PLEASE READ FOLLOWING NOTICE BEFORE USING THIS REPORT

Readers are advised that the original version of the report is in Chinese. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

In addition, certain of our financial information have been published in accordance with requirements of the Republic of China Securities and Futures Commission and are presented in conformity with accounting principles generally accepted in the Republic of China. Readers should be cautioned that these accounting principles differ in many material respects from accounting principles generally accepted in other countries.

Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

The materials and information provided on this report have been issued by Sunplus and are posted solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities issued by us or otherwise.

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http://www.londonstockexchange.com

SUNPLUS WEBSITE
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I. LETTER TO SHAREHOLDERS

2015 Business Report

FINANCIAL RESULTS

Sunplus consolidated net operating revenue totaled NT$8,466 million and the gross profit were NT$3,522 million in 2015. While R&D expense totaled NT$1,935 million and the marketing expense were NT$376million, G&A expenses were NT$645million, the gain from operations summed up NT$567 million in 2015. Including total non-operating net income NT$371million, the profit before tax were NT$938 million. Excluding the income tax expense NT$82million, the net profits from continuing operations in 2015 were NT$856 million. After disposal loses of NT$28million from STB center, the net profit of the year totaled NT$828million, attributable to owner of the Company were NT$589 million which the earning per share after tax for 2015 was NT$1.00.

The net sales from continuing operations in 2015 grew 7.55% compared to same period last year. The gross margin rate were 42% in 2015, the gain from operations increased 2.47% YoY in 2015.
The non-operating income just slightly decreased from NT$391million in 2014 to NT$371million in 2015 due to more impairment loss on available-for-sale financial assets in 2015.

The net income in 2015 were NT$828 million which increased 49.5% compared to NT$554million in 2014. The net profit attributable to owner of the Company were NT$589million which grew 39.2% compared to NT$423million in 2014.

According to IFRSs, the total comprehensive profit in 2015 were NT$18million, including gain of other comprehensive income for the year, unrealized gain on available-for-sale financial assets , loss of re-measurement of defined benefit plans and exchange differences on translating foreign operations, and other comprehensive income. The sum up of total comprehensive profit in 2015 were NT$845million, attributable to owner of the Company were NT$609million,

PRODUCTS R&D, TECHNOLOGIES AND OUTLOOK

Sunplus Technology Co., Ltd. is a leading provider of home entertainment multimedia IC solutions and now turns to focus on automotive applications which Sunplus has launched the IC solutions supporting advanced driving assistance systems(ADAS). The Sunplus' broad product portfolio regarding audio and video technology includes for Car infotainment, Boombox, Soundbar, automotive DVD/CD players, portable DVD players, etc. Meanwhile, Sunplus is offering high-speed I/O IPs, high performance data conversion IPs, and analog IPs for a broad range of applications on consumer, portable, and connected devices. The automotive IC for ADAS is a very potential growing market which the forecast compound annual growth rate could be over 35% for forthcoming years according to market research. We could see more auto manufactures launch new models equipped with ADAS due to automotive regulations.

Generalplus leads in supplying consumer IC solutions including LCD IC, micro-controller IC, Speech IC, Music Synthesizer, Tel-Communication IC, Remote controller IC, Driver IC and ASICs which can be applied to multimedia interactive toys, educational learning aids, camcorders, MP3 and so on. Generalplus has launched the SoC embedded with 32bits ARM Cortex-M4 CPU for 720P/1080P H.264 video encoding, voice and music synthesizer embedded with OTP and RISC processor, LCD controller for color LCM, remote controller, MCU to supporting Qi wireless charging, etc.

Sunplus Innovation Technology focus on providing best cost-performance IC solutions for PC Peripherals targeting Human Interface Devices, PC/NB Camera, Industry Control, optical sensor, RF transceiver, etc. Sunplus Innovation Technology also engages in product development of gesture recognition and control for potential future growth.

iCatch Technology Inc. focuses on developing the digital video & image SoC solutions. Despite of crowding out effect from handset devices, there are still growing demands of DSLR, wearable camera, dashcam, video camcorder with high performance, high definition, high frame rate, and H.264/H.265 video compression that iCatch will keep focusing on those image processing applications in the future.

Sunext Technology delivers semiconductors and solutions for Optical Disk drives. Along with specification settlement of Ultra HD BD and more presenting Ultra HD products, Sunext will develop IC solutions of ultra-high-definition (UHD) playback solutions. Meanwhile Sunext has developed multi-channels digital motor driver IC solutions which could be another growth driver for Sunext.

Looking forward to 2016, we keep the conservative view of the global economic which it will be challenging due to dropping oil prices, uncertain Mid-East politics, slowing China and Southeast Asia, even US Fed may probably rise rate in coming quarters.

In General Speaking, Sunplus and subsidiaries will try hard to focusing its core business, developing highly valued products, enhancing product portfolio and margin, gaining market shares, and improving operating and non-operating profits in order to make the better return of equities for our shareholders.

We would like to thank you for your consistent support with our sincere wishes.

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

Please refer to page 24 Section 4.1 for capitalization.
Please refer to page 174 Section 9.1 for Sunplus' affiliates.

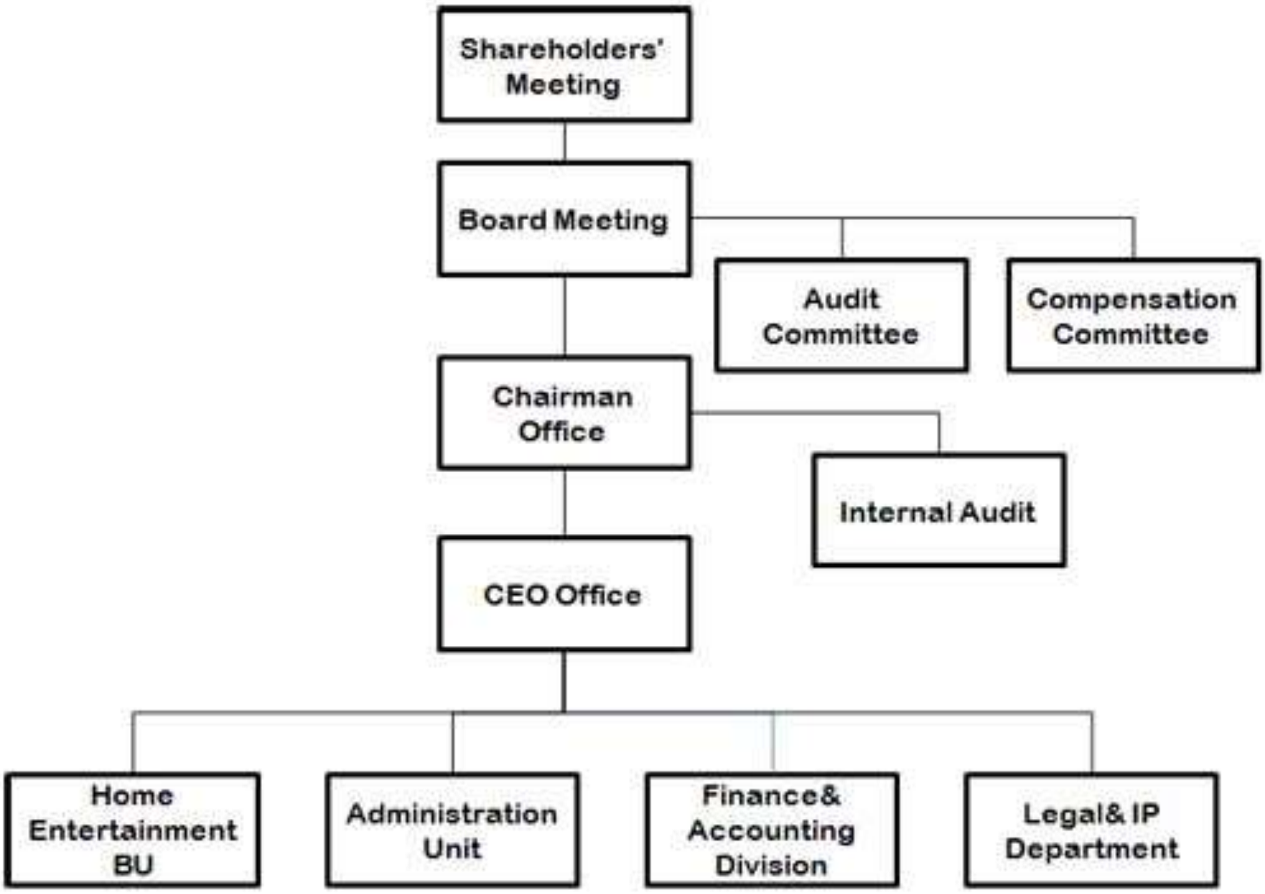
August 1990	Sunplus Technology was founded.
May 1993	Obtained approval from the SIPA to move into Hsinchu Science Park.
October 1993	Moved into Hsinchu Science Park.
September 1994	Company started in-house wafer circuit probe testing.
December 1995	Groundbreaking for the construction of Sunplus' office 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

III. Corporate Governance

3.1 Organization

3.1.1 Organization Chart


Shareholders' Meeting
Board Meeting
Audit Committee
Compensation Committee
Chairman Office
Internal Audit
CEO Office
Home Entertainment BU
Administration Unit
Finance& Accounting Division
Legal& IP Department

3.1.2 Major Corporate Functions

March 31st, 2016

Department	Job Description
Chairman Office	(1) Engaging the strategic alliances (2) Planning and executing investment plans (3) Arranging Board of Directors Meetings
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) Conducting general administration (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, Supervisors, and Management

3.2.1 Directors& Supervisors

April 15th, 2016/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**	2015.06.12	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**	2015.06.12	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	MBA, International Business, National Taiwan University, Taiwan	**President**: YenWen Asset Management, **Director**: Ability Enterprise, iCatch, Sunext, Lafemarket **Supervisor**: Epileds Technologies, Inc., Mildex Optical Inc. **Independent Director:** Ko Ja (Cayman)
Director	**Wen-Ren Su** (Global View Co., Ltd., Representative of Legal Entity)	2015.06.12	1990.07.09	3 years	10,038,049	1.68	10,038,049	1.70	0	0.00	B.S., Accounting, Chinese Culture University	**Director & President:**Global View, **Director:** Beijing Global View, Global View(Kun Sun) **Independent Director:** Well Shin Technology Co., Ltd. **Supervisor:** BEIJING HANDHELD ELECTRONIC TECHNOLOGY
Director	**Wei-Min Lin**	2015.06.12	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**	2012.06.12	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., Zentel Electronics Corp. **Director**: Unizyx Holding Corporation, Arcadyan Technology **Chairman :** NIIEPA
Independent Director	**Tse-Jen Huang**	2015.06.12	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 Biotech Inc., Sunmax Biotechnology Co., Sunfon construction Co., Ltd. **Compensation Committee**: Sunext **Supervisor :My Humble House Hospitality Management Consulting Co., Ltd.**
Independent Director	**Yao-Ching Hsu**	2015.06.12	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 **Independent Director & Compensation Committee**: Sunext **Independent Director:** AVer Information Co., Ltd. **Supervisor:** Chiehching 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, Beijing Sunplus-Ehue Tech Co., Ltd, Award Glory Ltd.,, Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Radiant, Global View Co., Ltd.

Chairman & President: Sunext, Sunplus mMedia, iCatch, Jumplux,

Director: Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Hua-Wan Foundation, PROMISE Technology, Inc.

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 15th, 2016

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	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Tse-Jen Huang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Yao-Ching Hsu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

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 15th, 2016

Shareholder	Holding
Sunplus Technology	13.06%
HSBC as trustee for Bank of Singapore	9.20%
Meng-Huei Lin	8.99%
Jhih-Yuan Chou	6.45%
HSBC as trustee for HSBC AG Singapore	4.31%
Ting-Yi Chou	4.26%
Bing-Huang Shih	3.47%
Citi bank as trustee for First Securities (HK)	3.31%
Yun-Long Hunag	2.09%
Yi-Hua Wu	2.07%

Remark if the above Major Shareholders as Legal Entities:

Shareholder	Major Shareholders	Holding
HSBC as trustee for Bank of Singapore	**Applicable if it is corporation limited**	Not Applicable
HSBC as trustee for HSBC AG Singapore	**Applicable if it is corporation limited**	Not Applicable
Citi bank as trustee for First Securities (HK)	**Applicable if it is corporation limited**	Not Applicable

3.2.4 Management Team

April 13th, 2014/Unit: shares

Title	Name	Effective Date	Current Shareholding		Spouse's & Minor's Shareholding		Educational Background	Positions Currently held in Other Companies (Note 5)
			Amount	%	Amount	%		
Chairman & CEO	Chou-Chye Huang	1990.07.09	92,737,817	15.67	1,370,993	0.23	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	**Note:1**
Vice President	Wayne Shen	2005.12.01	969,558	0.16	0	0.00	EMBA, Technology Management, National Chiao-Tung University, Taiwan	**Note:2**
Assistant VP	Alex Chang	2013.07.01	0	0.00	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	**Note:3**
Assistant VP	Jason Lin	2013.11.01	146,111	0.02	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	None
Director of Finance & Accounting Division	Shu-Chen Cheng	2013.03.01	36,067	0.00	0	0.00	Bachelor, Accounting, Tunghai University, Taiwan	**Note:4**

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, Beijing Sunplus-Ehue Tech Co., Ltd, Award Glory Ltd.,, Sunny Fancy Ltd., Giant Rock Inc., Giant Kingdom Ltd., Radiant, Global View Co., Ltd.

Chairman & President: Sunext, Sunplus mMedia, iCatch, Jumplux,

Note 2 :Director: Sunplus Venture Capital, Sunplus mMobile, Lin-Shih investment, Weiying Investment, Sunplus Management Consulting, Sunplus Innovation Technology, Beijing Sunplus-Ehue Tech Co.,. Jumplux, Sunplus mMedia, Sunext

Note 3: AVP: iCatch, S2 tek, Sunext, Jumplux,

Note4: Manager: iCatch, Sunext, Jumplux

Note 5: Note 3: None of management team, board of directors and supervisors is second-degree of consanguinity relatives of above management

3.2.5 Remuneration to Directors, Supervisors, 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 11)		Remuneration to Directors who hold a Concurrent Post in the Company												(A)+(B)+(C)+(D)+(E)+(F)+(G) % of Net Income (Note 11)		Remuneration from Long-term Investments Except Subsidiaries (Note 12)
		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)				Stock Option (H) (Note 7)		Restricted Shares (I) (Note 13)				
		Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus		Consolidated Subsidiaries (Note 8)		Sunplus	Subsidiaries (Note 8)	Consolidated	Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	
																Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus							
Chairman	Chou-Chye Huang	0	0	0	0	2,798,323	2,798,323	188,600	279,600	0.51	0.52	5,408,452	5,408,452	91,776	91,776	0	0	0	0		0		0	1.44	1.46	35,000
Director (Note 14)	Higherway Electronic Kun-Fung Huang Representative of Legal Entity	0	0	0	0	6,334,831	6,334,831	1,804,567	1,804,567	1.38	1.42	0	0	0	0	0	0	0	0		0		0	1.38	1.42	3,116,674
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**																									
Independent Director (Note14)	Po-Young Chu																									

Remuneration to Directors	Names of Directors			
	(A)+(B)+(C)+(D)		(A)+(B)+(C)+(D)+(E)+(F)+(G)	
	Sunplus (Note 9)	Consolidated Subsidiaries (I) (Note 10)	Sunplus (Note 9)	Consolidated Subsidiaries (J) (Note 10)
Under NT$2,000,000	Higherway Electronic,Kun-Fung Huang, Wen-Shiung Jan, Global View,**Wen-Ren Su** ,Wei-Min Lin Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu, Po-Young Chu	Higherway Electronic,Kun-Fung Huang, Wen-Shiung Jan, Global View,**Wen-Ren Su** ,Wei-Min Lin Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu, Po-Young Chu	Higherway Electronic,Kun-Fung Huang, Wen-Shiung Jan, Global View,**Wen-Ren Su** ,Wei-Min Lin Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu, Po-Young Chu	Higherway Electronic,Kun-Fung Huang, Wen-Shiung Jan, Global View,Wei-Min Lin Che-Ho Wei, Tse-Jen Huang, Yao-Ching Hsu, Po-Young Chu,
NT$2,000,000~NT$5,000,000	Chou-Chye Huang,	Chou-Chye Huang,		**Wen-Ren Su**
NT$5,000,000~NT$10,000,000			Chou-Chye Huang	Chou-Chye Huang

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.

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: It indicates the employee stock options (excluding those has been executed) offered to the directors who concurrently hold posts in the Company (including presidents, vice presidents, managers, or other employees). The relevant information shall be disclosed in this table and table 4.5.2.

Note 8: 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 9: 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 10: 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 11: It indicates the net income in the most recent fiscal year.

Note 12: 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 and J; 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.

Note 13: If any restricted stock issued, the company should state and disclose the related information in this table and table15-1

Note14 : Discharged on 2015/6/12

※The remuneration disclosed here shall not be applied for taxation purpose because those are calculated on a different basis.

b) Remuneration to Supervisors

Unit: NT$, shares

Title	Name (Note 1)	Remuneration to Supervisors: Salary (A) (Note 2)		Bonus from Profit Distribution (B) (Note 3)		Allowance (C) (Note 4)		(A)+(B)+(C) of 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)	
Supervisor (Note10)	De-Zhong Liu	0	0	0	0	263,667	263,667	0.0%5	0.05%	0
Supervisor (Note10)	Wei-Min Lin									

Remuneration to Supervisors	Names of Supervisors (A)+(B)+(C): Sunplus (Note 6)	Consolidated Subsidiaries of Sunplus (D) (Note 7)
Under NT$2,000,000	De-Zhong Liu, Wei-Min Lin	De-Zhong Liu, Wei-Min Lin

Note 1: Names of supervisors, juridical-person shareholders and their representatives shall be disclosed separately, and the remuneration shall be disclosed in total amount.

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

Note 3: It indicates the remuneration 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 supervisors' 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 supervisors, 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: The total amount remuneration paid to the Company's supervisors by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 6: It indicates the numbers of supervisors classified by the amount of their remuneration paid by Sunplus. If the Company is willing to disclose the names of supervisors in each classification, the title of column shall be changed to "Names of Supervisors".

Note 7: It indicates the numbers of supervisors 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 supervisors in each classification, the title of column shall be changed to "Names of Supervisors".

Note 8: It indicates the net income in the most recent fiscal year.

Note 9: a. Whether the Company's supervisors 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 D; 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.

Note10: Discharged on 2015/6/12

c) 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 9)		Employee Stock Option (Note 5)		Restricted Shares (Note11)		Remuneration from Long-term Investments Except Subsidiaries (Note 10)
		Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus		Consolidated Subsidiaries (Note 5)		Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus							
CEO	Chou-Chye Huang	8,561,000	8,561,000	286,464	286,464	2,658,753	2,658,753	160,000	0	160,000	0	1.98	1.98	0 0	0	0	0	35,000
President (Note 12)	Archie Yeh																	
VP	Wayne Shen																	

Remuneration to Management	Names of Presidents and Vice Presidents	
	Sunplus (Note 7)	**Consolidated Subsidiaries of Sunplus (E) (Note 8)**
Under NT$2,000,000	Archie Yeh,	Archie Yeh,
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

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.

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: It indicates the employee stock options (excluding those has been executed) offered to the presidents and vice presidents. The relevant information shall be disclosed in this table and table 4.5.2.

Note 6: 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 7: 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 8: 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 9: It indicates the net income in the most recent fiscal year.

Note 10: 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.

Note 11: If any restricted stock issued to management, the company should state and disclose the related information in this table and table15-1

Note 12: Discharged on 2015/2/16

d) Employee Bonus Granted to Management Team

Title	Name	Shares Bonus	Cash Bonus	Sum up	% on Net Income
Chairman & CEO	Chou-Chye Huang	0	760,000	760,000	0.13
Vice President	Wayne Shen				
Assistant VP	Alex Chang				
Assistant VP	Jason Lin				
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, supervisors, 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	2014		2015	
	Amount	% of Net income(Loss)	Amount	% of Net income (Loss)
Director	18,703,000	4.42%	23,373,000	3.97%
Supervisor				
Management				

(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

14 meetings were held in 2015 (6 meetings by 9th BOD, 8 meetings by 10th BOD(A)) and the attendance of directors is as follow:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%)	Remarks
Chairman	Chou-Chye Huang	14	0	100.00	on board on2015/6//12
Director	Wen-Shiung Jan	10	3	71.43	on board on2015/6//12
Director	Representative of Legal Entity , Global View **Wen-Ren Su**	11	3	78.57	on board on2015/6//12
Director	Representative of Legal Entity ,Higherway Kun-Fung Huang	6	0	100.00	Discharged on2015/6//12
Director	**Wei-Min Lin**	8	0	100.00	on board on2015/6//12
Independent Director	Po-Young Chu	6	0	100.00	Discharged on2015/6//12
Independent Director	**Che-Ho Wei**	14	0	100.00	on board on2015/6//12
Independent Director	**Tse-Jen Huang**	8	0	100.00	on board on2015/6//12
Independent Director	**Yao-Ching Hsu**	8	0	100.00	on board on2015/6//12

Other information required to be disclosed:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
   1) Discussion to the Allowance to Director and Member of Committee on2015/07/06
   All Directors didn't involve in the discussion and vote regarding them to avoid conflict of interest. Other Independent Directors approved as proposed without dissent. Vice versa.
3. Measures taken to strengthen the functionality of the Board: The BOD has assigned the Audit Committee on 2015/6/12

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 Supervisors Participation in BOD

6 meetings were held in 2015 and the attendance of supervisors is as follow:

Title	Name	Attendance in Person	Attendance Rate (%)	Remarks
Supervisor	De-Zhong Liu	5	83.33	Discharged on2015/6//12
Supervisor	Wei-Min Lin	5	83.33	Discharged on2015/6//12

Other information required to be disclosed:

1. Composition and Responsibilities of Supervisors
   1) Supervisors have attended internal management meetings often and audit the company operations and present the professional opinions independently.
   2) Supervisors talk to the company's internal auditors and CPAs directly and often.
2. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of meetings, sessions, contents of motions, resolutions of the directors' meetings and the Company's response to supervisor's opinion should be specified:
   None

Note 1: (a) If a 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) The BOD has assigned the Audit Committee on 2015/6/12

3.3.3 Audit Committee

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate B/A (%)	Remarks
Convener	**Che-Ho Wei**	5	0	100.00	on board on2015/6//12
Member	**Tse-Jen Huang**	5	0	100.00	on board on2015/6//12
Member	**Yao-Ching Hsu**	5	0	100.00	on board on2015/6//12

Other information required to be disclosed:

1. If any matters referred to in Article 14-5 of Securities and Exchange Act that has not been approved by the audit committee be undertaken upon the consent of two-thirds or more of all directors, , and the resolution of the audit committee shall be recorded in the minutes of the directors meeting in details. :None
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. Communication between Committee and Internal Auditor and CPA:
   The internal auditor reports to audit committee periodically. The Independent Director shall ask for the financial statements and reports and talk to CPA of the Company anytime if needed.

