-US Money Market	-	Financial assets at fair value through profit or loss - current	3,000	30,287	-	30,287	Note 3
	Yuanta USD Money Market TWD	-	Financial assets at fair value through profit or loss - current	4,396	42,367	-	42,367	Note 3
	Yuanta RMB Money Market CNY	-	Financial assets at fair value through profit or loss - current	470	24,253	-	24,253	Note 3
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	13,197	165,249	-	165,249	Note 3
	PineBridge Preferred Securities	-	Financial assets at fair value through profit or loss - current	2,946	28,431	-	28,431	Note 3
	UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss - current	1,851	30,887	-	30,887	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	247	78,532	-	78,532	Note 3
	PineBridge Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	28,955	-	28,955	Note 3
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	3,420	50,589	-	50,589	Note 3
	Prudential Financial RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,810	57,669	-	57,669	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	18,039	-	18,039	Note 3
	Pictet-Security RI	-	Financial assets at fair value through profit or loss - non-current	2	61,430	-	61,430	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	14,002	-	14,002	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	672	-	672	Note 2
	Triknight Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	21,000	190,050	5	190,050	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Availink Inc.	-	Financial assets at fair value through other comprehensive income - non-current	9,039	$ 590	-	$ 590	Note 1
	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.	CTBC Global iSport Fund	-	Financial assets at fair value through profit or loss - current	1,000	9,410	-	9,410	Note 3
	Yuanta Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	25,680	-	25,680	Note 3
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	870	10,042	-	10,042	Note 3
	Ruentex Material Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20	526	-	526	Note 2
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	1,853	-	1,853	Note 2
	Global Pmx Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	200	19,300	-	19,300	Note 2
	Laster Tech Corporation Ltd. - CB	-	Financial assets at fair value through profit or loss - current	15	1,466	-	1,466	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	7,952	-	7,952	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
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	78,246	2	78,246	Note 2
	Sunplus Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	3,560	40,050	1	40,050	Note 2
	Lead Sun Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,000	30,756	-	30,756	Note 1
	Prine Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	3,380	-	3,380	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

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	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	-	6,143	-	6,143	Note 1
	Availink Inc.	-	Financial assets at fair value through other comprehensive income	9,920	31,280	8	31,280	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	21,113	-	21,113	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	-	9,215	-	9,215	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	1,982	-	1,982	Note 2
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,900	47,937	-	47,937	Note 2
	Cathay China A50	-	Financial assets at fair value through profit or loss - current	2,900	47,995	-	47,995	Note 2
	Cyberon Corporation	-	Financial assets at fair value through profit or loss - non-current	786	28,820	8	28,820	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	54,500	7	54,500	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
	Simple Act Inc.	-	Financial assets at fair value through profit or loss - non-current	1,900	-	10	-	Note 1
	Information Technology Total Services	-	Financial assets at fair value through profit or loss - non-current	51	-	-	-	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	-	36,970	2	36,970	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	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	-	43,742	7	43,742	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	900	39,150	2	39,150	Note 2
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	29,663	8	29,663	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	1,386	17,320	4	17,320	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	25,200	6	25,200	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF B Type Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,400	29,162	-	29,162	Note 3
	GF Every Day The Red Haired Type Money Market Fund B		Financial assets at fair value through profit or loss - current	5,700	25,587	-	25,587	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	-	43,708	16	43,708	Note 1
	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	8,076	4	8,076	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at fair value through profit or loss - current	5,721	59,048	-	59,048	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,601	42,347	-	42,347	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	810	10,143	-	10,143	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	150	47,512	-	47,512	Note 3
	Yuanta RMB Money Market	-	Financial assets at fair value through profit or loss - current	3,679	38,982	-	38,982	Note 3
	Yuanta USD Money Market TWD	-	Financial assets at fair value through profit or loss - current	6,712	64,694	-	64,694	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	2,235	30,072	-	30,072	Note 3
	Yuanta De-Li Money Market	-	Financial assets at fair value through profit or loss - current	4,333	70,553	-	70,553	Note 3
	Yuanta De-Bao Money Market	-	Financial assets at fair value through profit or loss - current	5,000	60,010	-	60,010	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	24,513	10	24,513	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	$ 848	8	$ 848	Note 1
	Point Grab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - non-current	-	82,623	-	82,623	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	32,306	15	32,306	Note 1

Note 1: The market value was based on the carrying amount as of December 31, 2018.

Note 2: The market value was based on the closing price as of December 31, 2018.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2018.

Note 4: The exchange rate was based on the exchange rate as of December 31, 2018.

