



2008

ANNUAL REPORT

凌陽科技股份有限公司九十七年年報

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Please refer to London Stock Exchange official website for Sunplus' Market Price.
<http://www.londonstockexchange.com>

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PLEASE READ FOLLOWING NOTICE BEFORE USING THIS REPORT

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

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

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

I. LETTER TO SHAREHOLDERS

Financial Results

Sunplus revenue in 2008 totaled NT\$6,093 million with 34% year-on-year decline since the end demand and ICs shipment slowed down due to the economic crisis. The gross profits in 2008 were NT\$2,358 million and the R&D expense totaled NT\$1,533 million while the SG&A expenses were NT\$309 million. The operating net profits summed up NT\$517million in 2008.

Including disposal gain of NT\$246million; settlement compensation income of NT\$108million; long-term investment loss of NT\$930 million by equity-method; loss on inventory provision of NT\$120 million and so on, the non-operating net losses totaled NT\$357 million.

The income before tax were NT\$160 million, and the net income after tax were almost break-even which the earning per share for 2008 was NT\$0.01.

Products and Technologies

Sunplus delivers IC solutions for multimedia home applications including DVD/VCD player, LCD TV, digital TV, and DVB-Terrestrial set-top-box. We keep investing in new technologies and products while the R&D expense were 25% of total revenue in 2008. Sunplus has great success on delivering DVB-T/ATSC/DTMB DTV IC solutions; meanwhile, we collected about 10% revenue from licensing DTV IPs in 2008 which revealed Sunplus' R&D capability and leading position on DTV technologies. In the future, we will continue developing cutting-edge technologies and offering highly value-added IC solutions.

Organization

Sunplus is mainly supported by the Home Entertainment Business Unit which includes the IC design center and system development center. The IC design engineers and system application engineers work closely so that Sunplus could deliver the total solutions to help customers launch their end products with faster time-to-market and better cost-performance. At the end of February, 2009, the Sunplus' workforce numbered 573 people, including 393 R&D staff, which accounts for 69% of the total employees. In order to going through the economic crisis, we would not expand the manpower in 2009 but we definitely will sustain product R&D and market promotion by leveraging the available resources.

Core Competing Advantage

Sunplus, with its R&D expertise and plentiful reusable IPs such as video/audio technologies, micro-processor and DSP, has a good opportunity to win the market by differentiating product designs and optimizing cost structure. Sunplus also raises the entry barrier by involving the cutting-edge SoC design deeply, since the complicated SoC designs benefit the capable companies with economic scale like Sunplus. The most important is that Sunplus and its IC design subsidiaries focus on different IC applications for better flexibility and efficiency by re-organization, but can be pulled together to grip the new customers and markets because of the group synergy.

Competition, Relevant Regulations, and Global Economics

Today, Sunplus is quite successful and leading on home entertainment IC technologies, on the other hand, we have to face the competition from other top-tiers. In order to standing out, Sunplus has been accumulating abundant intellectual properties related to audio/video technologies and developing the sales channels and strategic partnership with customers aggressively.

Starting from 2009, Sunplus will adopt the newly released "Statement of Financial Accounting Standards" No. 10, "Accounting for Inventory", that the inventories should be evaluated by categories and marked down by the market value. The adoption of mentioned accounting statement won't impact Sunplus extremely for we are quite cautious with inventory management and has booked the reasonable provision for inventory losses quarterly.

Although the demands of high-end consumer applications such as large-sized digital TV were stricken by the global economic crisis, the demands of set-up-box will keep growing for many

countries are going to switch off the analog broadcasting channels. And we have faith that Sunplus should win the final battle since the customers shall pick up the quality products with better cost performance like Sunplus.

Outlook

The economic debacle starting from sub-prime mortgage crisis in America has cooled down the consumer IC demand in 2007 though questionable 2009. However, we will keep evaluating the business opportunities conservatively, allocating the available resources preciously, doing cost down aggressively and focusing on our core technologies in the gloom until the bearish market turns to be more optimistic.

While the concept of “digital home” is becoming the ideal life style, the demands of digital home applications will be growing in the coming few years, especially because of the analog switching off. Sunplus will keep launching home entertainment IC products for digital TV, set-top-box, BD player and DVD with the highly value-added system solutions to our customers, as well as making the better return of equities for our shareholders.

We would like to thank you for the long-term support with our sincere wishes.

All the best,
Chairman& CEO,



II. COMPANY PROFILE

2.1 Foundation of Sunplus

Sunplus was founded in August 3, 1990.

2.2 Milestones

Please refer to page 23 Section 4.1 for Capitalization.

Please refer to page 150 Section 9.1 for Sunplus' affiliates.

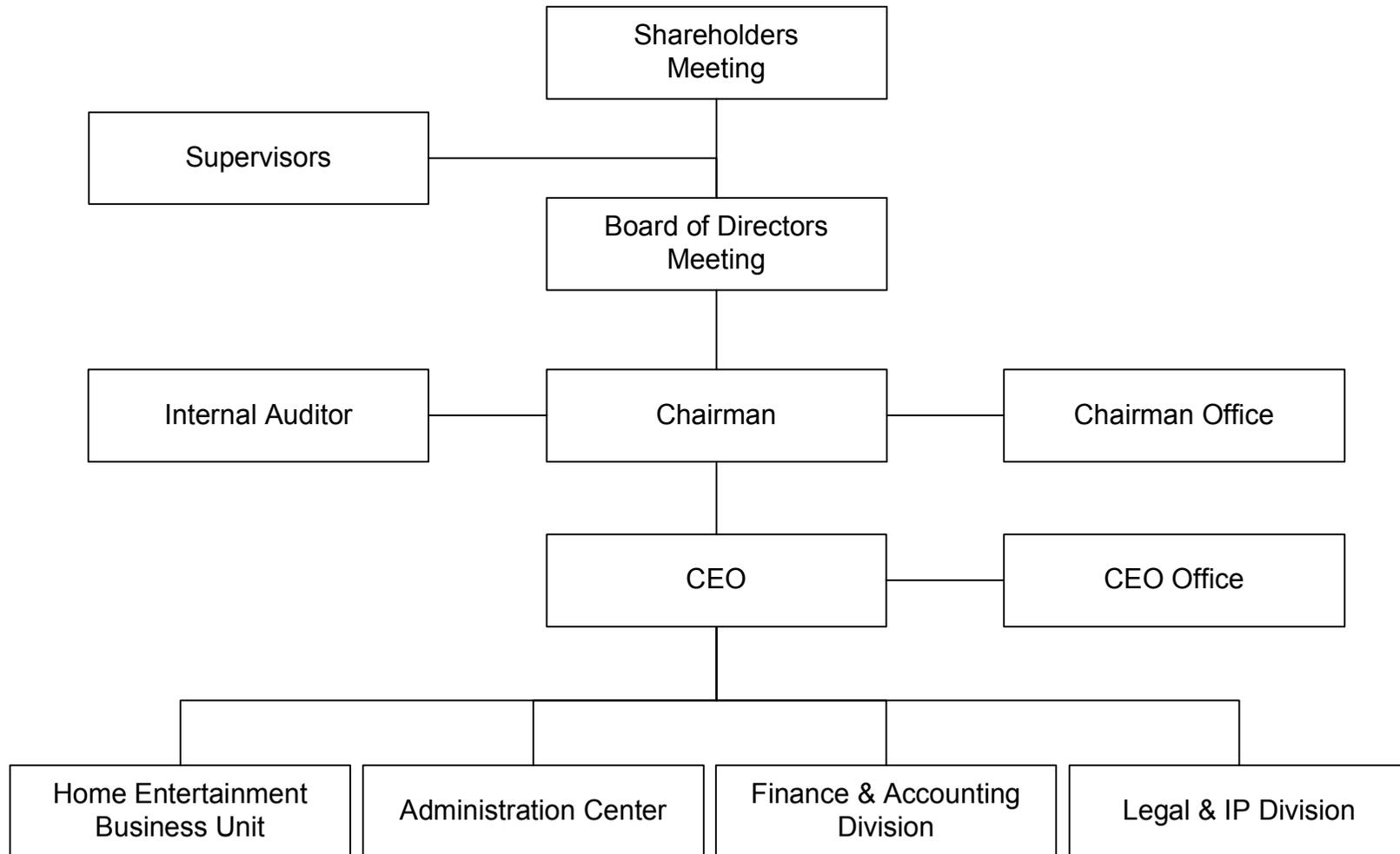
- 1990.08 Sunplus Technology was founded.
- 1993.05 Obtained approval from the SIPA to move into Hsinchu Science Park.
- 1993.10 The Company moved into Hsinchu Science Park.
- 1994.09 Company started in-house wafer circuit probe testing.
- 1995.12 Groundbreaking for the construction of Sunplus' office building, located in 19, Innovation First Road, Hsinchu Science Park.
- 1996.04 Evaluated as "The most productive IC design company" by Hsinchu SIPA.
- 1997.01 Grand opening of Sunplus' office building.
- 1997.09 Sunplus Technology was IPO on the Over-The-Counter stock market.
- 2000.01 Sunplus was listed on the main board of the Taiwan Stock Exchange (TSE).
- 2000.06 Received certificate of ISO 9001 Quality Assessment by RWTUV.
- 2000.09 Reorganized into three new business unit, Consumer center, Multimedia center, and production center; and the BOD appointed Mr. Yarn-Chen Chen as the president.
- 2000.12 Sunplus received the "Distinguished Achieved Award" from Hsinchu SIPA.
- 2001.03 Sunplus successfully launched Global Depositary Receipts on the London Stock Exchange.
- 2001.12 Completed the Grandtech merger and announced the company's reorganization.
- 2002.01 Established a subsidiary in Shanghai, China to provide better service to customers in Mainland.
- 2002.12 Implemented ERP system successfully to enhance company's operating efficiency and competence.
- 2002.06 Purchased a new office building (B-building) at Science Park.
- 2002.07 Sponsored the new Innovation Park and Parking Lot at Science Park, Hsinchu.
- 2003.02 Licensed 32-bit core IP from MIPS Technology for next-generation consumer electronic products.
- 2003.04 Completed acquisition of Oak Optical Storage Business and spin-off a new venture, Sunext Technology to focus on next generation Blue Ray ODD controller.
- 2003.05 Licensed MPEG-4 video compression technology from DivX Networks to create DivX certified IC solution for consumer electronic products.
- 2003.06 Announced reorganization by altering the Product Business Unit Systems to Functional Business Unit Systems.
- 2003.07 Licensed PanelLink DVI core IP from Silicon Image to develop dual-mode LCD controller solutions.
- 2003.08 Aligned to joint-develop System-on-the-chips (SoC) solutions and deliver broad portfolio of digital media solutions with Silicon Image.
- 2003.08 Established a new milestone for monthly sales over NT\$1 billion.
- 2003.12 Won "Innovation Product Award 2003" and "R&D Performance Award 2003" from Hsinchu SIPA.
- 2003.12 The net sales for 2003 reached NT11.1 billion as landmark.
- 2004.09 Received certificate of ISO 14000 Quality Assessment.
- 2004.12 MFP SoC with 4800dpi image quality won "Innovation Product Award 2004" from Hsinchu SIPA.
- 2004.12 Won "R&D Performance Award 2004" from Hsinchu SIPA.
- 2005.06 Announced the first 32-bit processor core S+core® with Sunplus-owned instruction set architecture
- 2005.06 Launched USB2.0-to-Serial ATA bridge solution.
- 2005.08 Announced the joint-development of the next-generation of optical mouse solution with Agilent Technology.
- 2005.08 Applied MPEG-4 image controlling technology to the first IP cam with resolution up to 1M pixel in the worldwide.
- 2005.08 Completed the merger with the 3G team of information & communication research lab ITRI and started the development of 3G cellular communication ICs.
- 2005.09 Established a new milestone of monthly sales up to NT\$1.899 billion as record high.