3.3.4 Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Item	Implementation Status	Difference to "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"
1. Formulation of its own corporate governance principles	(1) Sunplus has established its own corporate governance principles waiting for approval by BOD (2) 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 1) The way handling shareholders' suggestions or disputes 2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders 3) Risk management mechanism and fire wall between the Company and its affiliates 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.	(1) Sunplus has designated specialists to handle shareholders' suggestions or disputes. (2) The information regarding major shareholders, directors, supervisors, and other important matters which might cause changes in holding, is disclosed periodically so that the Company and its subsidiaries Generalplus, Sunext, Sunplus Innovation Technology could know well about major shareholders and the ultimate owners of them. Those private subsidiaries review its shareholdings monthly. (3) Sunplus has set relevant guidelines to manage risks concerning dealings and contact with affiliates. (4) Sunplus and its subsidiary Generalplus and Sunext all have launched the regarding Procedures for handling Material inside information to prohibit insider trading,	No major Difference
3. Composition and Responsibilities of the BOD 5) Board diversity policy 6) Other Functional Committees than Audit committee and Compensation Committee 7) Regulations governing the board performance evaluation and implementation 8) Regular evaluation of external auditors' independency	(1) Sunplus and it subsidiaries have elected Directors with diversified professionals (2) Sunplus and Genealplus have set up audit committee and compensation committee. Sunext has compensation committee. The company shall set up other functional committee if needed anytime. (3) The company and subsidiaries shall evaluate the board performance from time to time (4) Auditors' independence is evaluated at the end of every year and the engagement of auditors would be submitted to BOD for approval.	No major Difference
4. Communication channel with Stakeholders	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. Sunplus has disclosed all contact windows with stakeholders on the company website. The stakeholders could communicate with Sunplus if needed anytime via phone, mail, fax, email, etc.	No major Difference
5. Engaging professional shareholder services agent to handle shareholders meeting matters	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
6. 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)	(1) Sunplus, Genealplus, Sunext and Sunplus Innovation Technology have established bilingual corporate website, managed by relevant departments to disclose Company's financials, business, and corporate governance status. iCatch has established English website to disclose the business and product information. (2) Sunplus, Generalplus, Sunext and Sunplus Innovation Technology have assigned spokesperson, acting spokeperson and designated specialists to disclose and collect the company's information.	No major Difference
7. 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.):	(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 subsidiarie 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.	

8. the Company has a self-corporate governance evaluation or has authorized any other professional organization to conduct such evaluation, the evaluation results, major deficiency or suggestion, and improvement are stated as follows	None. However, the Company and its subsidiaries do establish and follow the internal corporate governance systems	

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

(1) **Qualifications and Independence Analysis**

Stauts(Note 1)	Name	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 on compensation committee	Remark (Note 3)
		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		
Independent Director	**Che-Ho Wei**	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	**Tse-Jen Huang**		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	
Independent Director	**Yao-Ching Hsu**		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

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. (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 been a person of any condition as defined in Article 30 of the Company Law.

Note 3: The Company shall state more qualification information if the member status is identified as a director.

(2) **Operation**

1. BOD appointed three independent director to be members of compensation committee.
2. The term of office is 3 years from June 12th 2015. Two meetings have held by of 2nd Committee and 4(A) meeting by 3rd Committee in 2015.

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate(B/A) (%)	Remarks
Convener	**Che-Ho Wei** i	6	0	100.00	Continue in office
Member	Po-Young Chu	2	0	100.00	Discharged on 2015/6/12
Member	**Tse-Jen Huang**	6	0	100.00	Continue in office
Member	**Yao-Ching Hsu**	4	0	100.00	On board on2015/6/12
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.

3.3.6 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	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. 2) The Company organizes education and training on the implementation of corporate social responsibility initiatives on a regular basis 3) The company establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies, and	(1) The company and its subsidiaries have not promulgated its own corporate social responsibility principles. However; the company will actively fulfill their corporate social responsibility in the course of the business operations and formulate the related policy if needed. (2) The company and its subsidiaries didn't organize education and training periodically but ask all employees to follow the related policies. (3) The company and its subsidiaries didn't establishes exclusively (or concurrently)	The company and its subsidiaries didn't establish corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies". But Sunplus has made internal rules regarding sustainability, environment protection, Labor Welfare, social service, charity, consumer rights, human rights and other social responsibilities

reporting the BOD 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.	dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies but work hard to exercising corporate governance, fostering a sustainable environment. (4) The company and its subsidiaries have set the internal procedures and code of conduct, and adopted employee performance evaluation system with a clear and effective incentive and discipline system.	
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. 2) The company establishes proper environmental management systems based on the characteristics of their industries. 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.	(1)The company and its subsidiaries keep protecting environment and preventing pollution based on the related regulations. The company and its subsidiaries encourage and educate employees to recycling, reducing, reusing to preserve the Earth. (2) The company and its subsidiaries assign dedicated and qualified personnel for environment management to protect the environment. (3) The company and its subsidiaries set up the priority to save the energy and resources for energy conservation and carbon and greenhouse gas reduction.	There is no clear policy for carbon reduction because the major business operations of the company are research and development.
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 2) The company provides an effective and appropriate grievance mechanism and channels with response to any employee's grievance in an appropriate manner. 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. 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. 5) The company establishes effective training programs to foster career skills of their employees' careers 6) In the process of research and development, procurement, 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.	(1) The company and its subsidiaries comply with relevant labor laws and regulations to protect the legal rights and interests of employees, and provide the latest information to employees. (2) The company and its subsidiaries communicate with employees time to time (3) The company and its subsidiaries provide safe and healthful work environments (4) The company and its subsidiaries communicate with employees time to time (5) The company and its subsidiaries provide effective training programs to foster career skills to meet requirement for their current job and promotions. (6) The company and its subsidiaries establish policies and grievance mechanism to protect on consumer rights and interests (7) The company and its subsidiaries follow relevant laws, regulations and international guidelines when marketing or labeling their products and services (8) The company has priority to choose suppliers with environmentally responsible. (9) Sunplus has established it code of conduct and Ethical corporate management practices to prohibit acquiring or maintaining benefits. When Generalplus 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. But Generalplus does require its suppliers to sign contracts regarding social responsibility and environmental protection afterwards if needed. Sunext, Sunplus Innovation Technology and iCatch will consider to sign or renew contract with any of their major suppliers afterwards.	Not Applicable
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, Sunext and Sunplus Innovation Technology disclosed information relating to their corporate social responsibility on annual report every year and post on MOPS	
5. If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: Sunplus has not established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies".		
6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices (1)Sunplus and its subsidiaries are majorly engaged in IC R&D without manufacture (2)Sunplus and its subsidiaries participate in charity activities (3)Sunplus and its subsidiaries have relevant procedures to handle with customers' complaints. (4) Sunplus and its subsidiaries follow "Labor Standards Act" to manage the affairs of employment. (5) Sunplus and its subsidiaries comply with relevant regulations regarding the occupational safety and health.		
7. If the products or corporate social responsibility reports have received assurance from external institutions, they should state so below: None		

3.3.7 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	Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
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 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	(1) Sunplus has adopted "Procedures for Ethical Management and Guidelines for Conduct" to specify the ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation **(2)** Sunplus has adopted "Procedures for Ethical Management and Guidelines for Conduct" setting out the standard operating procedures, conduct guidelines, penalties, and complaints. The subsidiaries has set "Code of Conduct" setting out conduct guidelines, penalties, and complaints **(3)** Any personnel of the Company and its subsidiaries, in the course of their duties, are prohibited to directly or indirectly provides, promises, requests, or accepts improper benefits. All personnel may not disclose to any other party any trade secrets.	**None**
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 2) The Company shall designate the responsible unit with respect to ethical corporate management of implementation. The BOD shall monitor the implementation regularly. 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. 4) The companies shall establish effective accounting systems and internal control systems and Internal auditors shall periodically examine the compliance 5) The company shall periodically organize or engage out-sourcing training programs of ethical corporate management	(1) The company and its subsidiaries evaluate the legality before developing a commercial relationship with another party (2) The Company and Generalplus designate its Chairman Office as the solely responsible unit in charge of implementation of ethical corporate management (3) The company and its subsidiaries adopt policies for preventing conflicts of interest and also offer appropriate means to voluntarily explain (4) The company and its subsidiaries establish internal control systems and internal auditors shall periodically examine the compliance (5) Sunplus has adopted "Procedures for Ethical Management and Guidelines for Conduct" to specify the ethical corporate management policies and ask for employees to follow those procedures properly	None
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. (2) The Company shall set up procedures to handle with Whistle-blowing System and Confidentiality of the identity of whistle-blowers (3) The Company shall have measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing.	(1) The company and its subsidiaries establish operational rules and designate proper responsible unit to handle with grievance of employees (2) The proceeding rules illustrate how to handling with Whistle-blowing and Confidentiality (3) The relevant rules provide measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing	None
4. Disclose of its implementation of ethical corporate management 1) The company shall disclose the status of the enforcement of their own ethical corporate management best practice principles on their company websites	The Company shall disclose its "Procedures for Ethical Management and Guidelines for Conduct" on the Company's website after approval by its shareholders meeting on June,11th, 2013	None
5. If the Company has established its code of conduct on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe any discrepancy between the principles and their implementation: None.		
6. Other important information to facilitate better understanding of the Company's implement of ethical corporate management: Integrity is one of the Company philosophy, we are engaged in commercial activities following the principles of fairness, honesty, faithfulness, and transparency to investors, customers, suppliers, and society from the 1st day we set up. The Company has established the formal channel for employees report on unethical conduct via email. Meanwhile, the Company has long-term reliable collaboration with customers and suppliers with contracts provisions demanding ethical corporate management policy compliance.		

3.3.8 Other Corporate Governance Policies:

Sunplus has formulated related corporate governance principles waiting for approval by BOD, meanwhile the company has made internal rules regarding sustainability, environment protection, Labor Welfare, social service, charity, consumer rights, human rights and other social responsibilities

3.3.9 Other Matters Needed to Improve the Company's Implementation of Corporate Governance

None

3.3.10 Internal Control System Execution Status and Information

a) Statement of Internal Control System

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

Date: **March 23th, 2016**

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during **January 1st – December 31st, 2015**:

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 2015**, 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 2015** 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 23th, 2016**, 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
Chairman& CEO

b) 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

Date	Decision Maker	Case	Result
2015.06.12	Shareholders' Meeting	1. 2014 business report 2. Supervisors' report 3. Report on Amending "Procedures for Ethical Management and Guidelines for Conduct" 4. Approval of 2014 business report and financial statements 5. Dividends Distribution 6. To Amend the "Articles of Incorporation" 7. To Amend "Election Procedures for Board of Directors and Supervisors" 8. To Amend "Procedures for Endorsements and Guarantees" 9. To Amend "Operational Procedures for Loaning Funds to Others" 10. To Amend "Procedures for Acquisition or Disposal Assets" 11. To Amend "Procedure of Engaging in Derivatives Trading" 12. To elect 10th Board of Directors 13. Lifting ban on directors against joining competitors	Approved as proposed without dissent.
2015.06.12	Board Meeting	1.To Elect Chairman of Board 2.To assign 3rd Compensation Committee	Approved as proposed without dissent.
2015.07.06	Board Meeting	1.To Discuss the allowance for Directors and Committee	Approved as proposed without dissent. (All Directors didn't involve in the discussion and vote regarding them to avoid conflict of interest. Other Independent Directors approved as proposed without dissent. Vice versa.)
2015.08.12	Board Meeting	1. Approval of 1H'2015 consolidated financial statements	Approved as proposed without dissent.
2015.08.25	Board Meeting	1.To discuss treasury Stock write-off	Approved as proposed without dissent.
2015.10.13	Board Meeting	1.Discussion of Impairment loss	Approved as proposed without dissent.
2015.11.11	Board Meeting	1.Approval of 3Q'2015 consolidated financial statements	Approved as proposed without dissent.
2015.12.25	Board Meeting	1.To Discuss amending "Articles of Incorporation"	Approved as proposed without dissent.
2016.03.23	Board Meeting	1.To discuss compensation of employee and board 2. To approve 2015 consolidated financial statements 3. Business report 2015 4. Dividend distribution 5. Lifting ban on directors against joining competitors 6. Report on Buy-back 7.To discuss shareholders' Meeting 2016	Approved as proposed without dissent.
2016.05.11	Board Meeting	1.Approval of 1Q'2016 consolidated	Approved as proposed without dissent.

		financial statements	

3.3.13 Content of Directors' or Shareholders' Dissent View on Record or in Writing Regarding Resolutions approved by BOD Meeting

None

3.3.14 Information Regarding the Relief and Resignation of Personnel Responsible for Preparing Financial Reports

None

3.4 Audit Fees

Audit Firm	Name of Auditor		Duration of auditing	Remarks
Deloitte & Touche	Tung-Hui Yeh	Hung-Peng Lin	2015.01.01~2015.06.30	Internal job rotation
	Tung-Hui Yeh	Shu-Jay Huang	2015.07.01~2015.12.31	Internal job rotation

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			

3.5 Replacement of Auditors

Not applicable due to internal job rotation of Audit Firm

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, Supervisors, Management, and Shareholders with 10% Shareholding or More

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

Unit: Shares

Title	Name	2015		Ended of April 15th, 2016	
		Shareholding Increased (decreased)	Shares Pledged (Released)	Shareholding Increased (decreased)	Shares Pledged (Released)
Chairman& CEO	Chou-Chye Huang	0	00	0	242,962
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**(2015.06.12 boarded)	0	0	0	0
Independent Director	**Yao-Ching Hsu**(2015.06.12 boarded)	0	0	0	0
VP	Wayne Shen	(98,900)	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
Director	Higher Way Electronics(2015.06.12 discharged)	0	0	0	0
Independent Director	Po-Young Chu (2015.06.12 discharged)	0	0	0	0
Supervisor	De-Zhong Liu (2015.06.12 discharged)	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 15th, 2016

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
Chou-Chye Huang	**Pledged**	2016.01.07	Far East Bank	None	5,000,000	15.67%	55.22%	-
Chou-Chye Huang	**Released**	2016.02.25	UBS AG	None	4,757,038	15.67%	50.09%	-

Note 1: Including Directors, supervisors, 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%	-	-	Lin-Shih. Global View	Board Director (Representative of Legal Entity)
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	Board Director Representative of Legal Entity)
Chou-Chye Huang Representative of Legal Entity)	92,737,817	15.67%	1,370,993	0.23%	-	-	-	-
Chih-Hao King	8,697,160	1.46%	771,433	0.13%	-	-	-	-
Wen-Qin Lee	7,000,000	1.18%	1,647,542	0.28%	-	-	-	-
JP Morgan in custody for 先進新光先進總合國際股票指數	5,294,000	0.89%	-	-	-	-	-	-
Lin-Shih Investment	3,559,996	0.60%	-	-	-	-	Chou-Chye Huang	Chairman (Representative of Legal Entity)
Chou-Chye Huang (Representative of Legal Entity)	92,737,817	15.67%	1,370,993	0.23%	-	-	-	-
Ritek Corp.	2,904,036	0.49%						
保富投資顧問 HK 投資專戶	2,866,000	0.48%						
Charted Bank in custody for 梵加德新興市場股票指數基金專戶	2,716,000	0.46%	-	-	-	-	-	-

3.9 Long-term Investment Ownership

December 31st, 2015/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	38,836	61	8,251	13	47,087	74
Generalplus Technology	37,324	34	19,301	18	56,625	52
Sunplus Innovation Technology	31,450	62	3,979	8	35,429	70
Sunplus mMedia Inc.	17,441	87	2,559	13	20,000	100
iCatch Technology Inc.	20,735	38	4,197	8	24,932	46
S2-Tek Inc.	908	2	19,592	49	20,500	51
Global View Co., Ltd.	8,229	13	314	-	8,543	13
Focal Tech	29,271	10	606		29,877	10
Ritek Corp.	5,000	-	1,667	-	6,667	-
Tatung Company	46,094	2	1,013	-	47,107	2

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

IV. Capital & Shares

4.1 Capitalization

April 15th, 2016

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 of Profits 957,334 And Capital Surplus 544,742	None	05/30/2002 SFC 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 Surplus 102,415 Employee Stock Option 21,825	None	FSC No.0960038299
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 15th, 2016/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 15th, 2016/Unit: share

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Retail investors	Treasury Stock	Total
Persons	0	5	96	136	63,508	0	63,745
Shares	0	89,046	27,753,448	32,272,882	531,879,543	0	591,994,919
Shareholding	0.00%	0.02%	4.69%	5.45%	89.84%	0.00%	100.00%

4.1.2 Distribution Profile of Shareholder Ownership – Common Share

April 15th, 2016/Par value per share: NT$10

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned (shares)	Holding (%)
1~999	26,531	2,964,585	0.50
1,000~5,000	24,516	56,013,716	9.47
5,001~10,000	6,128	49,081,746	8.29
10,001~15,000	1,780	22,268,158	3.76
15,001~20,000	1,421	26,717,183	4.51
20,001~30,000	1,130	29,302,594	4.95
30,001~40,000	547	19,777,457	3.34
30,001~50,000	400	18,814,184	3.18
50,001~100,000	719	52,000,950	8.78
100,001~200,000	317	44,658,320	7.54
200,001~400,000	143	39,615,188	6.69
400,001~600,000	55	26,871,692	4.54
600,001~800,000	17	12,211,363	2.06
800,001~1,000,000	11	10,141,221	1.71
Over 1,000,001	30	181,556,562	30.68
Total	63,745	591,994,919	100.00

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not Applicable

4.1.4 Major Shareholders

April 15th, 2016

Name \ Shareholding	Shares Owned	Holding %
Chou-Chye Huang	92,737,817	15.67
De-Zhong Liu	13,045,795	2.20
Global View Co., Ltd.	10,038,049	1.70
Chih-Hao King	8,697,160	1.46
Wen-Qin Lee	7,000,000	1.18
JP Morgan in custody for 先進新光先進總合國際股票指數	5,294,000	0.89
Lin-Shih Investment	3,559,996	0.60
Ritek Corp.	2,904,036	0.49
保富投資顧問 HK 投資專戶	2,866,000	0.48
Charted Bank in custody for 梵加德新興市場股票指數基金專戶	2,716,000	0.46

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

Item \ Year			2014	2015	Ended of March 31st, 2016
Market Price	Highest		14.45	19.95	13.55
	Lowest		10.60	9.61	9.87
	Average		12.29	13.70	11.58
Net Worth	Before Distribution		15.75	16.10	15.82
	After Distribution		15.15	(Note 1)	(Note 1)
Earnings Per Share	Weighted Average Shares		588,434,923	588,434,923	588,434,923
	EPS (Note 2)	Before Adjustment	0.72	1.00	0.00
		After Adjustment	0.72	(Note 1)	
Dividends Per Share	Cash Dividends		0.60	(Note 1)	
	Stock Dividends	From Profits	-	(Note 1)	
		From Surplus	-	(Note 1)	
	Accumulated Undistributed Dividends		-	(Note 1)	
Return on Investment	Price/Earnings Ratio (Note 3)		17.07	13.70	
	Price/Dividend Ratio (Note 4)		20.48-	(Note 1)	
	Cash Dividends Yield Rate (Note 5)		-	(Note 1)	-

Note 1: Pending shareholders' approval

Note 2: Retroactively adjusted for stock dividends and stock bonus 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

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 2015

Board' proposal waiting for shareholders' approval :(1).legal reserve NT$58,934,802 (2)Special reserve N$4,094,000 (3) Case Dividend NT$526,875,478 (NT$0.89 per share)

c) 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 Bonus and Directors and Supervisors' Compensation

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

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; and then set aside the special capital reserve in accordance with relevant regulations by the competent authorities. After legal and special capital reservations, the remaining earnings available for distributing will be allocated as the following sequence, however, the Company can adjust the actual ratio of cash dividend and profit allocation because of profitability and cash flow, which should be determined and approved by the shareholders' meeting:

(1) Up to 6% of the outstanding capital stock will first be paid as dividends.

(2) Besides 1.5 % of the balance profits after item (1) shall be allocated as bonus to the Directors and Supervisors; at least 1% of the balance profits after item (1) shall be allocated as bonus to employees of the Company. The Company may issue stock bonuses to employees of the affiliated companies meeting the conditions set by the Board Meeting.

(3) The leftovers after item (1) & (2) may be distributed as additional dividends. The cash dividends shall be at least 10% among the additional dividends paid/distributed, but the Company shall give up distributing cash dividend if the cash dividend is less than NT$0.5 per share.

If there is any deduction from shareholder equity accumulated in prior year, or the net profit is not enough to offset the deduction from shareholder equity occurred in the same fiscal year, the Company should set aside the equivalent special reserve from the un-appropriated prior years' earnings to make up the deduction before distributing the profit.

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

The BOD meeting proposed to distribute the profits in 2015
Cash bonus to Employee NT$6,088,770
Cash bonus to Directors NT$9,133,154

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

Approval by shareholders' meeting on June 12th, 2015, the company decided to distribute the profits of 2014
Cash bonus to Employee NT$191,451
Cash bonus to Directors NT$287,176

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, 2016

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	2015	Highest	US$1.28
		Lowest	US$0.61
		Average	US$0.87
	Ended of March 31st, 2016	Highest	US$0.82
		Lowest	US$0.60
		Average	US$0.70

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

b) Product Segments and Sales Amount

Unit: NT$K, %

Product Categories	2015	
	Amount	Percentage %
Multimedia ICs	7,950,773	93.92
Other	515,060	6.08
Total	8,465,833	100.00

6.1.2 Industry Overview

a) 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.

Our products are shipped to end customers through distributors, so the major customers of Sunplus are distributors. The end customers' manufactories are located in Taiwan, HK and Mainland China, and the end products after assembly are sold to North America and Europe, or other emerging countries per different applications.

b) Market Trend and Competition

(1) Multimedia IC: Our multimedia ICs are based on DSP and RISC hardware technologies. By collocating with different image processing and voice processing algorithm, these technologies can process complicated mathematic operations, which can be applied to applications like DVD, set-top-box and etc. At present, our main competitors are Mediatek, ALi and Novatek.

Company	Product& Applications
Sunplus	IC for DVD player, Car infotainment, IP licensing
Generalplus	Consumer IC : LCD controller, Voice/Music IC, caller ID Multimedia IC: MCU/DSP JPEG/MPEG/H.263/H.264 decoder/encoder MCU IC: remote controller, motor driver IC, etc.
Sunplus Innovation Technology	MCU for mouse/KB controller, remote controller, ISP for PC camera, NB cam, web cam, etc
iCatch	H.264 FHD SoC, MJPEG HD SoC, ISP SoC
Sunext	Optical servo controller, motor driver controller

6.1.3 Technology and Development

a) R&D expenditure

Unit: NT$K, %

Year / Item	2015	Ended March 31st, 2016
Expense	1,934,765	461,980
Percentage to Revenue	23%	26%

b) R&D Accomplishment

Company	Accomplishment	Applications
Sunplus	H.264 decoder MPEG2/4 decoder Servo Control HDMI DVD JPEG decoder Video encoder	Car Infotainment Andorid platform for automotive GPS & ADAS etc.
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 Wireless charging controller	RISC CPU ARM Coretex-M4 32bits CPU MCU for home appliance, wireless charger, etc.
Sunplus Innovation Technology	MCU for mouse/KB controller, remote controller, ISP for PC camera, NB cam, web cam, etc SATA II bride IC Wireless Tx face/gesture recognition	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 highspeed interface control
Sunext	USB DVD-RW SoC Optical servo controller for CD/DVD/BD	UBD motor driver

6.1.4 Business Plan

Sunplus Technology Co., Ltd. is a leading provider of home entertainment multimedia IC solutions and now turns to focus on automotive applications which Sunplus has launched the IC solutions supporting advanced driving assistance systems(ADAS). The Sunplus' broad product portfolio regarding audio and video technology includes for Car infotainment, Boombox, Soundbar, automotive DVD/CD players, portable DVD players, etc. Meanwhile, Sunplus is offering high-speed I/O IPs, high performance data conversion IPs, and analog IPs for a broad range of applications on consumer, portable, and connected devices. The automotive IC for ADAS is a very potential growing market which the forecast compound annual growth rate could be over 35% for forthcoming years according to market research. We could see more auto manufactures launch new models equipped with ADAS due to automotive regulations.

