Sunplus Technology Company Limited

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Sunplus Technology Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2018 and 2017, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2018 and 2017, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

<u>Revenue recognition</u>

Integrated circuit chip sales accounted for 90% of the Company's total revenue. Operating income declined in 2018, but sales to some customers increased significantly. Therefore, we deem revenue recognition as a key audit matter. For a detailed explanation of revenue, refer to Notes 4 and 23 to the accompanying consolidated financial statements.

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

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 20, 2019

<u>Notice to Readers</u>

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 3, 4 and 6)	$ 780,555	9	$ 1,722,569	18
Financial assets at fair value through profit or loss (FVTPL) - current (Notes 3, 4, 7 and 31)	661,494	7	-	-
Available-for-sale financial assets - current (Notes 3, 4, 5 and 9)	-	-	602,003	6
Accounts receivable, net (Notes 3, 4, 5, 11 and 32)	171,387	2	200,733	2
Other receivables (Notes 3, 4, 25 and 32)	14,226	-	51,268	-
Inventories (Notes 4 and 12)	256,907	3	276,908	3
Other financial assets (Notes 3, 16 and 33)	-	-	59,520	1
Other current assets (Note 16)	24,851	-	29,734	-
Total current assets	1,909,420	21	2,942,735	30
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss (FVTPL) - non-current (Notes 3, 4, 7 and 31)	266,154	3	-	-
Financial assets at fair value through other comprehensive income (FVTOCI) - non-current (Notes 3, 4, 8 and 31)	4,337	-	-	-
Available-for-sale financial assets - non-current (Notes 3, 4, 9 and 31)	-	-	74,435	1
Financial assets carried at cost (Notes 3, 4, 5 and 10)	-	-	201,923	2
Investments accounted for using the equity method (Notes 4, 13 and 32)	5,981,209	67	5,762,269	59
Property, plant and equipment (Notes 3, 4, 5, 14 and 33)	687,187	8	682,943	7
Intangible assets (Notes 4, 5 and 15)	86,495	1	62,141	1
Deferred tax assets (Notes 4, 5 and 25)	2,485	-	2,485	-
Other financial assets (Notes 3, 16 and 33)	6,100	-	6,100	-
Other non-current assets (Note 16)	8,000	-	8,000	-
Total non-current assets	7,041,967	79	6,800,296	70
TOTAL	$ 8,951,387	100	$ 9,743,031	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank borrowings (Note 17)	$ -	-	$ 59,520	1
Contract liabilities - current (Note 23)	2,547	-	-	-
Account payable (Note 18)	108,075	1	136,811	1
Provisions - current (Notes 3, 4 and 19)	-	-	7,300	-
Current portion of long-term bank loans (Notes 17 and 33)	115,000	1	175,000	2
Other current liabilities (Notes 3 and 20)	188,041	2	226,187	2
Total current liabilities	413,663	4	604,818	6
NON-CURRENT LIABILITIES				
Long-term bank loans, net of current portion (Notes 17 and 33)	-	-	100,000	1
Net defined benefit liabilities (Notes 4 and 21)	5,275	-	10,864	-
Guarantee deposits	64,131	1	61,113	1
Other non-current liabilities, net of current portion (Note 23)	2,376	-	-	-
Total non-current liabilities	71,782	1	171,977	2
Total liabilities	485,445	5	776,795	8
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 22)				
Common shares	5,919,949	66	5,919,949	61
Capital surplus	801,398	9	835,241	9
Retained earnings				
Legal reserve	1,941,826	21	1,900,505	20
Special reserve	67,279	1	22,995	-
Unappropriated earnings	241,734	3	413,209	4
Total retained earnings	2,250,839	25	2,336,709	24
Other equity	(442,843)	(5)	(62,262)	(1)
Treasury shares (Note 22)	(63,401)	-	(63,401)	(1)
Total equity	8,465,942	95	8,966,236	92
TOTAL	$ 8,951,387	100	$ 9,743,031	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2018		2017	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 23 and 32)	$ 1,238,780	100	$ 1,365,802	100
OPERATING COSTS (Notes 12, 21 and 24)	809,472	66	892,547	65
GROSS PROFIT	429,308	34	473,255	35
OPERATING EXPENSES (Notes 21, 24 and 32)				
Selling and marketing expenses	31,670	3	43,754	3
General and administrative expenses	176,445	14	220,785	16
Research and development expenses	460,807	37	482,210	36
Total operating expenses	668,922	54	746,749	55
LOSS FROM OPERATIONS	(239,614)	(20)	(273,494)	(20)
NONOPERATING INCOME AND EXPENSES (Notes 4, 13, 24, 27 and 32)				
Other income	52,856	4	39,506	3
Other gains and losses	152,227	12	424,700	31
Finance costs	(4,864)	-	(8,337)	(1)
Share of profit of associates and joint ventures	47,155	4	239,083	18
Total nonoperating income and expenses	247,374	20	694,952	51
PROFIT BEFORE INCOME TAX	7,760	-	421,458	31
INCOME TAX EXPENSE (Notes 4 and 25)	2,144	-	-	-
NET PROFIT FOR THE YEAR	5,616	-	421,458	31
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)				
Remeasurement of defined benefit plans	3,443	-	(4,088)	-
Unrealized losses from investments in equity instruments at FVTOCI	(94,350)	(8)	-	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(18,667)	(1)	(1,534)	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 22)				

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2018		2017	
	Amount	**%**	**Amount**	**%**
Exchange differences on translating foreign operations	18,919	2	(42,119)	(3)
Unrealized loss on available-for-sale financial assets	-	-	(278,167)	(21)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	(35,694)	(3)	13,624	1
Other comprehensive loss for the year, net of income tax	(126,349)	(10)	(312,284)	(23)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (120,733)	(10)	$ 109,174	8
EARNINGS PER SHARE (Note 26)				
Basic	$ 0.01		$ 0.72	
Diluted	$ 0.01		$ 0.72	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	Share Capital Issued and Outstanding			Retained Earnings			Other Equity				
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Losses from Investments in Equity Instruments Measured at FVTOCI	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2017	591,995	$ 5,919,949	$ 911,110	$ 1,890,531	$ 21,927	$ 99,738	$ (62,062)	$ 306,462	$ -	$ (63,401)	$ 9,024,254
Appropriation of the 2016 earnings											
Legal reserve	-	-	-	9,974	-	(9,974)	-	-	-	-	-
Special reserve	-	-	-	-	1,068	(1,068)	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(88,681)	-	-	-	-	(88,681)
Difference between share price and book value from disposal of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	-	-	-	(18)	-	-	-	-	(18)
Issuance of share dividends from capital surplus	-	-	(207,317)	-	-	-	-	-	-	-	(207,317)
Difference between share price and book value from disposal of subsidiaries	-	-	129,668	-	-	-	-	-	-	-	129,668
Changes of equity of subsidiaries	-	-	-	-	-	(2,624)	-	-	-	-	(2,624)
Net profit for the year ended December 31, 2017	-	-	-	-	-	421,458	-	-	-	-	421,458
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(5,622)	(60,038)	(246,624)	-	-	(312,284)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	415,836	(60,038)	(246,624)	-	-	109,174
Disposal of treasury shares	-	-	1,780	-	-	-	-	-	-	-	1,780
BALANCE, DECEMBER 31, 2017	591,995	5,919,949	835,241	1,900,505	22,995	413,209	(122,100)	59,838	-	(63,401)	8,966,236
Effect of retrospective application and retrospective restatement	-	-	-	-	-	294,288	-	(59,838)	(230,011)	-	4,439
BALANCE, JANUARY 1, 2018 AS RESTATED	591,995	5,919,949	835,241	1,900,505	22,995	707,497	(122,100)	-	(230,011)	(63,401)	8,970,675
Appropriation of the 2017 earnings											
Legal reserve	-	-	-	41,321	-	(41,321)	-	-	-	-	-
Special reserve	-	-	-	-	44,284	(44,284)	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(327,551)	-	-	-	-	(327,551)
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	50,782	-	-	-	-	-	-	-	50,782
Issuance of share dividends from capital surplus	-	-	(86,846)	-	-	-	-	-	-	-	(86,846)
Difference between share price and book value from disposal of subsidiaries	-	-	(271)	-	-	-	-	-	-	-	(271)
Changes of equity of subsidiaries	-	-	-	-	-	(22,606)	-	-	-	-	(22,606)
Net profit for the year ended December 31, 2018	-	-	-	-	-	5,616	-	-	-	-	5,616
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	1,453	(16,775)	-	(111,027)	-	(126,349)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	7,069	(16,775)	-	(111,027)	-	(120,733)
Adjustments to capital surplus due to the distribution of cash dividends to subsidiaries	-	-	2,492	-	-	-	-	-	-	-	2,492
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(37,070)	-	-	37,070	-	-
BALANCE, DECEMBER 31, 2018	591,995	$ 5,919,949	$ 801,398	$ 1,941,826	$ 67,279	$ 241,734	$ (138,875)	$ -	$ (303,968)	$ (63,401)	$ 8,465,942