- 2005.10 Mass production of the PHS mobile baseband processor.
- 2005.11 Sunplus announced the worldwide first DVD ICs certificated by DivX Ultra.
- 2005.12 Announced reorganization by altering the Functional Business Unit System to Product Business Unit System and the resolved to spin off the LCD IC business. Mr. Chou-Chye Huang was appointed to CEO of Sunplus.
- 2006.03 Completed the spin-off of the LCD IC business into Orise Technology Co., Ltd.
- 2006.12 Completed the spin-off of Controller & Peripheral Business Unit into Sunplus Innovation Technology Inc.
- 2006.12 Completed the spin-off of the Personal Entertainment Business Unit and Advanced Business Unit into Sunplus mMobile Inc.
- 2006.12 Approved return of capital NT\$5.11 billion by shareholders' extraordinary general meeting.
- 2006.12 Established a new record high with 2006 profit after tax, NT\$2.97 billion.
- 2007.02 Licensed digital TV SoC IP to Silicon Image, Inc. with US\$40 million for license fee.
- 2007.03 Completed the return of capital with outstanding shares afterward 512,953,665 shares
- 2007.04 Sunplus mMobile, the subsidiary of Sunplus, spun-off its multimedia center into Sunplus mMedia Inc.
- 2007.09 Sunplus 32-bits processor core S+core® won the "National Invention and Creation Award" from TIPO, Ministry of Economics Affairs
- 2007.10 Presented World's first DVD SoC solution with DivX HD playability
- 2007.10 Established a new subsidiary, Sunplus Core Technology, with Sunplus S+core® team and ITRI PAC DSP team.
- 2007.12 Highly integrated SoC SPG290 with interactive game and education function won the "Innovation Product Award 2007" from Hsinchu SIPA.
- 2007.12 Received certificate of IECQ 080000 for hazardous substance process management.
- 2007.12 Established a new subsidiary, Sunplus Prof-tek Technology, in Shenzhen
- 2007.12 Participated Sunnext capital increase of NT\$670million.
- 2008.01 Established a new subsidiary, Sunmedia Technology, in Chengdu.
- 2008.03 Licensed hyper-sensitization GPS technology from CORE Corporation.
- 2008.03 Sunnext licensed optical storage technology to Broadcom Corporation with license income up to US\$38million.
- 2008.03 Launched first DTMB demodulator for China digital broadcasting TV system among Taiwanese IC design companies.
- 2008.04 Established new subsidiary Sunplus APP Technology in Beijing, to follow up Sunplus University Program in China
- 2008.11 Finished to buy-back Sunplus mMedia Inc. of 7,450 million shares
- 2009.01 Presented Sunplus wide range of DTV IC solutions from entry-level to high-end at International CES 2009
- 2009.03 Sunplus mMobile Inc. spun-off its Communication Center to HT mMobile Inc.
- 2009.03 Joint-promoted with DTS next generation DVD SoC delivering the ultimate audio entertainment experience

III. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Department	Job Description
Chairman Office	<ol style="list-style-type: none"> (1) Planning company's strategic alliance (2) Planning and executing investment plan (3) Arranging Board of Directors Meeting
CEO Office	<ol style="list-style-type: none"> (1) Establishing company's operational policy, strategies, and goals (2) Auditing and improving the operation performance (3) Communicating with investor/ public and press (4) Executing and managing the strategic alliance worldwide (5) Planning company's business plans and strategic investments
Internal Auditor	<ol style="list-style-type: none"> (1) Executing internal routine auditing plan (2) Routine auditing of subsidiaries (3) Case Auditing (4) Re-certification auditing of self-examination (5) Establishing of internal control system
Manufacture Department	<ol style="list-style-type: none"> (1) Testing the company IC products (2) Maintaining testing software and facility
Home Entertainment BU (HE)	<ol style="list-style-type: none"> (1) Developing world-class audio and video solution (2) Managing sales channels and distributors (3) Marketing and developing business worldwide (4) Managing production, material control. International trading affairs (5) Developing and managing quality assurance system
Administration Center	<ol style="list-style-type: none"> (1) General administration (2) Human resources management (3) Establishing& managing information service, and promoting productivity (4) Assisting corporation in the automating and reengineering of business process, and promoting competitiveness (5) Strategy management to supporting the company growth
Finance & Accounting Division	<ol style="list-style-type: none"> (1) Finance, accounting operation and capital, assets management (2) Arranging annual shareholders meeting
Legal & IP Division	<ol style="list-style-type: none"> (1) In charge of legal and IP affairs (2) Managing the project procedures and documents (3) Protecting and managing documents (4) Purchasing, protecting, and managing books and periodicals (5) Contract & IP management