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2018	December 31, 2017	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,460,981 (US$ 74,605 RMB 37,900)	$ 2,451,767 (US$ 74,305 RMB 37,900)	-	100	$ 1,354,351	$ (79,793)	$ (79,793)	Subsidiary
	Award Glory Ltd.	Belize	Investment	62,720 (US$ 2,042)	23,712 (US$ 772)	-	100	33,116	(7,932)	(7,932)	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	307,106	82,960	10,837	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	750,558	64,080	61,556	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	704,549	284,344	97,531	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,028,567	55,005	55,005	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	523,083	60,709	37,109	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	757,432 (US$ 24,660)	739,003 (US$ 24,060)	24,660	100	579,038	1,965	1,965	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	30	289,419	(103,184)	(28,936)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	924,730	924,730	58,050	91	174,391	1,808	2,746	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	357,565	22,441	90	46,128	(1,647)	(58,822)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,910	(41)	(41)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	43,425 (HK$ 11,075)	43,425 (HK$ 11,075)	11,075	100	39	-	-	Subsidiary
	Magic Sky Limited	Samoa	Investment	308,133 (US$ 10,032)	305,921 (US$ 9,960)	-	100	82,747	(14,459)	(14,459)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,785	(417)	(417)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	30,157	5,400	100	56,947	2,338	2,339	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	-	13,200	55	17,475	(73,126)	(17,085)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	282,537	284,344	38,915	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	369,316	-	-	-	1,808	54	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	15,662	60,709	1,268	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	13,793	(103,184)	(1,016)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	6,000	(1,647)	(2,186)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	13,370	(73,126)	(43,067)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	49,298	60,709	3,426	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	47,647	(103,184)	(3,510)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	385,709	-	-	-	1,808	128	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	2,371	(1,647)	(6,419)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	- (US$ -)	65,085 (US$ 2,119)	-	-	-	1,808	11 (US$ -)	Subsidiary
	Autosys Co., Ltd.	Cayman Islands, British west Indies	Investment	76,788 (US$ 2,500)	-	5,000	19	71,254	(14,214)	(4,738)	Investee
Wei-Young Investment Inc.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	350	-	-	-	1,808	2	Subsidiary

Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,460,981 (US$ 74,605 RMB 37,900)	2,451,767 (US$ 74,305 RMB 37,900)	-	100	1,354,332	(79,794)	(79,794)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,460,981 (US$ 74,605 RMB 37,900)	2,460,981 (US$ 74,305 RMB 37,900)	-	100	1,354,309	(79,795)	(79,795)	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	586,349 (US$ 19,090)	586,349 (US$ 19,090)	19,090	100	480,817	14,211	14,211	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	586,349 (US$ 19,090)	586,349 (US$ 19,090)	19,090	100	480,815	14,211	14,211	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount: December 31, 2018	Investment Amount: December 31, 2017	Balance as of December 31, 2018: Shares (Thousands)	Balance as of December 31, 2018: Percentage of Ownership (%)	Balance as of December 31, 2018: Carrying Amount	Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,979 (US$ 390)	$ 11,979 (US$ 390)	390	100	$ 5,253	$ (462)	$ (462)	Subsidiary
Sunplus mMedia Inc.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	32,000	-	-	-	(48,781)	(10,034)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	62,720 (US$ 2,042)	23,712 (US$ 772)	-	100	33,116	(7,932)	(7,932)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,712 (US$ 772)	23,712 (US$ 772)	-	100	811	(3,121)	(3,121)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	39,008 (US$ 1,270)	- (US$ -)	-	100	32,306	(4,812)	(4,812)	Subsidiary

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

(Concluded)

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental services	$ 528,298 (US$ 17,200)	Note 1	$ 542,273 (US$ 17,665)	$ -	$ -	$ 542,273 (US$ 17,655)	100%	$ 39,671	$ 39,671	$ 432,741	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services, building rental services and property management	990,559 (US$ 32,250)	Note 1	990,559 (US$ 32,250)	-	-	990,559 (US$ 32,250)	100%	(3,070)	(3,070)	817,000	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental services	614,300 (US$ 20,000)	Note 1	614,300 (US$ 20,000)	-	-	614,300 (US$ 20,000)	100%	(80,976)	(80,976)	102,178	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, system integration services and information management and education	67,080 (RMB 15,000)	Note 1	62,719 (US$ 586 RMB 10,000)	-	-	62,719 (US$ 586 RMB 10,000)	93%	(23,514)	(21,947)	(53,034)	-
Ytrip Technology Co., Ltd.	Computer system integration services, supply of general advertising and other information services	273,910 (RMB 61,250)	Note 1	138,555 (US$ 4,511)	-	-	138,555 (US$ 4,511)	91%	(25,374)	(21,852)	(1,026)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	120,744 (RMB 27,000)	Note 1	120,744 (RMB 27,000)	-	-	120,744 (RMB 27,000)	100%	1,041	1,041	48,076	-
1culture Communication Co., Ltd.	System development	14,534 (RMB 3,250)	Note 3	-	-	-	-	100%	18	11	112	-
Xiamen Xm-plus Technology Ltd.	Development of computer software, system integration services and building rental services	232,544 (RMB 52,000)	Note 1	-	39,008 (US$ 1,270)	-	39,008 (US$ 1,270)	19%	(65,610)	(32,089)	-	-

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,508,158 (US$ 76,272 and RMB 37,000)	$ 2,580,950 (US$ 75,002 and RMB 62,000)	$ 5,079,565

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 38,701 (US$ 1,260)	$ 38,701 (US$ 1,260)	$ 617,140

(Continued)

Generalplus Technology Inc. (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g. Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Generalplus Shenzhen	IC product development, after sales service and market research	$ 574,371 (US$ 18,700)	Note 1	$ 574,371 (US$ 18,700)	$ -	$ -	$ 574,371 (US$ 18,700)	100%	$ 14,673	$ 14,673	$ 475,542	$ -

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 574,371 (US$ 18,700)	$ 574,371 (US$ 18,700)	$ 1,250,480

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

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

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

Note 4: The initial exchange rate was based on the exchange rate as of December 31, 2018.