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 7,760	$ 421,458
Adjustments for:		
Depreciation expenses	45,232	45,365
Amortization expenses	42,802	32,582
Bad-debt expense	-	30,558
Net gain on the fair value change of financial assets designated as at fair value through profit or loss	13,218	-
Financial costs	4,864	8,337
Interest income	(6,885)	(5,379)
Dividend income	(4,568)	(6,559)
Share of profit of subsidiaries, associates and joint ventures	(47,155)	(239,083)
Gain on disposal of investments	-	(516,435)
Gain on disposal of subsidiaries	(119,154)	-
Impairment loss recognized on financial assets	-	96,567
Impairment loss recognized on non-financial assets	-	21,577
Realized gain on the transactions with subsidiaries	(2,287)	(404)
Net loss on foreign currency exchange	203	6,494
Changes in operating assets and liabilities:		
Decrease (increase) in other receivables	22,170	(3,563)
Decrease in trade receivables	29,387	117,072
Decrease (increase) in inventories	20,001	(19,678)
Decrease in other current assets	4,883	40,071
Decrease in contract liabilities	(996)	-
Decrease in trade payables	(28,717)	(7,993)
Decrease in provisions	-	(1,854)
Decrease in other current liabilities	(34,475)	(55,517)
Decrease in defined benefit liabilities	(2,146)	(2,229)
Cash generated from operations	(55,863)	(38,613)
Interest received	7,398	5,422
Dividends received	278,568	353,024
Interest paid	(5,018)	(8,888)
Income tax paid	(1,680)	-
Net cash generated from operating activities	223,405	310,945
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at FVTPL	(454,704)	-
Proceeds from the sale of financial assets at FVTPL	313,976	-
Purchases of available-for-sale financial assets	-	(275,420)
Proceeds of the sale of available-for-sale financial assets	-	1,128,917
Capital returned to the Company - financial assets carried at cost	-	3,183
Purchase of investments accounted for using the equity method	(346,554)	(393,281)
Payments for property, plant and equipment	(41,358)	(14,568)
Payments for intangible assets	(65,360)	(48,365)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	2018	2017
Decrease in other assets - non-current	59,520	4,980
Decrease in refundable deposits	-	58
Net cash (used in) generated from investing activities	(534,480)	405,504
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments) proceeds of short-term borrowings	(59,520)	22,020
Repayments of long-term borrowings	(160,000)	(670,832)
Proceeds from guarantee deposits received	1,860	48,146
Refunds of guarantee deposits received	(752)	(48,249)
Dividends paid to owners of the Company	(414,397)	(295,998)
Net cash used in financing activities	(632,809)	(944,913)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	1,870	(6,712)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(942,014)	(235,176)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,722,569	1,957,745
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 780,555	$ 1,722,569

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

1. GENERAL INFORMATION

Sunplus Technology Company Limited ("Sunplus" or the "Company") was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific devices. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 22).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 20, 2019.

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

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

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

   1) IFRS 9 "Financial Instruments" and related amendments

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

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

Classification, measurement and impairment of financial assets

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

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

	Measurement Category		Carrying Amount		
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**	**Remark**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 1,722,569	$ 1,722,569	(a)
Equity securities	Available‐for‐sale	Mandatorily at FVTPL	201,923	186,286	
		Fair value through other comprehensive income - equity instruments	-	98,687	(b)
Mutual funds	Available‐for‐sale	Mandatorily at FVTPL - current	676,438	602,003	(c)
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	252,001	252,001	(a)
Restricted assets	Loans and receivables	Amortized cost	65,620	65,620	(a)

Financial Assets	**IAS 39 Carrying Amount as of January 1, 2018**	**Reclassifi-cations**	**Remea-surements**	**IFRS 9 Carrying Amount as of January 1, 2018**	**Retained Earnings Effect on January 1, 2018**	**Other Equity Effect on January 1, 2018**	**Remark**
FVTPL	$ -	$ -	$ -	$ -	$ -	$ -	
Add: Reclassification from available-for-sale (IAS 39)	-	781,438	6,851	788,289	10,841	(3,990)	(b), (c)
	-	781,438	6,851	788,289	10,841	(3,990)	
FVTOCI	-	-	-	-	-	-	
Add: Reclassification from available-for-sale (IAS 39)	-	96,923	1,764	98,687	201,877	(200,113)	(b), (c)
	-	96,923	1,764	98,687	201,877	(200,113)	
	$ -	$ 878,361	$ 8,615	$ 886,976	$ 212,718	$ (204,103)	

	IAS 39 Carrying Amount as of January 1, 2018	**Adjustments Arising from Initial Application**	**IFRS 9 Carrying Amount as of January 1, 2018**	**Retained Earnings Effect on January 1, 2018**	**Other Equity Effect on January 1, 2018**	**Remark**
Investments accounted for using the equity method	$ 5,762,269	$ (4,176)	$ 5,758,093	$ 81,570	$ (85,746)	(d)

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

b) Investments in unlisted shares previously measured at cost under IAS 39 have been classified at FVTPL and at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $111,851 and $6,851 thousand was recognized in financial assets at FVTPL and retained earnings, respectively, on January 1, 2018; consequently, an increase of $98,687 and $1,764 thousand was recognized in financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI, respectively, on January 1, 2018.

   The Company recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $201,877 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $201,877 thousand in retained earnings on January 1, 2018.

c) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a decrease of $3,990 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an increase of $3,990 thousand in retained earnings on January 1, 2018.

d) As a result of the retrospective application of IFRS 9 by Investments accounted for using the equity method, there was a decrease in investments accounted for using the equity method of $4,176 thousand, a decrease in other equity - unrealized gain (loss) on available-for-sale financial assets of $55,848 thousand, a decrease in other equity - unrealized gain (loss) on financial assets at FVTOCI of $85,746 thousand and an increase in retained earnings of $81,570 thousand on January 1, 2018.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

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

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

Impact on assets, liabilities and equity for the current period

	January 1, 2018 Carrying Amount	Adjustments Arising from Initial Application	January 1, 2018 Adjusted Carrying Amount
Contract liabilities - current	$ -	$ 3,543	$ 3,543
Provisions - current	7,300	(7,300)	-
Other current liabilities	226,187	3,757	229,944
Total effect on liabilities	$ 233,487	$ -	$ 233,487

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

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

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

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

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

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

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

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

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

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

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

1) IFRS 16 "Leases"

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

Definition of a lease

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

The Company as lessee

Upon initial application of IFRS 16, lease liabilities for all leases on the parent company only balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the parent company only statements of comprehensive income, the Company will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the parent company only statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities.

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

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

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Right-of-use assets	$ -	$ 185,344	$ 185,344
Total effect on assets	$ -	$ 185,344	$ 185,344
Lease liabilities - current	$ -	$ 3,913	$ 3,913
Lease liabilities – non-current	-	181,431	181,431
Total effect on liabilities	$ -	$ 185,344	$ 185,344

The Company as lessor

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

2) IFRIC 23 “Uncertainty Over Income Tax Treatments”

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis for Preparation

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

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

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

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

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

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

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

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

e. Inventories

Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments accounted for using the equity method

The Company uses the equity method to account for investments in subsidiaries, associates and joint ventures.

1) Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company’s share of the change in other equity of the subsidiary.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company’s share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company’s net investment in the subsidiary), the Company continues recognizing its share of further losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When testing for impairment, the cash-generating unit is determined based on the financial statements as a whole by comparing its recoverable amount with its carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as a gain, but the increased carrying amount of an asset after a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized on the asset in prior years. An impairment loss recognized for goodwill shall not be reversed in a subsequent period.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with subsidiary and side stream transactions between subsidiaries are recognized in the Company’s financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

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

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

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

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

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

When the Company transacts with its associate (profits and losses resulting from the transactions with the associate are recognized in the Company's parent company only financial statements only to the extent of interests in the associate and the jointly controlled entity that are not related to the Company.

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of tangible and intangible assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually.

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

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

j. Financial instruments

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

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

1) Financial assets

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

   a) Measurement category

      <u>2018</u>

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

      i. Financial assets at FVTPL

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

         Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on the financial assets. Fair value is determined in the manner described in Note 31.

      ii. Financial assets at amortized cost

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

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

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

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

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

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

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

<u>2017</u>

Financial assets are classified into the following categories: Available-for-sale financial assets and loans and receivables.

i. Available-for-sale financial assets

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

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

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

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

ii. Loans and receivables

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

Cash equivalents includes time deposits and bonds with repurchase agreements with original maturities from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

2018

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

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

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

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

2017

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Provisions

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

l. Revenue recognition

2018

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

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

Revenue from the sale of goods

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

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

Other

Other mainly comes from software development and royalties.