3.2 Directors, Supervisors, and Management Team

3.2.1 Directors & Supervisors

2009.03.02, Unit: shares

Title	Name	Date Elected	Initial Date Elected	Term of Office	Share holding When Elected		Current Shareholding		Spouse & Minor Shareholding		Educational Background	Positions Currently held in Other Companies (Note2)
					Amount	%	Amount	%	Amount	%		
Chairman & CEO	Chou-Chye Huang	2006.06.09	1990.07.09	3 years	160,058,422	16.85	92,737,817	15.54	919,873	0.15	M.S. Electrical Engineering, National Tsing Hua University	Chairman: Sunplus, RUSSELL Holdings, Global Techplus capital Inc., TECHPLUS Capital (SAMOA), VENTURPLUS Group Inc., VENTURPLUS Mauritius Inc., VENTURPLUS Cayman Inc., Shanghai Sunplus, Sunplus HK, Sunplus Venture Capital, Lin Shih Investment, Weiyang Investment, Sunplus Management Consulting, Giantplus Holding, Giantplus (SAMOA) Holding, KunShan Giantplus, Giantplus, Waveplus, Waveplus Holdings, Generalplus International (SAMOA), Sunplus Innovation Technology, Sunplus mMobile, Generalplus (Mauritius), Generalplus (Shenzhen), Sunext, Sunext Optoelectronics (Shanghai), Great Sun, Sunext (Mauritius), Orise, Sunplus mMedia, Shin-heng Investment, Sunplus Core, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Sunplus mMobile SA, Sunplus mMobile Ltd., Sunplus mMobile holding, Bright Sunplus mMobile Inc., Director: Jet Focus, Shenzhen Giantplus Optoelec. Display, Goldkey Technology, Avl Technology, Hsinchu Golf Club, Spring Foundation of NCTU, Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Taiwan Express, Sinocon Foundation,
Director	Yarn-Chen Chen	2006.06.09	1990.07.09	3 years	32,673,433	3.44	19,008,245	3.18	2,962,755	0.50	M.S. Computer & Electrical Engineering, University of California Santa Barbara	Director: Sunplus, Jet Focus, Shanghai Sunplus, Sunplus venture capital, Lin-Shin Investment, Weiyang Investment, Sunplus Management Consulting, Sunplus mMedia, Sunext, Sunext Optoelectronics (Shanghai), Glodkey, Ability Enterprise, Sunplus mMobile,
Director	Bing-Huang Shih	2006.06.09	1990.07.09	3 years	15,503,360	1.63	6,315,505	1.06	1,696,085	0.28	M.S. Electrical Engineering, National Taiwan University	Director: Sunplus, Sunplus Venture Capital, Lin Shih Investment, Weiyang Investment, Sunplus Management Consulting, Shanghai Sunplus, Beijing Golden Global View, Global View, Orise, Sunplus Innovation Technology, Sunplus mMobile, Sunext, Generalplus, Sunplus mMedia, Sunplus Core
Director	Min-Sheng Lee (Ritek Corp. Representative of Legal Entity)	2006.06.09	2000.05.31	3 years	5,012,149	0.53	2,904,036	0.49	0	0.00	National Taichung Institute of Technology	Director: Kunshan protek, Kunshan Protek optoelectronics, Ritdisplay, Sunplus, Supervisor: Huanchin Investment, HuaShiDeKe Co., Ltd.
Independent Director	Po-Young Chu	2006.06.09	2006.06.09	3 years	0	0.00	1,736	0.00	4,053	0.00	PhD., Purdue University, USA	Director: Sunplus, Chilisun Electronics
Supervisor	Feng, Chu-Chien (Global View Co., Ltd. Representative of Legal Entity)	2006.06.09	1990.07.09	3 years	24,774,377	2.61	10,038,049	1.68	0	0.00	EE of National Chiao-Tung University	Director: Reti Corp., Ming- Chun Tech, Radiantek Supervisor: Sunplus, Giantplus, Waveplus

Note 1: Please refer to the list of affiliate companies for the full names of other companies.

Note 2: None of the Company's directors and supervisors holds shares under others' names.

Note 3: None of the Company's directors and supervisors is within second-degree of consanguinity, such as a spouse or relative, to each other.

3.2.2 Directors and Supervisors' Qualifications and Independence Analysis

2009.03.02

Name (Note 1)	With over 5 years of working experience and one of the following professional requirements			Independent status (Note 2)										Numbers of other public companies concurrently serving as an independent director
	An instructor of higher position in a department of commerce, law, finance, accounting, or other departments related to the Company's business in a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the Company's business	With an experience in commerce, law, finance, accounting, or other specialties necessary to the Company's business	1	2	3	4	5	6	7	8	9	10	
Chou-Chye Huang			✓				✓	✓		✓	✓	✓	✓	
Yarn-Chen Chen			✓				✓	✓		✓	✓	✓	✓	
Bing-Huang Shih			✓				✓	✓		✓	✓	✓	✓	
Po-Young Chu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Min-Sheng Lee (Ritek Corp. Representative of Legal Entity)			✓			✓	✓	✓	✓	✓	✓	✓		
Feng, Chu-Chien (Global View Co., Ltd. Representative of Legal Entity)			✓				✓		✓	✓	✓	✓		

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

Note 2: "✓" indicates the director or supervisor meeting a criteria during its term of office and two years before being elected.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. (This does not apply, however, in case where the position is an independent director of the Company, its parent company, or a subsidiary in which the Company holds, directly or indirectly, more than 50% of shares.)
- (3) Not the shareholder (with its relatives or under others' names) who holds more than 1% shareholding of the total issued shares or ranked as the Top 10 shareholders.
- (4) Not a spouse, relative within the second-degree of consanguinity, or the lineal relative within the fifth-degree of consanguinity of any of the persons in the preceding three paragraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of the Company's issued shares or that holds shares ranked as Top 5 in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution, which has financial or business relationship with the Company.
- (7) Not a professional individual, owner, partner, director, supervisor, or officer (and a spouse thereof) of a sole proprietorship, partnership, company, or institution which provides commercial, legal, financial, accounting, and so on, services or consultation to the Company or to its affiliates.
- (8) Not a spouse or a relative within the second-degree of consanguinity to other directors of the Company.
- (9) Not a person of any condition as defined in Article 30 of the Company Law.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.3 Major Shareholders of Sunplus' Shareholders as Legal Entities

(A) Global View's Top 10 Shareholders

2009.03.02

Shareholder	Holding (%)
Sunplus Technology	11.95
Meng-Huei Lin	8.23
The Hong Kong and Shanghai Banking Corporation Limited, Taipei Branch	7.71
Jhih-Yuan Chou	5.95
Sin-Lin Liao	4.66
HSBC	3.95
Citibank as trustee for First Securities	3.01
Kun-Ting Huang	2.72
Sing-Fei Ma	2.13
Yun-Long Hunag	1.91

(B) Ritek's Top 10 Shareholders

2009.03.02

Shareholder	Holding (%)
Chwei-Jing Yeh	1.40
The Northern Trust Company as trustee for Sanford C. Bernstein & Co. Delaware Business Trust-Emerging Markets Value Series	1.10
HSBC in custody for Taiwan Opportunity Fund	1.09
Chung Fu Investment*	0.98
Wei-Fen Yang	0.96
Citibank in custody for Taiwan Drive Partner Fund	0.88
Citibank in custody for Emerging Markets Evaluation Fund	0.84
Jen-Tai Yen	0.68
Standard Chartered in custody for Germany West European Bank	0.59
Platinum Asia Fund	0.56