(Concluded)

7.6 Financial Difficulties

Impact to the Company or subsidiaries if any turnover problems: None

VIII. Financial Analysis
8.1 Financial Status
8.1.1 Financial Analysis Comparison 2017 vs. 2016

Unit: NT$K

Year / Item	2017	2018	Variation	
			Increase (Decrease)	YoY %
Current Assets	8,561,910	6,638,302	(1,923,608)	(22)
Property, Plant & Equipment	2,164,154	2,052,359	(111,795)	(5)
Intangible Assets	196,131	178,521	(17,610)	(9)
Other Assets	2,557,784	3,057,802	500,018	20
Total Assets	13,479,979	11,926,984	(1,552,995)	(12)
Current Liabilities	2,190,116	1,684,729	(505,387)	(23)
Non-Current Liabilities	646,578	374,649	(271,929)	(42)
Total Liabilities	2,836,694	2,059,378	(777,316)	(27)
Equity Attributed to Shareholder of the parent	8,966,236	8,465,942	(500,294)	(6)
Capital Stock	5,919,949	5,919,949	-	-
Capital Surplus	835,241	801,398	(33,843)	(4)
Retained Earnings	2,336,709	2,250,839	(85,870)	(4)
Equity : Others	(62,262)	(442,843)	(380,581)	611
Treasury Stock	(63,401)	(63,401)	-	-
Minor interest	1,677,049	1,401,664	(275,385)	(16)
Total Shareholder’s Equities	10,643,285	9,867,606	(775,679)	(7)

Remark:
1. The decrease in current assets was mainly due to the decrease in the number of individuals merged into the merger compared to the 106 years, resulting in a decrease in related current assets.
2. The decrease in current liabilities was mainly due to the decrease in the number of individuals incorporated into the merger compared to the 106 years.
3. The decrease in non-current liabilities was mainly due to the repayment of long-term borrowings due.
4. The decrease in total liabilities was mainly attributable to the decrease in the number of individuals merged into the merger and the repayment of long-term borrowings.
5. The decrease in other equity was mainly attributable to the decrease in profit or loss of financial products measured at fair value through other comprehensive gains and losses.

8.2 Operational Results

8.2.1 Operation Results Comparison 2017 vs. 2016

Unit: NT$K

Year / Item	2017	2018	Variation: Increase (decrease)	Variation: YoY %
Net Sales	6,820,237	6,077,733	(742,504)	(11)
Gross Profit	2,736,766	2,429,384	(307,382)	(11)
Income (Loss) From Operating	47,185	(89,790)	(136,975)	(290)
Non-Operating Income (Expense)	587,470	293,780	(293,690)	(50)
Income (Loss) Before Tax	634,655	203,990	(430,665)	(68)
Income (Loss) From Operations of Continued Segments	551,228	142,323	(408,905)	(74)
Net Revenue (Loss) for the period	551,228	142,323	(408,905)	(74)
Other Comprehensive Income (Loss) for the period	(320,167)	(131,361)	188,806	(59)
Total Comprehensive Profit (Loss) for the period	231,061	10,962	(220,099)	(95)

Remarks:

1. Reduced operating profit, mainly due to the decrease in operating income during the year.
2. The decrease in non-operating income and expenses was mainly due to the decrease in the investment interest in financial assets during the year.
3. Pre-tax profit and loss, net profit of continuing business units and net profit after tax for the period, mainly due to the decrease in investment interests during the year.
4. The decrease in other comprehensive gains and losses during the period was mainly attributable to the decrease in the estimated loss of financial assets measured by fair value through other comprehensive gains and losses during the year.
5. The decrease in total comprehensive profit and loss for the current period was mainly due to the decrease in net profit for the year.

8.3 Cash Flow

8.3.1 Cash Flow Analysis

a) Cash Flow Analysis 2018 vs. 2017

Item \ Year	2017	2018	YoY %
Cash flow ratio	14.37	16.85	17
Cash flow adequacy ratio	77.50	56.71	(27)
Cash flow reinvestment ratio	Note 1	Note 1	-
1. The increase in cash flow ratio was mainly due to the decrease in current liabilities. 2. The decrease in the cash flow rate is mainly due to the decrease in net cash inflows from operating activities in the last five years.			

Note 1: The net cash flow of operating activities is less than the cash dividend payment. It is not listed.

b) Cash Flow Forecast

Unit: NT$K

Cash Balance, beginning of the year (1)	Net Cash Flow from Operating Activities (2)	Net Cash in-flow (3)	Net Cash Balance (1)+(2)+(3)	Remedial Measure if cash not enough	
				Investment plan	Financial leverage plan
$3,235,721	643,408	(717,063)	3,162,066	-	-
1. Analysis of Cash Flow: (1) From Operating: Cash flow in for predicting making profits in 2019. (2) From Investing: Cash flow in for purchasing properties, IPs and R&D tools. (3) From Financing: Cash flow in for expected to repay bank loans and distribute dividends, etc. 2. Remedies and Liquidity Analysis of Inadequate Cash: None.					