<u>2017</u>

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

1) Sale of goods

   Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

   a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

   c) The amount of revenue can be measured reliably;

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

   e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

2) Dividend and interest income

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

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

m. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of financial assets - 2018

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

b. Estimated impairment of receivable - 2017

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

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

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

For the year ended December 31, 2018 and 2017, the Company recognized impairment losses on intangible assets of $0 and $21,577 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 424	$ 479
Checking accounts and demand deposits	522,131	724,090
Cash equivalents		
Time deposits	258,000	998,000
	$ 780,555	$ 1,722,569

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

	December 31	
	2018	**2017**
Bank balance	0.01%-0.65%	0.01%-0.63%

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

	December 31	
	2018	**2017**
Financial assets at FVTPL - current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Mutual funds	$ 661,494	$ -

(Continued)

	December 31	
	2018	2017
Financial liabilities at FVTPL - non-current		
Financial assets classified as at FVTPL		
Non-derivative financial assets		
- Unlisted debt securities - ROC	$ 190,050	$ -
- Mutual funds	75,432	-
- Securities listed in other countries	672	-
	$ 266,154	$ -

(Concluded)

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

	December 31, 2018
Non-current	
Domestic and foreign investments	
- Unlisted shares and emerging market shares	$ 4,337

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Current	
Domestic investments	
- Mutual funds	$ 602,003
Non-current	
Domestic investments	
- Mutual funds	$ 74,435

10. FINANCIAL ASSETS MEASURED AT COST - 2017

	December 31, 2017
Non-current	
Unlisted shares and emerging market shares	$ 201,923
Classified according to financial asset measurement categories	
Classified as available for sale	$ 201,923

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

The Company believed that the above financial asset carried at cost had impairment losses of $96,567 as of December 31, 2017.

11. ACCOUNTS RECEIVABLE, NET

	December 31 2018	December 31 2017
Trade receivables		
At amortized cost		
Gross carrying amount	$ 171,387	$ 307,990
Less: Allowance for impairment loss	-	(107,257)
	$ 171,387	$ 200,733

2018

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

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

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

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

December 31, 2018

	Not Overdue	Overdue 1- 60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121 days or More	Total
Gross carrying amount	$ 171,387	$ -	$ -	$ -	$ -	$ 171,387
Expected credit losses	-	-	-	-	-	-
Amortized cost at December 31, 2018	$ 171,387	$ -	$ -	$ -	$ -	$ 171,387

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

	December 31, 2018
Balance at January 1, 2018 per IAS 39	$ 107,257
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	107,257
Less: Amounts written off (Note)	(107,257)
Balance at December 31, 2018	$ -

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

December 31, 2017

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

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

The aging of receivables is as follows:

	December 31, 2017
0-60 days	$ 184,337
61-90 days	16,396
91-120 days	-
121-360 days	-
More than 361 days	107,257
Total	$ 307,990

The above aging schedule was based on the invoice date.

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

	Individually Impaired	Collectively Impaired	Total
Balance at January 1, 2017	$ 76,699	$ -	$ 76,699
Add: Impairment losses recognized on receivables	30,558	-	30,558
Balance at December 31, 2017	$ 107,257	$ -	$ 107,257

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 98,872	$ 126,860
Work in progress	129,316	130,703
Raw materials	28,719	19,345
	$ 256,907	$ 276,908

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 were $809,472 thousand and $892,547 thousand, respectively.

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

	Years Ended December 31	
	2018	2017
(Loss) gains on inventory value recoveries	$ (17,880)	$ 14,308
Income from scrap sales	87	69
	$ (17,793)	$ 14,377

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	$ 5,384,684	$ 5,382,918
Investments in associates	596,525	379,351
	$ 5,981,209	$ 5,762,269

a. Investments in subsidiaries

	December 31 2018	December 31 2017
Listed companies		
Generalplus Technology Corp.	$ 704,549	$ 723,246
Non-listed Company		
Ventureplus Group Inc.	1,354,351	1,489,741
Sunplus Venture Capital Co., Ltd.	1,028,567	915,693
Lin Shih Investment Co., Ltd.	750,558	799,259
Russell Holdings Limited	579,038	520,859
Sunplus Innovation Technology	523,083	481,414
Sunext Technology Co., Ltd.	174,391	115,593
Magic Sky Limited	82,747	89,418
Wei-Young Investment Inc.	56,947	17,870
Sunplus mMedia Inc.	46,128	24,886
Award Glory Ltd.	33,116	-
Sunplus mMobile Inc.	29,785	30,202
Jumplux Technology Co., Ltd.	17,475	-
Sunplus Management Consulting	3,910	3,951
Sunplus Technology (H.K.)	39	38
iCatch Technology Inc.	-	170,748
	$ 5,384,684	$ 5,382,918
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)		
Award Glory Ltd.	$ -	$ 12,990

Except for Sunplus Management Consulting, the investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2018 and 2017 were based on the subsidiaries' financial statements audited by the Company's auditors for the same reporting periods as those of the Company. Refer to Note 35 for the detail list of investments in subsidiaries.

The percentage subsidiaries' ownerships and voting right held by the Company:

	December 31 2018	December 31 2017
Listed companies		
Generalplus Technology Corp.	34%	34%
Non-listed Company		
Ventureplus Group Inc.	100%	100%
Sunplus Venture Capital Co., Ltd.	100%	100%
Lin Shih Investment Co., Ltd.	100%	100%
Russell Holdings Limited	100%	100%
Sunplus Innovation Technology	61%	61%
iCatch Technology Inc.	-	38%
Sunext Technology Co., Ltd.	91%	61%
Magic Sky Limited	100%	100%
Sunplus mMobile Inc.	100%	100%

(Continued)

	December 31	
	2018	**2017**
Sunplus mMedia Inc.	90%	87%
Wei-Young Investment Inc.	100%	100%
Sunplus Management Consulting	100%	100%
Sunplus Technology (H.K.)	100%	100%
Jumplux Technology	55%	-
Award Glory Ltd.	100%	100%

(Concluded)

b. Investments in associates

	December 31	
	2018	**2017**
Associates		
Global View Co., Ltd.	$ 307,106	$ 379,351
iCatch Technology Inc.	289,419	-
	$ 596,525	$ 379,351

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2018**	**2017**
Global View Co., Ltd.	13%	13%
iCatch Technology Inc.	30%	-

Refer to Table 5 and Table 6 “Information on Investees” “Information on Investments in Mainland China” for the nature of activities, principal places of business and countries of incorporation of the associates.

iCatch Technology Inc. has independently operated its financial activities since July 31, 2018 due to operational needs; thus, the Company assessed that the control of iCatch Technology Inc. was lost. On July 31, 2018 the equity investment was remeasured at fair value, and a disposal gain of $119,154 thousand was recognized.

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

	December 31	
	2018	**2017**
Global View Co., Ltd.	$ 248,530	$ 392,134

All the associates are accounted for using the equity method.

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

	December 31	
	2018	**2017**
Total assets	$ 2,346,302	$ 2,062,675
Total liabilities	$ 365,599	$ 129,672

	Years Ended December 31	
	2018	2017
Revenue	$1,005,661	$ 188,461
Profit for the period	$ (35,177)	$ 53,596
Comprehensive income	$ (95,076)	$ 739,555
Share of profits of associates accounted for using the equity method	$ (18,098)	$ 91,044

The amounts of share of profits of associates are based on the associates' financial statements audited by the auditors.

14. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2017						
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment	Total
Cost							
Balance, beginning of year	$ 969,205	$ 47,321	$ 1,168	$ 171,272	$ 27,551	$ -	$ 1,216,517
Additions	-	2,843	1,144	100	2,076	-	6,163
Disposals	-	(8,772)	(87)	(7,227)	(1,547)	-	(17,633)
Balance, end of year	$ 969,205	$ 41,392	$ 2,225	$ 164,145	$ 28,080	$ -	$ 1,205,047
Accumulated depreciation and impairment							
Balance, beginning of year	$ 303,220	$ 29,533	$ 570	$ 149,504	$ 11,545	$ -	$ 494,372
Depreciation expense	19,721	4,415	520	14,390	6,319	-	45,365
Disposals	-	(8,772)	(87)	(7,227)	(1,547)	-	(17,633)
Balance, end of year	$ 322,941	$ 25,176	$ 1,003	$ 156,667	$ 16,317	$ -	$ 522,104
Net, end of year	$ 646,264	$ 16,216	$ 1,222	$ 7,478	$ 11,763	$ -	$ 682,943

	Year Ended December 31, 2018						
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Prepayments for Equipment	Total
Cost							
Balance, beginning of year	$ 969,205	$ 41,392	$ 2,225	$ 164,145	$ 28,080	$ -	$ 1,205,047
Additions	-	275	-	36,552	9,709	2,940	49,476
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance, end of year	$ 969,205	$ 32,191	$ 1,770	$ 198,906	$ 35,002	$ 2,940	$ 1,240,014
Accumulated depreciation and impairment							
Balance, beginning of year	$ 322,941	$ 25,176	$ 1,003	$ 156,667	$ 16,317	$ -	$ 522,104
Depreciation expense	19,721	3,954	537	14,699	6,321	-	45,232
Disposals	-	(9,476)	(455)	(1,791)	(2,787)	-	(14,509)
Balance, end of year	$ 342,662	$ 19,654	$ 1,085	$ 169,575	$ 19,851	$ -	$ 552,827
Net, end of year	$ 626,543	$ 12,537	$ 685	$ 29,331	$ 15,151	$ 2,940	$ 687,187

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

Buildings	35-56 years
Auxiliary equipment	4-11 years
Machinery and equipment	4 years
Testing equipment	1-5 years
Furniture and fixtures	4-5 years

Refer to Note 33 for the carrying amounts of property, plant and equipment that had been pledged by the Company to secure borrowings.