Generalplus leads in supplying consumer IC solutions including LCD IC, micro-controller IC, Speech IC, Music Synthesizer, Tel-Communication IC, Remote controller IC, Driver IC and ASICs which can be applied to multimedia interactive toys, educational learning aids, camcorders, MP3 and so on. Generalplus has launched the SoC embedded with 32bits ARM Cortex-M4 CPU for 720P/1080P H.264 video encoding, voice and music synthesizer embedded with OTP and RISC processor, LCD controller for color LCM, remote controller, MCU to supporting Qi wireless charging, etc.

Sunplus Innovation Technology focus on providing best cost-performance IC solutions for PC Peripherals targeting Human Interface Devices, PC/NB Camera, Industry Control, optical sensor, RF transceiver, etc. Sunplus Innovation Technology also engages in product development of gesture recognition and control for potential future growth.

iCatch Technology Inc. focuses on developing the digital video & image SoC solutions. Despite of crowding out effect from handset devices, there are still growing demands of DSLR, wearable camera, dashcam, video camcorder with high performance, high definition, high frame rate, and H.264/H.265 video compression that iCatch will keep focusing on those image processing applications in the future.

Sunext Technology delivers semiconductors and solutions for Optical Disk drives. Along with specification settlement of Ultra HD BD and more presenting Ultra HD products, Sunext will develop IC solutions of ultra-high-definition (UHD) playback solutions. Meanwhile Sunext has developed multi-channels digital motor driver IC solutions which could be another growth driver for Sunext.

In long-term development, Sunplus and subsidiaries will try hard to focusing its core business, developing highly valued products, enhancing product portfolio and margin, gaining market shares, and improving operating and non-operating profits in order to make the better return of equities for our shareholders.

6.2 Market Status

6.2.1 Market Analysis

a) Market Analysis by Region

Unit: NT$K, %

Area	2015	
	Amount (NT$K)	**Percentage (%)**
Asia	5,650,767	66.75
Taiwan	2,538,834	29.99
Others	276,232	3.26
Total	8,465,833	100.00

b) Market Share

According to the statistics provided by Topology Research Institute, the revenue of worldwide IC design companies could reach US$80.5billion and Taiwan for US$15.5billion. Sunplus Group took around 1.7% market share with 2015 revenue of NT$8.5 billion.

c) Demand and Growth

The market survey institution forecasts that will be 43% of new car will be equipped with embedded multimedia navigation system worldwide, in developed market furthermore, the embedded multimedia navigation system will be the standard equipment for cars. The automobile will be a very important growing application for semiconductor industry with computer, consumer and communication.

Company	Product	Demands
Sunplus	Car infotainment &ADAS	ADAS (advanced driver assistance system) has been adopted by worldwide leading car brand names

		and government trend to enforce launch ADAS in very near future. The automobile will be the very important and growing application for semiconductor industry with computer, consumer and communication. The CAGR of ADAS applications could reach 25% till 2020 by Braclays securities
Generalplus	Educational learning Aids Interactive toy Wireless charger Dash cam	Generalplus is leading IC supplier of ELAs and consumer IC, we will keep working to develop best cost performance consumer IC.
Sunplus Innovation	KB/mouse, remote controller, PC/NB cam	Despite of poor PC demand, the handset, pad, portable devices are still growing market that Sunplus IT will work out more contribution from non-PC products.
iCatch	High-end DSC IP cam, Dash cam, Wearable cam	Despite of crowding out effect from handset devices, there are still growing demands of DSLR, wearable camera, dashcam, video camcorder with high performance, high definition, high frame rate, and H.264/H.265 video compression that iCatch will keep focusing on those image processing applications in the future
Sunext	UBD player	There is growing demand of high definition high quality contents as well as UBD BD players.

d) Competition and Business Strategy

(1) Competition Analysis

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

Eight engineers established Sunplus in 1990. They are the center of Sunplus management team. Each of them has accumulated almost twenty years of experience in new product development, technology management, and marketing. The invaluable experience has been deliberately passed on to the next generation of engineers. This continuity in the conveyance of experience has resulted in fewer complaints from customers and more rapid professional growth in our new employees.

(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.

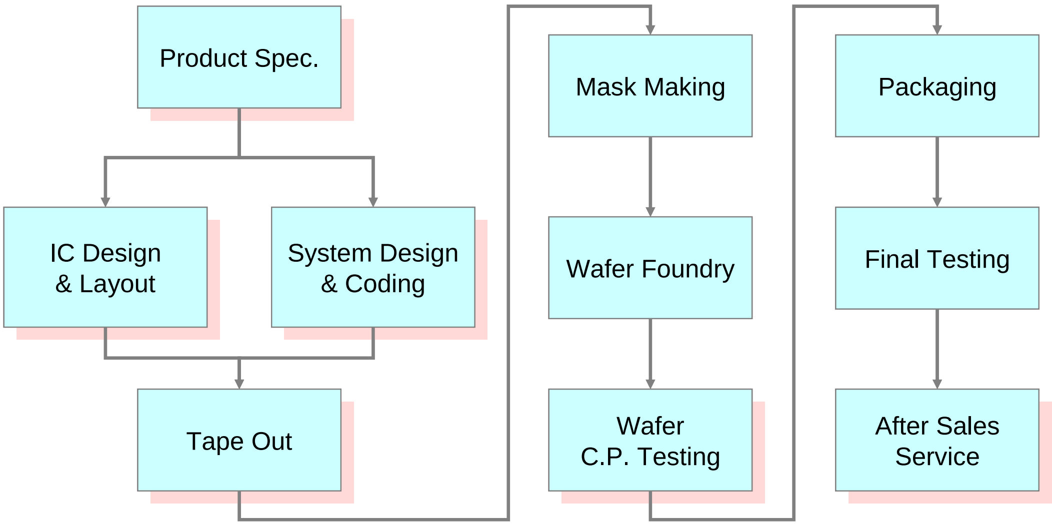
(2) Advantages
(a) Sunplus offers high value-added products to enable customer to win the market.
(b) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.
(c) Sunplus has strong IC design capability 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. Sunplus' main foundry contractors are local or overseas wafer manufacturers, such as TSMC, UMC, Dongbu, etc., whose wafer supplements are sufficient and stable.

6.2.4 Major Customers and Suppliers in the Recent Two Years

a) Major Customers

Unit: NT$K

2014				2015				End of March, 31, 2016			
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
B	798,343	10.14	No	B	1,198,755	14.16	No	B	266,411	14.78	No
A	786,001	9.99	No	A	771,782	9.12	No	D	197,659	10.97	No
D	740,629	9.41	No	D	697,688	8.24	No	E	187,524	10.41	No
Others	5,546,542	70.46		Others	5,797,608	68.48		Others	1,150,577	63.84	
Net sales	7,871,515	100.00		Net sales	8,465,833	100.00		Net sales	1,802,171	100.00	

b) Major Supplier

Unit: NT$K

2014				2015				End of March, 31, 2016			
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	1,883,682	49.93	No	A	2,040,135	48.57	No	A	402,569	54.68	No
B	368,347	9.76	No	D	314,178	7.48	No	D	53,864	7.32	No
C	337,516	8.95	No	C	304,073	7.24	No	C	47,002	6.38	No
Others	1,183,155	31.36		Others	1,541,980	36.71		Others	232,761	31.62	
Net purchase	3,772,700	100.00		Net purchase	4,200,366	100.00		Net purchase	736,196	100.00	

6.2.5 Production

Unit: thousand pcs, NT$K

Year / Product	2014			2015		
	Capacity	Output	Value	Capacity	Output	Value
Multimedia ICs	-	788,636	4,706,191	-	678,461	5,109,791
Other ICs	-	-	-	-	41	1,655
Total	-	788,636	4,706,191	-	678,502	5,111,446

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	2014				2015			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Multimedia IC	288,176	2,154,975	495,794	5,233,659	220,622	2,467,957	461,770	5,482,816
Other ICs		16,563		466,318		70,877		444,183
Total	288,176	2,171,538	495,794	5,699,977	220,622	2,538,834	461,770	5,926,999

6.3 Personnel Structure

Year		2014	2015	End of March 31, 2016
Workforce Structure by Job Function	R&D	1,322	990	1,018
	Production	108	107	1118
	Administration	425	420	388
	Total	1,855	1,517	1,524
Average Age		32.7	30.1	31.3
Average Years Served		5.14	5.42	5.78
Workforce Structure by Education Degree	Ph.D.	1%	1%	1%
	Master	48%	38%	38%
	Bachelor	40%	48%	49%
	Other Higher Education	8%	9%	8%
	High School	3%	4%	4%
	Total	100%	100%	100

6.4 Environmental Protection & Expenditures

6.4.1 Environmental Protection

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.

6.4.2 Working Environment

a) To allocate sole-duty organization and employees to execute the matters concern to environment security and sanitation management according to Laws.

(1) To examine the working environment regularly to maintain the security of environment and equipment.
(2) To review the working environment and set up related devices with a standard higher than regulation.
(3) To hold the physical examination for new employees and the regular health examination for employees on the job with higher perception than laws.

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	1995/8/01-2021/12/31	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	
Licensing	Broadcom International	2008.Feb ~	IP Licensing	
Licensing	ARM Limited	2007.12.27 ~	ARM7 TDMI-Score	Only license Generalplus
Licensing	ARM Limited	2010.03.01 ~	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

Item \ Year		Recent 5 Years (Note 1)					End of March 31, 2016 (Note 4)
		2011	2012	2013	2014	2015	
Current Assets			9,038,348	8,275,040	8,037,727	8,705,229	8,364,249
Fixed Assets			1,943,786	2,154,641	3,490,72	3,563,095	3,527,767
Intangible Assets			442,646	335,098	278,188	193,481	211,080
Other Assets			3,138,650	3,436,833	3,012,857	3,137,202	2,947,034
Total Assets			14,563,430	14,201,612	14,819,444	15,599,007	15,050,130
Current Liabilities	Before Distribution		2,697,452	2,709,677	2,826,174	2,740,858	2,704,946
	After Distribution		2,697,452	2,709,677	3,181,372	(Note2)	(Note2)
Non-Current Liabilities			1,738,161	1,126,423	1,070,564	1,632,909	1,253,355
Total Liabilities	Before Distribution		4,435,613	3,836,100	3,896,738	4,373,767	3,958,301
	After Distribution		4,435,613	3,836,100	4,251,936	(Note2)	(Note2)
Equity Attributed to Shareholder of the parent			8,570,655	8,776,889	9,324,318	9,530,012	9,364,075
Capital Stock			5,969,099	5,969,099	5,919,949	5,919,949	5,919,949
Capital Surplus			939,12	950,179	936,051	897,317	897,317
Retain Earnings	Before Distribution		1,714,020	1,813,177	2,221,787	2,444,655	2,446,963
	After Distribution		1,714,020	199,670	1,866,589	(Note2)	(Note2)
Unrealized Gain (Loss) on Financial Merchandise			103,648	199,670	309,932	331,492	163,247
Cumulative translation adjustments			(155,236)	(155,236)	(63,401)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions			1,557,162	1,588,623	1,598,388	1,695,228	1,727,754
Total Equity	Before Distribution		10,127,817	10,365,512	10,922,706	11,225,240	11,901,829
	After Distribution		10,127,817	10,365,512	10,567,508	(Note 2)	(Note2)

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 / Year		Recent 5 Years (Note 1)				
		2011	2012	2013	2014 (Note3)	2015
Current Assets			4,129,502	3,021,678	3,213,839	3,273,115
Fixed Assets			829,572	815,874	775,098	744,937
Intangible Assets			268,059	225,196	200,631	67,742
Other Assets			6,333,581	6,800,274	7,055,589	7,279,247
Total Assets			11,560,714	10,863,022	11,245,157	11,365,041
Current Liabilities	Before Distribution		1,624,269	1,348,302	1,154,078	836,984
	After Distribution		1,624,269	1,348,302	1,509,276	(Note2)
Non-Current Liabilities			1,365,790	737,831	766,761	998,045
Total Liabilities	Before Distribution		2,990,059	2,086,133	1,920,839	1,835,029
	After Distribution		2,990,059	2,086,133	2,276,037	(Note2)
Equity Attributed to Shareholder of the parent						
Capital Stock			5,969,099	5,969,099	5,919,949	5,919,949
Capital Surplus			939,124	950,179	936,051	897,317
Retain Earnings	Before Distribution		1,714,020	1,813,177	2,221,787	2,444,655
	After Distribution		1,714,020	1,813,177	1,866,589	(Note2)
Unrealized Gain (Loss) on Financial Merchandise			103,648	199,670	309,932	331,492
Cumulative translation adjustments			(155,236)	(155,236)	(63,401)	(63,401)
Unrealized Net Loss on the Costs of Pensions			-	-	-	
Total Equity	Before Distribution		8,570,655	8,776,889	9,324,318	9,530,012
	After Distribution		8,570,655	8,776,889	8,969,120	(Note2)

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, 2016 (Note 4)
	2011	2012	2013	2014 (NOTE2&3)	2015	
Net Sales		8,615,264	8,521,868	7,871,515	8,465,833	1,802,171
Gross Profit (Loss)		3,269,420	3,398,468	3,314,401	3,522,625	777,371
Income from Operation (Loss)		(435,426)	(14,260)	552,876	566,540	75,695
Non-operating Income (Expense)		(460,228)	180,004	390,694	371,467	(24,786)
Income (Loss)Before Tax		(895,654)	165,744	943,570	938,007	50,909
Income (Loss) From Operations of Continued Segments (Loss)		(916,235)	128,547	886,956	856,125	36,388
Income (Loss) From Operations of Discontinued Segments		-	-	(332,841)	(27,845)	-
Consolidated Net Income (Loss)		(916,235)	128,547	554,115	828,280	36,388
Other comprehensive income (Loss) for the period, net of income tax		456,145	162,015	124,871	18,282	(169,824)
Total Comprehensive Income (Loss) for the Period		(460,090)	290,562	678,986	846,562	(133,436)
Net Profit (Loss) Attributable to: Owner of the Company		(933,609)	52,785	422,852	589,348	2,331
Net Profit (Loss) Attributable to: Non-controlling interests		17,374	75,762	131,263	238,932	34,057
Total Comprehensive Income (Loss) Attributable to: Owner of the Company		(472,162)	195,179	536,619	609,203	(165,914)
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests		12,072	95,383	142,367	237,359	32,478
Earnings per share (Loss)		(1.59)	0.09	0.72	1.00	0.00

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

Year / Item	Recent 5 Years (Note 1)				
	2011	2012	2013	2014 (NOTE2&3)	2015
Net Sales		3,141,160	3,112,736	2,577,171	2,671,392
Gross Profit(Loss)		1,094,491	1,082,554	944,751	1,011,207
Income from Operation(Loss)		(375,271)	(54,374)	178,340	167,996
Non-operating Income (Expense)		(558,338)	84,323	582,468	453,504
Income (Loss)Before Tax		(933,609)	29,949	760,808	621,500
Income(Loss) From Operations of Continued Segments(Loss)		(933,609)	52,785	755,693	617,193
Income(Loss) From Operations of Discontinued Segments		-	-	(322,841)	(27,845)
Net Income (Loss)		(933,609)	52,785	422,852	589,348
Other comprehensive income (Loss) for the period, net of income tax		461,447	142,394	113,767	19,855
Total Comprehensive Income(Loss) for the Period		(472,162)	195,179	536,619	609,203
Net Profit(Loss) Attributable to: Owner of the Company		(933,609)	52,785	422,852	589,348
Net Profit (Loss)Attributable to: Non-controlling interests		-	-		
Total Comprehensive Income (Loss)Attributable to: Owner of the Company		(472,162)	195,179	536,619	609,203
Total Comprehensive Income (Loss)Attributable to: Non-controlling interests		-	-		
Earnings per share (Loss)		(1.59)	0.09	0.72	1.00

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

7.2 Condensed Financial Statement and Auditors' Opinions by Taiwan GAAP

7.2.1 Condensed Balance Sheet -Taiwan GAAP-Consolidated

Item \ Year		For recent 5 years (Note 1)				
		2008	2009	2010	2011	2012
Current Assets		9,796,714	10,822,015	11,486,582	8,682,455	9,053,872
Bond& Investment		3,207,420	4,840,639	4,239,553	2,394,980	3,598,655
Fixed Assets		1,612,190	1,226,172	1,173,773	1,649,559	1,943,055
Intangible Assets		1,632,022	1,121,928	891,766	676,915	558,783
Other Assets		1,343,542	1,126,403	718,363	694,064	404,271
Total Assets		17,591,888	19,137,157	18,510,037	14,097,973	15,558,636
Current Liabilities	Before Distribution	4,514,455	4,241,446	3,752,814	3,069,081	2,654,495
	After Distribution	4,514,455	4,241,446	4,230,342	3,069,081	2,654,495
Long-term Liabilities		-	1,470,500	132,500	-	1,368,398
Other Liabilities		538,134	365,182	349,169	363,997	308,144
Total Liabilities	Before Distribution	5,052,589	6,077,128	4,234,483	3,433,078	4,331,037
	After Distribution	5,052,589	6,077,128	4,712,011	3,433,078	4,331,037
Capital Stock		5,982,028	5,969,099	5,969,099	5,969,099	5,969,099
Capital Surplus		1,587,558	1,871,301	1,969,595	1,730,465	1,716,655
Retain Earnings	Before Distribution	3,924,634	4,306,149	5,079,860	2,617,410	1,940,440
	After Distribution	3,924,634	4,306,149	4,602,332	2,617,410	1,940,440
Unrealized Gain (Loss) on Financial Merchandise		(561,966)	116,449	(172,567)	(1,190,315)	188,110
Cumulative translation adjustments		149,639	110,973	(18,662)	90,505	3,155
Unrealized Net Loss on the Costs of Pensions		-	-	-	-	-
Total Equity	Before Distribution	12,539,299	13,060,029	14,275,554	10,664,895	11,227,599
	After Distribution	12,539,299	13,060,029	13,798,026	10,664,895	11,227,599

Note 1: Figures are audited for the past-5 years

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7.2.2 Condensed Income Statement-Taiwan GAAP-Standalone

Item \ Year		For recent 5 years (Note 1)				
		2008	2009	2010	2011	2012
Current Assets		2,837,092	6,227,432	5,609,370	3,422,494	4,102,736
Bond& Investment		7,445,768	8,161,338	8,544,972	6,445,698	7,343,777
Fixed Assets		836,326	843,627	784,822	721,693	764,855
Intangible Assets		551,787	318,756	216,747	269,542	253,732
Other Assets		1,260,233	849,309	443,536	407,443	169,124
Total Assets		12,931,206	16,400,462	15,599,447	11,266,870	12,634,224
Current Liabilities	Before Distribution	1,731,341	2,592,439	2,547,924	2,012,399	1,615,699
	After Distribution	1,731,341	2,592,439	3,025,452	2,012,399	1,615,699
Long-term Liabilities		0	1,257,500	75,500	0	1,223,194
Other Liabilities		249,443	239,953	212,099	192,543	133,108
Total Liabilities	Before Distribution	1,980,784	4,089,892	2,835,523	2,204,942	2,972,001
	After Distribution	1,980,784	4,089,892	3,313,051	2,204,942	2,972,001
Capital Stock		5,982,028	5,982,028	5,969,099	5,969,099	5,969,099
Capital Surplus		1,587,558	1,871,301	1,969,595	1,730,465	1,716,655
Retain Earnings	Before Distribution	3,924,634	4,306,149	5,079,860	2,617,410	1,940,440
	After Distribution	3,924,634	4,306,149	4,602,332	2,617,410	1,940,440
Unrealized Gain (Loss) on Financial Merchandise		(561,966)	116,449	(172,567)	(1,190,315)	188,110
Cumulative translation adjustments		149,639	110,973	(18,662)	90,505	3,155
Unrealized Net Loss on the Costs of Pensions		-	-	-	-	-
Total Equity	Before Distribution	10,950,422	12,310,570	12,763,924	9,061,928	9,662,223
	After Distribution	10,950,422	12,310,570	12,763,924	9,061,928	9,662,223

Note 1: Figures are audited for the past-5 years

7.2.3 Condensed P&L by Taiwan GAAP-Consolidated

Unit: NT$K

Item \ Year	For recent 5 years (Note 1)				
	2008	2009	2010	2011	2012
Net Sales	16,177,800	17,891,157	12,765,140	9,251,963	8,615,264
Gross Profit	4,713,417	5,624,097	4,992,470	3,097,921	3,269,420
Income from Operation	(943,667)	549,993	749,647	(803,383)	(433,457)
Non-operating Income	1,254,017	724,991	1,000,274	508,290	231,526
Non-operating Expense	174,219	361,069	396,860	1,415,653	435,483
Income From Operations of Continued Segments-Before Tax	136,131	913,915	1,353,061	(1,710,746)	(637,414)
Income From Operations of Continued Segments-After Tax	77,630	496,977	921,992	(2,005,564)	(657,995)
Income From Operations of Discontinued Segments	-	-	-	-	-
Extraordinary Gain (Loss)	-	-	-	-	-
Cumulative Effect of Changes in Accounting Principles	-	-	-	-	-
Net Income	77,630	496,977	921,992	(2,005,564)	(657,995)
EPS	0.01	0.64	1.3	(3.37)	(1.15)

Note 1: Figures are audited for the past-5 years

7.2.4 Condensed P&L by Taiwan GAAP-Standalone

Unit: NT$K

Item \ Year	For recent 5 years (Note 1)				
	2008	2009	2010	2011	2012
Net Sales	6,093,179	7,349,600	6,129,584	3,599,747	3,141,160
Gross Profit	2,357,964	2,434,607	2,255,319	958,074	1,094,491
Income from Operation	516,709	586,440	336,416	(554,981)	-377,320
Non-operating Income	727,781	665,689	849,816	343,330	103,710
Non-operating Expense	1,084,466	554,466	40,159	1,557,724	403,360
Income From Operations of Continued Segments-Before Tax	160,024	697,663	1,146,073	(1,769,375)	(6 76,970)
Income From Operations of Continued Segments-After Tax	8,383	381,515	773,711	(1,984,922)	(676,970)
Income From Operations of Discontinued Segments	-	-	-	-	-
Extraordinary Gain (Loss)	-	-	-	-	-
Cumulative Effect of Changes in Accounting Principles	-	-	-	-	-
Net Income	8,383	381,515	773,711	(1,984,922)	(676,970)
EPS	0.01	0.64	1.30	(3.37)	(1.15)

Note 1: Figures are audited for the past-5 years

7.2.5 Auditors' Opinions

Year	CPA	Audit Opinion
2011	Tung-Hui Yeh, Hung-Peng Lin	An unqualified opinion
2012	Tung-Hui Yeh, Hung-Peng Lin	An unqualified opinion
2013	Tung-Hui Yeh, Hung-Peng Lin	An unqualified opinion
2014	Tung-Hui Yeh, Hung-Peng Lin	An unqualified opinion
2015	Tung-Hui Yeh, Shu-Jay Huang	An unqualified opinion