8.4 Major Capital Expenditure

8.4.1 Major Capital Expenditure and Sources: None.

8.4.2 Benefits from the Capital Expenditure: None.

8.5 Long-Term Investment

Not applicable

8.6 Risk Management

8.6.1 The Impact of Inflation, Foreign Exchange and Interest Rate Fluctuation and Measures to Cope With

1. Interest Rate: The Company will get more interest expenses when the interest rate rises. The finance division will collect information and evaluate the variation for hedge. Vice versa, the low interest rate will impact interest income. The company will put more cash on highly- returned short-term investment.
2. Exchange Rate: The selling products are quoted in US dollars. Most of the costs are quoted in US dollars but still some in NT dollars. So the New Taiwan Dollars appreciation will impact the company sales and gross margin. Our major foreign-currency assets are account receivable and time deposits. The company already utilizes mainly forward currency and option contracts to hedge its foreign exchange exposure, so the impact from floating exchange rate will be minimized.
3. Inflation: The material costs vary timely. The higher manufacture cost and selling pricing which would impact the consumers' budget for the high-end consumer electronic products. But Sunplus is working hard to develop new products for add-on value and cost-down, and expand the market shares in the emerging markets to relief the slow-down from developed countries.

8.6.2 Internal Policies and Procedure Exist with Respect to High Risk/High Leveraged Investment, Lending/Endorsements and Guarantees for Other Parties, Financial Derivatives Transaction

1. There is no high risk/high leveraged investment.

2. The company has made and followed “Sub-procedure of Extension of Monetary Loans to Others”, The loans are made with risk evaluation which follows the procedures. After the loan is granted, the Company follows and traces financial status, business and credit status of the borrower and guarantor frequently, and asks equal collaterals or takes proper actions to secure.
3. The company has made and followed “Procedure of Endorsement and Guarantees”, and the Endorsement and Guarantees will only be made under well evaluation before granted.
4. The company has made and followed “Procedure of Engaging in Derivatives Trading “. The financial transactions of a derivatives nature that Sunplus enters into are strictly for hedging purposes and not for any trading or speculative purposes and under well evaluation.

8.6.3 R&D Plan and Execution

Sunplus Group will keep investing in research and development, therefore, the consolidated R&D costs will account for 25% ~ 35% of consolidated revenues.

Company	**New Products**
Sunplus Technology	(1) Vehicle entertainment system chip (2) Android Platform (3) Vehicle navigation and driving assistance system platform (4) High-Speed I/O IP (5) High performance data conversion IP (ADC/DAC/AFE) (6) Analog IP
Generalplus Technology	1. Consumer product line More audio channel / voice and image output higher resolution / support higher data compression rate / built-in more standard interface (standard interface) / low operating voltage and low power (low power) of the product. 2. Multimedia product line Provides high, medium and low order multimedia IC solutions, focusing on high-speed CPU / DSP performance, high-resolution image compression, playback and storage technology. 3. MCU product line Home appliances, handheld devices, PC and other peripheral applications related to the microcontroller, charging microcontrollers, high-performance brushless motor microcontrollers and other related products.
Sunplus Innovation Technology	(1) Highly-integrated, Multi-function MCU (2) Highly-integrated, Multi-function Optical Mouse SoC (3) Total Solutions for Wireless Mouse/Keyboard/Remote Control (4) USB3.0 Advanced 8Mp NB/Web Cam Controller IC (5) USB3.0 3D NB/Web Cam Controller IC (6) USB2.0 Low Power NB Cam Controller IC
iCatch Technology	(1) H.265 UHD SoC for image processing in high resolution, high compression, high performance and low power consumption (2) High Speed JPEG Encoder for the demand of 360 degree view in car black box and digital surveillance system
Sunext Technology	(1) Serial-ATA Blu-ray Controller Chipset (1) Multichannel Motor driver controller

8.6.4 Political and Regulatory Environment:

We will keep watch for any further updates and take actions to reduce the impacts on the company.

8.6.5 Advanced Technology

The wafer process technology is moving to smaller geometry. The migrated process technology could keep the chip production cost down but R&D cost up. The company tries to develop higher add-on value and mainstream multimedia products, which mainstream means to produce in huge volume and to share the research and development cost.

8.6.6 Corporate Identify and Image Change

The company takes corporate image seriously. Being people-oriented and having integrity are our top priorities when running our business. We disclose our operation and financial statements to public periodically and transparently in order to save the rights of our shareholders.

8.6.7 Mergers & Acquisitions

None

8.6.8 Expansion of Facilities

None

8.6.9 Suppliers & Customers

The Company separately purchases raw materials from several different suppliers, encapsulation and testing of the foundry is also adopted scattered strategy, to ensure that the output is no problem. The Company's largest sales customers in 2017 and 2018 accounted for 16% and 13% of the total net revenue for the year, no sales focus on the risk of a single customer.