15. INTANGIBLE ASSETS

	Year Ended December 31, 2017			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 235,447	$ 19,759	$ 97,099	$ 352,305
Additions	43,398	4,405	-	47,803
Disposals	(7,263)	(7,782)	-	(15,045)
Balance at December 31	$ 271,582	$ 16,382	$ 97,099	$ 385,063
Accumulated amortization				
Balance at January 1	$ 86,429	$ 12,070	$ 74,173	$ 172,672
Amortization expense	25,749	5,484	1,349	32,582
Disposals	(7,263)	(7,782)	-	(15,045)
Balance at December 31	$ 104,915	$ 9,772	$ 75,522	$ 190,209
Accumulated deficit				
Balance at January 1	$ 111,136	$ -	$ -	$ 111,136
Additions	-	-	21,577	21,577
Balance at December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2017	$ 55,531	$ 6,610	$ -	$ 62,141

	Year Ended December 31, 2018			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 271,582	$ 16,382	$ 97,099	$ 385,063
Additions	63,880	3,276	-	67,156
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 314,894	$ 11,120	$ 97,099	$ 423,113

(Continued)

	Year Ended December 31, 2018			
	Technology License Fees	**Software**	**Patents**	**Total**
Accumulated amortization				
Balance at January 1	$ 104,915	$ 9,772	$ 75,522	$ 190,209
Amortization expense	38,036	4,766	-	42,802
Disposals	(20,568)	(8,538)	-	(29,106)
Balance at December 31	$ 122,383	$ 6,000	$ 75,522	$ 203,905
Accumulated deficit				
Balance at January 1	$ 111,136	$ -	$ 21,577	$ 132,713
Additions	-	-	-	-
Balance at December 31	$ 111,136	$ -	$ 21,577	$ 132,713
Carrying amounts at December 31, 2018	$ 81,375	$ 5,120	$ -	$ 86,495

(Concluded)

The company recognized impairment loss on above intangible assets $21,577 thousand as of December 31, 2017, respectively.

These intangible assets were depreciated on a straight-line basis at the following rates per annum:

Technology license fees	1-10 years
Software	1-5 years
Patents	18 years

An analysis of the amortization by function:

	December 31	
	2018	**2017**
Operating costs	$ 191	$ 483
Selling and marketing expenses	3	6
General and administrative expenses	3,933	4,392
Research and development expenses	38,675	27,701
	$ 42,802	$ 32,582

16. OTHER ASSETS

	December 31	
	2018	2017
Current		
Other financial assets		
Pledged time deposits (a)	$ -	$ 59,520
Other assets		
Prepayments for EDA tools	$ 16,019	$ 18,986
Prepaid royalty	5,170	5,627
Others	3,662	5,121
	$ 24,851	$ 29,734
Non-current		
Other financial assets		
Pledged time deposits (a)	$ 6,100	$ 6,100
Other assets		
Refundable deposits	$ 200	$ 200
Others	7,800	7,800
	$ 8,000	$ 8,000

a. Refer to Notes 29 and 33 for information on pledged time deposits.

17. LOANS

a. Short-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Bank loans	$ -	$ 59,520

The weighted average effective interest rate on the bank loans as of December 31, 2017 were 2.65%.

b. Long-term borrowings

The borrowings of the Company were as follows:

	December 31	
	2018	2017
Loans on credit	$ 115,000	$ 275,000
Less: Current portion	115,000	175,000
Long-term borrowings - non-current	$ -	$ 100,000

The effective rate borrowings as of December 31 2018 and 2017 were 1.545%-1.600%, and 1.545%-1.925%.

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

18. ACCOUNTS AND NOTES PAYABLE

	December 31	
	2018	**2017**
Accounts payable		
Payable - operating	$ 108,075	$ 136,811

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

19. PROVISIONS

	December 31, 2017
Customer returns and rebates	$ 7,300

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

20. OTHER LIABILITIES

	December 31	
	2018	**2017**
Current		
Other liabilities		
Salaries or bonuses	$ 102,634	$ 112,458
Payable for royalties	19,459	38,501
Payable on machinery and equipment	7,770	2,028
Refund liabilities (Note 23)	9,014	-
Labor/health insurance	7,491	7,302
Compensation due to directors	199	10,807
Credit balances on the carrying values of long-term investments	-	12,990
Others	41,474	42,101
	$ 188,041	$ 226,187
Non-current		
Payable on machinery and equipment	$ 2,376	$ -

21. RETIREMENT BENEFIT PLANS

Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Defined benefit plans

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

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2018	2017
Present value of funded defined benefit obligation	$ 169,342	$ 165,832
Fair value of plan assets	(164,067)	(154,968)
Net defined benefit liabilities	$ 5,275	$ 10,864

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Liabilities (Assets) Arising from Defined Benefit Obligation
Balance at January 1, 2017	$ 159,999	$ 150,994	$ 9,005
Service cost			
Current service cost	573	-	573
Interest expense	2,560	2,438	122
Recognized in profit or loss	3,133	2,438	695
Remeasurement			
Return on plan assets	-	(1,388)	(1,388)
Actuarial (gain) loss-changes in financial assumptions	4,553	-	4,553
Adjustment on actuarial (gain) loss-experience adjustment	(1,853)	-	(1,853)
Recognized in other comprehensive income	2,700	(1,388)	4,088
Contributions from employer	-	2,924	(2,924)
Balance at December 31, 2017	$ 165,832	$ 154,968	$ 10,864

(Continued)

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Liabilities (Assets) Arising from Defined Benefit Obligation
Balance at January 1, 2018	$ 165,832	$ 154,968	$ 10,864
Service cost			
Current service cost	587	-	587
Interest expense	2,322	2,190	132
Recognized in profit or loss	2,909	2,190	719
Remeasurement			
Return on plan assets	-	4,044	(4,044)
Actuarial (gain) loss-changes in financial assumptions	5,484	-	5,484
Adjustment on actuarial (gain) loss-experience adjustment	(4,883)	-	(4,883)
Recognized in other comprehensive income	601	4,044	(3,443)
Contributions from employer	-	2,865	(2,865)
Balance at December 31, 2018	$ 169,342	$ 164,067	$ 5,275

(Concluded)

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

	For the Year Ended December 31	
	2018	2017
Operating costs	$ 153	$ 186
Selling and marketing expenses	6	5
General and administrative expenses	232	221
Research and development expenses	328	283
	$ 719	$ 695

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

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

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

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

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

	December 31	
	2018	**2017**
Discount rate(s)	1.15%	1.40%
Expected rate(s) of salary increase	4.00%	4.00%
Resignation rate	0%-28%	0%-28%

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

	December 31	
	2018	**2017**
Discount rate(s)		
0.25% increase	$ (5,484)	$ (5,666)
0.25% decrease	$ 5,726	$ 5,924
Expected rate(s) of salary increase		
1% increase	$ 23,638	$ 24,545
1% decrease	$ (20,348)	$ (21,012)

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

	December 31	
	2018	**2017**
The expected contributions to the plan for the next year	$ 2,866	$ 2,923
The average duration of the defined benefit obligation	15 years	16 years

22. EQUITY

a. Share capital

1) Common shares:

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

Fully paid common shares, which have a par value of $10.00, carry one vote per share and a right to dividends.

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

2) Global depositary receipts

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

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of 2018 and 2017 for each component of capital surplus was as follows:

	December 31	
	2018	**2017**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
From the issuance of common shares	$ 409,213	$ 496,059
From the acquisition of a subsidiary	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,022	140,293
May be used to offset a deficit only		
From treasury share transactions	43,958	41,466
Changes in net equity of associates or joint ventures accounted for using the equity method	50,782	-
	$ 801,398	$ 835,241

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

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

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained earnings. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 24-6.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

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

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2017	**For Year 2016**	**For Year 2017**	**For Year 2016**
Legal reserve	$ 41,321	$ 9,974		
Special reserve	44,284	1,068		
Cash dividend	327,551	88,681	$ 0.5533	$ 0.1498

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

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

The appropriations of earnings, the bonuses for employees, and the remuneration of directors for 2018 are subject to resolution in the shareholders' meeting to be held on March 20, 2019.