7.3 Financial Analysis for recent 5 years

7.3.1 Financial Analysis (consolidated by IFRSs)

Analysis Item / Year		Recent 5 years (Note 1)					End of March 31, 2016 *(Note 2)*
		2011	2012	2013	2014 (Note 9&10)	2015	
Capital Structure	Debts ratio (%)		30.45	27.01	26.29	28.03	26.30
	Long-term fund to Property, plant and equipment (%)		591.43	513.78	331.73	350.30	339.33
Liquidity	Current ratio (%)		335.06	305.38	284.40	317.60	309.22
	Quick ratio (%)		262.11	262.76	228.76	257.15	250.38
	Times interest earned (times)		Note 4	541.79	1853.70	2518.77	607.56
Operating Performance	Average collection turnover (times)		6.29	5.81	4.82	5.13	4.95
	Average collection days		58	63	76	71	74
	Inventory turnover (times)		3.83	3.88	4.02	3.84	3.45
	Payment turnover (times)		7.00	6.48	5.87	7.09	6.16
	Average inventory turnover days		95	94	91	95	106
	Fixed assets turnover (times)		4.43	3.96	2.79	2.40	2.03
	Property, plant and equipment turnover (times)		0.59	0.60	0.54	0.56	0.47
Profitability	Return on total assets (%)		(6.16)	1.11	4.01	5.65	0.29
	Return on stockholders' equity (%)		(8.82)	1.25	5.20	7.47	0.32
	Profit before tax to paid-in capital (%) (Note 8)		(15.00)	2.78	10.32	15.37	0.86
	Profit after tax to net sales (%)		(10.63)	1.50	7.03	9.78	2.01
	Earnings per share (NT$)		(1.59)	0.09	0.72	1.00	0.00
Cash Flow	Cash flow ratio (%)		Note 5	49.23	10.64	36.73	8.87
	Cash flow adequacy ratio (%) (Note3)		63.37	96.14	49.41	46.54	43.62
	Cash flow reinvestment ratio (%)		Note 6	10.35	1.30	3.64	1.78
Leverage	Operating leverage		Note 7	Note 7	6.07	5.54	9.17
	Financial leverage		Note 7	Note 7	1.07	1.07	1.15

Variation Analysis 2015 vs. 2014

1. Times interest earned increased due to more earnings before interest and taxes
2. Return on total assets and Return on stockholders' equity increased because more net income after tax
3. Payment turnover increased due to growing sales and cost of good sold
4. Profit before tax to paid-in capital increased because more net income after tax
5. EPS grew due to more net income
6. Cash flow ratio and Cash flow reinvestment ratio (%) increased because of more Net Cash Provided by Operating Activities

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)

6. Leverage

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

Note 1: Figures have been audited by adopting IFRSs.
Note 2: Figures 1Q'14 have been audited by adopting IFRSs.
Note 3: Cash flow adequacy ratio is calculated based on the data by Taiwan GAAP.
Note 4: Figures not listed due to loss before tax and interests
Note 5: Figures not listed due to negative cash flow
Note 6: Figures not listed due to cash flow from operating less than cash dividends
Note 7: Figures not listed due to operating loss
Note 8: 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
Note9: Figures are reviewed and adjusted by adopting IAS19
Note 10: Figures are adjusted because Sunplus decided to dispose STB center to Availink Inc.by Board Meeting on 2015/1/20

7.3.2 Financial Analysis (Standalone) by IFRSs

Analysis Item (Year)		Recent 5 years (Note 1)				
		2011	2012	2013	2014 (Not 7&8)	2015
Capital Structure	Debts ratio (%)		25.86	19.20	17.08	16.14
	Long-term fund to Property, plant and equipment (%)		1,180.59	1,153,.30	1,287.75	1,400.06
Liquidity	Current ratio (%)		254.24	224.11	278.47	391.06
	Quick ratio (%)		139.46	186.24	212.16	334.88
	Times interest earned (times)		(Note2)	196.76	3,120.87	2,662.46
Operating Performance	Average collection turnover (times)		6.00	4.90	3.30	4.00
	Average collection days		61	74	111	91
	Inventory turnover (times)		2.47	2.60	2.84	2.86
	Payment turnover (times)		6.66	6.25	4.54	7.26
	Average inventory turnover days		148	140	129	128
	Fixed assets turnover (times)		3.72	3.78	3.23	3.51
	Property, plant and equipment turnover (times)		0.28	0.28	0.23	0.23
Profitability	Return on total assets (%)		(7.98)	(0.28	4.01	5.39
	Return on stockholders' equity (%)		(10.60)	0.69	4.67	6.35
	Profit before tax to paid-in capital (%) (Note 6)		(15.64)	0.6	7.22	10.02
	Profit after tax to net sales (%)		(29.72)	1.69	16.40	22.06
	Earnings per share (NT$)		(1.59)	0.09	0.72	1.00
Cash Flow	Cash flow ratio (%)		Note4	57.72	4.04	70.01
	Cash flow adequacy ratio (%) (Note2)		126.64	150.42	100.10	97.84
	Cash flow reinvestment ratio (%)		Note4	7.86	2.63	2.10
Leverage	Operating leverage		Note5	Note5	4.48	5.42
	Financial leverage		Note5	Note5	1.16	1.17

Variation Analysis 2015 vs. 2014

1. Current ratio and Quick ratio increased because of the decline in current liability.
2. Average collection turnover and Average collection days decreased due to declined Collection
3. Payment turnover increased Payment
4. Return on total assets (%) and Return on stockholders' equity grew due to more net income
5. Profit after tax to net sales and EPS grew because Sunplus dispose STB center which was still losing money.
6. Cash flow ratio increased due to more net sales and net income
7. Cash flow reinvestment ratio decreased due to less payment
8. Operating leverage grew due to more sales.

Note 1: Figures have been audited by adopting IFRSs.

Note 2: Cash flow adequacy ratio is calculated based on the data by Taiwan GAAP.

Note 3: Figures not listed due to operating loss

Note 4: Figures not listed due to loss before tax and interests

Note 5: Figures not listed due to negative cash flow

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

7.3.3 Financial Analysis (Consolidated) by Taiwan GAAP

Analysis	Year	Fore recent 5 years (Note 1)				
		2008	2009	2010	2011	2012
Capital Structure	Debts ratio (%)	28.72	31.76	22.88	24.35	27.84
	Long-term fund to fixed assets (%)	777.78	1185.03	1227.50	646.53	648.26
Liquidity	Current ratio (%)	217.01	255.15	306.08	282.82	341.08
	Quick ratio (%)	142.50	216.20	245.51	242.46	268.52
	Times interest earned (times)	2.49	12.89	31.25	Note 4	Note 4
Operating Performance	Average collection turnover (times)	5.21	7.68	6.12	5.95	6.37
	Average collection days	70	48	60	61	57
	Inventory turnover (times)	3.90	5.9	4.62	3.98	3.84
	Payment turnover (times)	7.34	11.92	6.91	5.93	7.00
	Average inventory turnover days	94	62	79	92	95
	Fixed assets turnover (times)	10.03	14.56	10.88	5.61	4.43
	Total assets turnover (times)	0.92	0.93	0.69	0.66	0.55
Profitability	Return on total assets (%)	0.76	3.04	5.08	(0.12)	(0.04)
	Return on stockholders' equity (%)	0.58	3.88	6.75	(0.16)	(0.06)
	Operating income to paid-in capital (%)	(10.77)	8.58	12.56	(13.46)	(0.07)
	Profit before tax to paid-in capital (%)	2.28	15.31	22.67	(28.66)	(0.11)
	Profit after tax to net sales (%)	0.48	2.78	7.22	(21.68)	(0.08)
	Earnings per share (NT$)	0.01	0.64	1.30	(3.37)	(1.15)
Cash Flow	Cash flow ratio (%)	18.07	46.25	34.01	34.19	Note 5
	Cash flow adequacy ratio (%)	125.30	124.87	97.31	95.41	63.48
	Cash flow reinvestment ratio (%)	Note 2	11.29	7.55	3.80	Note 2
Leverage	Operating leverage	Note 3	8.73	5.55	Note 3	Note 3
	Financial leverage	Note 3	1.00	1.00	Note 3	Note 3

1. Capital Structure Analysis
   - (1) Debts ratio = Total Liabilities/Total Assets
   - (2) Long term fund to fixed assets = (Shareholders Equity + Long-term Liabilities)/Net Properties

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) Fixed Assets Turnover = Net Sales/Net Fixed Assets
   - (7) Total Assets Turnover = Net Sales/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 Stockholders' Equity
   - (3) Profit after Tax to Net Sales = Net Income/Net Sales
   - (4) Earnings Per Shares = (Net Income – 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)/(Fixed Assets+ Long-term Investment + Other Assets + Working Capital)

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

Note 1: Figures are audited for the past-5 years
Note 2: Figures not listed due to cash flow from operating less than cash dividends.
Note 3: Figures not listed due to operating loss.
Note 4: Figures not listed due to net loss before tax.
Note 5: Figures not listed because of net cash flow out from operating activities.

7.3.4 Financial Analysis (Standalone) by Taiwan GAAP

Analysis	Year	Fore recent 5 years (Note 1)				
		2008	**2009**	**2010**	**2011**	**2012**
Capital Structure	Debts ratio (%)	15.32	24.94	18.18	19.57	23.52
	Long-term fund to fixed assets (%)	1,309.35	1,608.3	1,635.97	1,255.65	1,423.20
Liquidity	Current ratio (%)	163.87	240.22	220.15	170.07	253.93
	Quick ratio (%)	100.11	205.98	162.22	141.17	179.62
	Times interest earned (times)	8.20	21.45	61.34	Note 3	Note 3
Operating Performance	Average collection turnover (times)	6.12	7.42	5.14	5.07	6.18
	Average collection days	60	49	71	72	59
	Inventory turnover (times)	3.69	5.89	3.64	2.83	2.47
	Payment turnover (times)	5.85	8.38	5.51	6.01	6.66
	Average inventory turnover days	99	62	100	129	148
	Fixed assets turnover (times)	7.29	8.71	7.81	4.99	4.11
	Total assets turnover (times)	0.59	0.47	0.39	0.32	0.25
Profitability	Return on total assets (%)	0.18	2.78	4.93	(14.71)	(5.47)
	Return on stockholders' equity (%)	0.07	3.28	6.17	(18.19)	(7.23)
	Operating income to paid-in capital (%)	8.64	9.82	5.64	(9.30)	(6.32)
	Profit before tax to paid-in capital (%)	2.68	11.69	19.20	(29.64)	(11.34)
	Profit after tax to net sales (%)	0.14	5.19	12.62	(55.14)	(21.55)
	Earnings per share (NT$)	0.01	0.64	1.3	(3.37)	(1.15)
Cash Flow	Cash flow ratio (%)	120.99	35.9	33.08	48.75	Note 4
	Cash flow adequacy ratio (%)	129.07	167.84	158.44	151.87	126.64
	Cash flow reinvestment ratio (%)	5.81	6.27	6.00	5.21	Note 4
Leverage	Operating leverage	4.05	3.73	5.37	Note 2	Note 2
	Financial leverage	1.04	1.06	1.06	Note 2	Note 2

Note 1: Figures are audited for the past-5 years
Note 2: Figures not listed due to operating loss.
Note 3: Figures not listed due to net loss before tax.
Note 4: Figures not listed because of net cash flow out from operating activities.

7.4 Audit Committee’s Report

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

Sunplus’ Board has submitted the 2015 business report, financial statements and distribution of 2015 earnings. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. The Audit Committee has reviewed the 2015 business report, financial statements and distribution of 2015 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 2016 Annual General Shareholders’ Meeting

Sunplus Technology Co., Ltd.
Audit Committee
Convener,

Che-Ho Wei
March 23th, 2016

7.5 **Consolidated Financial Statements 2015 (Skipped)** **Please check Sunplus website for more information.**

http://w3.sunplus.com/ir/info/2015Q4ENconsolidated.pdf

7.6 Financial Statements-Standalone 2015 (Skipped) ***Please check Sunplus website for more information**

http://w3.sunplus.com/ir/info/2015Q4EN.pdf

7.7Financial 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 2015 vs. 2014

Unit: NT$K

Item \ Year	2015	2014	Variation	
			Increase (Decrease)	YoY %
Current Assets	8,705,229	8,037,727	667,502	8
Property, Plant & Equipment	3,563,095	3,490,672	72,423	2
Intangible Assets	193,481	278,188	124,345	(30)
Other Assets	3,137,202	3,012,857	779,563	4
Total Assets	15,599,007	1,819,444	(85,316)	5
Current Liabilities	2,740,858	2,826,174	562,345	(3)
Non-Current Liabilities	1,632,909	1,070,564	477,029	53
Total Liabilities	4,373,767	3,896,738	205,694	12
Equity Attributed to Shareholder of the parent	9,530,012	9,324,318	205,694	2
Capital Stock	5,919,949	5,919,949	0	0
Capital Surplus	897,317	936,051	(38,734)	(4)
Retained Earnings	2,444,655	2,221,787	222,868	10
Equity : Others	331,492	309,932	21,560	7
Treasury Stock	(63,401)	(63,401)	0	-
Minor interest	1,695,228	1,598,388	96,840	6
Total Shareholder’s Equities	11,225,240	10,922,706	302,534	3

Remark:

1. Intangible assets decreased because of amortization of intangible assets over prior years.
2. Non-current liabilities decreased because of repayments for long-term loans.

8.2 Operational Results

8.2.1 Operation Results Comparison 2015 vs. 2014

Unit: NT$K

Year / Item	2015	2014	Variation	
			Increase (decrease)	YoY %
Net Sales	8,465,833	7,871,515	594,318	8
Gross Profit	3,522,625	3,314,401	208,224	6
Income (Loss) From Operating	566,540	552,876	13,664	2
Non-Operating Income (Expense)	371,467	390,694	(19,227)	(5)
Income (Loss) Before Tax	938,007	943,570	(5,563)	(1)
Income (Loss) From Operations of Continued Segments	856,125	886,956	(30,831)	(3)
Net Revenue (Loss) for the period	828,280	554,115	274,165	49
Other Comprehensive Income (Loss) for the period	18,282	124,871	(106,589)	(85)
Total Comprehensive Profit (Loss) for the period	846,562	678,986	167,576	25

Remarks:

1. Net Revenue for the period increased due to less loses from dis-continued segments
2. Other Comprehensive Income decreased because of Fx exchange.
3. Total Comprehensive Profit (Loss) for the period increased due to less loses from dis-continued segments

8.3 Cash Flow

8.3.1 Cash Flow Analysis

a) Cash Flow Analysis 2015 vs. 2014

Year / Item	2015	2014	YoY %
Cash flow ratio	36.73	10.64	245
Cash flow adequacy ratio	46.54	49.41	(6)
Cash flow reinvestment ratio	3.64	1.30	180

Note1: Net cash flow in from operating activities.

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
$4,442,810	663,713	(1,089,365)	3,955,645	-	-

1. Analysis of Cash Flow:
   (1) From Operating: Cash flow in for predicting making profits in 2016.
   (2) From Investing: Cash flow in for purchasing properties, IPs and R&D tools.
   (3) From Financing: Cash flow out because of the repayment of bank loans.

8.4 Major Capital Expenditure

8.4.1 Major Capital Expenditure and Sources

Unit: NT$K

Item	Sources of Fund	Est. Due Date	Required Capital Amount	Capital Expenditure Plan		
				2014	2015	2016
Office Building	Own	2013~2014	RMB169,400	-	RMB169,400	

8.4.2 Benefits from the Capital Expenditure

1. The company could reduce operating costs, improve customers' satisfactions and increase employees' contributions.

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

The consolidated R&D costs accounts for 23% ~ 32% of consolidated revenues through 2010 to 2015. Sunplus Group will keep investing in research and development, therefore, the consolidated R&D costs will account for 25% ~ 35% of consolidated revenues.

Company	R&D Accomplishment	New Products
Sunplus Technology	(1) DVB-T/DVB-S/DTMB Demodulation Technology (2) H.264D Decoding Technology (3) MPEG2/MPEG4 Decoding and Servo Control Technology (4) HDMI DVD IC (5) JPEG Decoding Technology (6) Video Decoding Technology	(1) In- Car CD/MP3/DVD (2) Android Platform (3) ADAS (4) High-Speed I/O IP (5) High performance data conversion IP (ADC/DAC/AFE) (6) Analog IP
Generalplus Technology	(1) 8-bit RISC CPU, LCD Driver, Low Power LCD Controller (2) 16-bit Voice/Speech Controller (3) 8-Channel Music Synthesizer (4) Low Cost and High Quality MP3 Player (5) Multimedia IC Solution integrated DRAM and NAND Flash (6) High Performance and Highly Integrated Multimedia Player (7) LCD Remote Controller Solution (8) Touch Panel Solution (9) Wireless Charger Solution	(1) Enhanced Low Power LCD Controller (2) High Quality Digital Voice Recognition Controller IC (3) Enhanced 32-bit Multimedia Processor (4) Highly Integrated MCU for Moto Control (5) Other IC (A)I/O Bus Extender (B)Moto Driver for Remote Control (C)Audio Driver for Speaker Amplifier
Sunplus Innovation Technology	(1) Wireless Mouse/Keyboard/Remote Control (2) Low Power and Highly Integrated NB Camera Controller IC (3) Low Power and Highly Integrated MCU (4) Wireless Technology for 3D Navigation with Voice Recognition (5) USB2.0 to SATAII Bridge Controller	(1) Highly-integrated, Multi-function MCU (2) Low Power MCU for Battery Application (3) Highly-integrated, Multi-function Optical Mouse SoC (4) Total Solutions for Wireless Mouse/Keyboard/Remote Control (5) USB3.0 High-End NB/Web Cam Controller (6) USB3.0 Advanced 8Mp NB/Web Cam Controller IC (7) USB3.0 3D NB/Web Cam Controller IC (8) USB2.0 Low Power NB Cam Controller IC
iCatch Technology	(1) JPEG Decoding Technology (2) MPEG4 Decoding Technology (3) H.264 Decoding 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) SATA DVD-RW SoC (2) CD/DVD/BD-R/RW Technology	(1) Serial-ATA Blu-ray Controller Chipset (2) 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 purchases materials from several suppliers and subcontract to backend package and testing houses. The major customers of the company are all distributors with fair due diligence and regular auditing. Besides asking guarantee, the accounting department will track the account receivable monthly.

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

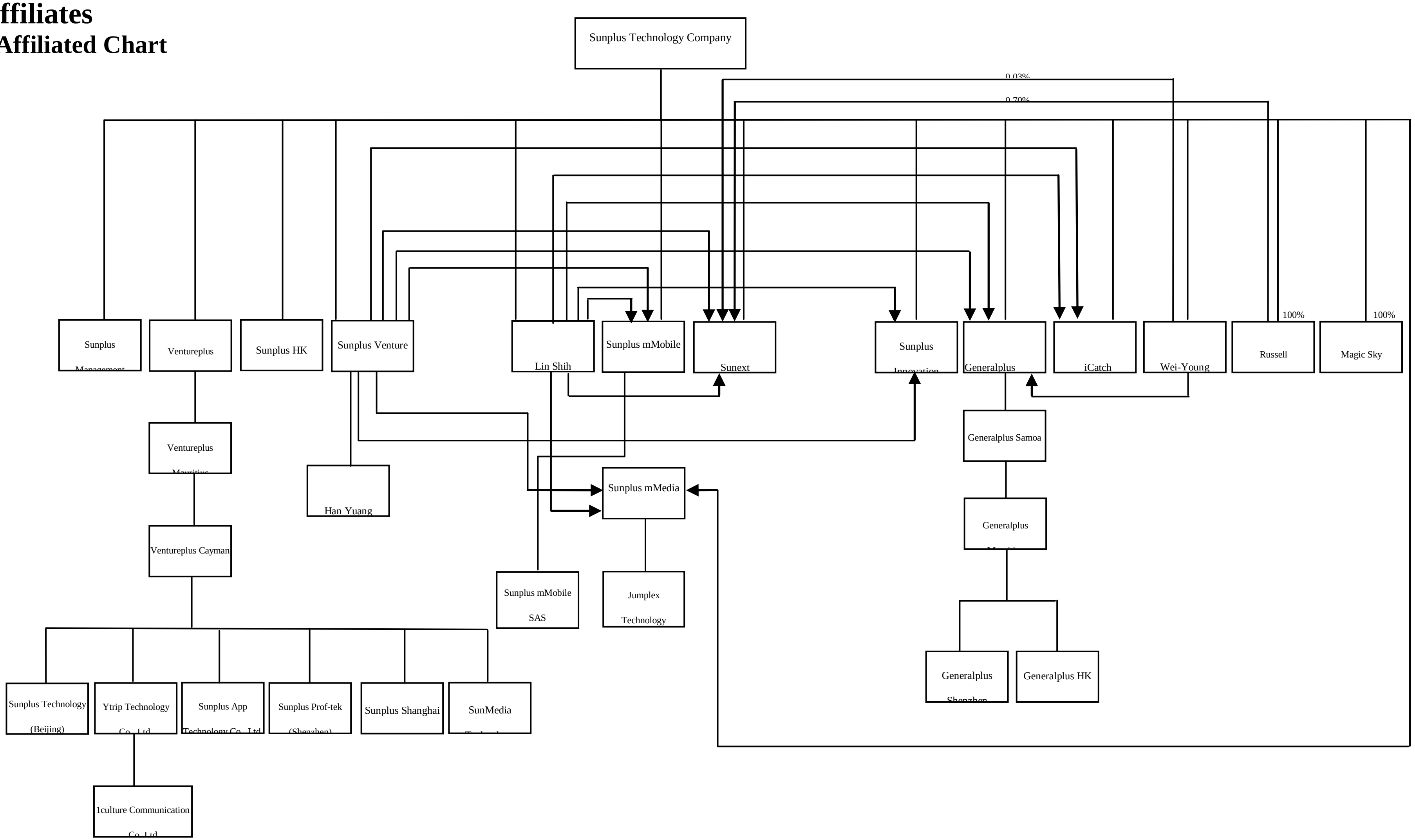
8.7 Other Remarks

None

IX. SPECIAL NOTES

9.1 Affiliates

9.1.1 Affiliated Chart



9.1.2 Affiliated Companies

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$14,760,000 (Note)	Investment
Sunplus Venture Capital Co., Ltd.	November 20, 1999	Hsinchu, Taiwan	1,000,000	Investment
Ventureplus Group Inc.	July 27, 2001	Belize	2,628,372	Investment
Ventureplus Mauritius Inc.	August 2, 2001	Mauritius	2,628,372	Investment
Ventureplus Cayman Inc.	September 14, 2001	Cayman	2,628,372	Investment
Shanghai Sunplus Technology Co., Ltd.	December 7, 2001	Shanghai, China	US$17,200,000 (Note)	CE Products manufacture and sales
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	October 20, 2007	Shenzhen, China	US$32,250,000 (Note)	Software and System Design
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	RMB29,250,000(Note)	System and Web Service
1culture Communication Co., Ltd.	February 18, 2013	Chengdu, China	RMB32,500,000(Note)	Web Service
Beijing Sunplus-Ehue Tech Co., Ltd.	December11, 2013	Beijing	RMB27,000,000(Note)	Software and System Design
Magic Sky Limited	September 22, 2010	Samoa	US$6,560,000	Investment
Sunext Technology Co., Ltd.	March 13, 2003	Hsinchu, Taiwan	635,091	IC Design
Sunplus Management Consulting Inc.	October 29, 2003	Taipei, Taiwan	5,000	Consulting
WeiYing Investment Co., Ltd.	February 13, 2004	Taipei, Taiwan	14,000	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 mMobile SAS	April 22, 2008	Cannes, France	EUR$237,000 (Note)	IC Design
Sunplus Innovation Technology Inc.	December 14, 2006	Hsinchu, Taiwan	514,851	IC Design
Sunplus mMedia Inc.	April 18, 2007	Hsinchu, Taiwan	200,000	IC Design
S2-Tek Inc	September 29, 2007	Hsinchu, Taiwan	400,000	IC Design
iCatch Technology Inc.	December 4, 2009	Hsinchu, Taiwan	550,190	IC Design
Jumplux Technology Inc,	October 27,2014	Hsinchu, Taiwan	40,000	Design & Trading

Note: End of 2015, exchange rate as ref.:

HK$1=NT$4.4235

US$1=NT$32.825

RMB$1=NT$4.9995

EU$1=NT$35.88

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.	Software and System Design	China branch
Sunmedia Technology Co., Ltd.	Manufacture and Sales Service Software and System Design	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.	Software and System Design	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	Subsidiary
Generalplus Technology Inc.	IC Design	N/A
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.	IP Licensing	N/A
Sunplus mMedia Inc.	IC Design	Subsidiary
S2-Tek Inc	IC Design	Subsidiary
iCatch Technology Inc.	IC Design	Joint-venture
Jumplux Technology Inc.	Software design7 trading	Grandson- Subsidiary
Sunplus Technology (HK) Co., Ltd.	IC Design	Subsidiary

9.1.4 Directors, Supervisors, and Presidents of Affiliated Companies

December 31, 2015

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	Wayne Shen	-	-
	Supervisor	Gow-Chin Su	-	-
Russell Holdings Ltd.		Sunplus Technology	*US$14,760,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunplus Venture Capital Co., Ltd.		Sunplus Technology	100,000,000	100%
	Chairman & President	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang	-	-
	Supervisor	Gow-Chin Su	-	-
Ventureplus Group Inc.		Sunplus Technology	NT$2,628,372,000	100%

	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Mauritius Inc.	 Director	Ventureplus Group Chou-Chye Huang (repr.)	NT$2,628,372,000 -	100% -
Ventureplus Cayman Inc.	 Director	Ventureplus Mauritius Chou-Chye Huang (repr.)	NT$2,628,372,000 -	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$17,200,000 - - 	98.84% -
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	 Chairman President	Ventureplus Cayman Chou-Chye Huang (repr.) Tang-Yi Huang	*US$32,250,000 - 	100% -
Sunmedia Technology Co., Ltd.	 Chairman President Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Jin-Yao Yuan Shu-Lan Wang	*US$20,000,000	100%
Sunplus App Technology Co., Ltd.	 Chairman Director Director & President	Ventureplus Cayman Chou-Chye Huang (repr.) Huan-Rui Lee Ya-Fei Luo	*RMB$4,000,000 - *RMB$438,000	80% - 8.75%
Ytrip Technology Co., Ltd.	 Chairman Director & President Director Supervisor	Ventureplus Cayman Chou-Chye Huang (repr.) Jin-Yao Yuan Cheng-du Ytrip Inc. Wei Tu (rep) Shu-Lan Wang	*RMB$23,563,000 - *RMB$5,688,000 -	72.5% - 17.5 -
1culture Communication Co., Ltd.	 E-Director President Supervisor	Ytrip Technology Co., Ltd. Chen-Tsai Chang Wei Tu Shao-Ling Chan	*RMB$3,250,000 - - -	100% - -
Beijing Sunplus-Ehue Tech Co., Ltd.	 Chairman Director Director Supervisor	Ventureplus Cayman Inc. Chou-Chye Huang (repr.) Wayne Shen Shu-Lan Wang Yin-Chi Chu	*RMB$27,000,000	100%
Magic Sky Limited	 Director	Sunplus Technology Chou-Chye Huang (repr.)	US$6,560,000	100%

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Sunext Technology Co., Ltd.		Sunplus Technology	38,836,391	61.15%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Wen-Shiung Jan (repr.)	-	-
			-	-
	Independent Director	Ze-Ren Haung	-	-
	Independent Director	Yao-Ching Hsu	-	-
	Supervisor	Chao-Hsien Chen		
	Supervisor	Wen-Hui Lu	650,000	1.02%
Sunplus Management Consulting Inc.		Sunplus Technology	500,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang	-	-
	Supervisor	Gow-Chin Su	-	-
WeiYing Investment Co., Ltd.		Sunplus Technology	1,400,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang	-	-
	Supervisor	Gow-Chin Su	-	-
Generalplus Technology Inc.		Sunplus Technology	37,324,304	34.30%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director& VP	Han-Hwa Lu (Repr.)	-	-
	Director &V-Chairman	Hou-Shien Chu	1,216,752	1.16%
	President	Shi-Jun Wang	500,000	0.21%
	Director	Shi-Hao Liu	-	-
	Independent Director	Chia-Ming Chai	-	-
	Independent Director	Nai-Shin Lai	-	-
	Independent Director	Jing-Min Chen	-	-
Generalplus International (Samoa) Inc.		Generalplus Technology	*US$19,090,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus (Mauritius) Inc.		Generalplus International (Samoa)	*US$19,090,000	100%
	Director	Chou-Chye Huang (repr.)	-	-

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Generalplus Technology (Shenzhen) Inc.		Generalplus International (Mauritius)	*US$18,700,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus Technology (HK) Inc.		Sunplus Technology	*US$390,000	100%
	Director	Han-Hwa Lu (repr.)	-	-
Sunplus mMobile Inc.		Sunplus Technology	24,000,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang		
	Supervisor	Yu-Lun Liu		
Sunplus mMobile SAS		Sunplus mMobile Technology	*EUR 237,000	100%
	Chairman	Yu-Lun Liu (repr.)	-	-
Sunplus Innovation Technology Inc.		Sunplus Technology	31,449,751	61.32%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang (repr.)	-	-
	Director	Wayne Shen (repr.)	-	-

	Director & President	Chih-Hao Kung	1,799,947	3.42%
	Director	Lin-Shih Investment	1,074,664	2.15%
	Supervisor	Chi-Ying Chiu	522,380	0.99%
	Supervisor	Wen-Chin Li	-	-
Sunplus mMedia Inc.		Sunplus	12,440,723	82.94%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Archie Yeh (repr.)	-	-
	Director	Sunplus Venture Capital	1,909,092-	12.73%
	Supervisor	Lin-Shih Investment	578,729	3.86%
S2-Tek Inc.		Sunplus Technology	908,492	2.27%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang (repr.)	-	-
		SiS Inc.	3,500,000	8.75%
	Director	Chen-Chin Jian (repr.)		
	Director	Ming-Hua Su (repr.)		
	Director& President	Chan-Hwei Chen		
	Supervisor	Sunplus Venture Capital	10,000,693	25.00%
	Supervisor	Yun-Jin Investment	16,000,000	40.00%
		Zhé -Jia Hsu (repr.)		
iCatch Technology Inc.		Sunplus Technology	20,734,546	37.70%
	Chairman&President	Chou-Chye Huang (repr.)	-	-
	Director	Wen-Shiung Jan (repr.)	-	-
	Director	Wen-Bin Tsai (repr.)		
	Director	Lin Shih Investment	964,545	1.75%
	Director	Chia Nine Investment	900,000	1.64%
	Supervisor	Chi-Ying Chiu	-	-
	Supervisor	Sunplus Venture Capital	3,231,818	5.88%
Jumplux Technology		Sunplus mMedia	3,200,000	80%
	Chairman&President	Chou-Chye Huang (repr.)		
	Director	Wayne Shen		
	Director	Shu-Lan Wang		
	Supervisor	Mei-Juan Chen		

*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, 2015

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.	46,903	321	461	(140)	1,065	(606)	(4,384)	N/A
Lin Shih Investment Co., Ltd.	700,000	977,683	38,406	939,277	622,316	192,360	191,702	2.74
Russell Holdings Ltd.	484,497	291,597	162	291,435	0	(66,602)	(65,375)	N/A
Sunplus Venture Capital Co., Ltd.	1,000,000	846,970	32,764	814,206	284,922	167,064	170,634	1.71
Ventureplus Group Inc.	2,628,372	1,699,982	0	1,699,982	0	(184,570)	(184,570)	N/A
Ventureplus Mauritius Inc.	2,628,372	1,699,961	0	1,699,961	0	(184,571)	(184,570)	N/A
Ventureplus Cayman Inc.	2,628,372	1,771,189	71,252	1,699,937	0	(184,744)	(184,571)	N/A
Shanghai Sunplus Technology Co., Ltd.	564,590	558,267	44,839	513,428	149,853	34,574	37,803	N/A
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	1,058,606	995,570	105,351	890,219	209,668	(38,455)	(31,082)	N/A
Sunmedia Technology Co., Ltd.	656,500	1,372,466	1,123,387	249,079	146,414	(22,529)	(75,789)	N/A
Sunplus App Technology Co., Ltd.	74,925	102,159	76,148	26,011	207,364	(52,497)	(45,156)	N/A
Ytrip Technology Co., Ltd.	146,104	22,375	94,411	(72,036)	30,716	(43,088)	(54,704)	N/A
1culture Communication Co., Ltd.	16,234	1,425	1,674	(249)	0,	(5,580)	(5,472)	N/A
Beijing Sunplus-Ehue Tech Co., Ltd.	134,865	93,059	10,143	82,916	32,100	(31,301)	(29,854)	N/A
Han-Yuang	6,000	2,544	0	2,544	0	0	0	N/A
Magic Sky Limited	215,332	251	0	251	0	(6,374)	(6,374)	N/A
Sunext Technology Co., Ltd.	635,091	199,926	23,265	176,661	134,817	(8,450)	(1,000)	(0.02)
Sunplus Management Consulting Inc.	5,000	4,061	0	4,061	0	(58)	(31)	(0.06)
WeiYing Investment Co., Ltd.	14,000	14,803	20	14,783	1,574	1,525	1,558	1.11
Generalplus Technology Inc.	1,088,158	2,897,940	760,073	2,137,867	3,081,376	426,853	388,158	3.57
Generalplus International (Samoa) Inc.	626,629	501,343	0	501,341	7,706	7,706	7,706	N/A
Generalplus (Mauritius) Inc.	626,629	501,341	0	501,341	7,706	7,706	7,706	N/A
Generalplus Technology (Shenzhen) Inc.	613,828	515,218	17,630	497,588	96,781	4,541	10,429	N/A
Generalplus Technology (HK) Inc.	12,801	6,145	2,412	3,733	14,152	(2,723)	(2,723)	N/A
Sunplus mMobile Inc.	162,400	32,493	120	32,373	8,220	7,387	7,480	0.46
Sunplus mMobile SAS	8,504	11,740	9,440	2,300	0	(23)	(23)	N/A
Sunplus Innovation Technology Inc.	514,851	1,022,959	176,150	846,809	757,834	3,854	3,280	0.07
Sunplus mMedia Inc.	200,000	43,207	7,801	35,406	264	(29,989)	(45,750)	(2.29)
S2-Tek Inc.	400,000	938,800	353,473	585,327	1,039,015	(18,029)	460,948	1.15
iCatch Technology Inc.	550,190	883,677	223,889	659,788	1,163,023	128,300	136,448	2.48
Jumplux Technology Inc.	40,000	27,554	15,256	12,298	16	(26,191)	(22,508)	(5.63)

9.1.7 Consolidated Financial Statement of Sunplus Affiliates

Sunplus Technology Company Limited and Affiliates

Consolidated Financial Statements for the Years Ended December 31, 2015 and Independent Auditors' Review Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The consolidated financial statements of affiliates of Sunplus Technology Company Limited were prepared based on the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, relative laws and regulations, and the general accept accounting princeple in Republic of China as of, and for the year ended December 31, 2015. The consolidated financial statements of affiliates mention before did not have any hypocritical or disguise incidents.

Very truly yours,

Sunplus Technology Company Limited

By:

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March 23, 2016

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have reviewed the accompanying consolidated balance sheet of Sunplus Technology Company Limited (the "Company") and its affiliates (collectively referred to as the "Group") as of December 31, 2015 and the related combined statement of comprehensive income for the year then ended. based on the "Guidelines for the Review of Consolidated Financial Statements of Affiliated Enterprises". Since we didn't audit in compliance with auditing stndards generally accepted in the Republic of China, thus we can't present our opinion of the consolidated financial statement referred to above is fairly or not.

Based on the result of our reviewed of the consolidated financial statement referred to above, we didn't discover any violation of the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", relative laws and regulations, and the general accept accounting princeple in Republic of China.

March 23, 2016

<u>*Notice to Readers*</u>

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

ASSETS	Amount	%
CURRENT ASSETS		
Cash and cash equivalents (Notes 4 and 6)	$ 5,006,881	31
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	24,200	-
Available-for-sale financial assets - current (Notes 4 and 8)	961,646	6
Debt investments with no active market - current (Notes 4 and 9)	15,389	-
Notes and trade receivables, net (Notes 4, 5, 11 and 36)	1,863,117	11
Other receivables	33,732	-
Inventories (Notes 4, 5 and 12)	1,284,707	8
Other current assets (Note 19)	438,550	3
Total current assets	9,628,222	59
NONCURRENT ASSETS		
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	1,518,898	10
Financial assets carried at cost (Notes 4 and 10)	528,590	3
Investments accounted for using the equity method (Notes 4, 5, 10 and 15)	339,023	2
Property, plant and equipment (Notes 4, 5, 16 and 37)	3,563,095	22
Investment properties (Notes 4, 5 and 17)	257,070	2
Intangible assets (Notes 4, 5 and 18)	193,481	1
Deferred tax assets (Notes 4, 5 and 28)	39,485	-
Other noncurrent assets (Note 19)	154,161	1
Total noncurrent assets	6,593,803	41
TOTAL	$ 16,222,025	100

LIABILITIES AND STOCKHOLDERS' EQUITY	Amount	%
CURRENT LIABILITIES		
Short-term borrowings (Note 20)	$ 646,093	4
Trade payables (Note 21)	712,548	5
Current tax liabilities (Notes 4 and 28)	54,096	-
Provisions - current (Notes 4 and 22)	15,339	-
Current portion of long-term loans (Notes 4 and 20)	619,678	4
Deferred revenue - current (Notes 4, 23 and 31)	1,819	-
Other current liabilities (Note 23)	1,028,970	6
Total current liabilities	3,078,543	19
NONCURRENT LIABILITIES		
Long-term borrowings (Notes 4, 20 and 37)	1,256,373	8
Net defined benefit liabilities (Notes 4 and 24)	98,425	1
Guarantee deposits (Note 33)	202,181	1
Deferred revenue - noncurrent, net of current portion (Notes 4, 23 and 31)	74,591	-
Other noncurrent liabilities, net of current portion (Note 23)	1,339	-
Total noncurrent liabilities	1,632,909	10
Total liabilities	4,711,452	29
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital (Notes 25)		
Ordinary shares	5,919,949	36
Capital surplus (Notes 4, and 25)	897,317	6
Retained earnings (Note 25)		
Legal reserve	1,831,596	11
Special reserve	17,833	-
Unappropriated earnings	595,226	4
Other equity (Notes 4 and 25)	331,492	2
Treasury shares (Notes 4, 25 and 37)	(63,401)	-
Total equity attributable to owners of the Company	9,530,012	59
NONCONTROLLING INTERESTS (Notes 4 and 25)	1,980,561	12
Total equity	11,510,573	71
TOTAL	$ 16,222,025	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

	Amount	%
NET OPERATING REVENUE (Notes 4 and 26)	$ 9,406,500	100
OPERATING COSTS (Notes 12, 24 and 27)	5,680,651	60
GROSS PROFIT	3,725,849	40
OPERATING EXPENSES (Notes 24, 27 and 36)		
Selling and marketing	427,289	5
General and administrative	659,436	7
Research and development	2,065,569	22
Total operating expenses	3,152,294	34
OTHER OPERATING INCOME	1,606	-
PROFIT FROM OPERATIONS	575,161	6
NONOPERATING INCOME (Notes 4 and 27)		
Other income	590,093	6
Other gains	19,324	-
Finance costs	(40,003)	-
Share of profit of associates and joint ventures (Note 15)	18,145	-
Total nonoperating income	587,559	6
PROFIT BEFORE INCOME TAX	1,162,720	12
INCOME TAX EXPENSE (Notes 4 and 28)	81,882	1
NET PROFIT FOR THE YEAR	1,080,838	11
NET LOSS FROM DISCONUTINUED OPERATIONS (Note 13)	(27,845)	-
NET PROFIT FOR THE YEAR	1,052,993	11
OTHER COMPREHENSIVE INCOME (Notes 4 and 25)		
Item that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit plans	(3,686)	-
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(26,801)	-
Unrealized gain on available-for-sale financial assets	53,414	-
Share of other comprehensive loss of associates and joint venture	(4,645)	-
Other comprehensive income for the year, net of income tax	18,282	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

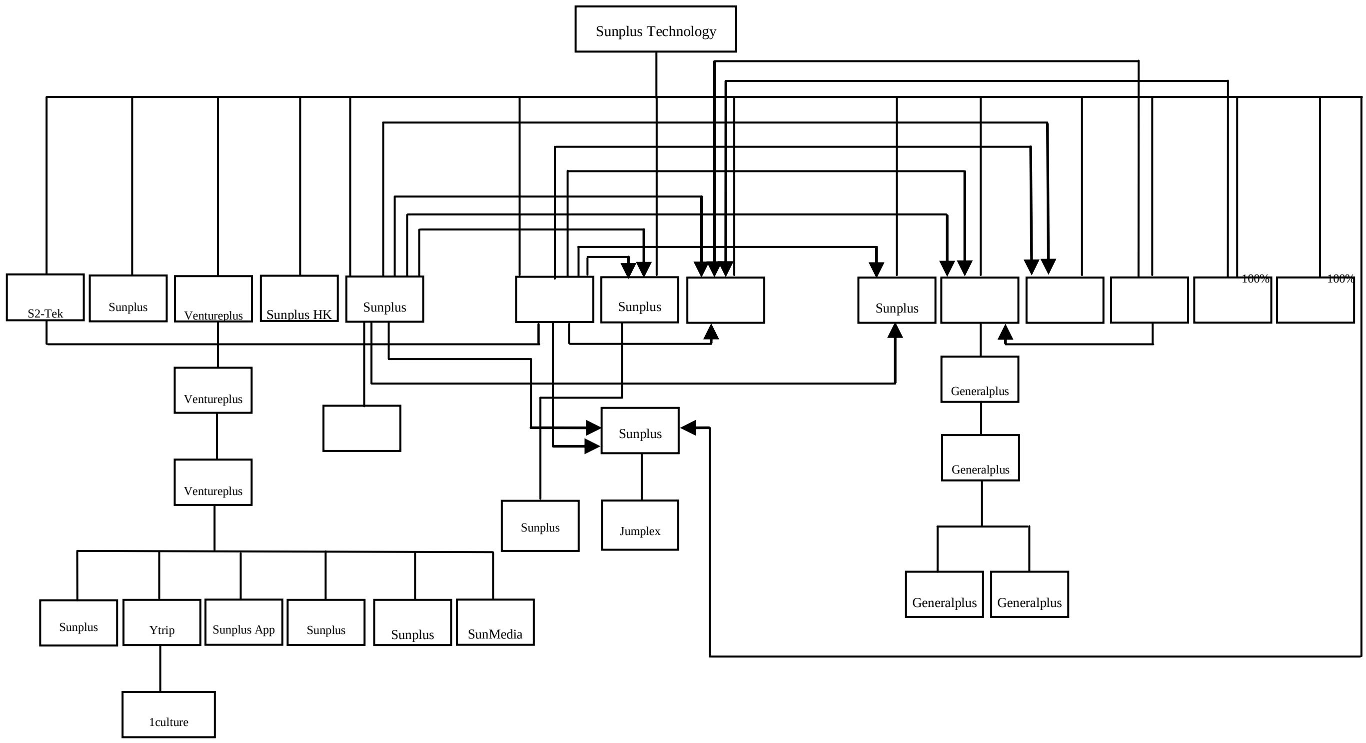
	Amount	%
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR	$ 1,071,275	11
NET PROFIT ATTRIBUTABLE TO:		
Owners of the Company	$ 589,348	6
Noncontrolling interests	463,645	5
	$ 1,052,993	11
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:		
Owners of the Company	$ 609,203	6
Noncontrolling interests	462,072	5
	$ 1,071,275	11
EARNINGS PER SHARE (New Taiwan dollars; Note 29)		
From continuing and discontinued operations		
Basic	$ 1.00	
Diluted	$ 1.00	
From continuing operations		
Basic	$ 1.05	
Diluted	$ 1.05	

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 25).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the "Group") as of December 31, 2015:



Sunplus mMobile, iCatch, Sunplus mMedia, Sunplus Innovation and Sunplus mMobile SAS research, develop, design, manufacture and sell all kinds of IC modules, application software and silicon intellectual property (SIP). Sunplus Technology (Shanghai) manufactures and sells ICs and building rental. Sunplus Prof-tek (Shenzhen) and SunMedia Technology researches and sells computer software and provides system integration services. Sunplus App Technology Co., Ltd. manufacture and sell ICs. Ytrip Technology mainly does system services and manages web business. 1culture Communication Co,. Ltd mainly do web business develop. Sunplus Technology (Beijing) develops Software and technology serves. Han Young mainly do information supply services, researches and sells ICs. Sunext mainly develops, and sells optical electronic and SOC (system on chip) ICs. Generalplus researches, develops, designs, manufactures, and sells custom-made ICs. Generalplus Shenzhen and Generalplus HK do market research surveys. Sunplus HK engages in international trade. All other subsidiaries are engaged in investing activities.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The combined financial statements were approved by the board of directors and authorized for issue on March 23, 2016.

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

a. The 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC starting January 1, 2015.

Except for the following, the initial application of the above New IFRSs has not had any material impact on the Group's accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

2) IFRS 11 "Joint Arrangements"

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-monetary Contributions by Ventures". Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Group accounts for its jointly controlled entities using the proportionate consolidation method.

3) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

4) Revision to IAS 28 "Investments in Associates and Joint Ventures"

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

Under revised IAS 28, when an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest. Under current IAS 28, on the loss of joint control, the Group measures at fair value any investment the Group retains in the former jointly controlled entity. The Group recognizes in profit or loss any difference between the aggregate amounts of fair value of retained investment and proceeds from disposing of the part interest in the jointly controlled entity, and the carrying amount of the investment at the date when joint control is lost.

5) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

Please refer to Note 35 for related disclosure.

6) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of [associates/joint ventures] accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of [associates/joint ventures] accounted for using the equity method.

7) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Remeasurment of the defined benefit plan is presented separately as other equity.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities and retained earnings; the carrying amounts of inventories is not adjusted. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact on the current period is set out below:

The Impact on Assets, Liabilities and Equity	**December 31, 2015**
Accrued pension liabilities increased	$ 28
Retained earnings decreased	$ (36)
Non-controlling interests increased	8
Equity decreased	$ (28)

The Impact on Other Comprehensive Income	**For the Year Ended December 31, 2015**
Increase on operating expense	$ 28
Decreases on net income	$ 28
Impact on total comprehensive loss attributable to:	
Owners of the Company	$ (36)
Non-controlling interests	8
	$ (28)

Impact on Assets, Liabilities and Equity	**As Originally Stated**	**Adjustments Arising from Initial Application**	**Restated**
December 31, 2014			
Other current assets	$ 236,517	$ (18)	$ 236,499
Total effect on assets	$ 15,016,319	$ (18)	$ 15,016,301
Accrued pension liabilities	$ 105,889	$ 2,216	$ 108,105
Total effect on liabilities	$ 4,030,759	$ 2,216	$ 4,032,975
Retained earnings	$ 410,595	$ (1,985)	$ 408,610
Capital surplus	936,044	7	936,051
Non-controlling interests	1,659,264	(256)	1,659,008
	$ 3,005,903	$ (2,234)	$ 3,003,669
Total effect on equity	$ 10,985,560	$ (2,234)	$ 10,983,326

8) Amendments to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”

The amendments to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements. Refer to Note 35 for related disclosure.

9) Amendments to IAS 32 “Offsetting Financial Assets and Financial Liabilities”

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realization and settlement”.

10) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IFRS 1 “First-time Adoption of International Financial Reporting Standards”, IAS 1 “Presentation of Financial Statements”, IAS 16 “Property, Plant and Equipment”, IAS 32 “Financial Instruments: Presentation” and IAS 34 “Interim Financial Reporting” were amended in this annual improvement.

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 “Income Taxes”.