8.6.10 Major Shareholding Change

None

8.6.11 Ownership Change

None

8.6.12 Litigation Proceedings

None

8.6.13 Other Risks

None

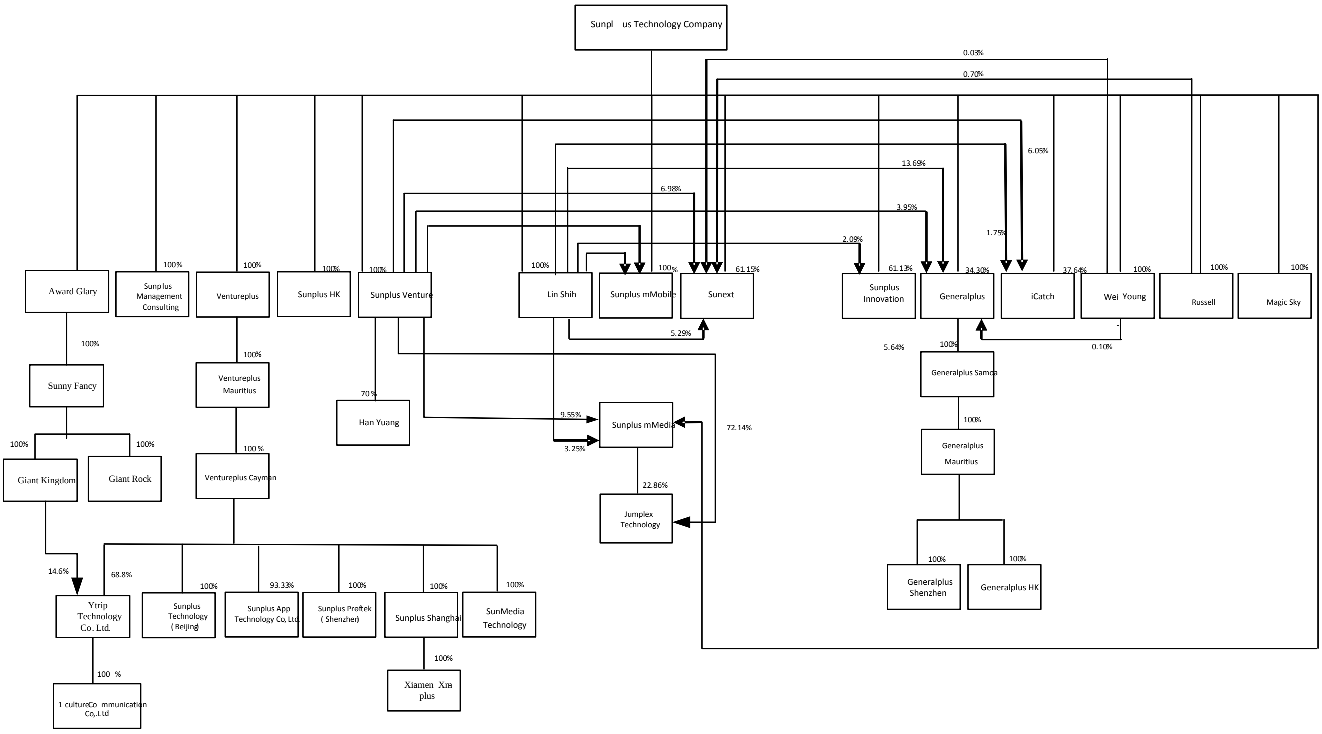
8.7 Other Remarks

None

IX. SPECIAL NOTES

9.1 Affiliates

9.1.1 Affiliated Chart



9.1.2 Affiliated Companies

December 31, 2018 Unit: NT$K, unless other specified

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Sunplus Technology (HK) Co., Ltd.	August 31, 1993	Kowloon, HK	HK$11,075,000 (Note)	International Trading
Lin Shih Investment Co., Ltd.	July 2, 1998	Hsinchu, Taiwan	700,000	Investment
Russell Holdings Ltd.	March 11, 1998	Cayman	US$24,660,000 (Note)	Investment
Sunplus Venture Capital Co., Ltd.	November 20, 1999	Hsinchu, Taiwan	1,000,000	Investment
Ventureplus Group Inc.	July 27, 2001	Belize	2,526,650	Investment
Ventureplus Mauritius Inc.	August 2, 2001	Mauritius	2,526,656	Investment
Ventureplus Cayman Inc.	September 14, 2001	Cayman	2,526,661	Investment
Shanghai Sunplus Technology Co., Ltd.	December 7, 2001	Shanghai, China	US$17,200,000 (Note)	Software development, customer technical services and rental business
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	October 22, 2007	Shenzhen, China	US$32,250,000 (Note)	Software development, customer technical services and rental business
Sunmedia Technology Co., Ltd.	January 8, 2008	Chengdu, China	US$20,000,000 (Note)	IC Sales and After Service, Software and System Design
Sunplus App Technology Co., Ltd.	October 6, 2008	Beijing, China	RMB15,000,000 (Note)	IC Sales and After Service, Software and System Design
Ytrip Technology Co., Ltd.	February 18, 2011	Chengdu, China	RMB61,250,000(Note)	System and Web Service
1culture Communication Co., Ltd.	February 18, 2013	Chengdu, China	RMB3,250,000(Note)	Web Service
Beijing Sunplus-Ehue Tech Co., Ltd.	December11, 2013	Beijing	RMB27,000,000(Note)	Software development, customer technical services and rental business
Magic Sky Limited	September 22, 2010	Samoa	US$10,032,000	Investment
Sunext Technology Co., Ltd.	March 13, 2003	Hsinchu, Taiwan	635,091	IC Design
Sunplus Management Consulting Inc.	October 2, 2003	Hsinchu, Taiwan	5,000	Consulting
WeiYing Investment Co., Ltd.	February 13, 2004	Hsinchu, Taiwan	54,000	Investment
Generalplus Technology Inc.	March 30, 2004	Hsinchu, Taiwan	1,088,158	IC Design
Generalplus International (Samoa) Inc.	November 12, 2004	Samoa	US$19,090,000 (Note)	Investment
Generalplus (Mauritius) Inc.	November 25, 2004	Mauritius	US$19,090,000 (Note)	Investment
Generalplus Technology (Shenzhen) Inc.	March 24, 2005	Shenzhen, China	US$18,700,000 (Note)	Sales Service
Generalplus Technology (HK) Inc.	March 21, 2007	Hong Kong	US$390,000 (Note)	Sales Service
Sunplus mMobile Inc.	December 20, 2006	Hsinchu, Taiwan	162,400	IC Design
Sunplus Innovation Technology Inc.	December 14, 2006	Hsinchu, Taiwan	514,501	IC Design
Sunplus mMedia Inc.	April 18, 2007	Hsinchu, Taiwan	250,000	IC Design
Jumplux Technology Inc,	October 27,2014	Hsinchu, Taiwan	240,000	Design & Trading