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

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

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

d. Special reserve

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

e. Other equity items

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

	Years Ended December 31	
	2018	2017
Balance at January 1	$ (122,100)	$ (62,062)
Share of exchange differences of associates accounted for using the equity method	(16,775)	(60,038)
Balance at December 31	$ (138,875)	$ (122,100)

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

Balance at January 1, 2017	$ 306,462
Changes in fair value of available-for-sale financial assets	262,308
Cumulative loss reclassified to profit or loss upon disposal of available-for-sale financial assets	(515,385)
Reclassification adjustments to profit or loss on impairment of available-for-sale financial assets	-
Share of unrealized gain on revaluation of jointly controlled entities accounted for using the equity method	6,453
Balance at December 31, 2017	59,838
Effect of retrospective application and retrospective restatement - IFRS 9	(59,838)
Balance at January 1, 2018 (IFRS 9)	$ -

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

	For the Year Ended December 31, 2018
Balance at January 1 (IAS 39)	$ -
Effect of retrospective application and retrospective restatement - IFRS 9	(230,011)
Balance at January 1 (IFRS 9)	(230,011)
Current	
Unrealized gain (loss)	(94,350)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	37,070
Share of unrealized gain (loss) on associates accounted for using the equity method	(16,677)
Balance at December 31	$ (303,968)

f. Noncontrolling interests

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
Number of shares as of January 1, 2017	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2017	-	3,560	3,560
Number of shares as of January 1, 2018	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2018	-	3,560	3,560

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

	Number of Shares Held (In Thousand)	Carrying Amount	Market Price
December 31, 2018			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,050
December 31, 2017			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 58,384

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

23. REVENUE

	Years Ended December 31	
	2018	2017
Revenue from the sale of goods	$ 1,114,399	$ 1,272,853
Other	124,381	92,949
	$ 1,238,780	$ 1,365,802

a. Contract information

Revenue from the sale of goods

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

Other

Other mainly comes from software development and royalties.

b. Disaggregation of revenue

For the Year Ended December 31, 2018

	Reportable Segments
	Direct Sales
Primary geographical markets	
Asia	$ 964,181
Taiwan	224,409
Others	50,190
	$ 1,238,780
Timing of revenue recognition	
Satisfied at a point in time	$ 1,173,618
Satisfied over time	65,162
	$ 1,238,780

c. Contract balances

	December 31, 2018
Trade receivables (Note 11)	$ 171,387
Contract liabilities - current	$ 2,547

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

24. NET PROFIT

Net profit included the following items:

a. Other income

	Years Ended December 31	
	2018	2017
Rent income	$ 29,740	$ 18,543
Dividend income	4,568	6,559
Interest income	6,885	5,379
Others	11,663	9,025
	$ 52,856	$ 39,506

b. Other gains and losses

	Years Ended December 31	
	2018	2017
Gain on disposal of associates	$ 119,154	$ -
Service income of management support	44,542	38,649
Net foreign exchange gain (loss)	1,749	(12,240)
Net loss on financial assets and liabilities		
Net loss on financial assets designated as at FVTPL (Note 7)	(13,218)	-
Gain on disposal of investment	-	516,435
Impairment loss on financial assets carried at cost	-	(96,567)
Net loss on non-financial assets	-	(21,577)
	$ 152,227	$ 424,700

c. Finance costs

	Years Ended December 31	
	2018	2017
Interest on bank loans	$ 3,887	$ 7,558
Other financial costs	977	779
	$ 4,864	$ 8,337

d. Depreciation and amortization

	Years Ended December 31	
	2018	2017
An analysis of depreciation by function		
Operating costs	$ 4,044	$ 4,858
Operating expenses	41,188	40,507
	$ 45,232	$ 45,365
An analysis of amortization by function		
Operating costs	$ 191	$ 483
Operating expenses	42,611	32,099
	$ 42,802	$ 35,582

e. Employee benefit expense

	Years Ended December 31	
	2018	2017
Short-term benefits	$ 422,759	$ 475,467
Post-employment benefits		
Defined contribution plans	18,402	18,959
Defined benefit plans (Note 21)	719	695
	19,121	19,654
Other employee benefits	10,314	10,868
Total employee benefit expense	$ 452,194	$ 505,989
An analysis of employee benefit expense by function		
Operating costs	$ 61,245	$ 79,790
Operating expenses	390,949	426,199
	$ 452,194	$ 505,989

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which have been approved by the Company's board of directors on March 20, 2019 and March 14, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation	1.0%	1.0%
Remuneration of directors	1.5%	1.5%

Amount

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

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

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

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

g. Gain or loss on exchange rate changes

	Years Ended December 31	
	2018	2017
Exchange rate gains	$ 21,272	$ 23,910
Exchange rate losses	(19,523)	(36,150)
	$ 1,749	$ (12,240)

25. INCOME TAXES

a. Income tax recognized in profit or loss

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

	Years Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 1,680	$ -
Adjustments for prior periods	464	-
Deferred tax		
In respect of the current year	(373)	-
Changes in tax rates	373	-
Income tax expense recognized in profit or loss	$ 2,144	$ -

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

	Years Ended December 31	
	2018	2017
Profit before tax	$ 7,760	$ 421,458
Income tax expense calculated at the statutory rate	$ 1,552	$ 71,648
Tax effect of adjusting items:		
Nondeductible expenses	(31,528)	(130,105)
Temporary differences	(21,414)	18,802
Tax-exempt income	(47)	(40)
Current income tax expense	(51,437)	(39,695)
Unrecognized investment credit	51,437	39,695
Foreign income tax expense	1,680	-
Adjustments for prior years' tax	464	-
Income tax benefit (expense) recognized in profit or loss	$ 2,144	$ -

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

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

b. Current tax assets and liabilities

	December 31 2018	December 31 2017
Current tax assets		
Tax refund receivable (classified as other receivables)	$ 508	$ 3,073

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Depreciation expense	$ 791	$ (28)	$ 763
Exchange (gains) losses	(468)	171	(297)
Others	2,162	(143)	2,019
	$ 2,485	$ -	$ 2,485

For the year ended December 31, 2017

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Depreciation expense	$ 2,893	$ (2,102)	$ 791
Exchange (gains) losses	(13)	(455)	(468)
Others	(395)	2,557	2,162
	$ 2,485	$ -	$ 2,485

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

	December 31 2018	December 31 2017
Loss carryforwards		
Expiry in 2019	$ 190,618	$ 190,618
Expiry in 2020	211,457	211,457
Expiry in 2021	322,509	322,509
Expiry in 2022	394,894	394,894
Expiry in 2023	1,144,831	1,163,758
Expiry in 2027	24,228	-
	$ 2,288,537	$ 2,283,236
Deductible temporary differences	$ 124,021	$ 432,827

e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2018:

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

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

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

f. Income tax assessments

The income tax returns of the Company before 2015 had been assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2018	2017
Basic gain per share	$ 0.01	$ 0.72
Diluted earnings per share	$ 0.01	$ 0.72

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

Net profit for the year

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

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

	Years Ended December 31	
	2018	2017
Weighted average number of common shares used in the computation of basic earnings per shares	$ 588,435	$ 588,435
Effect of dilutive potential common shares:		
Employee bonuses	60	284
Weighted average number of common shares used in the computation of diluted earnings per share	$ 588,495	$ 588,719

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

27. DISPOSAL OF SUBSIDIARIES

iCatch Technology Inc. has independently operated its financial activities since July 31, 2018 due to operational needs; thus, the Company assessed that the control of iCatch Technology Inc. was lost. For details about the partial disposal of iCatch Technology Inc., refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2018.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

For details about the partial disposal of Sunext Technology Co., Ltd. and Jumplux Technology, refer to Note 32 to the Company's consolidated financial statements for the year ended December 31, 2018.

29. OPERATING LEASE ARRANGEMENTS

The Company as lessee

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

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

Future annual minimum rentals under the leases are as follows:

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

30. CAPITAL MANAGEMENT

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

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

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

31. FINANCIAL INSTRUMENTS

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

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

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

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

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 736,926	$ -	$ -	$ 736,926
Unlisted debt securities - ROC	-	-	190,050	190,050
Securities listed in other countries	672	-	-	672
	$ 737,598	$ -	$ 190,050	$ 927,648
Financial assets at FVTOCI				
Unlisted shares and emerging market shares	$ -	$ -	$ 4,337	$ 4,337

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 676,438	$ -	$ -	$ 676,438

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

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

For the year ended December 31, 2018

Financial Assets	**Financial Assets at FVTPL**	**Financial Assets at FVTOCI**	**Total**
Balance at January 1, 2018	$ 111,851	$ 98,687	$ 210,538
Recognized in profit or loss	(26,801)	-	(26,801)
Recognized in other comprehensive income	-	(94,350)	(94,350)
Purchases	201,000	-	201,000
Sales	(96,000)	-	(96,000)
Balance at December 31, 2018	$ 190,050	$ 4,337	$ 194,387

c. Categories of financial instruments

	December 31 2018	2017
Financial assets		
Financial assets at FVTPL	$ 927,648	-
Loans and receivables (i)	-	2,040,390
Available-for-sale financial assets (ii)	-	878,361
Financial assets at amortized cost (iii)	927,468	-
Financial assets at fair value through other comprehensive income		
Equity instruments	4,337	-
Financial liabilities		
Measured at amortized cost (iv)	287,206	532,444

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

ii) The balances include available-for-sale financial assets carried at cost.