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

b. New IFRSs in issue but not yet endorsed by FSC

On March 10, 2016, the FSC announced the scope of the 2016 version of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 " Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
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
Amendments to IFRS 10, IFRS 12 and IAS 28" Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 " Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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 amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs has not had any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

<u>The impairment of financial assets</u>

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-Based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for 'performance condition' and 'service condition'. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Company or another entity in the same group or the market price of the equity instruments of the Company or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Company as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Company, but also of other entities outside the Company.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Company is a related party of the Company. Consequently, the Company is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” was amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”

The amendments require that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- Measure most identifiable assets and liabilities at fair value;
- Expense acquisition-related costs (other than debt or equity issuance costs);
- Recognize deferred taxes;
- Recognizing any goodwill or bargain purchase gain;
- Perform impairment tests for the cash generating units to which goodwill has been allocated;
- Disclose information required relevant for business combinations.

The amendments also apply to the formation of a joint operation if, and only if, an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

The amendments do not apply on the acquisition of an interest in a joint operation when the parties sharing control are under common control before and after the acquisition.

6) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

7) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

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

The amendments stipulated that, when an entity 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 an entity 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 an entity 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 unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

9) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) "held for sale" and non-current assets "held for distribution to owners" does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for "held for distribution to owners" and do not meet the criteria for "held for sale" should be treated in the same way as assets that cease to be classified as held for sale.

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

10) IFRS 16 "Leases"

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

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within [operating activities/financing activities].

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

11) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that the difference between the carrying amount of the 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 to 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 amendment also stipulates 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 this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Except for the above impact, as of the date the parent Group only financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group 's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

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 consolidated financial statements have been prepared on the historical cost basis except for [financial instruments] which are measured at fair value.

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 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 consolidated 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.

The Company engages in the construction business, which has an operating cycle of over one year, the normal operating cycle applies when considering the classification of the Company's construction-related assets and liabilities.

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.

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 venturers 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 subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation/Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.
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

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 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

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 the financial asset is either held for trading or it is 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:

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

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

iii) The contract 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 dividend or interest earned on the financial asset.

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 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 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 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.

iii. Loans and receivables

Loans and receivables (including notes and trade receivables, other receivables, cash and cash equivalent, debt investments with no active market, and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits and bonds with repurchase agreements with original maturities from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be 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

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 that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, 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 of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured 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 the 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 that financial asset 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 are 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, the 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 that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the 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 the 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 a trade receivable and other receivables are considered uncollectible, it is 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 that are written off against the allowance account.

c) 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.

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.

2) Equity instruments and Financial liabilities

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

a) Equity instruments

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

b) Financial liabilities

i Subsequent measurement

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

i) 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.

n. Provisions

Provisions, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

o. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

<u>Sale of goods</u>

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:

1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) 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 materials ownership.

<u>Dividend and interest income</u>

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.

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 service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense 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, [past service cost/, as well as gains and losses on settlements] and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur, [or when the plan amendment or curtailment occurs/when the settlement occurs]. Remeasurement, comprising actuarial gains and losses, [the effect of the changes to the asset ceiling] and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in [retained earnings/other equity] and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. 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.

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.

Current tax

According to the Income Tax Law, an additional tax at 10% 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.

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 liability is settled or the asset 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.

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 Group'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 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, 2015, the Group recognized impairment losses on intangible assets of $99,425 thousand.

b. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of 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.

As of December 31, 2015, the carrying amount of trade receivables was $1,863,050 thousand (after deducting allowance of $4,581).

c. Income taxes

As of December 31, 2015, the carrying amount of deferred tax assets in relation to unused tax losses was $0 thousand. As of December 31, 2015, no deferred tax asset has been recognized on tax losses of $4,821,222 thousand, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

d. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

e. Impairment of investment in the associate

The Company immediately recognizes impairment loss on its net investment in the associate when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Company's management evaluates the impairment based on the estimated future cash flow expected to be generated by the associate, including growth rate of sale and capacity of production facilities estimated by the associate's management. The Company also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31, 2015
Cash on hand	$ 4,122
Checking accounts and demand deposits	1,613,415
Cash equivalent deposits in banks	3,327,831
Repurchase agreements collateralized by bonds	61,513
	$ 5,006,881

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

	December 31, 2015
Bank balance	0.01%-4%
Repurchase agreement collateralized by bonds	1.0%

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

	December 31, 2015
Financial assets held for trading	
Nonderivative financial assets	
Corporate bonds of domestic listed stocks	$ 24,200

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2015
Domestic investments	
- Mutual funds	$ 874,799
- Quoted shares	1,605,745
	$ 2,480,544
Current	$ 961,646
Noncurrent	1,518,898
	$ 2,480,544

For the year ended December 31, 2015 and 2014, the Group recognized impairment losses of $824,007 thousand.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31, 2015
Fixed income fund	$ 15,389

In May 2015 and March 2014, the Group bought a fixed-income German fund established for meeting certain building needs. The fund price is US$500 thousand and the effective interest rate of fund is 8%.

10. FINANCIAL ASSETS MEASURED AT COST

	December 31, 2015
Domestic unlisted common shares	$ 528,590
Classified as available for sale	$ 528,590

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 believed that the above financial asset carried at cost had impairment losses of $99,497 thousand as of December 31, 2015.

The Group recognized disposal gains of $0 thousand as of December 31, 2015.

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31, 2015
Notes receivable	$ 67
Accounts receivable	1,867,631
Allowance for doubtful accounts	(4,581)
	1,863,050
	$ 1,863,117

Accounts receivable

The average credit period on sales of goods was 30 to 90 days without interest. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Of the trade receivables balance (see the aging analysis below) that are past due at the end of the reporting period, the Group had not recognized an allowance for impairment for notes and trade receivables amounting to $121,854 thousand as of December 31, 2015, 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 the counter-party. As of March 23, 2016, the above trade receivables of December 31, 2015 that are past due but not impaired had receive 121,854 thousand.

The aging of receivables was as follows:

	December 31, 2015
0-60 days	$ 1,461,971
61-90 days	294,839
91-120 days	99,665
121-360 days	11,156
Total	$ 1,867,631

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

	December 31, 2015
Less than 60 days	$ 121,854

Above analysis was based on the past due date.

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, 2015	$ 1,565	$ -	$ 1,565
Add: Impairment losses recognized on receivable	3,313	-	3,313
Deduct: Amounts written off during the period as uncollectible	269	-	269
Foreign exchange translation gains	(28)	-	(28)
Balance at December 31, 2015	$ 4,581	$ -	$ 4,581

12. INVENTORIES

	December 31, 2015
Finished goods	$ 507,135
Work in progress	532,816
Raw materials	244,756
	$ 1,284,707

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2015 were $5,654,159 thousand.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2105 were as follows:

	Years Ended December 31, 2015
Inventory obsolescence	$ (80,843)
Income from scrap sales	(252)
	$ (81,095)

13. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

a. Discontinued operations

On January 20, 2015, the Company's board of directors entered into an agreement to sell the STB (set-top box) product center to Availink, Inc. This sale was completed in March 2015.

Please refer to Note 32 for the gain on disposal calculation.

Loss from discontinued operations was as follows:

Net loss for the year	$ (315,011)
Gains on disposal (see Note 32)	287,166
	$ (27,845)

Segment revenue and cash flow results:

	For the Year Ended December 31, 2015
Operating revenue	$ 96,100
Operating costs	(230,623)
Gross profit (loss)	(134,523)
Selling and marketing expenses	(1,982)
General and administrative expenses	(4,302)
Research and development expenses	(80,081)
Loss from operations	(220,888)
Other loss	(94,123)
Loss before tax	(315,011)
Income tax expense	-
Net loss for the year	$ (315,011)
Loss from discontinued operations attributable to:	
Owners of the Company	$ (315,011)
Non-controlling interest	-
	$ (315,011)
Net cash used in operating activities	$ (48,216)
Net cash outflows	$ (48,216)

There was no tax expense or benefit related to the gain (loss) on discontinued operations.

The carrying amounts of assets and liabilities of the STB product center at the date of disposal are disclosed in Note 32.

14. SUBSIDIARIES

a. Entities included in the consolidated financial statements

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

Investor	Investee	Main Business and Product	Percentage of Ownership December 31, 2014	Note
Sunplus	Sunplus Management Consulting	Management	100.00	-
	Ventureplus	Investment	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	-
	Sunplus Venture	Investment	100.00	-
	Lin Shih Investment	Investment	100.00	-
	Sunplus mMobile .	Design of integrated circuits (ICs)	100.00	-
	Sunext Technology	Design and sale of ICs	61.15	-
	Sunplus Innovation Technology	Design of ICs	62.10	-
	S2-TEK	Design of ICs	2.27	Suplus and its subsidiaries had 51.25% equity on S2-TEK
	Generalplus Technology (“Generalplus”)	Design of ICs	34.30	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	iCatch	Design of ICs	37.69	Sunplus and its subsidiaries had 45.31% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
	Wei-Young Investment Inc.	Investment	100.00	-
	Russell Holdings Limited	Investment	100.00	-
	Magic Sky Limited	Investment	100.00	-
	Sunplus mMedia Inc.	Design of ICs	87.20	-
Ventureplus	Ventureplus Mauritius	Investment	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	Investment	100.00	-
Ventureplus Cayman	Ytrip Technology	Web research and development	80.56	-
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	93.33	-
	Sunplus Prof-tek Technology (Shenzhen)	Development and sale of computer software and system integration services	100.00	-
	Sunplus Technology Technology (Shanghai)	Manufacturing and sale of consumer and rental	100.00	-
	SunMedia Technology	Manufacturing and sale of computer software and system integration services	100.00	-
	Sunplus Technology(Beijing)	Manufacturing and sale of computer software and system integration services	100.00	-
Ytrip Technology	1culture Communication	Development and sale	100.00	-
Sunplus Venture	Han Young Technology	Design of ICs	70.00	-
	Sunext Technology Co., Ltd. (“Sunext”)	Design and sale of ICs	6.98	Sunplus and its subsidiaries had 74.15% equity in Sunext.
	Generalplus Technology Inc.	Design of ICs	3.95	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunplus mMedia	Design of ICs	9.55	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.73	Sunplus and its subsidiaries had 69.95% equity in Sunplus Innovation
	S2-TEK	Design of ICs	25.00	Suplus and its subsidiaries had 51.25% equity on S2-TEK
	iCatch Technology, Inc.	Design of ICs	5.87	Sunplus and its subsidiaries had 45.31% equity in iCatch Technology, Inc.
Lin Shih	Generalplus Technology	Design of ICs	13.69	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunext Technology	Design and sale of ICs	5.29	Sunplus and the subsidiaries had 74.15% equity in Sunext.
	Sunplus mMedia	Design of ICs	3.25	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.12	Sunplus and its subsidiaries had 69.95% equity in Sunplus Innovation
	S2-TEK	Design of ICs	23.98	Suplus and its subsidiaries had 51.25% equity on S2-TEK
	iCatch Technology,	Design of ICs	1.75	Sunplus and its subsidiaries had 45.31% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
Sunplus mMobile	Sunplus mMobile SAS	Design of ICs	100.00	-
Generalplus	Generalplus Samoa	Investment	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	After-sales service	100.00	-
	Generalplus HK	Sales	100.00	-
Wei-Young	Generalplus	Design of Ics	0.10	Sunplus and its subsidiaries had 52.04% equity in Generalplus
	Sunext Technology	Design and sale of Ics	0.03	Sunplus and its subsidiaries had 74.15% equity in Sunext
Russell	Sunext Technology	Design and sale of Ics	0.70	Sunplus and its subsidiaries had 74.15% equity in Sunext
Sunplus mMedia Inc.	Jumplux Technology	Design and sale of Ics	80.00	-

The financial statements as of and for the years ended December 31, 2015 of the above subsidiaries except Sumplus Management Consulting had been audited by the auditors.

b. Subsidiary excluded from the consolidated financial statements

	The Voting Ratio of Non Control Equity
	December 31, 2015
Company name	
Generalplus Technology Inc.	47.96%

Please refer to attachment 5 for registered countries and company information:

	Profits Attributed to Non-controlling Interests	**Non-controlling Interests**
Company name	**Years Ended December 31, 2015**	**December 31, 2015**
Generalplus Technology Inc.	$ 186,169	$ 1,039,112

The summarized financial information below represents amounts before intragroup eliminations.

	December 31, 2015
Current assets	$ 2,176,779
Non-current assets	721,161
Current liabilities	677,744
Non-current liabilities	82,329
Equity	$ 2,137,867
Equity attributable to:	
Owners of the Company	$ 1,098,755
Non-controlling interests	1,039,112
	$ 2,137,867

	For the Years Ended December 31, 2015
Operating revenue	$ 3,081,376
Net income	$ 388,158
Other comprehensive income	(9,179)
Total other comprehensive income	$ 378,979
Equity attributable to:	
Owners of the Company	$ 201,989
Non-controlling interests	186,169
	$ 388,158
Total other comprehensive attributable to:	
Owners of the Company	$ 197,214
Non-controlling interests	181,765
	$ 378,979
Cash flows	
Cash flows from operating activities	$ 491,767
Cash flows used in investing activities	(165,941)
Cash flows used in financing activities	(209,190)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,741)
Net cash outflow	$ 114,895
Dividend paid to non-controlling interests	
Generalplus Technology Inc.	$ (146,133)

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2015
Investments in associates	$ 339,023

a. Investments in associates

	December 31, 2015
Listed companies	
Global View Co., Ltd.	$ 339,023

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

Name of Associate	December 31, 2015
Global View Co., Ltd.	13%

In their meeting on September 30, 2014, the shareholders of Orise Technology (“Orise”) approved the merger of Orise and FocalTech-Systems (“FocalTech”) Technology, with FocalTech as the survivor entity, and the merger and share transfer will take effect on January 2, 2015. Orise will issue new common shares, and FocalTech swapped 1 common share for 4.8 common shares of Orise. After the merger, the Group had a gain of $906,358 thousand, but the Group’s equity interest in Orise decreased from 34% to 12%, resulting in the Group’s losing significant influence on Orise. Thus, the Group reclassified its investment in Orise to available-for-sale financial asset. Orise was renamed FocalTech Systems in January 2014.

In their meeting on June 17, 2014, the board of directors of Global View Co., Ltd. (“Global”) elected the Company’s director as a board member. The Company thus considered that it acquired significant influence in Global and reclassified its holding of Global shares from available-for-sale financial assets to an investment in an associate.

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:

Name of Associate	December 31, 2015
Global View, Co., Ltd.	$ 252,233

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

	December 31, 2015
Total assets	$ 1,678,504
Total liabilities	$ 54,232

	Years Ended December 31, 2015
Revenue	$ 27,550
Profit for the period	$ (16,446)
Comprehensive income	$ 106,589
Group’s share of profits of associates	$ 18,145

The group’s share of profits of associates were based on the report audited by auditors.

16. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2015									
	Buildings	**Auxiliary Equipment**	**Machinery and Equipment**	**Testing Equipment**	**Transportation Equipment**	**Furniture and Fixtures**	**Leasehold Improvements**	**Other Equipment**	**Construction in Progress**	**Total**
Cost										
Balance, beginning of year	$ 2,516,262	$ 205,872	$ 20,988	$ 535,461	$ 11,306	$ 268,252	$ 6,348	$ 23,743	$ 957,782	$ 4,546,014
Additions	45,404	28,260	640	140,803	960	14,699	-	6,374	149,784	386,925
Disposals	(16,283)	(14,029)	(11,687)	(134,162)	(5,797)	(16,804)	(3,027)	(6,279)	-	(207,988)
Reclassified to investment property	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	(26,057)	972	8,518	(4,435)	120	(13,969)	228	(111)	(18,045)	(52,860)
Balance, end of year	2,519,326	221,075	18,459	537,667	6,589	252,178	3,549	23,727	1,089,521	4,672,091
Accumulated depreciation										
Balance, beginning of year	303,556	73,331	18,932	399,810	9,077	202,848	3,922	14,135	-	1,025,611
Depreciation expense	56,092	27,916	11,409	133,108	498	27,095	2,336	2,563	-	261,017
Disposals	(5,232)	(14,029)	(11,673)	(121,734)	(5,487)	(15,163)	(2,667)	(6,971)	-	(182,956)
Reclassified to investment property	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	(452)	(2,440)	(2,236)	7,438	(14)	(14,992)	(1,008)	6,491	-	(7,213)
Balance, end of year	353,964	84,778	16,432	418,622	4,074	199,788	2,583	16,218	-	1,096,459
Accumulated impairment										
Balance, beginning of year	-	-	-	11,498	-	-	-	-	-	11,498
Additions	-	-	-	1,039	-	-	-	-	-	1,039
Balance, end of year	-	-	-	12,537	-	-	-	-	-	12,537
Net, end of year	$ 2,165,362	$ 136,297	$ 2,027	$ 106,508	$ 2,515	$ 52,390	$ 966	$ 7,509	$ 1,089,521	$ 3,563,095

The group recognized impairment losses on property, plant and equipment ended December 31, 2015 was 1,039 thousand.

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

Buildings	10-56 years
Auxiliary equipment	4-11 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	2-11 years
Other equipment	3-10 years

Refer to Note 37 for the carrying amounts of property, plant and equipment that had been pledged by the Group to secure borrowings.

17. INVESTMENT PROPERTIES

	December 31, 2015
Cost	
Balance at January 1, 2015	$ 458,669
Additions	992
Effect of exchange rate differences	(8,752)
Balance at December 31, 2015	$ 450,839
Accumulated depreciation	
Balance at January 1, 2015	$ (176,006)
Depreciation expense	(21,277)
Effect of exchange rate differences	3,514
Balance at December 31, 2015	(193,769)
	$ 257,070

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

The fair value of the investment properties was based on a valuation carried out on December 31, 2014 by the Suzhou Feng-Zheng PingGu Firm, independent qualified professional values not connected to the Group.

The important assumptions and fair value were as follows:

	December 31, 2015
Fair value	$ 389,809
Discount rate	83.33%

18. INTANGIBLE ASSETS

	Year Ended December 31, 2015					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 754,238	$ 346,096	$ 114,229	$ 30,596	$ 26,910	$ 1,272,621
Additions	100,134	31,313	-	-	-	131,447
Decrease	(118,134)	(4,091)	-	-	-	(122,435)
Effect of exchange rate differences	(7)	(521)	-	-	-	(528)
Balance at December 31	736,021	373,349	114,229	30,596	26,910	1,281,105
Accumulated amortization						
Balance at January 1	572,769	306,682	65,616	-	10,478	955,545
Amortization expense	60,737	34,150	6,737	-	-	101,624
Decrease	(98,865)	(3,231)	-	-	-	(102,096)
Effect of exchange rate differences	1	(320)	-	-	-	(319)
Balance at December 31	534,642	337,281	72,353	-	10,478	954,754
Accumulated deficit						
Balance at January 1	17,013	-	-	-	16,432	33,445
Addition	99,425	-	-	-	-	99,425
Balance at December 31	116,438	-	-	-	16,432	132,870
Carrying amounts at December 31, 2015	$ 84,941	$ 36,068	$ 41,876	$ 30,596	$ -	$ 193,481

Intangible assets consisted of fees paid to Oak Technology (“Oak”) for the Group to use Oak’s technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players and the fee paid to Royal Philips Electronics (“Philips”) for the Group to use Philips’s optical disc drive (ODD) semiconductor technology.

The Group recognized impairment loss on above intangible assets ended December 31, 2015 and 2014 was $99,425 thousand.

These intangible assets were depreciated 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

19. OTHER ASSETS

	December 31, 2015
Pledged time deposits (Note 37)	$ 266,441
Finance lease payables	126,438
Other financial assets	79,920
Refundable deposits (Note 33)	5,513
Prepaid long-term investments	-
Other	114,399
	$ 592,711
Current	$ 438,550
Noncurrent	154,161
	$ 592,711

The amounts of the Group's finance lease payables for land grants in China as of December 31, 2015 were $126,438 thousand.

20. LOANS

Short-term borrowings

	December 31, 2015
Unsecured borrowings	
Bank loans	$ 646,093

The weighted average effective interest rates for bank loans from January 1, 2015 to December 31, 2015 were 1.14%-2.20% per annum.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	December 31, 2015
Floating rate borrowings			
Unsecured bank borrowings	2018.2	Repayable quarterly from August 2015	$ 500,000
Unsecured bank borrowings	2019.2.28	Repayable quarterly from February 2014	243,750
Secured bank borrowings	2017.3.16	Repayable semiannually from March 2012	233,332
Unsecured bank borrowings	2018.1	Repayable quarterly from July 2015	200,000
Unsecured bank borrowings	2017.1.10	Repayable in January 2015	194,613
Unsecured bank borrowings	2017.6.27	Repayable semiannually from June 2014	180,000
Unsecured bank borrowings	2017.12.18	Repayable in December 2015	162,178
Unsecured bank borrowings	2016.4.14	Repayable in July 2015	162,178
Unsecured bank borrowings	2015.3.30	Repayable quarterly from March 2012	-
			$ 1,876,051
Current			$ 619,678
Noncurrent			1,256,373
			$ 1,876,051

Under the loan contracts, the Group provided buildings and shares of Giantplus Technology Co., Ltd. and Orise Technology Co., Ltd. as collaterals for the above loans (Note 37).

The effective borrowing rates as of December 31, 2015 were 1.705%-2.8562%.

The loan contracts require the Group to maintain certain financial ratios, such as debt ratio and current ratio as well as a restriction on net tangible assets. However, the Group’s not being able to meet would not be deemed to be a violation of the contracts.

21. TRADE PAYABLES

	December 31, 2015
Accounts payable	
Payable - operating	$ 712,548

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.

22. PROVISIONS

	December 31, 2015
Customer returns and rebates	$ 15,339

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.

23. OTHER LIABILITIES

	December 31, 2015
Other payables	
Salaries or bonuses	$ 371,315
Receipt in advance	280,740
Compensation due to directors and supervisors	109,637
Payable for royalties	62,934
Payables for purchases of equipment	49,809
Labor/health insurance	28,011
Commissions payable	12,815
Professional service fees	6,113
Others	108,935
	$ 1,030,309
Deferred revenue	
Arising from government grants (Note 31)	$ 76,410
Current	
－Other liabilities	$ 1,028,970
－Deferred revenue	1,819
	$ 1,030,789
Noncurrent	
－Other current liabilities	$ 1,339
－Deferred revenue	74,591
	$ 75,930

24. RETIREMENT BENEFIT PLANS

Defined contribution plans

Sunplus, Generalplus, Sunext, Sunplus Innovation, Sunplus mMedia, Sunplus mMedia and iCatch 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.

Defined benefit plans

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation, Sunplus mMedia, Jumples Technology, Sunplus mMedia and iCatch 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, 2015
Present value of funded defined benefit obligation	$ 277,337
Fair value of plan assets	(182,819)
Net liability arising from defined benefit obligation	$ 94,518

Movements in net defined benefit liability were as follows:

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2015	$ 279,700	$ 176,652	$ 103,048
Service cost			
Current service cost	1,544	-	1,544
Disposal gain	(11,649)	-	(11,649)
Net interest expense (income)	5,579	3,585	1,994
Recognized gain and loss	(4,526)	3,585	(8,111)
Remeasurement			
Return on plan assets	-	1,133	(1,133)
Actuarial (gain) loss-experience adjustment	1,863	-	1,863
Actuarial (gain) loss-changes in demographic assumptions	158	-	158
Actuarial (gain) loss-changes in financial assumptions	3,782	-	3,782
Recognized in other comprehensive income	5,803	1,133	4,670
Contributions from employer	-	5,089	(5,089)
Benefit paid	(3,640)	(3,640)	-
Balance at December 31, 2014	$ 277,337	$ 182,819	$ 94,518

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, 2015
Operating costs	$ 509
Selling and marketing expenses	416
General and administrative expenses	761
Research and development expenses	(9,881)
Net liability arising from defined benefit obligation	$ (8,195)

The above expense recognized in profit or loss was due to the company's sale of the STB (set-top box) product center in March 2015, resulting in the layoff of this center's employees. The Company recognized a disposal gain of $11,649 thousand and recognized $1,606 thousand as defined benefit obligation remeasurement under other comprehensive income.