Award Glory Ltd.	January 04, 2016	Belize	62,275	Investment
Sunny Fancy Ltd.	October 29, 2014	Mahe , Republic of Seychelles	62,275	Investment
Giant Kingdom Ltd.	January 21, 2016	Mahé, Seychelles	25,157	Investment
Giant Rock Inc.	July 3, 2014	The Mason Complex, Suites 19 & 20, The Valley, Anguilla.	37117	Investment

Note: End of 2018, exchange rate as ref.:

HK$1=NT$3.921

US$1=NT$30.715

RMB$1=NT$4.472

9.1.3 Business Scope of Affiliated Companies

Company	Business Activities	Business Relationship
Sunplus Technology (HK) Co., Ltd.	Trading	N/A
Lin Shih Investment Co., Ltd.	Investment	N/A
Russell Holdings Ltd.	Investment	N/A
Sunplus Venture Capital Co., Ltd.	Investment	N/A
Ventureplus Group Inc.	Investment	N/A
Ventureplus Mauritius Inc.	Investment	N/A
Ventureplus Cayman Inc.	Investment	N/A
Shanghai Sunplus Technology Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	Manufacture, Sales Service and property management.	China branch
Sunmedia Technology Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus App Technology Co., Ltd.	Sales and IT Education Service	China branch
Ytrip Technology Co., Ltd.	System and Web Service	China branch
1culture Communication Co., Ltd.	Web Service	N/A
Beijing Sunplus-Ehue Tech Co., Ltd.	Manufacture and Sales Service	China branch
Magic Sky Limited	Investment	N/A
Sunext Technology Co., Ltd.	IC Design	Subsidiary
Sunplus Management Consulting Inc.	Management Consulting	N/A
WeiYing Investment Co., Ltd.	Investment	N/A
Generalplus Technology Inc.	IC Design	Subsidiary
Generalplus International (Samoa) Inc.	Investment	N/A
Generalplus (Mauritius) Inc.	Investment	N/A
Generalplus Technology (Shenzhen) Inc.	Sales Service	N/A
Generalplus Technology (HK) Inc.	Sales Service	N/A
Sunplus mMobile Inc.	IC Design	Subsidiary
Sunplus mMobile SAS	IC Design	N/A
Sunplus Innovation Technology Inc.	IC Design	Subsidiary
Sunplus mMedia Inc.	IC Design	Subsidiary
Jumplux Technology Inc.	Software design7 trading	Grandson- Subsidiary
Award Glory Ltd.	Investment	N/A
Sunny Fancy Ltd.	Investment	N/A
Giant Kingdom Ltd.	Investment	N/A
Giant Rock Inc.	Investment	N/A

9.1.4 Directors, Supervisors, and Presidents of Affiliated Companies

December 31, 2018

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Sunplus Technology (HK) Co., Ltd.		Sunplus Technology	*HK$11,075,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Ming-Cheng Hsieh	-	-
Lin Shih Investment Co., Ltd.		Sunplus Technology	70,000,000	100%
	Chairman & President	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang	-	-
	Director	Yu-Lun Liu	-	-
	Supervisor	Wayne Shen	-	-
Russell Holdings Ltd.		Sunplus Technology	*US$24,060,000	100%
	Director	Chou-Chye Huang (repr.)	-	-

Sunplus Venture Capital Co., Ltd.	 Chairman & President Director Director Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Shu-Lan Wang Yu-Lun Liu Wayne Shen	100,000,000 - - - -	100% - - - -
Ventureplus Group Inc.	 Director	Sunplus Technology Chou-Chye Huang (repr.)	RMB37,900,000 & US74,605,000 (Note1)	100% -
Ventureplus Mauritius Inc.	 Director	Ventureplus Group Chou-Chye Huang (repr.)	RMB37,900,000 & US74,605,000 (Note1)	100% -
Ventureplus Cayman Inc.	 Director	Ventureplus Mauritius Chou-Chye Huang (repr.)	RMB37,900,000 & US74,605,000 (Note1)	100% -
Shanghai Sunplus Technology Co., Ltd.	 Chairman Director &President Director Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Zai-De Wang Tang-Yi Huang Shu-Lan Wang	US$17,655,000 (Note1) - - - -	100%
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	 Chairman President Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Tang-Yi Huang Shu-Lan Wang	*US$32,250,000 -	100% -
Sunmedia Technology Co., Ltd.	 Chairman President Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Cheng-Cai Chang Shu-Lan Wang	*US$20,000,000	100%
Sunplus App Technology Co., Ltd.	 Chairman Supervisor Director Director President	Ventureplus Cayman Chou-Chye Huang (repr.) Yu-Lun Liu Shu-Lan Wang Ya-Fei Luo Xi-Chuan Lin	RMB10,000,000 & USD586,000 (Note1) - - - RMB438,000	93.33% - 2.92%
Ytrip Technology Co., Ltd.	 Chairman Director & President Director Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Cheng-Cai Chang Yu-Lun Liu Shu-Lan Wang	USD3,750,000 (Note1) - - - -	38.47% - 17.5 -
1culture Communication Co., Ltd.	 E-Director& President Supervisor	Ytrip Technology Co., Ltd. Chen-Tsai Chang Shao-Ling Chan	*RMB$3,250,000 - -	100% -