* Note: Chung-fu investment's legal entity shareholder: Ritek Corp holding 100%

3.2.4 Management Team

2009.03.02, Unit: shares

Title	Name	Effective Date	Current Shareholding		Spouse's & Minor's Shareholding		Educational Background	Positions Currently held in Other Companies
			Amount	%	Amount	%		
Chairman & CEO	Chou-Chye Huang	1990.07.09	92,737,817	15.54	919,873	0.15	M.S. Electrical Engineering, National Tsing Hua University	Chairman: Sunplus, RUSSELL Holdings, Global Techplus capital Inc., TECHPLUS Capital (SAMOA), VENTURPLUS Group Inc., VENTURPLUS Mauritius Inc., VENTURPLUS Cayman Inc., Shanghai Sunplus, Sunplus HK, Sunplus Venture Capital, Lin Shih Investment, Weiyang Investment, Sunplus Management Consulting, Giantplus Holding, Giantplus (SAMOA) Holding, KunShan Giantplus, Giantplus, Waveplus, Waveplus Holdings, Generalplus International (SAMOA), Sunplus Innovation Technology, Sunplus mMobile, Generalplus (Mauritius), Generalplus (Shenzhen), Sunext, Sunext Optoelectronics (Shanghai), Great Sun, Sunext (Mauritius), Orise, Sunplus mMedia, Shin-heng Investment, Sunplus Core, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Sunplus mMobile SA, Sunplus mMobile Ltd., Sunplus mMobile holding, Bright Sunplus mMobile Inc., Director: Jet Focus, Shenzhen Giantplus Optoelec. Display, Goldkey Technology, Avl Technology, Hsinchu Golf Club, Spring Foundation of NCTU, Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Taiwan Express, Sinocon Foundation,
BU President	Oh-Jung Ou	2001.12.25	1,550,866	0.26	510,604	0.09	B.S. Electrical Engineering, Chung Yuan Christian University	None
Vice President	Steven Huang	2004.05.07	592,937	0.10	9,240	0.00	EMBA, Technology & Innovation Management (TIM), National Chengchi University	None
Vice President	Wen-Kuan Chen	2005.11.07	327,080	0.05	1,522	0.00	M.S. Electrical Engineering, National Cheng Kung University	None
VP	Wayne Shen	2005.12.01	1,089,558	0.18	275,279	0.05	EMBA, Technology Management, National Chiao-Tung University	Supervisor of Sunplus Venture Capital
Director of Finance & Accounting Division	Piper Hung	2007.11.05	50,000	0.01	0	0.00	Bachelor, Accounting, Tamkang University	None

Note1: Please refer to investment list for the full name of other companies.

Note2: None of the management holds the company shares under others' account.

Note3: None of management team, Board of Directors and Supervisors is second-degree of consanguinity relatives of above management

3.2.5 Remuneration to Directors, Supervisors, Presidents, and Vice Presidents
(A) Remuneration to Directors

Units: NT\$K, shares

Title	Name (Note 1)	Remuneration to Directors								(A)+(B)+(C)+(D) of 2008 Net Income (Note 11)		Remuneration to Directors who hold a Concurrent Post in the Company						(A)+(B)+(C)+(D) +(E)+(F)+(G) in 2008 Net Income (Note 11)		Remuneration from Long-term Investments Except Subsidiaries (Note 12)			
		Salary (A) (Note 2)		Pension		Bonus from Profit Distribution (C) (Note 3)		Allowance (D) (Note 4)		Sunplus	Consolidated Subsidiaries (Note 8)	Salary, Bonus, etc. (E) (Note 5)		Employee Bonus from Profit Distribution (F) (Note 6)		Stock Option (G) (Note 7)		Sunplus	Consolidated Subsidiaries (Note 8)				
		Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)			Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	Sunplus	Consolidated Subsidiaries (Note 8)						
Chairman	Chou-Chye Huang																						
Director	Yarn-Chen Chen																						
Director	Bing-Huang Shih																						
Director	Ritek Corp.	0	0	0	0	0	0	114,000	155,000	1.36%	0.20%	8,191,692	12,887,354	91,704	171,996	0	0	0	957,000	100.16%	10.87%	0	
Director	Min-Sheng Lee, Representative of Legal Entity																						
Independent Director	Po-Young Chu																						

Remuneration to Directors	Numbers of Directors			
	(A)+(B)+(C)+(D)		(A)+(B)+(C)+(D)+(E)+(F)+(G)	
	Sunplus (Note 9)	Consolidated Subsidiaries (Note 10)	Sunplus (Note 9)	Consolidated Subsidiaries (Note 10)
Under NT\$2,000,000	Chou-Chye Huang, Yarn-Chen Chen, Bing-Huang Shih, Po-Young Chu, Ritek, Min-sheng Lee		Chou-Chye Huang, Yarn-Chen Chen, Bing-Huang Shih, Po-Young Chu, Ritek, Min-sheng Lee	
NT\$2,000,000~NT\$5,000,000			Yarn-Chen Chen, Bing-Huang Shih, Po-Young Chu, Ritek, Min-sheng Lee	
NT\$5,000,000~NT\$10,000,000			Bing-Huang Shih, Po-Young Chu, Ritek, Min-sheng Lee	

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

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

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

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

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

Note 6: It indicates the employee bonuses (including cash and stock) paid to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or other employees). The amount of employee bonus according to the proposal of profit distribution submitted by BOD to shareholders' meeting for approval in the most recent fiscal year shall be disclosed. If there is no such proposal yet, the stock bonus may be calculated according to the stock bonus last year. The amount of stock bonus for public companies shall be calculated at fair value, which means the closing price on the balance sheet date. For private companies, the amount of stock bonus shall be calculated based on the net value on the last day in the fiscal year when the profit distributed.

Note 7: It indicates the employee stock options (excluding those has been executed) offered to the directors who concurrently hold posts in the Company (including presidents, vice presidents, managers, or other employees). The relevant information shall be disclosed in this table and table 15.

Note 8: The total amount remuneration paid to the Company's directors by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 9: It indicates the numbers of directors classified by the amount of their remuneration paid by Sunplus. The amount of remuneration paid to juridical-person shareholders shall be distributed equally to each representative, and then they shall also be classified according to the amount. If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".

Note 10: It indicates the numbers of directors classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".

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

Note 12: a. Whether the Company's directors receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".

b. If "Yes", the amount of remuneration may be disclosed voluntarily and be included into column G and H; also, the title of the column shall be change to "All the Long-term Investments".

c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid by from other long-term investments except subsidiaries.

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

(B) Remuneration to Supervisors

Unit: NT\$, shares

Title	Name (Note 1)	Remuneration to Supervisors								(A)+(B)+(C) +(D) of Net Income (Note 8)		Remuneration from Long-term Investments Except Subsidiaries (Note 9)
		Salary (A) (Note 2)		Pension (B)		Bonus from Profit Distribution (C) (Note 3)		Allowance (D) (Note 4)		Sunplus	Consolidated Subsidiaries (Note 5)	
		Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)			
Supervisor	Global View Co., Ltd. Chu-Chien Feng (Global View Co., Ltd. Representative of Legal Entity)	0	0	0	0	0	0	24,000	24,000	0.29%	0.03%	No

Remuneration to Supervisors	(A)+(B)+(C)	
	Sunplus(Note 6)	Consolidated Subsidiaries of Sunplus(D) (Note 7)
Under NT\$2,000,000	Global View Co., Ltd., Chu-Chien Feng	Global View Co., Ltd., Chu-Chien Feng

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

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

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

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

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

Note 5: The total amount remuneration paid to the Company's supervisors by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

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

Note 7: It indicates the numbers of supervisors classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of supervisors in each classification, the title of column shall be changed to "Names of Supervisors".

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

Note 9: a. Whether the Company's supervisors receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".

b. If "Yes", the amount of remuneration may be disclosed voluntarily and be included into column D; also, the title of the column shall be change to "All the Long-term Investments".

c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid by from other long-term investments except subsidiaries.

(C) Remuneration to Management Team

Unit: NT\$, Shares

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Reward, Allowance, etc. (C) (Note 3)		Bonus from Profit Distribution (D) (Note 4)				(A)+(B)+(C) +(D) on Net Income (Note 9)		Employee Stock Option (Note 5)		Remuneration from Long-term Investments Except Subsidiaries (Note 10)
		Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus		Consolidated Subsidiaries (Note 6)		Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus					
CEO	Chou-Chye Huang	27,183,870	27,183,870	485,448	485,448	0	0	0	0	0	0	330.03%	35.64%	58,979	58,979	No
BU President	Oh-Jung Ou															
Vice President	Steven Huang															
Vice President	Wen-Kuan Chen															
Vice President	Wayne Shen															

Remuneration to Management	Name of Presidents and Vice Presidents	
	Sunplus (Note 7)	Consolidated Subsidiaries of Sunplus (D) (Note 8)
Under NT\$2,000,000		
NT\$2,000,000~NT\$5,000,000	Steven Huang, Wen-Kuan Chen, Wayne Shen	Steven Huang, Wen-Kuan Chen, Wayne Shen
NT\$5,000,000~NT\$10,000,000	Chou-Chye Huang, Oh-Jung Ou,	Chou-Chye Huang, Oh-Jung Ou,

※The information regarding to those who hold positions equal to a president or vice president shall be disclosed.