Through the defined benefit plans under the Labor Standards Law, the Group 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/corporate] 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, 2015
Discount rate(s)	1.60%-1.90%
Expected rate(s) of salary increase	3.50%-6.25%
Resignation rate	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, 2015
Discount rate(s)	
0.25% increase	$ (10,215)
0.25% decrease	$ 10,705
Expected rate(s) of salary increase	
1% increase	$ 44,351
1% decrease	$ (37,661)

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, 2015
The expected contributions to the plan for the next year	$ 5,037
The average duration of the defined benefit obligation	14-22 years

25. EQUITY

a. Share capital

Ordinary shares:

	December 31, 2015
Numbers of shares authorized (in thousands)	1,200,000
Shares authorized	$ 12,000,000
Number of shares issued and fully paid (in thousands)	591,995
Shares issued	$ 5,919,949

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

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

b. Capital surplus

For each class of capital surplus, a reconciliation of the carrying amounts at the beginning and at the end of December 31, 2015 was as follows:

	December 31, 2015
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)	
Arising from issuance of common shares	$ 703,376
Arising from conversion of bonds	36,518
Arising from treasury share transactions	157,423
Depending on the source, may be used to offset a deficit only or may not be used for any purpose (b)	
Others	-
	$ 897,317

1) 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.

2) The capital surplus from the share of changes in equities of subsidiaries, associates and joint ventures, including the subsidiaries' expired share options but excluding the actual disposal or acquisition of an equity-method investment, may be used to offset a deficit; all other capital surplus from equity-method investments should not be used for any purpose.

Retained earnings and dividend policy

Sunplus' Articles of Incorporation provide that the following should be appropriated 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. The distribution of any remaining earnings will be as follows:

1) up to 6% of paid-in capital as dividends; and

2) 1.5% as remuneration to directors and supervisors and at least 1% as bonus to employees. The employees may include, with the approval of Sunplus' board of directors, those of Sunplus' subsidiaries.

3) Under an approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions plus the inappropriate prior years' earnings may be distributed as additional dividends.

4) 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 regulations promulgated by the Securities and Futures Bureau, 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 inappropriate retained earnings.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on December 12, 2015 and are subject to the resolution of the shareholders in their meeting to be held on June 13, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 27-6.

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.

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.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations from the 2014 earnings were approved at the shareholders' meetings on June 12, 2015. The appropriations, including dividends, were as follows:

	For Year 2014	
	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve to cover losses	$ -	$ -
Unappropriated retain earnings to cover losses	12,806	-
Legal reserve	41,058	-
Special reserve	(4,806)	-
Cash dividend	355,198	0.6

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2015 are subject to the resolution of the shareholders' meeting to be held on June 13, 2016.

Other equity items

Foreign currency translation reserve:

	For the Year Ended December 31, 2015
Balance at January 1	$ 128,258
Exchange differences arising on translating the foreign operations	(30,749)
Balance at December 31	$ 97,509

Unrealized gain/loss from available-for-sale financial assets:

	For the Year Ended December 31, 2015
Balance at January 1	$ 181,674
Unrealized gain arising on revaluation of available-for-sale financial assets	(681,379)
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(88,395)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	824,007
The proportionate share of other comprehensive income/losses reclassified to profit or loss upon partial disposal of associates	(41)
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(1,883)
Balance at December 31	$ 233,983

Noncontrolling interests

	For the Year Ended December 31, 2015
Balance at January 1	$ 1,659,008
Attributable to no controlling interests:	
Share of profit for the year	463,645
Exchange difference arising on translation of foreign entities	1,288
Unrealized gains on available-for-sale financial assets	(819)
Actuarial gains on defined benefit plans	(2,042)
Non-controlling interest arising from acquisition of subsidiaries	-
Partial disposal of interests in subsidiaries	-
Cash dividends distributed by subsidiaries	(146,133)
Equity instruments hold by the employees of subsidiaries	4,325
Others	1,289
Balance at December 31	$ 1,980,561

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 at December 31, 2015	-	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, 2015			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 41,474

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.

Sunplus's board of directors resolves to write off all of the buyback treasury shares, 4,915 thousand shares. on February 26, 2014, they still not register the change. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

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, 2016, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

26. REVENUE

	For the Year Ended December 31, 2015
Revenue from IC	$ 8,891,440
Rental income from property	147,725
Other	367,335
	$ 9,406,500

27. NET PROFIT

Net profit (loss) included the following items:

Other income

	For the Year Ended December 31, 2015
Disposal of other income	$ 477,100
Interest income	38,199
Dividend income	32,026
Others	42,768
	$ 590,093

Other gains and losses

	For the Year Ended December 31, 2015
Gain on disposal of investment	$ 995,854
Net foreign exchange gains	6,757
Net loss on financial assets designated as at FVTPL	(191)
Impairment loss on available-for-sale financial assets	(986,550)
Others	3,454
	$ 19,324

Finance costs

	For the Year Ended December 31, 2015
Interest on bank loans	$ 39,259
Other finance costs	744
	$ 40,003

Information on capitalized interest is as follows:

	For the Year Ended December 31, 2015
Capitalized interest	$ 10,688
Capitalization rate	2.86%

Depreciation and amortization

	For the Year Ended December 31, 2015
Property, plant and equipment	$ 261,017
Investment property	21,277
Intangible assets	101,624
	$ 383,918
An analysis of depreciation by function	
Operating costs	$ 10,046
Operating expenses	272,248
	$ 282,294
An analysis of amortization by function	
Operating costs	$ 1,002
Selling expenses	204
Administrative expenses	22,457
Research and development expenses	77,961
	$ 101,624

Operating expenses directly related to investment properties

	For the Year Ended December 31, 2015
Direct operating expenses from investment property that generated rental income	$ 22,510
Direct operating expenses from investment property that did not generate rental income	92,768
	$ 115,278

Employee benefit expense

	For the Year Ended December 31, 2015
Short-term benefits	$ 2,115,297
Post-employment benefits	
Defined contribution plans	58,507
Defined benefit plans	(8,195)
Other employee benefits	29,677
Total employee benefit expense	$ 2,195,286
An analysis of employee benefit expense by function	
Operating costs	$ 160,000
Operating expenses	2,035,286
	$ 2,195,286

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were representing 1% and 1.5%, respectively, of the base net profit. The employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2015 have been approved by the Company's board of directors on March 23, 2016 and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on June 13, 2016, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Gain or loss on exchange rate changes

	For the Year Ended December 31, 2015
Exchange rate gains	$ 249,133
Exchange rate losses	(242,376)
	$ 6,757

28. INCOME TAXES

Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	For the Year Ended December 31, 2015
Current tax	
In respect of the current year	$ 83,464
Adjustments for prior periods	(4,008)
Others	(215)
	79,241
Deferred tax	
In respect of the current year	2,548
Others	93
Income tax expense recognized in profit or loss	$ 81,882

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

	For the Year Ended December 31, 2015
Profit before tax	$ 1,162,720
Income tax expense at the 17% statutory rate	$ 197,662
Tax effect of adjusting items:	
Nondeductible expenses in determining taxable income	(233,250)
Temporary differences	211,233
Tax-exempt income	(51)
Additional income tax on unappropriated earnings	1,339
Unrecognized temporary differences	(70)
Additional income tax under the Alternative Minimum Tax Act	2,396
Effects of consolidated income tax filing	-
Current income tax expense	179,259
Deferred income tax expense	
Temporary differences	(9,425)
Loss carryforwards	12,066
Unrecognized loss carryforwards	(98,796)
Adjustments for prior years' tax	(4,008)
Foreign income tax expense	2,393
Effect of different tax rates of group entities operating in other jurisdictions	393
Income tax expense recognized in profit or loss	$ 81,882

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014 10% additional income tax on unappropriated earnings are not reliably determinable.

Current tax assets and liabilities

	December 31, 2015
Current tax assets	
Tax refund receivable	$ 3,945
Current tax liabilities	
Income tax payable	$ 54,096

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, 2015

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences				
Unrealized loss on inventories	$ 16,290	$ 6,577	$ -	$ 22,867
Fixed assets	5,796	(1,389)	-	4,407
Intangible assets	(2,499)	2,499	-	-
Unrealized sales	309	69	-	378
Exchange gains	(2,026)	3,677	-	1,651
Deferred credits	187	(187)	-	-
Other	12,003	(1,912)	91	10,182
	30,060	9,334	91	39,485
Loss carryforwards	12,066	(11,760)	(306)	-
	$ 42,126	$ (2,426)	$ (215)	$ 39,485

Unrecognized deferred tax assets

Loss Carryforwards	December 31, 2015
Expiry in 2016	$ 214,649
Expiry in 2017	760,232
Expiry in 2018	174,294
Expiry in 2019	53,474
Expiry in 2020	225,295
Expiry in 2021	861,189
Expiry in 2022	654,850
Expiry in 2023	1,519,449
Expiry in 2024	306,753
Expiry in 2025	51,037
	$ 4,821,222
Deductible temporary differences	$ 26,051

Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2015 pertaining to Sunplus:

Unused Amount	Expiry Year
$ 202,943	2020
621,262	2021
518,243	2022
1,231,503	2023
81,883	2024
$ 2,655,834	

Loss carryforwards as of December 31, 2015 pertaining to Sunplus Venture:

Unused Amount	Expiry Year
$ 51,820	2016
57,004	2017
30,907	2018
17,891	2019
4,863	2021
$ 162,485	

Loss carryforwards as of December 31, 2015 pertaining to Lin Shin:

Unused Amount	Expiry Year
$ 41,879	2017
33,437	2018
9,864	2019
$ 85,180	

Loss carryforwards as of December 31, 2015 pertaining to Sunplus Innovation:

Unused Amount	Expiry Year
$ 18,260	2023

Loss carryforwards as of December 31, 2015 pertaining to Sunext:

Unused Amount	Expiry Year
$ 162,829	2016
661,349	2017
18,351	2018
120,088	2021
100,760	2022
159,490	2023
31,147	2024
1,412	2025
$ 1,255,426	

Loss carryforwards as of December 31, 2015 pertaining to iCatch:

Unused Amount	Expiry Year
$ 5,936	2021
11,163	2023
22,376	2024
$ 39,475	

Loss carryforwards as of December 31, 2015 pertaining to Sunplus mMedia:

Unused Amount	Expiry Year
$ 91,599	2018
25,719	2019
22,352	2020
109,040	2021
35,847	2022
30,658	2023
29,360	2024
27,139	2025
$ 371,714	

Loss carryforwards as of December 31, 2015 pertaining to Jumplex:

Unused Amount	Expiry Year
$ 4,692	2024
22,486	2025
$ 27,178	

Loss carryforwards as of December 31, 2015 pertaining to S2-TEK:

Unused Amount	Expiry Year
$ 68,375	2023
137,295	2024
$ 205,670	

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	
Thirteenth expansion	January 1, 2013 to December 31, 2017
Fourteenth expansion	January 1, 2015 to December 31, 2019
Fifteenth expansion	January 1, 2015 to December 31, 2019

(Continued)

Project	Tax Exemption Period
Generalplus	
Fifth expansion	January 1, 2013 to December 31, 2017
Sunplus Innovation	
Second expansion	January 1, 2013 to December 31, 2017

(Concluded)

Integrated income tax

	December 31, 2015
Imputation credits accounts	$ 313,104

	For the Year Ended December 31, 2015 (Expected)
Creditable ratio for distribution of earnings	20.91%

Income tax assessments

The income tax returns of Sunplus, Sunplus mMobile, Generaplus, through 2012 and Sunplus Innovation, Sunplus mMedia, Sunplus management Consulting, Wei-Yough, Lin Shih, Sunplus Venture, Sunext and iCatch through 2013 had been assessed by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31, 2015
Basic gain per share	
From continuing operations	$ 1.05
From discontinued operations	(0.05)
Total basic earnings per share	$ 1.00
Diluted earnings per share	
From continuing operations	$ 1.05
From discontinued operations	(0.05)
Total diluted earnings per share	$ 1.00

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

	For the Year Ended December 31, 2015
Profit for the year attributable to owners of the Group	$ 589,348
Earnings used in the computation of basic EPS	589,348
Less: Loss for the period from discontinued operations used in the computation of basic EPS from discontinued operation	(27,845)
Earnings used in the computation of basic EPS from continuing operations	617,193
Effect of potentially dilutive ordinary shares	
Bonus to employee	-
Earnings used in the computation of diluted EPS from continuing operations	$ 617,193

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

	For the Year Ended December 31, 2015
Weighted average number of common shares used in the computation of basic earnings per shares	588,435
Effect of dilutive potential common shares:	
Bonus issue to employees	528
Weighted average number of common shares used in the computation of diluted earnings per share	588,963

The Group can settle bonus or remuneration to employees in cash or shares. If the Group 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.

30. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

In their meeting on June 28, 2012, the shareholders of Sunplus Innovation Techology Inc. (SITI) approved a plan on a restricted employee stock ownership 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, 2012.

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.

In their meeting on April 18, 2014, the shareholders of Sunplus Innovation Technology Inc. (SITI) approved the second plan of the restricted employee stock ownership 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 stock is issued and granted on April 18, 2014, with the fair value of 6.0599 NTD.

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:

The restrictions under the ESOP are as follows:

a. During the duration of the restricted ESOP,the employee may not vend, discount, transfer, grant, enact, or any other methods.

b. During the duration of the restricted ESOP, employees will still receive stock 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 vestin condition. If employees fail to meet the vesting condition, SITI has the right to take back and cancel the limited employee stock ownership, but the Company will still grant employees stock and cash dividends generated during the vesting period.

Information about the Sunplus Innovation's restricted stock plan for the year ended December 31, 2015 and 2014 was as follows:

	Number of Restricted Stock (In Thousands) 2015
Balance at January 1	2,315
Granted	-
Vest	(353)
Retirement	(1,118)
Balance at December 31	844

iCatch Technology Inc.

iCatch Technology Inc. had authorized 5,929 and 1,571 thousand units employee stock options as at September, 2013 ("2013 option plan") and August 2014 ("2014 option plan"), respectively, each unit could acquired for 1,000 shares. Stock options were given to employees those who satisfied specific conditions. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Exercise price was $10 per share. If there is any changes of common stocks after granted date, option exercise price will be adjusted.

Information about the iCatch's outstanding options for the year ended December 31, 2015 and 2014 was as follows:

	2015	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$) 2015
Balance at January 1	7,500	$ 10
本年度註銷	(1,282)	-
Options granted	(19)	10
Balance at December 31	6,199	10
Options exercisable, end of period	6,199	10

As of December 31, 2014, information about iCatch's 2013 option plan outstanding and exercisable options was as follows:

	Outstanding Options			Options Exercisable	
Exercise Price (NT$)	Number Outstanding (Thousands)	Remaining Contractual Life (In Years)	Exercise Price (NT$/Per Share)	Number Exercisable (Thousand)	Exercise Price (NT$/Per Share)
$10	4,628	3.7	$10	4,628	$ -

As of December 31, 2014, information about iCatch's 2014 option plan outstanding and exercisable options was as follows:

	Outstanding Options			Options Exercisable	
Exercise Price (NT$)	Number Outstanding (Thousands)	Remaining Contractual Life (In Years)	Exercise Price (NT$/Per Share)	Number Exercisable (Thousand)	Exercise Price (NT$/Per Share)
$10	1,571	4.6	$10	-	$ -

Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	First Time	Second Time
Grant-date share price (NT$)	$ 3.25	$ 2.22
Exercise price (NT$)	10.00	10.00
Expected volatility	31.89%	45.42%
Expected life (years)	4.375 years	4.375 years
Expected dividend yield	-	-
Risk-free interest rate	1.67%	1.59%

31. GOVERNMENT GRANTS

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

The total revenue recognized as profit for the years ended December 31, 2015 was 1,833 thousand respectively.

The Company signed the contract of [The development program of the sensor IC of Electrocardiogram with low power consumption and Noise, the SDK system of Electrocardiogram, and the project of Hardware development] with Institute for Information Industry, III for short, on June, 2014. The program started from November 7, 2013 to May 6, 2015. As of December 31, 2014, the government grants received was amounted to 6,199 thousand dollars, and was classified to Non-operating income and gains.

The compans and H.P.B Optoelectronics Co., Ltd. and National Yunlin University science and Technology Department of Electronic Engineering Cosigned the contract of [The program of HD and 3D mobile panoramic assist system with real time correction] with Hsinchu Science Park Administration, MOST, on July, 2015. The government grants will distribute to those organizations based on the process of the program. The program started from July 1, 2015 to June 30, 2016. The government grants received was amounted to 2,468 thousand dollars, and was classified to Non-operating income and gains.

32. DISPOSAL OF SUBSIDIARIES

As stated in Note 13(2), the Group lost its control over Sunplus Core Technology Co., Ltd. and disposed of another subsidiary. Related information is as follows:

	STB Product Center
a. Consideration received from the disposal	$ 330,000
b. Analysis of assets and liabilities on the date control was lost	
Current assets	
Prepaid royalty	$ 20,000
Noncurrent assets	
Property, plant and equipment	2,830
Intangible asset	20,004
Net assets disposed of	$ 42,834

Gain on disposal of subsidiary $287,166 thousand included loss on discontinuing segment (Note 13).

33. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to leases of land with lease terms between 2 and 8 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

Sunplus

Sunplus leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in July 2015, December 2020 and December 2021. The SBIPA has the right to adjust the annual lease amount. The amount was $7,815 thousand for the period ended. Sunplus had pledged $6,100 thousand time deposits (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31, 2015
Up to 1 year	$ 7,815
Over 1 year to 5 years	31,262
Over 5 years	45,692
	$ 84,769

Sunplus Innovation

Sunplus Innovation leases office from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2016 and 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, 2015
Up to 1 year	$ 5,459
Over 1 year to 5 years	10,919
	$ 16,378
Refundable deposits	$ 1,660

Generalplus

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 $1,474 thousand. Generalplus deposited $3,000 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31, 2015
Up to 1 year	$ 1,474
Over 1 year to 5 years	5,896
Over 5 years	-
	$ 7,370

i Catch Technology, Inc. ("i Catch")

i Catch lease offices from Siming Inc. and Siha Inc. under renewable agreements expiring in February 2016; the lease payments in 2015 were $1,688 thousand and $1,274 thousand, respectively.

The future lease payments are as follows:

	December 31, 2015
Up to 1 year	$ 538
Over 1 year to 5 years	-
	$ 538
Refundable deposits	$ 521

The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1to 5years. 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, 2015 and 2014, deposits received under operating leases amounted to $35,410 thousand and $25,981 thousand, respectively.

The future minimum lease payments for noncancellable operating lease are as follows:

	December 31, 2015
Up to 1 year	$ 117,457
Over 1 year to 5 years	109,985
	$ 227,442

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

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31, 2015	
	Carrying Amount	Fair Value
Financial assets		
Financial assets carried at cost	$ 528,590	$
Debt investment with no active market	15,389	

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from 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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 24,200	$ -	$ -	$ 24,200
Available-for-sale financial assets				
Mutual funds	$ 874,799	$ -	$ -	$ 874,799
Securities listed in ROC	1,605,745	-	-	1,605,745
	$ 2,480,544	$ -	$ -	$ 2,480,544

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

3) Valuation techniques and assumptions for the purpose of measuring fair value

The fair value of financial instruments which has standard clause and will been transacted in active market is according to market value.

b. Categories of financial instruments

	December 31, 2015
Financial assets	
Fair value through profit or loss (FVTPL)	
Held for trading	$ 24,200
Loans and receivables (i)	7,004,552
Available-for-sale financial assets (ii)	3,009,134
Financial liabilities	
Measured at amortized cost (iii)	3,436,873

i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, refundable deposit, debt investments with no active market, and trade and other receivables. Those reclassified to held-for-sale disposal groups are also included.

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

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

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, trade receivable, trade payables, bonds payable, borrowings and convertible notes. 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 Group's sensitivity to a US$1.00 and a RMB$1.00 increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. US$1.00 and RMB$1.00 are the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 1 dollar against the relevant currency.

	USD impact
	Years Ended December 31, 2015
Profit or loss	$ (16,726)

	RMB impact
	Years Ended December 31, 2015
Profit or loss	$ (55,486)

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, 2015
Fair value interest rate risk	
Financial assets	$ 3,637,502
Financial liabilities	170,588
Cash flow interest rate risk	
Financial assets	1,631,278
Financial liabilities	2,351,556

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% basis point and all other variables held constant, the Group’s post-tax profit for the years ended December 31, 2015 and 2014 would decrease/increase by $900 thousand.

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 equity prices been 1% higher/lower, post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by $24,805 thousand.

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 55% in total trade receivables as of December 31, 2015, 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, 2015, December 31, 2014, 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, 2015

	Weighted Average Effective Interest Rate (%)	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		$ 360,941	$ 559,863	$ 597,928	$ 34,621	$ -
Variable interest rate liabilities	1.705-2.8562	117,232	96,528	750,198	917,294	-
Fixed interest rate liabilities	0.8-2.2	-	440	85,548	108,806	142,694
		$ 478,173	$ 656,831	$ 1,433,674	$ 1,060,721	$ 142,694

b) Financing facilities

	December 31, 2015
Unsecured bank overdraft facility	
Amount used	$ 2,582,603
Amount unused	3,820,817
	$ 6,403,420

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. Compensation of key management personnel:

	For the Years Ended December 31, 2015
Salaries and Incentives	$ 56,676
Special compensation	3,761
	$ 60,437

37. PLEDGED OR MORTGAGED ASSETS

Certain assets pledged or mortgaged as collaterals for long-term bank loans, commercial paper payable, accounts payable, import duties, operating lease and administrative remedies for certificate of no overdue taxes were as follows:

	December 31, 2015
Buildings, net	$ 673,342
Pledged time deposits (classified as other assets, including current and noncurrent)	266,441
Subsidiary's holding of Sunplus' stock	39,429
	$ 979,212

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

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

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 73,879	32.825	$ 2,425,078
CNY	57,606	4.995	287,742
JPY	359	0.273	98
HKD	93	4.235	394
GBP	3	48.670	146
EUR	2	35.880	72
Nonmonetary items			
USD	997	32.825	32,727
EUR	510	35.880	18,299
Financial liabilities			
Monetary items			
USD	57,153	32.825	1,876,047
CNY	2,120	4.995	10,589
JPY	277	0.273	76

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

5) 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 7, 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, 2015 and 2014 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2015 and 2014 are shown in the accompanying consolidated balance sheets.

The segment information reported on the following pages does not include any amounts for these discontinued operations, which are described in more detail in Note 13.

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, 2015
IC design	$ 8,891,440
Income from lease of property, plant, and equipment	147,725
Other income	367,335
	$ 9,406,500

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 noncurrent assets by location of assets is detailed below.