Beijing Sunplus-Ehue Tech Co., Ltd.		Ventureplus Cayman Inc.	*RMB$27,000,000	100%
	Chairman	Chou-Chye Huang (repr.)		
	Director	Wayne Shen		
	Director	Shu-Lan Wang		
	Supervisor	Yin-Chi Chu		
Magic Sky Limited		Sunplus Technology	US$10,032,000	100%
	Director	Chou-Chye Huang (repr.)		
Sunext Technology Co., Ltd.		Sunplus Technology	58,050,129	91.40%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Wen-Shiung Jan (repr.)	-	-
			-	-
			-	-
	Director	Sunplus Venture Capital Technology	1	-
			-	-
			-	-
	Supervisor	Mei-Juan Chen		-
	Supervisor	Wen-Hui Lu	650,000	1.02%
Sunplus Management Consulting Inc.		Sunplus Technology	500,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang	-	-
		Yu-Lun Liu		
	Director	Wayne Shen	-	-
	Supervisor		-	-
WeiYing Investment Co., Ltd.		Sunplus Technology	5,400,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang	-	-
		Yu-Lun Liu		
	Director	Wayne Shen	-	-
	Supervisor		-	-
Generalplus Technology Inc.		Sunplus Technology	37,324,304	34.30%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director& VP	Shi-Rong Wang (Repr.)	500,000	0.46%
		Hou-Shien Chu	1,266,752	1.16%
	Director	Shi-Hao Liu	-	-
	Director	Chia-Ming Chai	-	-
	Independent Director	Nai-Shin Lai	-	-
	Independent Director	Jing-Min Chen	-	-
	Independent Director		-	-
Generalplus International (Samoa) Inc.		Generalplus Technology	*US$19,090,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
Generalplus (Mauritius) Inc.		Generalplus International (Samoa)	*US$19,090,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Generalplus Technology (Shenzhen) Inc.		Generalplus International (Mauritius)	*US$18,700,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
Generalplus Technology (HK) Inc.		Generalplus (Mauritius) Inc.	*US$390,000	100%
	Director	Yi-Xing Jia (repr.)	-	-
Sunplus mMobile Inc.		Sunplus Technology	16,240,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang		
	Supervisor	Yu-Lun Liu		
Sunplus Innovation Technology Inc.		Sunplus Technology	31,449,751	61.13%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang (repr.)	-	-
	Director	Wayne Shen (repr.)	-	-
	Director & President	Chih-Hao Kung	2,476,473	4.81%
	Director	Lin-Shih Investment	1,074,664	2.09%
	Supervisor	Chi-Ying Chiu	527,880	1.03%
	Supervisor	Wen-Chin Li	-	-
Sunplus mMedia Inc.		Sunplus Technology	22,440,723	89.76%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen (repr.)	-	-
	Director	Shu-Lan Wang (repr.)	-	-
	Supervisor	Lin-Shih Investment	650,185	2.60%
Jumplux Technology		Sunplus mMedia	13,200,000	55.00%
	Chairman&President	Chou-Chye Huang (repr.)		
	Director	Shu-Lan Wang		
	Director	Mei-Juan Chen		
	Supervisor	Sunplus Venture Capital	10,100,000	42.08%
Award Glory Ltd.	Chairman	Sunplus Technology	US$2,042,000 (Note1)	100% (Note1)
		Chou-Chye Huang (repr.)	-	-
Sunny Fancy Ltd.	Chairman	Award Glory Ltd.	US$2,042,000 (Note1)	100% (Note1)
		Chou-Chye Huang (repr.)	-	-
Giant Kingdom Ltd.	Chairman	Sunny Fancy Ltd.	US$772,000 (Note1)	100% (Note1)
		Chou-Chye Huang (repr.)	-	-
Giant Rock Inc..	Chairman	Sunny Fancy Ltd.	US$1,270,000 (Note1)	100% (Note1)
		Chou-Chye Huang (repr.)	-	

*Note: the invested companies are listed the capital paid-in amount of investment

9.1.5 Common Shareholders of Sunplus and Its Subsidiaries or Its Affiliates with Actual of Deemed Control

Not Applicable

9.1.6 Operation Highlights of Sunplus Affiliates

December 31st, 2018

Unit: NT$K, except EPS (NT$)