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

Note 1: Names of presidents and vice presidents shall be disclosed separately, and the remuneration shall be disclosed in total amount. If a director concurrently serves as a president or vice president, his/her remuneration shall be disclosed accordingly in this table and table (A).

Note 2: It indicates the remuneration to presidents and vice presidents, including salary, allowance, pension, and severance pay) in the most recent fiscal year.

Note 3: It indicates the bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to presidents and vice presidents. If the Company provides a house, car/other transportation, or other allowances to presidents and vice presidents, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

Note 4: It indicates the employee bonuses (including cash and stock) paid to presidents and vice presidents according to the proposal of profit distribution submitted by BOD to shareholders' meeting for approval in the most recent fiscal year. If there is no such proposal yet, the stock bonus may be calculated according to the stock bonus last year. The amount of stock bonus for public companies shall be calculated at fair value, which means the closing price on the balance sheet date. For private companies, the amount of stock bonus shall be calculated based on the net value on the last day in the fiscal year when the profit distributed. The term "Net Income" indicates the net income in the most recent fiscal year.

Note 5: It indicates the employee stock options (excluding those has been executed) offered to the presidents and vice presidents. The relevant information shall be disclosed in this table and table 15.

Note 6: The total amount remuneration paid to the Company's presidents and vice presidents by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 7: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by Sunplus. If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Names of Presidents and Vice Presidents".

Note 8: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Presidents and Vice Presidents".

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

Note 10: a. Whether the Company's presidents and vice presidents receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".

b. If "Yes", the amount of remuneration paid by other long-term investments except subsidiaries may be disclosed voluntarily and included into column D; also, the title of the column shall be changed to "All the Long-term Investments".

c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid to presidents and vice presidents who concurrently hold posts in other long-term investments except subsidiaries.

(D) Employee Bonus Granted to Management Team

There is no profit sharing bonus in 2008.

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

The total amount of remuneration paid by all the companies in the consolidated financial statements (including Sunplus) to directors, supervisors, presidents, and vice presidents is very small dilution of net income. The amount of remuneration is determined by referring to other companies within the same business and the Company Article.

The Board Meeting has decided not distribute the dividends, remuneration and bonus to employee in 2008 due to the economic crisis. The remuneration is fare to piers and based on the operation performance of company and individuals.

3.3 Corporate Governance Implementation

3.3.1 BOD Meeting Status

8 meetings were held in 2008 and the attendance of directors and supervisors is as follows:

Title	Name (Note 1)	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Chou-Chye Huang	8	0	100.00	
Director	Yarn-Chen Chen	6	1	75.00	
Director	Bing-Huang Shih	8	0	100.00	
Director	Min-Sheng Lee (Ritek Corp. Representative of Legal Entity)	7	0	87.50	Min-Sheng Lee Represented during 2008.02.01~2008.04.28 2008.10.29~ Chung-Jyh Yao Represented during 2008.04.29~2008.10.29
Independent Director	Po-Young Chu	8	0	100.00	
Other information required to be disclosed: NA					

Note 1: The name of a legal entity shareholder and its representative shall be disclosed.

Note 2: (a) If a director or supervisor being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

(b) If there is a re-election before year end, the new directors and supervisors along with the original ones shall be disclosed, and the date of directors and supervisors being elected shall be stated. The actual rate of attendance shall be calculated according to the meetings held when they are at posts.

3.3.2 Supervisors Participation in BOD

8 meetings were held in 2008 and the attendance of directors and supervisors is as follows:

Title	Name (Note 1)	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Supervisor	Feng, Chu-Chien (Global View Co., Ltd. Representative of Legal Entity)	8	0	100.00	
Other information required to be disclosed:					
1. Composition and Responsibilities of Supervisors					
(1) Supervisors have attended internal management meetings often and audit the company operations and present the professional opinions independently.					
(2) Supervisors talk the company's internal auditors and CPAs directly and often.					
2. The supervisors participated the listed board meeting without dissent to the resolutions by BOD.					

Note 1: The name of a legal entity shareholder and its representative shall be disclosed.

Note 2: (a) If a supervisor being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

(b) If there is a re-election before year end, the new supervisors along with the original ones shall be disclosed, and the date of supervisors being elected shall be stated. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

3.3.3 Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Item	Implementation Status	Reason of Non-Implementation
1. Shareholding Structure & Shareholders' Rights (1) The way handling shareholders' suggestions or disputes (2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders (3) Risk management mechanism and fire wall between the Company and its affiliates	(1) Sunplus has designated specialists to handle shareholders' suggestions or disputes. (2) The information regarding major shareholders, directors, supervisors, and other important matters which might cause changes in holding, is disclosed periodically so that the Company could know well about major shareholders and the ultimate owners of them. (3) Sunplus has set relevant guidelines to manage risks concerning dealings and contact with affiliates.	Not Applicable
2. Composition and Responsibilities of the BOD (1) Independent directors (2) Regular evaluation of external auditors' independency	(1) Sunplus has one independent director. (2) Auditors' independence is evaluated at the end of every year and the engagement of auditors would be submitted to BOD for approval.	Not Applicable
3. Communication channel with Stakeholders	Sunplus maintains good relations with banks, suppliers, and other relevant parties. Sunplus, with a principle of honesty, provides sufficient information about the Company's operations and defends the Company's lawful rights and interests.	
4. Information Disclosure (1) Establishment of corporate website to disclose information regarding the Company's financials, business, and corporate governance status (2) Other information disclosure channels (ex. English website, appointing responsible people to handle information collection and disclosure, appointing spokesman, webcasting investors conference)	Sunplus has established corporate website, managed by relevant departments, to disclose and collect information. Also, Sunplus announces financial results and corporate governance status, and releases company news after investor conferences quarterly.	Not Applicable
5. Operations of the Company's Nomination Committee, Compensation Committee, or Other Committees of BOD	Not established yet	There is no need to establish such committees because the Company's directors and supervisors are absolutely capable and our internal system is clear.
6. If the Company has established corporate governance policies based on TSE "Corporate Governance Best Practice Principles", please describe discrepancy between the policies and their implementation. Sunplus does not establish other principles of corporate governance; all of our rules and procedures are based on laws and regulations stipulated by authorities in charge, and amended every year in response to inner/outer changes.		
7. Other important information to facilitate better understanding of the Company's corporate governance (such as human rights, employee rights, employee		

Item	Implementation Status	Reason of Non-Implementation
wellness, community participation, social contribution, community service, investor relations, supplier relations, shareholders' rights, customer relations, the implementation of risk management policies and risk evaluation measures, the implementation of consumers/customers protection policies, and purchasing insurance for directors and supervisors.); None		
8. If the Company has a self corporate governance evaluation or has authorized any other professional organization to conduct such evaluation, the evaluation results, major deficiency or suggestion, and improvement are stated as follows: None		

3.3.4 Please describe the Company's policy and implementation of social responsibilities (such as environment protection, community participation, contribution to community, social service, charity, consumer rights, human rights and other social responsibilities):

The Company takes corporate image seriously and realizes it could be destroyed in one day. Sunplus also take our long-term operation, employee wellness, shareholders' rights and interests as our most essential responsibilities. The Company will keep doing our best to be dutiful for our social responsibilities.