	Revenue from External Customers	Non-current Assets
	For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Asia	$ 5,937,672	$ 2,516,438
Taiwan	3,192,596	1,497,208
Others	276,232	-
	$ 9,406,500	$ 4,013,646

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, 2015
Customer A	$ 1,947,996
Customer B	979,529

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	VENTUREPLUS CAYMAN INC.	Sun Media Technology Co., Ltd.	Other receivables	Yes	$ 113,558	$ 113,558	$ -	-	Note 1	$ -	Note 2	$ -	-	$ -	$ 169,994 (Note 7)	$ 339,987 (Note 7)
1	VENTUREPLUS CAYMAN INC.	Sunplus Prof-tek Technology (Shenzhen)	Other receivables	Yes	45,403	45,403	45,403	2.37%	Note 1	-	Note 3	-	-	-	169,994 (Note 7)	339,987 (Note 7)
1	VENTUREPLUS CAYMAN INC.	Ytrip Technology Co., Ltd.	Other receivables	Yes	36,317	36,317	20,094	2.40%~2.60%	Note 1	-	Note 4	-	-	-	84,997 (Note 8)	169,994 (Note 8)
2	Sunplus Technology (Shanghai) Co., Ltd.	1culture Communication Co,.Ltd	Receivables from related parties	Yes	789	789	789	1.8%~2.05%	Note 1	-	Note 5	-	-	-	25,671 (Note 9)	51,343 (Note 9)
2	Sunplus Technology (Shanghai) Co., Ltd	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	202,662	103,622	103,622	1.6%~2.35%	Note 1	-	Note 6	-	-	-	308,057 (Note 10)	308,057 (Note 10)

Note 1: Short-term financing.

Note 2: VENTUREPLUS CAYMAN INC. provided funds for Sun Media Technology Co., Ltd. to its need of operation.

Note 3: VENTUREPLUS CAYMAN INC. provided funds for Sunplus Prof-tek Technology (Shenzhen) to its need of operation.

Note 4: VENTUREPLUS CAYMAN INC. provided funds for Ytrip Technology Co., Ltd. to its need of operation.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of 1culture Communication Co, .Ltd.

Note 6: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 7: The foreign company has voting shares that are directly and indirectly wholly owned by the Group's parent company. The total amounts of all guarantees issued should not exceed 20% of VENTUREPLUS CAYMAN INC. net equity based on the latest financial statements , and the individual amounts of the guarantee should not exceed 10% of VENTUREPLUS CAYMAN INC. net equity based on the latest financial statements; in addition, the guarantee period should not exceed two years.

Note 8: The amount should not exceed 10% of VENTUREPLUS CAYMAN INC. net equity based on the latest financial statements, and the individual amounts of the guarantee should not exceed 5% of VENTUREPLUS CAYMAN INC. net equity based on the latest financial statements.

Note 9: The aggregate amount should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") , and the individual amounts of the guarantee should not exceed 5% of Sunplus Shanghai's net equity, with net equity based on this lender's latest financial statements.

Note 10: The foreign company has voting shares that are directly and indirectly wholly owned by the Group's parent company. The total amounts of all guarantees issued and the individual amounts of the guarantee should not exceed 60% of Sunplus Technology (Shanghai) Co., Ltd. net equity as of the latest financial statements; in addition, the guarantee period should not exceed two years.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 of the Latest Financial Statement	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)	$ 953,001 (Note 5)	$ 288,490	$ 288,490	$ 78,175	$ -	3.03	$ 1,906,002 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	953,001 (Note 5)	978,390	943,470	829,265	-	9.90	1,906,002 (Note 6)	Yes	No	Yes
		Ytrip Technology Co., Ltd.	3 (Note 4)	953,001 (Note 5)	62,370	62,370	62,370	-	0.65	1,906,002 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	953,001 (Note 5)	60,000	20,000	20,000	-	0.21	1,906,002 (Note 6)	Yes	No	No
1 (Note 2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 4)	174,861 (Note 7)	158,250	158,250	158,250	158,250	54.3	174,861 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

Note 3: Directly holds more than 50% of the common shares of a subsidiary.

Note 4: Common shares held by the Sunplus and its subsidiaries jointly own more than 50% of the investee company.

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

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

Note 7: The amount should not exceed 60% of the endorsement/guarantee provider's net equity based on the latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

MARKETABLE SECURITIES HELD
DECEMBER 31,2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Stock							
	Tatung Company	-	Available-for-sale financial assets	46,094	$ 257,207	2	$ 257,207	Note 2
	RITEK Corp.	-	Available-for-sale financial assets	5,000	14,498	-	14,498	Note 2
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	23,808	-	23,808	Note 2
	FolcalTech Inc.		Available-for-sale financial assets	29,271	999,590	10	999,590	Note 2
	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	163,335	-	163,335	Note 3
	Nomura Global High Dividend Act	-	Available-for-sale financial assets	577	9,755	-	9,755	Note 3
	FSITC Money Market	-	Available-for-sale financial assets	290	51,089	-	51,089	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,558	-	30,558	Note 3
	Taishin Ta-Chong Money Market	-	Available-for-sale financial assets	2,178	30,554	-	30,554	Note 3
	BGF Global Allocation Fund	-	Available-for-sale financial assets	3	5,446	-	5,446	Note 3
	Franklin Global Fduntl Start Fund	-	Available-for-sale financial assets	13	5,114	-	5,114	Note 3
	KGI Economic Moat Fund	-	Available-for-sale financial assets	500	5,815	-	5,815	Note 3
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	3,346	50,076	-	50,076	Note 3
	Prudential Financial Money Market Fund	-	Available-for-sale financial assets	1,925	30,053	-	30,053	Note 3
	Yuanta Emerging Indonesia Opp Bd	-	Available-for-sale financial assets	500	5,174	-	5,174	Note 3
	Jih Sun Money Market	-	Available-for-sale financial assets	3,420	50,001	-	50,001	Note 3
	Availin Inc.	-	Financial assets carried at cost	9,039	212,218	17	212,218	Note 1
	Network Capital Global Fund	-	Financial assets carried at cost	380	3,800	7	3,800	Note 1
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	356	3,556	11	3,556	Note 1
Lin Shih Investment Co., Ltd.	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,164	74,033	1	74,033	Note 2
	Radiant Innovation Inc.	-	Available-for-sale financial assets	3,043	76,377	7	76,377	Note 2
	Sunplus Technology Co., Ltd.	Parent Company	Available-for-sale financial assets	3,560	41,474	1	41,474	Notes 2 and 4
	RITEK Technology Co., Ltd.	-	Available-for-sale financial assets	833	2,416	-	2,416	Note 2
	Aiptek International Inc.	-	Available-for-sale financial assets	60	179	-	179	Note 2
	Asolid Technology Co., Ltd.	-	Available-for-sale financial assets	105	6,021	-	6,021	Note 2
	China Airlines Ltd.	-	Available-for-sale financial assets	1,000	12,000	-	12,000	Note 2
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	150	41,400	-	41,400	Note 2
	Ruentex Material Co., Ltd	-	Available-for-sale financial assets	20	488	-	488	Note 2
	Yuanta Global Equity Income Fund	-	Available-for-sale financial assets	2,000	19,500	-	19,500	Note 3
	Yuanta China Balance Fund	-	Available-for-sale financial assets	213	3,010	-	3,010	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,036	$ 11,152	10	$ 11,152	Note 1
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	3,676	5	3,676	Note 1
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets carried at cost	69	1,121	-	1,121	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets carried at cost	103	-	1	-	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	-	-	-	Note 1
	AWEA MECHANTRONIC CO., LTD. -CB	-	Financial assets at fair value through profit or loss - current	20	2,000	-	2,000	Note 2
	Ubright Optright Corporation-CB	-	Financial assets at fair value through profit or loss - current	20	1,996	-	1,996	Note 2
	Wistron NeWeb Co., Ltd.-CB	-	Financial assets at fair value through profit or loss - current	30	3, 006	-	3, 006	Note 2
	Everlight Electronics Co., Ltd.-CB	-	Financial assets at fair value through profit or loss - current	80	7,800	-	7,800	Note 2
	CHILISIN ELECTRONICS CORP.-CB	-	Financial assets at fair value through profit or loss - current	80	7,920	-	7,920	Note 2
	RECHI PRECISION CO.,LTD.-CB	-	Financial assets at fair value through profit or loss - current	15	1,478	-	1,478	Note 2
Russell Holdings Limited	<u>Stock</u>							
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	37,650 (US$ 1,147)	-	37,650 (US$ 1,147)	Notes 1 and 6
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	1,674 (US$ 51)	5	1,674 (US$ 51)	Notes 1 and 6
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	-	15	-	Note 1
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,556	-	-	-	Note 1
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	-	1	-	Note 1
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	-	8	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	-	3	-	Note 1
	Synerchip Inc.	-	Financial assets carried at cost	6,452	-	12	-	Note 1
	Aruba Networks, Inc.	-	Available-for-sale financial assets	10	-	-	-	Note 1
Sunplus Venture Capital Co., Ltd.	<u>Stock</u>							
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	2,270	53,117	1	53,117	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	52,598	-	52,598	Note 2
	Aiptek International Inc.	-	Available-for-sale financial assets	351	1,053	-	1,053	Note 2
	Aruba Networks, Inc.	-	Available-for-sale financial assets	4	-	-	-	Note 1
	FolcalTech Inc.	-	Available-for-sale financial assets	606	20,716	-	20,716	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	1,250	26,938	-	26,938	Note 2
	Bond	-	Non-active market bond investment	1	15,389	-	15,389	Note 5
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,386	16,215	4	16,215	Note 1
	Genius Vision Digital	-	Financial assets carried at cost	750	15,000	6	15,000	Note 1
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,042	11,220	10	11,220	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Cyberon Corporation	-	Financial assets carried at cost	1,521	$ 13,691	18	$ 13,691	Note 1
	Touch Screen Glass Technology Co., Ltd.	-	Financial assets carried at cost	4,500	45,000	18	45,000	Note 1
	Taiwan Environmental Scientific Co., Ltd.	-	Financial assets carried at cost	900	27,900	3	27,900	Note 1
	Dawning Leading Technology Inc.		Financial assets carried at cost	3,039	42,000	1	42,000	Note 1
	Qun-Xin Venture Capital		Financial assets carried at cost	3,000	30,000	6	30,000	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 1
	Simple Act Inc.	-	Financial assets carried at cost	1,900	-	10	-	Note 1
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets carried at cost	68	-	1	-	Note 1
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 1
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 1
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF MONEY MARKET FUND	-	Available-for-sale financial assets	17,000	85,165 (RMB$17,050)	-	85,165 (RMB$17,050)	Notes 3 and 6
	GF EVERY DAY THE RED HAIRED TYPE MONEY MARKET FUND		Available-for-sale financial assets	2,800	14,061 (RMB$2,815)	-	14,061 (RMB$2,815)	Notes 3 and 6
	CHONGQING CHONG YOU INFORMATION TECHNOLOGY CO., LTD.	-	Financial assets carried at cost	-	-	3	-	Note 1
Wei-Young Investment Inc.	Elitergroup Computer Systems	-	Available-for-sale financial assets	238	4,820	-	4,820	Note 2
Generalplus Technology Inc.	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	6,775	101,404	-	101,404	Note 3
	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	2,955	30,139	-	30,139	Note 3
Sunext Technology	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	2,301	34,433	-	34,433	Note 3
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	2,942	30,000	-	30,000	Note 3
Sunplus Innovation Technology Inc.	<u>Stock</u>							
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	4,121	9	4,121	Note 1
	Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,391	10	15,391	Note 1
	Point Grab Ltd.	-	Financial assets carried at cost	182	30,150	4	30,150	Note 1
	<u>Fund</u>							
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	4,012	60,048	-	60,048	Note 3
	Fubon Chi-Hsiang Money Market	-	Available-for-sale financial assets	1,292	20,016	-	20,016	Note 3
	Fuh Hwa You Li Money Market		Available-for-sale financial assets	2,253	30,023	-	30,023	Note 3
	Mega Diamond Money Market	-	Available-for-sale financial assets	810	10,026	-	10,026	Note 3

(Continued)

Note 1: The market value was based on carrying value as of December 31, 2015.

Note 2: The Market value was based on the closing price as of December 31, 2015.

Note 3: The market value was based on the net asset value of fund as of December 31, 2015.

Note 4: As of December 31, 2015, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. of the shares of Sunplus Technology Company Limited with a market value $39,429thousand had not been pledged or mortgaged.

Note 5: The market value was based on Amortised cost as of December 31, 2015.

Note 6: The exchange rate was based on the exchange rate as of December 31, 2015.

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. For the Year ended December 31,2015

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd. (“parent company”)	Generalplus Technology Corp.	1	Sales	$ 5,804	Note 1	0.06%
			Nonoperating income and gains	85	Note 2	-
			Notes and accounts receivable	655	Note 1	-
	Sunext Technology Co., Ltd.	1	Sales	2,648	Note 1	0.03%
			Nonoperating income and gains	9,630	Notes 2 and 4	0.10%
			Notes and accounts receivable	2,153	Note 1	0.01%
			Other receivables	794	Note 3	-
			Research and development	1,576	Note 2	0.02%
			Other accrued expense	249	Note 3	-
	Sunplus Innovation Technology Inc.	1	Sales	452	Note 1	-
			Nonoperating income and gains	3,968	Note 2	0.04%
			Notes and accounts receivable	74	Note 1	-
			Other receivables	953	Note 3	0.01%
			Research and development	18	Note 2	-
	iCatch Technology, Inc.	1	Sales	13,755	Note 1	0.15%
			Nonoperating income and gains	13,205	Notes 2 and 4	0.14%
			Notes and accounts receivable	3,523	Note 1	0.02%
			Other receivables	1,135	Note 3	0.01%
	Sunplus Technology (H.K.) Co., Ltd.	1	Marketing expense	1,059	Note 2	0.01%
			Other accrued expense	163	Note 3	-
	Jumplux Technology Co., Ltd.	1	Other receivables	258	Note 3	-
			Non operating income and gain	785	Notes 2	0.01%
			Sales	3,182	Note 1	0.03%
	Sunplus mMedia Inc.	1	Marketing expenses	264	Note 2	-
			Other accrued expense	327	Note 3	-
			Sales	1,004	Note 1	0.01%
			Nonoperating income and gains	3,836	Note 2 and 4	0.04%
			Other receivables	349	Note 3	-
			Notes and accounts receivable	211	Note 1	-
	S2-TEK Inc.	1	Notes and accounts receivable	750	Note 1	-
			Other receivable	1,262	Note 3	0.01%
			Other accrued expense	4,478	Note 3	0.03%
			Sales	45,696	Note 1	0.49%
			Nonoperating income and gain	16,275	Note 2	0.17%
			Research and development	13,931	Note 2	0.15%

(Continued)

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	**Amount**	**Terms**	**Percentage of Consolidated Total Gross Sales or Total Assets**
Sunext Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Research and development	$ 2,270	Note 2	0.02%
			Other accrued expense	677	Note 3	-
	S2-TEK Inc.	2	Nonoperating income and gain	2,263	Note 2	0.02%
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Marketing expenses	2,582	Note 2	0.03%
			Other accrued expense	681	Note 3	-
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other accrued expense	7,374	Note 3	0.05%
			Marketing expenses	27,512	Note 2	0.29%
Generalplus Technology Corp.	Sunplus Innovation Technology Inc.	2	Research and development	24	Note 2	-
			Marketing expense	2,048	Note 2	0.01%
	Generapllus Technology (H.K.) Corp.	2	Marketing expense	14,152	Note 2	0.15%
			Other accrued expense	2,384	Note 3	0.01%
	Generalplus Technology (Shenzhen) corp.	2	Research and development	96,711	Note 2	1.03%
			Other accrued expense	26,346	Note 3	0.16%
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Marketing expenses	24,278	Note 2	0.26%
			Accrued expenses	6,652	Note 3	0.04%
	SunMedia Technology Co., Ltd.	2	Marketing expenses	28,581	Note 2	0.30%
			Accrued expenses	4,698	Note 3	0.03%
	Sunplus Technology (Beijing)	2	Research and development	3,566	Note 2	0.04%
			Accrued expenses	3,566	Note 3	0.02%
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other receivables	101,648	Note 3	1.08%
			Research and development	9,222	Note 2	0.10%
	1culture Communication Co,.Ltd	2	Other receivables	744	Note 3	-
			Nonoperating income and gains	4	Note 2	-
Sunplus APP Technology	Sunplus Technology (Beijing)	2	Notes and accounts receivable	150	Note 2	-
			Research and development	47	Note 2	-
			Sales	152	Note 1	-
SunMedia Technology Co., Ltd.	Sunplus APP Technology	2	Other accrued expense	174	Note 3	0.01%
Sunplus mMedia Inc.	Sunplus Technology (Beijing)	2	Other accrued expense	1,441	Note 3	0.01%
			Research and development	1,441	Note 2	0.02%
	S2-TEK Inc.	2	Nonoperating income and gain	1,999	Note 2	0.02%
S2-TEK Inc.	Jumplux Technology Co., Ltd.	2	Research and development	3,628	Note 2	0.04%
	Sunplus Technology (Beijing)	2	Research and development	1,008	Note 2	0.01%
	SunMedia Technology Co., Ltd.	2	Research and development	10,204	Note 2	0.11%
			Accrued expenses	1,925	Note 3	0.01%
	Sunplus Prof-tek (Shenzhen) Co., Ltd	2	Research and development	27,512	Note 2	0.29%
			Accrued expenses	7,374	Note 3	0.05%

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

Note 2: The prices were based on negotiations and but 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 were thus not comparable to market terms. The transactions between the Company and counter-party were at normal terms.

Note 5: 1 - From parent company to subsidiary.
2 - Between subsidiaries.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,628,372 (US$ 74,305 RMB$ 37,900)	$ 2,628,372 (US$ 74,305 RMB$ 37,900)	-	100	$ 1,699,981	$ (184,570)	$ (184,570)	Subsidiary (Note 2)
	FolcalTech Inc.	Hsinchu, Taiwan	Design of ICs	-	536,298	-	-	-	-	-	Investee
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Design and sale of ICs	315,658	315,658	8,229	13	339,023	138,906	18,145	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	897,803	189,566	189,566	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	722,586	388,158	133,140	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	814,205	170,634	170,634	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	63	515,144	3,281	2,046	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	484,497 (US$ 14,760)	484,497 (US$ 14,760)	14,760	100	291,435	(61,536)	(61,536)	Subsidiary (Note 2)
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	245,948	136,448	51,434	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,836	61	108,058	(1,000)	(612)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	307,565	17,441	87	48,981	(45,750)	(39,415)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,061	(31)	(31)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	46,903 (HK$ 11,075)	46,903 (HK$ 11,075)	11,075	100	(140)	(4,384)	(4,384)	Subsidiary (Note 2)
	Magic Sky Limited	Samoa	Investment	215,332 (US$ 6,560)	208,767 (US$ 6,360)	-	100	251	(6,374)	(6,374)	Subsidiary (Notes 1 and 2)
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	362,285	362,285	908	2	13,295	460,948	10,469	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	32,373	7,480	7,480	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	14,783	1,558	1,558	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	289,891	388,158	53,122	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	9,388	(1,000)	(53)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	15,406	3,281	70	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	11,567	136,448	2,393	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	6,339	(45,750)	(1,609)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	132,788	132,788	9,591	24	140,455	460,948	110,520	Investee
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	96,766	388,158	15,342	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	48,604	3,281	189	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	32,319	32,319	3,232	6	38,769	136,448	8,017	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	12,322	(1,000)	(70)	Subsidiary
	FolcalTech Inc.	Hsinchu, Taiwan	Design of ICs	-	10,800	-	-	-	-	-	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	10	3,367	(45,750)	(4,726)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	133,846	133,846	10,001	25	146,245	460,948	115,245	Investee
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	69,556 (US$ 2,119)	69,556 (US$ 2,119)	442	1	1,247 (US$ 38)	(1,000)	33 (US$ -)	Subsidiary (Note 2)

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	$ 1,800	$ 1,800	108	-	$ 2,018	$ 388,158	$ 385	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	-	49	(1,000)	-	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,628,372 (USD 74,305 RMB 37,900)	2,628,372 (US$ 74,305 RMB$ 37,900)	-	100	1,699,961	(184,570)	(184,570)	Subsidiary (Note 2)
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,628,372 (USD 74,305 RMB 37,900)	2,628,372 (US$ 74,305 RMB$ 37,900)	-	100	1,699,937	(184,571)	(184,571)	Subsidiary (Note 2)
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	626,629 (US$ 19,090)	626,629 (US$ 19,090)	19,090	100	501,343	7,706	7,706	Subsidiary (Note 2)
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	626,629 (US$ 19,090)	626,629 (US$ 19,090)	19,090	100	501,341	7,706	7,706	Subsidiary (Note 2)
Generalplus (Mauritius) Inc.	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	12,801 (US$ 390)	12,801 (US$ 390)	390	100	3,733	(2,723)	(2,723)	Subsidiary (Note 2)
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	8,504 (EUR 237)	8,504 (EUR 237)	237	100	(85)	-	-	Subsidiary (Note 2)
Sunplus mMedia Inc.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design and sales of IC	32,000	32,000	32,000	80	9,838	(22,508)	(18,006)	Subsidiary

Note 1: Current capital registration has not been completed.

Note 2: The initial exchange rate was based on the exchange rate as of December 31, 2015.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND AFFILIATES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	$ 564,590 (US$ 17,200)	Note 1	$ 579,525 (US$ 17,655)	$ -	$ -	$ 579,525 (US$ 17,655)	100%	$ 37,803	$ 37,804	$ 513,428	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	1,058,606 (US$ 32,250)	Note 1	1,058,606 (US$ 32,250)	-	-	1,058,606 (US$ 32,250)	100%	(31,082)	(31,082)	890,219	-
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	656,500 (US$ 20,000)	Note 1	656,500 (US$ 20,000)	-	-	656,500 (US$ 20,000)	100%	(75,789)	(75,789)	249,079	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	74,925 (RMB$ 15,000)	Note 1	69,185 (US$ 586 RMB$ 10,000)	-	-	69,185 (US$ 586 RMB$ 10,000)	93%	(45,156)	(42,144)	24,277	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	162,338 (RMB$ 32,500)	Note 1	123,094 (US$ 3,750)	-	-	123,094 (US$ 3,750)	81%	(54,704)	(40,370)	(58,032)	-
Sunplus Technology (Beijing)	Design of software	134,865 (RMB$ 27,000)	Note 1	134,865 (RMB$ 27,000)	-	-	134,865 (RMB$ 27,000)	100%	(29,854)	(29,854)	82,916	-

Accumulated Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,621,775 (US$ 74,241 RMB$ 37,000)	$ 2,713,737 (US$ 74,760 RMB$ 52,000)	$5,718,007

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 3)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Generalplus Shenzhen	Data processing service	$ 613,828 (US$ 18,700)	Note 1	$ 613,828 (US$ 18,700)	$ -	$ -	$ 613,828 (US$ 18,700)	100%	$ 10,429	$ 10,429	$ 497,588	$ -

Accumulated Investment in Mainland China as of December 31, 2015	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 613,828 (US$ 18,700)	$ 613,828 (US$ 18,700)	$1,282,720

Note 1: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through investing in a company located in a third country.

Note 2: The net assets were based on reviewed financial data as of December 31, 2015.

Note 3: Based on the investee company in the same period reviewed financial statements.

Note 4: The initial exchange rate was based on the exchange rate as of December 31, 2015.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

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, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Research and Development Expense		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Market Transactions	Ending Balance	%		
Generalplus Technology (Shenzhen) Corp.	Development and processing services	$ 96,711	19%	Based on contract	Based on contract	Not comparable with market transactions	$ 26,346	89%	$ -	NA

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	-	-	-	None	None	None
				2007.09.05	160,538 shares Capital increase from profits and capital surplus	-	-	-	380,000 shares Pledged	None	None
				2008.09.08	169,471 shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2011.10.06	Cash dividend NT$2,872	-	-	-	None	None	None
				2014.09.10	Cash dividend NT$2,136				None	None	None
				By the date of this report printed	-	-	-	3,559,996 shares $63,401	3,384,446 shares Pledged	None	None

9.4 Special Notes

None

9.5 Any Events Impact to Shareholders' Equity and Share Price

None