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

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

d. Financial risk management objectives and policies

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

The Corporate Treasury function reported quarterly to the Company's risk management committee.

1) Market risk

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

a) Foreign currency risk

A part of the Company’s cash flows is in foreign currency, and the use by management of derivative financial instruments is for hedging adverse changes in exchange rates, not for profit.

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

The carrying amounts of the Company’s foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period, please refers to Note 32.

<u>Sensitivity analysis</u>

The Company was mainly exposed to the USD and RMB.

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

	USD Impact	
	Years Ended December 31	
	2018	**2017**
Profit or loss	$ (3,163)	$ (4,955)

	RMB Impact	
	Years Ended December 31	

	2018	2017
Profit or loss	$ (1,007)	$ (1,069)

b) Interest rate risk

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

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

	December 31	
	2018	2017
Fair value interest rate risk		
Financial assets	$ 264,100	$ 1,063,620
Financial liabilities	-	59,520
Cash flow interest rate risk		
Financial assets	521,977	723,936
Financial liabilities	115,000	275,000

Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2018 and 2017 would decrease/increase by $509 thousand and $561 thousand, respectively.

c) Other price risk

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

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

Had the prices of financial assets at FVTPL been 1% higher/lower, post-tax profit for the year ended December 31, 2018 would have increased/decreased by $9,276 thousand, respectively.

Had the prices of financial assets at FVTOCI been 1% higher/lower, post-tax profit for the year ended December 31, 2018 would have increased/decreased by $43 thousand, respectively.

Had equity prices been 1% higher/lower, post-tax profit for the year ended December 31, 2017 would have increased/decreased by $6,764 thousand, respectively.

2) Credit risk

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

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

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

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

The Company's concentration of credit risk of 91% and 87% in total trade receivables as of December 31, 2018 and 2017, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest rate risk tables

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

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Noninterest bearing	$ -	$ 147,657	$ -	$ -	$ -
Variable interest rate liabilities	105	15,000	100,000	-	-
Fixed interest rate liabilities	-	-	-	2,633	61,427
	$ 105	$ 162,657	$ 100,000	$ 2,633	$ 61,427

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Noninterest bearing	$ -	$ 156,523	$ -	$ -	$ -
Variable interest rate liabilities	246	-	175,000	100,000	-
Fixed interest rate liabilities	59,533	-	-	-	61,746
	$ 59,779	$ 156,523	$ 175,000	$ 100,000	$ 61,746

b) Financing facilities

	December 31 2018	December 31 2017
Unsecured bank overdraft facility		
Amount used	$ 115,000	$ 334,520
Amount unused	3,121,450	2,733,280
	$ 3,236,450	$ 3,067,800

32. TRANSACTIONS WITH RELATED PARTIES

a. Name and relationship of related parties

Related Party Name	Related Party Category
Xiamen Xm-plus Technology Ltd.	Associate (Note 1)
iCatch Technology, Inc.	Associate (Note 2)
Advanced Vehicle Systems Co., Ltd.	Associate (Note 3)
Jumplux Technology Co., Ltd.	Subsidiary
Generalplus Technology Inc.	Subsidiary

(Continued)

Related Party Name	Related Party Category
Sunext Technology Co., Ltd.	Subsidiary
Sunplus Innovation Technology Inc.	Subsidiary
Sunplus mMedia Inc.	Subsidiary
Sunplus Venture Capital Co., Ltd.	Subsidiary
Lin Shih Investment Co., Ltd.	Subsidiary
Wei-Young Investment Inc.	Subsidiary
Russell Holdings Limited	Subsidiary

(Concluded)

Note 1: The board of directors of Xiamen Xm-plus Technology Ltd. was re-elected on December 19, 2018. The company judged that it had lost significant influence on Xiamen Xm-plus Technology Ltd.

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

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

b. Sales of goods

Account Items	Related Parties Types	For the Year Ended December 31 2018	For the Year Ended December 31 2017
Sales of goods	Subsidiaries	$ 19,460	$ 29,031
	Associates	28,058	-
		$ 47,518	$ 29,031

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

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

Account Item	Related Party	December 31 2018	December 31 2017
Trade receivables	Subsidiaries	$ 2,047	$ 4,747
	Associates	2,400	-
		$ 4,447	$ 4,747
Other receivable	Subsidiaries	$ 5,339	$ 7,844
	Associates	1,358	-
		$ 6,697	$ 7,844

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

d. Other transactions with related parties

Account Item	Related Parties Types	For the Year Ended December 31 2018	2017
Nonoperating income and expenses	Subsidiaries	$ 44,508	$ 43,542
	Associates	8,072	-
		$ 52,580	$ 43,542

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

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

e. Acquisitions of investments accounted for using the equity method

For the year ended December 31, 2018

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Purchase Price
Subsidiary	Investments accounted for using the equity method	3,200	Jumplux Technology Co., Ltd.	$ 32,000
Subsidiary	Investments accounted for using the equity method	8,251	Sunext Technology Co., Ltd.	24,752

The company acquired shares of Jumplux Technology Co., Ltd. from Sunplus mMedia Inc. in August 2018 and acquired Sunext Technology Co., Ltd. from Sunplus Venture Capital Co., Ltd., Lin Shih Investment Co., Ltd., Wei-Young Investment Inc. and Russell Holdings Limited in October to December 2018.

f. Compensation of key management personnel

	For the Year Ended December 31 2018	2017
Short-term employee benefits	$ 18,100	$ 14,072
Post-employment benefits	269	269
	$ 18,369	$ 14,341

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

33. PLEDGED OR MORTGAGED ASSETS

The following assets were mortgaged or pledged as collateral for bank borrowings and leased land:

	December 31	
	2018	2017
Buildings, net	$ 615,136	$ 634,538
Pledged time deposits (classified to other financial assets, including current and non-current)	6,100	65,620
	$ 621,236	$ 700,158

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

The following information is summarized and expressed in foreign currencies other than the functional currency. The disclosed exchange rate refers to the rate at which such foreign currencies are converted into the functional currency. The significant financial assets and liabilities denominated in foreign currencies are as follows:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,594	30.715	$ 233,250
CNY	1,012	4.472	4,526
JPY	279	0.278	78
HKD	34	3.921	133
GBP	3	38.880	117
Nonmonetary items subsidiaries accounted for using equity method			
USD	21,546	30.715	661,785
HKD	10	3.921	39
Financial liabilities			
Monetary items			
USD	4,431	30.715	136,098
CNY	5	4.472	22

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
HKD	$ 13,650	3.807	$ 51,966
USD	9,924	29.760	295,338
CNY	1,075	4.565	4,907
JPY	360	0.264	95
GBP	3	40.110	120
Nonmonetary items subsidiaries accounted for using equity method			
USD	20,507	29.760	610,288
HKD	10	3.807	38
Financial liabilities			
Monetary items			
USD	4,969	29.760	147,877
CNY	6	4.565	27
GBP	1	40.110	40

The significant unrealized foreign exchange gains (losses) were as follows:

	2018		2017	
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
USD	30.715 (USD:NTD)	$ (1,234)	29.760 (USD:NTD)	$ (1,831)
HKD	3.921 (HKD:NTD)	-	3.807 (HKD:NTD)	(1,039)
CNY	4.472 (CNY:NTD)	(32)	4.565 (CNY:NTD)	-
		$ (1,266)		$ (2,870)

35. ADDITIONAL DISCLOSURES

a. Following are the additional disclosures required for the Company and its investees by the Securities and Futures Bureau:

1) Financings provided: Table 1 (attached)

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

3) Marketable securities held: Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least $100 million or 20% of the paid-in capital.

5) Information on investee: Table 4 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

Except for Table 1 to Table 5, there’s no further information about other significant transactions.

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Ventureplus Cayman Inc.	Sun Media Technology Co., Ltd.	Other receivables	Yes	$ 40,027	$ -	$ -	3.1971%	Note 1	$ -	Note 2	$ -	-	$ -	$ 135,431 (Note 10)	$ 270,862 (Note 10)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Technology (Beijing)	Receivables from related parties	Yes	6,900	-	-	1.8%	Note 1	-	Note 3	-	-	-	259,645 (Note 12)	259,645 (Note 12)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	29,959	25,108	25,108	1.8%	Note 1	-	Note 4	-	-	-	21,637 (Note 11)	43,274 (Note 11)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	219,120	91,300	91,300	1.8%	Note 1	-	Note 5	-	-	-	259,645 (Note 12)	259,645 (Note 12)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	381,320	256,923	256,923	2.35%	Note 1	-	Note 6	-	-	-	463,230 (Note 13)	463,230 (Note 13)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	321,321	230,061	168,561	2.2%	Note 1	-	Note 7	-	-	-	411,427 (Note 14)	411,427 (Note 14)
5	Sunplus Prof-tek Technology (Shenzhen)	Ytrip Technology Co., Ltd.	Receivables from related parties	Yes	1,963	-	-	1.8%	Note 1	-	Note 8	-	-	-	40,850 (Note 15)	81,700 (Note 15)
5	Sunplus Prof-tek Technology (Shenzhen)	Sunplus APP Technology	Receivables from related parties	Yes	41,086	29,673	29,673	1.8%	Note 1	-	Note 9	-	-	-	40,850 (Note 15)	81,700 (Note 15)

Note 1: Short-term financing.