3.3.5 Other Corporate Governance Policies

None

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

None

3.3.7 Internal Control System Execution Status and Information

(A) Statement of Internal Control System

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

Date: March 19th, 2009

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during January 1st – December 31st, 2008:

1. Sunplus is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of Board of Directors and management team. Sunplus has established such a system aimed at providing reasonable assurance regarding achievement of objectives in the following categories: (a) effectiveness and efficiency of operations (including profitability, performance, and protection of assets), (b) reliability of financial reporting, and (c) compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only reasonable assurance of accomplishment for the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment and circumstances. Nevertheless, Sunplus' internal control system contains self-monitoring mechanisms, and Sunplus takes corrective actions whenever a deficiency is identified.
3. Sunplus evaluates the design and operating effectiveness of our internal control system based on "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (a) control environment, (b) risk assessment, (c) control activities, (d) information and communication, and (e) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. Sunplus has evaluated the design and operating effectiveness of our internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Sunplus believe that, during the year 2008, our internal control system (including the supervision and management of subsidiaries), as well as our internal control to monitor the achievement of our objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This statement is an integral part of Sunplus' annual report for the year 2008 and prospectus, and would be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Article 20, 32, 281, and 174 of the "Securities and Exchange Law".
7. This statement has been passed by the Board of Directors Meeting held on March 19th, 2009, with zero of five attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Sunplus Technology Co., Ltd.
Chairman & CEO, Chou-Chye Huang



(B) The Company's Internal Control System Audit Report by External Auditors:

Not applicable

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

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

Date	Decision Maker	Case	Result
2008.07.29	Board Meeting	1. To accept 2008 1H financial statements 2. To decide the ex-dividend date	Approved as proposed without dissent.
2008.08.15	Board Meeting	1. To accept 2008 1H consolidated financial statements. 2. To adjust the distribution rate of stock and cash dividends from 2007 profit distribution.	Approved as proposed without dissent.
2008.10.29	Board Meeting	1. To accept 3Q2008 financial statements 2. To accept 3Q2008 consolidated financial statements	Approved as proposed without dissent.
		3. To acquire stake of Sunplus mMedia Inc. as long-term investment	Except Chairman Chou-Chye Huang and director Bin-Huang Shih gave up voting due to conflict of interests, the other directors approved as proposed without dissent.
2009.02.10	Board Meeting	1. To discuss the date and agenda of 2009 shareholders' meeting 2. To discuss the treasury stock write-off	Approved as proposed without dissent
2009.02.20	Board Meeting	1. To discuss the spin-off of Sunplus mMobile inc.	Approved as proposed without dissent
2009.03.19	Board Meeting	1. To accept 2008 financial statements. 2. To accept 2008 consolidated financial statements. 3. To revise the agenda of 2008 shareholders' meeting 4. To discuss profits distribution of 2008	Approved as proposed without dissent.

3.3.10 Content of Directors' or Shareholders' Dissent View on Record or in Writing Regarding Resolutions approved by BOD Meeting: None

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

3.4 Audit Fees: Not Applicable

3.5 Replacement of Auditors

3.5.1 Ex-auditors

Date discharged	2008.March.31
Reason	Internal transference by the audit firm, Deloitte & Touche
Any different opinions than an unqualified opinion in recent 2 years	An qualified opinion in 20081H and 20071H for the un-audited long-term investment' P&L
Any different opinions against issuer	None
Remarks	Not Applicable

3.5.2 Current Auditors

Audit Firm	Deloitte & Touche
Name of Auditor	Shu-Chieh Huang, Hung-Peng Lin
Date of Appointment	2008.March.31
Any different opinions against ex-auditors	None

3.6 Chairman, Presidents, and Managers in Charge of Finance and Accounting Who Held a Position in Sunplus' Independent Audit Firm or Its Affiliates during 2007: None

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

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

Unit: Shares

Title	Name	2008		Ended of March 2nd, 2009	
		Shareholding Change	Shares Pledged	Shareholding Change	Shares Pledged
Chairman	Chou-Chye Huang	4,414,723	20,271,221	0	0
Director	Bing Huang Shih	117,645	0	0	0
Director	Yarn-Chen Chen	904,875	0	0	0
Director	Ritek Corp.	138,244	0	0	0
Director	Po-Young Chu	82	0	0	0
Supervisor	Global View Co., Ltd.	(897,146)	(1,502,222)	0	0
BU President	Oh-Jung Ou	(180,016)	0	(230,000)	0
VP	Steven Huang	142,513	0	0	0
VP	Wen-Kuan Chen	145,094	0	(120,000)	0
VP	Wayne Shen	(10,989)	0	0	0
Finance & Accounting Director	Piper Hung	50,000	0	0	0

3.7.2 Stock Trade

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

3.7.3 Shares Pledge with Related Parties

Name (Note1)	Reason of Pledge (Note2)	Date of Change	Name of Counter Party	Nature of Relationship	Amount of Shares	Percentage of Shareholding	Percentage of Shares Pledge	Transaction Price
-	-	-	-	-	-	-	-	-

3.8 Top 10 Shareholders & Related Parties Defined in Article 6 of Taiwan GAAP

Name	Current shareholding		Shareholding under Spouse & Minor		Shareholding under others' name		Relationship with related-parties	
	Amount of Shares	Holding %	Amount of Shares	Holding %	Amount of Shares	Holding %	Name	Relationship
Chou-Chye Huang	92,737,817	15.54	919,873	0.15	-	-	-	-
Yarn-Chen Chen	19,008,245	3.18	2,962,755	0.50	-	-	-	-
China Trust Bank in custody for Sunplus employee shareholding trust	13,056,347	2.19	-	-	-	-	-	-
De-Zhong Liu	13,045,795	2.19	2,006,943	0.34	-	-	-	-
Global View Co., Ltd.	10,038,049	1.68	-	-	-	-	Bin-Huang Shih	Board Director of Global View
Chu-Chien Feng (representative of Global View)	-	-	-	-	-	-	-	-
Chih-Hao King	9,378,660	1.57	-	-	-	-	-	-
Wen-Qin Lee	7,362,756	1.23	-	-	-	-	-	-
Bing Huang Shih	6,315,505	1.06	1,696,085	0.28	-	-	Global View	Board Director
Chartered Bank in custody for West-Europe Germany Bank special account of social rescue activities	4,575,963	0.77	-	-	-	-	-	-
Lin-Shih Investment	3,559,996	0.60	-	-	-	-	-	-

3.9 Long-term Investment Ownership

2008.12.31; Unit: thousand shares, %

Long-term Investments(Note)	Sunplus Investment		Shareholding of Director, Supervisor, Management or Subsidiary		Synthetic Shareholding	
	Amount of Shares	Holding %	Amount of Shares	Holding%	Amount of Shares	Holding %
Giantplus Technology	84,652	21	12,377	3	97,029	24
Orise Technology	72,090	55	865	1	72,955	56
Generalplus Technology	27,942	41	15,573	23	43,515	64
Global View Technology	13,568	11	500	0	14,068	11
Goldkey Technology	1,702	12	1,866	13	3,56	25
Waveplus Technology	1,302	41	914	28	2,216	69
Sunext Technology	78,995	79	15,925	16	94,920	95
Sunplus mMedia Inc.	64,500	78	12,876	16	77,376	94
Ritek Corp.	5,000	0	3,915	0	8,915	0
Sunplus Core Technology	8,898	57	4,000	26	12,898	83
Sunplus Innovation Technology	22,660	84	452	2	23,112	86
Sunplus mMobile Inc.	120,000	91	3,797	3	123,797	94

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

IV. Capital & Shares

4.1 Capitalization

2009.03.02

Month/Year	Price (NT\$)	Authorized capital		Issued capital		Remark		
		Shares (Thousand shares)	Amount (NT\$M)	Shares (Thousand Shares)	Amount (NT\$M)	Funding (NT\$K)	Funding except cash	Note
08/1990	10	2,300	23	620	6.2	Cash Offering 6,200	None	Not IPO yet
08/1990	10	2,300	23	1,150	11.5	Cash Offering 5,300	None	Not IPO yet
03/1992	10	2,300	23	2,300	23	Cash Offering 11,500	None	Not IPO yet
12/1993	10	6,000	60	6,000	60	Cash Offering 20,900 Capitalization of Profits 16,100	None	Not IPO yet
09/1994	10	19,800	198	19,800	198	Cash Offering 60,000 Capitalization of Profits 78,000	None	Not IPO yet
06/1995	10	39,600	396	39,600	396	Capitalization of Profits 198,000	None	06/28/1995 SFC No. 37335
06/1996	10	64,360	643.6	64,360	643.6	Capitalization of Profits 247,600	None	06/26/1996 SFC No. 40155
06/1997	10	105,500	1,055	105,500	1,055	Capitalization of Profits 411,400	None	06/10/1997 SFC No.46641
06/1998	10	184,000	1,840	184,000	1,840	Capitalization of Profits 785,000	None	06/ 08/1998 SFC No.49408
06/1999	10	269,120	2,691.2	269,120	2,691.2	Capitalization of Profits 851,200	None	06/23/1999 SFC No.57760
06/2000	10	600,000	6,000	370,000	3,700	Capitalization of Profits 1,008,800	None	06/03/2000 SFC No.48003
09/2000	10	600,000	6,000	390,000	3,900	Cash Offering for GDR 200,000	None	09/18/2000 SFC No 72620
06/2001	10	700,000	7,000	534,000	5,340	Capitalization of Profits 1,440,000	None	06/27/2001 SFC No 40791
12/2001	10	700,000	7,000	544,742	5,447	Merger from Grandtech 10,742	None	12/12/2001 SFC No 173137
06/2002	10	1,000,000	10,000	694,950	6,949.5	Capitalization of Profits 957,334 And Capital Surplus 544,742	None	05/30/2002 SFC No. 129546
07/2003	10	1,000,000	10,000	777,504	7,775.0	Capitalization of Profits 130,590 And Capital Surplus 694,950	None	05/22/2003 SFC No.0920122560
06/2004	10	1,000,000	10,000	875,254	8,752.5	Capitalization of Profits 355,500 And Capital Surplus 622,004	None	06/15/2004 SFC No.0930126644
07/2005	10	1,050,000	10,500	945,570	9,455.7	Capitalization of Profits 487,576 And Capital Surplus 175,051 Employee Stock Option 40,529	None	07/11/2005 FSC No. 0940127940 TSE No.09400288741
11/2005	10	1,050,000	10,500	948,147	9,481.5	Employee Stock Option 25,772	None	TSE No.09400340711
03/2006	10	1,050,000	10,500	948,730	9,487.3	Employee Stock Option 5,825	None	TSE No.09500052761
06/2006	10	1,050,000	10,500	949,784	9,497.8	Employee Stock Option 10,547	None	TSE No.09500116511