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS (After Tax)
Sunplus Technology (HK) Co., Ltd.	43,425	39	0	39	0	0	0	N/A
Lin Shih Investment Co., Ltd.	700,000	792,484	1,877	790,607	65,325	63,334	63,637	0.91
Russell Holdings Ltd.	757,432	579,088	50	579,038	74	(4,539)	2,035	N/A
Sunplus Venture Capital Co., Ltd.	1,000,000	1,028,667	100	1,028,567	95,621	43,491	54,913	0.55
Ventureplus Group Inc.	2,526,650	1,354,351	0	1,354,351	0	(79,794)	(79,793)	N/A
Ventureplus Mauritius Inc.	2,526,656	1,354,332	0	1,354,332	0	(79,795)	(79,794)	N/A
Ventureplus Cayman Inc.	2,526,661	1,354,309	0	1,354,309	0	(79,921)	(79,795)	N/A
Shanghai Sunplus Technology Co., Ltd.	528,298	489,052	56,311	432,741	162,247	36,438	39,671	N/A
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	990,559	836,976	19,976	817,000	141,392	(24,389)	(3,070)	N/A
Sunmedia Technology Co., Ltd.	614,300	1,053,925	951,747	102,178	171,470	(26,286)	(80,976)	N/A
Sunplus App Technology Co., Ltd.	67,080	12,269	69,090	(56,821)	66,274	(23,680)	(23,514)	N/A
Ytrip Technology Co., Ltd.	273,910	10,867	4,156	6,711	7,414	(18,554)	(25,374)	N/A
1culture Communication Co., Ltd.	14,534	132	2	130	160	(441)	18	N/A
Beijing Sunplus-Ehue Tech Co., Ltd.	120,744	53,131	5,056	48,075	17,770	(4,591)	1,041	N/A
Han-Yuang	6,000	2,544	0	2,544	0	0	0	N/A
Magic Sky Limited	308,133	82,747	0	82,747	0	(14,460)	(14,459)	N/A
Sunext Technology Co., Ltd.	635,091	200,949	10,158	190,791	110,154	(677)	1,808	0.03
Sunplus Management Consulting Inc.	5,000	3,910	0	3,910	0	(65)	(41)	(0.08)
WeiYing Investment Co., Ltd.	54,000	57,627	681	56,946	2,980	2,267	2,338	0.43
Generalplus Technology Inc.	1,088,158	2,845,033	760,899	2,084,134	2,844,694	297,274	284,345	2.61
Generalplus International (Samoa) Inc.	586,349	480,817	0	480,817	14,211	14,211	14,211	N/A
Generalplus (Mauritius) Inc.	586,349	480,815	0	480,815	14,211	14,211	14,211	N/A
Generalplus Technology (Shenzhen) Inc.	574,371	488,440	12,898	475,542	96,797	5,239	14,673	N/A
Generalplus Technology (HK) Inc.	11,979	7,159	1,906	5,253	11,042	(544)	(462)	N/A
Sunplus mMobile Inc.	162,400	29,905	120	29,785	0	(442)	(417)	(0.03)
Sunplus Innovation Technology Inc.	514,501	1,149,183	275,861	873,322	863,642	60,760	60,709	1.18
Sunplus mMedia Inc.	250,000	38,384	7,164	31,220	0	(57,190)	(1,647)	(0.07)
Jumplux Technology Inc.	240,000	69,397	37,625	31,772	17,000	(72,931)	(73,126)	(3.05)
Award Glory Ltd.	62,275	33,116	0	33,116	0	(7,932)	(7,932)	N/A
Sunny Fancy Ltd.	62,275	33,116	0	33,116	0	(7,932)	(7,932)	N/A
Giant Kingdom Ltd.	25,157	811	0	811	0	(3,130)	(3,121)	N/A
Giant Rock Inc.	37,117	32	0	32	9,151	(4,812)	(4,812)	N/A

Note: The financial information of the above business relationship is prepared using the International Financial Reporting Standards.

9.1.7 Consolidated Financial Statement of Sunplus Affiliates

Relationship Statement of Consolidated Financial Statements

The Company's 2018(as of January 1, 2018 to December 31, 2018) shall be included in the preparation of the Company's consolidated financial report in accordance with the Guidelines for the preparation of the consolidated financial report and relational report on the relationship between the business combination business report. In accordance with the International Financial Reporting Standards No. 10 should be included in the preparation of parent company consolidated financial report of the company are the same, and the relationship between the consolidated financial statements should be disclosed in the relevant information in the parent company's consolidated financial statements have been exposed, there is no further preparation of the relationship between the consolidated financial report.

Company Name: Sunplus Technology Co., Ltd

Person in charge: Chou-Chye Huang

March 20, 2019

9.2 Private Placement Securities

Not Applicable

9.3 Status of Sunplus Common Shares/GDRs Acquired, Disposed of, or Held by Subsidiaries

Unit: NT$K, shares

Company	Capital	Source of Fund	% Owned by Sunplus	Transaction Date	Amount of Acquisition	Amount of Disposal	Investment Income	Balance (by the Date of this Report Printed)	Balance of Pledged Shares	Balance of Guarantee Provided by Sunplus	Balance of Financing Provided by Sunplus
Lin Shih Investment Co., Ltd.	$700,000	Self-owned reserves	100%	2001.12.25	3,870,196 shares & $95,605	-	-	-	None	None	None
				2002.07.02	967,549 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2003.07.13	483,774 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2004.08.23	532,151 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2005.08.23	290,614 shares Capital increase from profits and capital surplus	-	-	-	2,503,705 shares Pledged	None	None
				2006.08.05	306,132 shares Capital increase from profits and capital surplus	-	-	-	500,741 shares Pledged	None	None
				2007.03.26	-3,220,429 shares decreased for capital reduction & 32,204	-	-	-	None	None	None
				2007.09.05	160,538 shares	-	-	-	380,000 shares	None	None

					Capital increase from profits and capital surplus				Pledged		
				2008.09.08	169,471 shares Capital increase from profits and capital surplus	-	-	-	3,384,446 shares Solution	None	None
				By the date of this report printed	-	-	-	3,559,996 shares $63,401	None	None	None

9.4 Special Notes

None

9.5 Any Events Impact to Shareholders' Equity and Share Price

None

Sunplus Technology Co., Ltd.
Person in charge: Chou-Chye Huang
Published on May 15, 2019