Note 2: Ventureplus Cayman Inc. provided funds for the operating needs of Sun Media Technology Co., Ltd.

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

Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus APP Technology.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 6: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 7: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 8: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Ytrip Technology Co., Ltd.

Note 9: Sunplus Prof-tek Technology (Shenzhen) provided funds for the operating needs of Sunplus APP Technology.

Note 10: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The total amount of all guarantees issued should not exceed 20% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements, and the individual amount of each guarantee should not exceed 10% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 11: The aggregate amount of all guarantees issued should not exceed 10% of the net equity of Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai"), and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity, with net equity based on its latest financial statements.

Note 12: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 60% of Sunplus Technology (Shanghai) Co., Ltd.'s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 13: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 80% of Russell Holdings Ltd.'s net equity as of its latest financial statements; in addition, each guarantee period should not exceed two years.

Note 14: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital Co., Ltd.'s net equity as of its latest financial statements.

Note 15: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 10% of the net equity of Sunplus Prof-tek Technology (Shenzhen); and the individual amount of each guarantee should not exceed 5% of Sunplus Shanghai's net equity.

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral (Property, Plant, or Equipment)	Percentage of Accumulated Amount of Collateral to Net Equity as of the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited ("Sunplus")	Ventureplus Cayman Inc.	3 (Note 4)	$ 846,594 (Note 5)	$ 160,075	$ -	$ -	$ -	-	$ 1,693,188 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	846,594 (Note 5)	417,528	417,528	219,960	-	4.93	1,693,188 (Note 6)	Yes	No	Yes
		Ytrip Technology Co., Ltd.	3 (Note 4)	846,594 (Note 5)	121,780	-	-	-	-	1,693,188 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	846,594 (Note 5)	20,000	10,000	10,000	-	0.12	1,693,188 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	347,423 (Note 7)	316,025	156,725	125,380	156,725	27.07	347,423 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise, U.S. Dollars and Renminbi in Thousands)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Nomura Taiwan Money Market	-	Financial assets at fair value through profit or loss - current	616	$ 10,043	-	$ 10,043	Note 3
	Mega RMB Money Market RMB	-	Financial assets at fair value through profit or loss - current	466	24,408	-	24,408	Note 3
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,387	53,267	-	53,267	Note 3
	Yuanta AUD Money Market	-	Financial assets at fair value through profit or loss - current	2,000	18,518	-	18,518	Note 3
	Taishin China-US Money Market	-	Financial assets at fair value through profit or loss - current	3,000	30,287	-	30,287	Note 3
	Yuanta USD Money Market TWD	-	Financial assets at fair value through profit or loss - current	4,396	42,367	-	42,367	Note 3
	Yuanta RMB Money Market CNY	-	Financial assets at fair value through profit or loss - current	470	24,253	-	24,253	Note 3
	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	13,197	165,249	-	165,249	Note 3
	PineBridge Preferred Securities	-	Financial assets at fair value through profit or loss - current	2,946	28,431	-	28,431	Note 3
	UPAMC James Bond Money Market	-	Financial assets at fair value through profit or loss - current	1,851	30,887	-	30,887	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	247	78,532	-	78,532	Note 3
	PineBridge Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	28,955	-	28,955	Note 3
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	3,420	50,589	-	50,589	Note 3
	Prudential Financial RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	5,810	57,669	-	57,669	Note 3
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss - current	1,702	18,039	-	18,039	Note 3
	Pictet-Security RI	-	Financial assets at fair value through profit or loss - non-current	2	61,430	-	61,430	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Financial assets at fair value through profit or loss - non-current	1,500	14,002	-	14,002	Note 3
	Broadcom Inc.	-	Financial assets at fair value through profit or loss - non-current	-	672	-	672	Note 2
	Triknight Capital Corporation	-	Financial assets at fair value through profit or loss - non-current	21,000	190,050	5	190,050	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018 Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
Sunplus Technology Company Limited (the "Company")	Availink Inc.	-	Financial assets at fair value through other comprehensive income - non-current	9,039	$ 590	-	$ 590	Note 1
	Network Capital Global Fund	-	Financial assets at fair value through other comprehensive income - non-current	380	3,747	7	3,747	Note 1
Lin Shih Investment Co., Ltd.	CTBC Global iSport Fund	-	Financial assets at fair value through profit or loss - current	1,000	9,410	-	9,410	Note 3
	Yuanta Multi-Income	-	Financial assets at fair value through profit or loss - current	3,000	25,680	-	25,680	Note 3
	Paradigm Pion Money Market Fund	-	Financial assets at fair value through profit or loss - current	870	10,042	-	10,042	Note 3
	Ruentex Material Co., Ltd.	-	Financial assets at fair value through profit or loss - current	20	526	-	526	Note 2
	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	101	1,853	-	1,853	Note 2
	Global Pmx Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	200	19,300	-	19,300	Note 2
	Laster Tech Corporation Ltd. - CB	-	Financial assets at fair value through profit or loss - current	15	1,466	-	1,466	Note 2
	Everlight Electronics Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - current	80	7,952	-	7,952	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	600	-	4	-	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss – non-current	103	-	1	-	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	69	1,121	-	1,121	Note 1
	Sanjet Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	4,272	-	7	-	Note 1
	Ability Enterprise Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,434	78,246	2	78,246	Note 2
	Sunplus Technology Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income - non-current	3,560	40,050	1	40,050	Note 2
	Lead Sun Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,000	30,756	-	30,756	Note 1
	Prine Rich International Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	33	3,380	-	3,380	Note 1
Russell Holdings Limited	Synerchip Inc.	-	Financial assets at fair value through profit or loss - non-current	6,452	-	12	-	Note 1
	OZ Optics Limited	-	Financial assets at fair value through profit or loss - non-current	1,000	-	8	-	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Russell Holdings Limited	Ortega InfoSystem, Inc.	-	Financial assets at fair value through profit or loss - non-current	2,557	$ -	-	$ -	Note 1
	Innobrige International Inc.	-	Financial assets at fair value through profit or loss - non-current	4,000	-	15	-	Note 1
	Ether Precision Inc.	-	Financial assets at fair value through profit or loss - non-current	1,250	-	1	-	Note 1
	Asia Tech Taiwan Venture, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	-	5	-	Note 1
	Asia B2B on Line Inc.	-	Financial assets at fair value through profit or loss - non-current	1,000	-	3	-	Note 1
	AMED Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	6,143	-	6,143	Note 1
	Availink Inc.	-	Financial assets at fair value through other comprehensive income	9,920	31,280	8	31,280	Note 1
	GeneOne Diagnostics Corporation	-	Financial assets at fair value through other comprehensive income - non-current	1,710	21,113	-	21,113	Note 1
	Intudo Ventures II, L.P.	-	Financial assets at fair value through other comprehensive income - non-current	-	9,215	-	9,215	Note 1
Sunplus Venture Capital Co., Ltd.	Taiwan Mask Corp.	-	Financial assets at fair value through profit or loss - current	108	1,982	-	1,982	Note 2
	Fubon Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - current	1,900	47,937	-	47,937	Note 2
	Cathay China A50	-	Financial assets at fair value through profit or loss - current	2,900	47,995	-	47,995	Note 2
	Cyberon Corporation	-	Financial assets at fair value through profit or loss - non-current	786	28,820	8	28,820	Note 1
	Grand Fortune Venture Capital Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	54,500	7	54,500	Note 1
	Ortery Technologies, Inc.	-	Financial assets at fair value through profit or loss - non-current	68	-	1	-	Note 1
	Book4u Company Limited	-	Financial assets at fair value through profit or loss - non-current	9	-	-	-	Note 1
	Sanjet Technology Corp.	-	Financial assets at fair value through profit or loss - non-current	49	-	-	-	Note 1
	Simple Act Inc.	-	Financial assets at fair value through profit or loss - non-current	1,900	-	10	-	Note 1
	Information Technology Total Services	-	Financial assets at fair value through profit or loss - non-current	51	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	5,000	-	8	-	Note 1
	Raynergy Tek Inc.	-	Financial assets at fair value through profit or loss - non-current	4,500	64,890	16	64,890	Note 1
	Genius Vision Digital	-	Financial assets at fair value through profit or loss - non-current	750	-	5	-	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets at fair value through profit or loss - non-current	-	36,970	2	36,970	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	VenGlobal International Fund	-	Financial assets at fair value through profit or loss - non-current	1	$ -	-	$ -	Note 1
	TIEF Fund LP	-	Financial assets at fair value through profit or loss - non-current	-	43,742	7	43,742	Note 1
	San Neng Group Holding Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	900	39,150	2	39,150	Note 2
	Intudo Ventures I, L.P.	-	Financial assets at fair value through profit or loss - non-current	-	29,663	8	29,663	Note 1
	eWave System, Inc.	-	Financial assets at fair value through profit or loss - non-current	1,833	-	22	-	Note 1
	Feature Integration Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,386	17,320	4	17,320	Note 2
	Qun-Kin Venture Capital	-	Financial assets at fair value through other comprehensive income - non-current	3,000	25,200	6	25,200	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF B Type Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,400	29,162	-	29,162	Note 3
	GF Every Day The Red Haired Type Money Market Fund B		Financial assets at fair value through profit or loss - current	5,700	25,587	-	25,587	Note 3
	Chongqing CYIT Communication Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets at fair value through profit or loss - non-current	-	43,708	16	43,708	Note 1
	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	8,076	4	8,076	Note 1
Generalplus Technology Inc.	Franklin Templeton SinoAm Money Market	-	Financial assets at fair value through profit or loss - current	5,721	59,048	-	59,048	Note 3
	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,601	42,347	-	42,347	Note 3
Sunplus Innovation Technology Inc.	Mega Diamond Money Market	-	Financial assets at fair value through profit or loss - current	810	10,143	-	10,143	Note 3
	Yuanta USD Money Market USD	-	Financial assets at fair value through profit or loss - current	150	47,512	-	47,512	Note 3
	Yuanta RMB Money Market	-	Financial assets at fair value through profit or loss - current	3,679	38,982	-	38,982	Note 3
	Yuanta USD Money Market TWD	-	Financial assets at fair value through profit or loss - current	6,712	64,694	-	64,694	Note 3
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss - current	2,235	30,072	-	30,072	Note 3
	Yuanta De-Li Money Market	-	Financial assets at fair value through profit or loss - current	4,333	70,553	-	70,553	Note 3
	Yuanta De-Bao Money Market	-	Financial assets at fair value through profit or loss - current	5,000	60,010	-	60,010	Note 3
	Advanced Silicon SA	-	Financial assets at fair value through other comprehensive income - non-current	1,000	24,513	10	24,513	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares or Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Innovation Technology Inc.	Advanced NuMicro System, Inc.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	$ 848	8	$ 848	Note 1
	Point Grab Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	182	-	1	-	Note 1
Magic Sky Limited	GTA Co., Ltd. - CB	-	Financial assets at fair value through profit or loss - non-current	-	82,623	-	82,623	Note 1
Giant Rock Inc.	Xiamen Xm-plus Technology Ltd.		Financial assets at fair value through profit or loss - non-current	-	32,306	15	32,306	Note 1