Month/Year	Price (NT\$)	Authorized capital		Issued capital		Remark		
		Shares (Thousand shares)	Amount (NT\$M)	Shares (Thousand Shares)	Amount (NT\$M)	Funding (NT\$K)	Funding except cash	Note
06/2006	10	1,200,000	12,000	1,021,358	10,213.6	Capitalization of Profits 508,844 And Capital Surplus 189,230 Employee Stock Option 17,660	None	FSC No.0950126238
11/2006	10	1,200,000	12,000	1,022,777	10,227.8	Employee Stock Option 14,195	None	TSE No.0950030505
01/2007	10	1,200,000	12,000	512,212	5,122.1	Capital Reduction 5,114,358 Employee Stock Option 8,703	None	FSC No.0950159014
03/2007	10	1,200,000	12,000	512,954	5,129.5	Employee Stock Option 7,418	None	TSE No.0960005441
09/2007	10	1,200,000	12,000	554,240	5,542.4	Capitalization of Profits 288,622 And Capital Surplus 102,415 Employee Stock Option 21,825	None	FSC No.0960038299
11/2007	10	1,200,000	12,000	556,051	5,560.5	Employee Stock Option 18,115	None	TSE No.0960037136
03/2008	10	1,200,000	12,000	556,750	5,567.5	Employee Stock Option 6,990	None	TSE No.09700075761
05/2008	10	1,200,000	12,000	556,893	5,568.9	Employee Stock Option 1,427	None	TSE No.09700142371
09/2008	10	1,200,000	12,000	598,203	5,982.0	Capitalization of Profits 301,637 And Capital Surplus 111,092 Employee Stock Option 368	None	FSC No.0970036239
02/2009	10	1,200,000	12,000	596,910	5,969.0	Treasury Stock write-off 12,929	None	TSE No.0980003591

2009.03.02 Unit: Shares

Type	Shares	Authorized Capital			Remark
		Issued Shares	Un-issued Shares	Total	
Common share		596,909,919	603,090,081	1,200,000,000	

Shelf Registration

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

4.1.1 Composition of Shareholders

2009.03.02

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Natural Persons	Treasury Stock	Total
Number (Persons)	4	13	146	134	66,838	0	67,135
Shares	804	169,972,006	29,232,622	28,161,886	522,542,601	0	596,909,919
Holding %	0.00	2.84	4.90	4.72	87.54	0.00	100.00

4.1.2 Distribution Profile of Shareholder Ownership – Common Share

2009.03.02 / Par Value Per Share: \$NT10

Shareholding Ownership			Number of Shareholders (persons)	Shares Owned	Holding %
1	~	999	22,226	5,108,135	0.86
1,000	~	5,000	30,442	64,757,846	10.85
5,001	~	10,000	7,105	50,093,955	8.39
10,001	~	15,000	2,926	33,903,577	5.68
15,001	~	20,000	1,196	21,345,783	3.58
20,001	~	30,000	1,300	31,049,015	5.20
30,001	~	40,000	569	19,557,238	3.28
30,001	~	50,000	400	17,954,908	3.01
50,001	~	100,000	570	39,300,530	6.58
100,001	~	200,000	216	29,545,457	4.95
200,001	~	400,000	101	26,872,953	4.50
400,001	~	600,000	28	13,898,811	2.33
600,001	~	800,000	8	5,463,111	0.92
800,001	~	1,000,000	9	8,064,222	1.35
Over 1,000,001			39	229,997,378	38.52
Total			67,135	596,909,919	100.00

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not applicable

4.1.4 Major Shareholders

2009.03.02

Name	Shareholding	Shares Owned	Holding %
Chou-Chye Huang		92,737,817	15.54
Yarn-Chen Chen		19,008,245	3.18
China Trust Bank in custody for Sunplus employee shareholding trust		13,056,347	2.19
De-Zhong Liu		13,045,795	2.19
Global View Co., Ltd.		10,038,049	1.68
Chu-Chien Feng (representative of Global View)		9,378,660	1.57
Chih-Hao King		7,362,756	1.23
Wen-Qin Lee		6,315,505	1.06
Bing Huang Shih		4,575,963	0.77
Chartered Bank in custody for West-Europe Germany Bank special account of social rescue activities		3,559,996	0.60

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

Item		Year	2007	2008
Market Price	Highest		109.00	50.50
	Lowest		35.40	9.91
	Average		62.03	28.43
Net Worth	Before Distribution		23.14	18.31
	After Distribution		20.58	Note 1
Earnings Per Share	Weighted Average Shares		584,195,128	593,326,431
	Earnings Per Share(Note 2)	Before Adjustment	3.53	0.01
		After Adjustment	3.28	Note 1
Dividends Per Share	Cash Dividends		2.992	Note 1
	Stock Dividends	From Retained Earnings	0.2999	Note 1
		From Capital Surplus	0.1999	Note 1
	Accumulated Undistributed Dividends		-	Note 1
Return on Investment	Price/Earnings Ratio (Note 3)		17.57	2,843.00
	Price/Dividend Ratio (Note 4)		24.82	Note 1
	Cash Dividends Yield Rate (Note 5)		4%	Note 1

Note 1: Pending shareholders' approval

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

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

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

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

4.1.6 Dividend Policy

(A) Dividend policy in the "Article of Incorporation"

Our dividend policy is made according to regulations set forth in the "Company Law" and the "Article of Incorporation". The dividends can be in the form of cash or stock, which depends on the status of company's capital, financial structure, operational needs, retained earnings and industrial environment.

The dividend policy for this year will follow the aforementioned rules and maintain the policy of cash dividend with stock dividend, while cash part shall not be less than 10% of the total dividend.

(B) Stock dividends: The Board Meeting proposed not to distribute the profits of 2008

(C) Expected Variation: None

4.1.7 Impact to Profits and EPS Resulting from Dividend Distribution

Due to no official financial guidance for 2008, there is no related information to disclose.

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

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

The Company's "Articles of Incorporation" provides that Company appropriates earnings every year as follows: (1) legal reserve equivalent to 10% of the net income of the latest completed year less any accumulated deficit in prior years except the amount of legal reserve are over the capital, and (2) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than the deficit. In addition, any distribution of the remaining earnings, will be made as follow: (i) up to 6% of the par value of the outstanding capital stock will first be paid/distributed as dividends,

(ii) 1.5% and at least 1% of the remaining distributable earnings after (i) is distributed as remuneration to directors and supervisors and as bonus to employees, respectively. The balance of the current year net income after all the foregoing appropriations and distributions plus the accumulated balance of the un-appropriated prior years' earnings may be distributed as additional dividend. It is the Company's policy that cash dividends shall be at least 10% of total dividends paid/distributed. Stock dividend will be distributed in lieu of cash dividends when the minimum cash dividend distributable is less than NT\$0.5 per share.