Note 1: The market value was based on the carrying amount as of December 31, 2018.

Note 2: The market value was based on the closing price as of December 31, 2018.

Note 3: The market value was based on the net asset value of the fund as of December 31, 2018.

Note 4: The exchange rate was based on the exchange rate as of December 31, 2018.

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2018	December 31, 2017	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,460,981 (US$ 74,605 RMB 37,900)	$ 2,451,767 (US$ 74,305 RMB 37,900)	-	100	$ 1,354,351	$ (79,793)	$ (79,793)	Subsidiary
	Award Glory Ltd.	Belize	Investment	62,720 (US$ 2,042)	23,712 (US$ 772)	-	100	33,116	(7,932)	(7,932)	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Consumer electronics, components and rental of buildings	315,658	315,658	8,229	13	307,106	82,960	10,837	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	750,558	64,080	61,556	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	704,549	284,344	97,531	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	1,028,567	55,005	55,005	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	523,083	60,709	37,109	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	757,432 (US$ 24,660)	739,003 (US$ 24,060)	24,660	100	579,038	1,965	1,965	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	30	289,419	(103,184)	(28,936)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	924,730	924,730	58,050	91	174,391	1,808	2,746	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	357,565	22,441	90	46,128	(1,647)	(58,822)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,910	(41)	(41)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	43,425 (HK$ 11,075)	43,425 (HK$ 11,075)	11,075	100	39	-	-	Subsidiary
	Magic Sky Limited	Samoa	Investment	308,133 (US$ 10,032)	305,921 (US$ 9,960)	-	100	82,747	(14,459)	(14,459)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	29,785	(417)	(417)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	70,157	30,157	5,400	100	56,947	2,338	2,339	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	132,000	-	13,200	55	17,475	(73,126)	(17,085)	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	282,537	284,344	38,915	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	369,316	-	-	-	1,808	54	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	15,662	60,709	1,268	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	1	13,793	(103,184)	(1,016)	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	6,000	(1,647)	(2,186)	Investee
Sunplus Venture Capital Co., Ltd.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	101,000	101,000	10,100	42	13,370	(73,126)	(43,067)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	49,298	60,709	3,426	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	5	47,647	(103,184)	(3,510)	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	385,709	-	-	-	1,808	128	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	8	2,371	(1,647)	(6,419)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	- (US$ -)	65,085 (US$ 2,119)	-	-	-	1,808	11 (US$ -)	Subsidiary
	Autosys Co., Ltd.	Cayman Islands, British west Indies	Investment	76,788 (US$ 2,500)	-	5,000	19	71,254	(14,214)	(4,738)	Investee
Wei-Young Investment Inc.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	350	-	-	-	1,808	2	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,460,981 (US$ 74,605 RMB 37,900)	2,451,767 (US$ 74,305 RMB 37,900)	-	100	1,354,332	(79,794)	(79,794)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,460,981 (US$ 74,605 RMB 37,900)	2,460,981 (US$ 74,305 RMB 37,900)	-	100	1,354,309	(79,795)	(79,795)	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	586,349 (US$ 19,090)	586,349 (US$ 19,090)	19,090	100	480,817	14,211	14,211	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	586,349 (US$ 19,090)	586,349 (US$ 19,090)	19,090	100	480,815	14,211	14,211	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2018	December 31, 2017	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,979 (US$ 390)	$ 11,979 (US$ 390)	390	100	$ 5,253	$ (462)	$ (462)	Subsidiary
Sunplus mMedia Inc.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	-	32,000	-	-	-	(48,781)	(10,034)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	62,720 (US$ 2,042)	23,712 (US$ 772)	-	100	33,116	(7,932)	(7,932)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,712 (US$ 772)	23,712 (US$ 772)	-	100	811	(3,121)	(3,121)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	39,008 (US$ 1,270)	- (US$ -)	-	100	32,306	(4,812)	(4,812)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of December 31, 2018.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental services	$ 528,298 (US$ 17,200)	Note 1	$ 542,273 (US$ 17,665)	$ -	$ -	$ 542,273 (US$ 17,655)	100%	$ 39,671	$ 39,671	$ 432,741	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services, building rental services and property management	990,559 (US$ 32,250)	Note 1	990,559 (US$ 32,250)	-	-	990,559 (US$ 32,250)	100%	(3,070)	(3,070)	817,000	-
Sun Media Technology Co., Ltd.	Development of computer software, system integration services and building rental services	614,300 (US$ 20,000)	Note 1	614,300 (US$ 20,000)	-	-	614,300 (US$ 20,000)	100%	(80,976)	(80,976)	102,178	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, system integration services and information management and education	67,080 (RMB 15,000)	Note 1	62,719 (US$ 586 RMB 10,000)	-	-	62,719 (US$ 586 RMB 10,000)	93%	(23,514)	(21,947)	(53,034)	-
Ytrip Technology Co., Ltd.	Computer system integration services, supply of general advertising and other information services	273,910 (RMB 61,250)	Note 1	138,555 (US$ 4,511)	-	-	138,555 (US$ 4,511)	91%	(25,374)	(21,852)	(1,026)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental services	120,744 (RMB 27,000)	Note 1	120,744 (RMB 27,000)	-	-	120,744 (RMB 27,000)	100%	1,041	1,041	48,076	-
1culture Communication Co., Ltd.	System development	14,534 (RMB 3,250)	Note 3	-	-	-	-	100%	18	11	112	-
Xiamen Xm-plus Technology Ltd.	Development of computer software, system integration services and building rental services	232,544 (RMB 52,000)	Note 1	-	39,008 (US$ 1,270)	-	39,008 (US$ 1,270)	19%	(65,610)	(32,089)	-	-

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,508,158 (US$ 76,272 and RMB 37,000)	$ 2,580,950 (US$ 75,002 and RMB 62,000)	$ 5,079,565

Sunplus Venture Capital Co., Ltd.

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 38,701 (US$ 1,260)	$ 38,701 (US$ 1,260)	$ 617,140

(Continued)

Generalplus Technology Inc. (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g. Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
Generalplus Shenzhen	IC product development, after sales service and market research	$ 574,371 (US$ 18,700)	Note 1	$ 574,371 (US$ 18,700)	$ -	$ -	$ 574,371 (US$ 18,700)	100%	$ 14,673	$ 14,673	$ 475,542	$ -

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 574,371 (US$ 18,700)	$ 574,371 (US$ 18,700)	$ 1,250,480

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

Note 2: Based on the investee’s reviewed financial statements for the same period.

Note 3: Ytrip Technology Co., Ltd. indirectly invested in a company located in mainland China.

Note 4: The initial exchange rate was based on the exchange rate as of December 31, 2018.

(Concluded)