A special reserve equivalent to the debit balance of any account shown in the shareholder equity section of the balance sheets, other than the deficit, is made from retained earnings pursuant to existing regulations promulgated by the ROC Securities and Futures Commission (SFC). The special reserve is adjusted accordingly based on the balance of such accounts at year-end.

(B) BOD Proposal to Distribute 2007 Profits as Bonus to Employees, Directors, and Supervisors

The Board Meeting proposed not to distribute the profits of 2008

(C) Bonus to Employees, Directors, and Supervisors Last Year

Approval by shareholders' meeting at June 30th, 2008, the distribution of 2007 profits as bonus to employees, directors, and supervisors is as follows:

	Amount (NT\$K)
Bonus to Employees in Stock	\$ 135,000
Bonus to Employees in Cash	15,000
Bonus to Directors& Supervisors in Cash	23,090
Total	<u>\$ 173,090</u>

The distribution is the same as the proposal submitted by BOD meeting on April 29th, 2008.

4.1.9 Buyback Program: None

4.2 Issuance of Corporate Bonds: None

4.3 Preferred Shares: None

4.4 Issuance of GDR

2008.12.31

Item	Issuing Date	March 16, 2001
Issuing Date		March 16, 2001
Issuance & Listing		London Stock Exchange Listed
Total Amount		US\$191,400,000
Offering Price per Unit		US\$9.57
Issued Units		14,715,305.5
Underlying Securities		Offering 20,000,000 new shares of common stock of par value NT\$10
Common Shares Represented		28,599,953 Common Shares
Rights and Obligations of GDR holders		Same as those of common share holders
Trustee		NA
Depository Bank		The Bank of New York
Custodian Bank		International Commercial Bank of China
GDRs Outstanding		457,246 units
Apportionment of the expenses for the issuance and maintenance		All fees and expenses related to issuance of GDRs were borne to the selling shareholders and Sunplus, while the maintenance expenses such as annual listing fees, information disclosure fees and other expenses were borne by Sunplus
Terms and Conditions in the Deposit Agreement and Custody Agreement		-

Closing price per GDRs	2008	Highest	US\$2.84
		Lowest	US\$0.62
		Average	US\$1.77

4.5 Employee Stock Options Plan

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

2008.12.31

Employee Stock Option	In 2003		In 2007	
	1 st Grant	2 nd Grant	1 st Grant	2 nd Grant
Approval Date by the Securities & Future Commission	March 06, 2003		September 11, 2007	
Issue(Grant) Date	May 06, 2003	August 28, 2003	November 13, 2007	December 28, 2007
Number of Shares Issued	23,636,472	6,908,418	19,908,840	6,299,902
Percentage of Issued Shares to Outstanding Common Shares	3.96%	1.16%	3.34%	1.06%
Option Duration	2005/05/06 ~ 2009/05/05	2008/08/28 ~ 2009/08/27	2008/11/13 ~ 2113/11/12	2007/12/28 ~ 2113/12/28
Source of Option Shares	New common shares		New common shares	
Vesting Schedule	2 nd Year 3 rd Year 4 th Year	50% 75% 100%	After 2 years, 100%	
Shares Exercised	17,096,140	841,355	0	0
Value of Shares Exercised (Note 1)	NT\$27.80	NT\$48.30	NA	NA
Shares Unexercised	1,980,997	3,100,571	18,346,118	6,299,902
Grant Price per Unexercised Shares	NT\$27.80	NT\$48.30	NT\$40.40	NT\$40.90
Percentage of Unexercised Shares to Outstanding Common Shares	0.33%	0.52%	3.07%	1.06%
Impact to Shareholders' Equity	Dilution to shareholders' equity is limited		Limited dilution to shareholders' equity	

4.5.2 Stock Option to Management Team and Top 10 Individual over NT\$30million

- (A) Stock option in 2003: None available
 (B) Stock option 1st Grant in 2007

2008.12.31

Title	Name	Amount of Options Granted	Percentage of Shares Exercisable to Outstanding Common Shares	Shares Unexercised			
				Amount (Shares)	Grant Price (NT\$)	Value of Shares Unexercised (NT\$K)	Percentage of Shares Unexercised to Outstanding Common Shares
BU President	Oh-Jung Ou	997,484	0.17	997,484	40.40	40,298,354	0.17
VP	Wen-kuan Chen						
VP	Steve Huang						
VP	Wayne Shen						
Director of finance & accounting division	Piper Hung						

(C) Stock option 2nd Grant in 2007

2008.12.31

Title	Name	Amount of Options Granted	Percentage of Shares Exercisable to Outstanding Common Shares	Shares Unexercised			
				Amount (Shares)	Grant Price (NT\$)	Value of Shares Unexercised (NT\$K)	Percentage of Shares Unexercised to Outstanding Common Shares
BU President	Oh-Jung Ou	377,994	0.06	377,994	40.90	15,459,955	0.06
VP	Wen-kuan Chen						
VP	Steve Huang						
VP	Wayne Shen						
Director of finance & accounting division	Piper Hung						

4.5.3 Mergers and Acquisitions: Not applicable**V. Financial Plan & Implementation**

Not Applicable

VI. Business Highlight

6.1 Business Activities

6.1.1 Business Scope

(A) Major Business

1. CC01080 Manufacturing of electronic component
2. I501010 Product Designing
3. F401010 International Trading
4. I301010 Software Design Services
5. I301020 Data Processing Services
6. ICs R&D, Manufacture, Test, Sale
7. ICs module R&D, Manufacture, Test, Sale
8. Application software R&D, Sale
9. IPs R&D, Sale
10. Trading Business and Agency Business of ICs

(B) Product Segments and Sales Amount

Product Categories	Sales of 2008	
	Amount (NT\$K)	Percentage (%)
Multimedia IC	5,272,661	87
Others	820,518	13
Total	6,093,179	100

(C) Product Lines

1. Multimedia IC: IC solutions for multimedia home applications, such as DVD/VCD, LCD TV, Digital TV, pocket TV, and set-top-box.
2. Others: Including ASIC and intellectual properties.

(D) New Products

1. Highly-integrated digital TV solution
2. HDMI DVD player IC
3. Blue-ray Disc player IC
4. Portable and Car DVD IC
5. Set-top-box
6. DTV IC solutions
7. Pocket TV IC
8. Digital photo frame IC
9. GPS IC

6.1.2 Industry Overview

(A) Supply Chain

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

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

(B) Market Trend and Competition

1. Multimedia IC: Our multimedia ICs are based on DSP and RISC hardware technologies. By collocating with different image processing and voice processing algorithm, these technologies can process complicated mathematic operations, which can be applied to

- applications like DVD/VCD、set-top-box, LCD TV, digital TV, and etc. At present, our main competitors are Zoran, Trident, Mediatek, ALi, Morning-Star, ALi and Novatek.
- Others: Sunplus also provides ASICs and IP products.

6.1.3 Technology and Development

(A) R&D expenditure in 2006 and 2007

Item	Year	NT\$K
		2008
Expense		1,532,685
Percentage to Revenue		25%

(B) R&D Accomplishment

- DTMB set-up-box IC solutions
- MPEG2 decoding and servo control technology for DVD player SoC
- MPEG4 decoding technology for DSC, DVD player
- HDMI DVD IC
- JPEG decoding for Digital photo frame
- DVB-Terrestrial technology for set-top-box and pocket TV
- TV codec technology for video player, TV game consoles, LCD TV, and digital TV

(C) Business Plan

Sunplus has been focused on consumer IC design since start-up. After the re-grouping in 2006, our main product lines are multimedia home IC solutions and IPs development. The coming analog switch-off to digital broadcasting will boost the demand for digital TV, LCD TV, and set-top-box, which could be the next cash cow to Sunplus. In the future, with the concept of “digital home” becoming the ideal and desired life style, the home entertainment IC market will be very potential and highly growing in the following years. Sunplus will keep developing cutting-edge technologies and target for the world’s leading multimedia SoC provider.

6.2 Market and Sales Status

6.2.1 Market Analysis

(A) Market Analysis by Region

Sales Area	2007	
	Amount (NT\$K)	Percentage (%)
Hong Kong	8,012,713	86.96
Taiwan	407,117	4.42
Others	794,229	8.62
Total	9,214,059	100.00

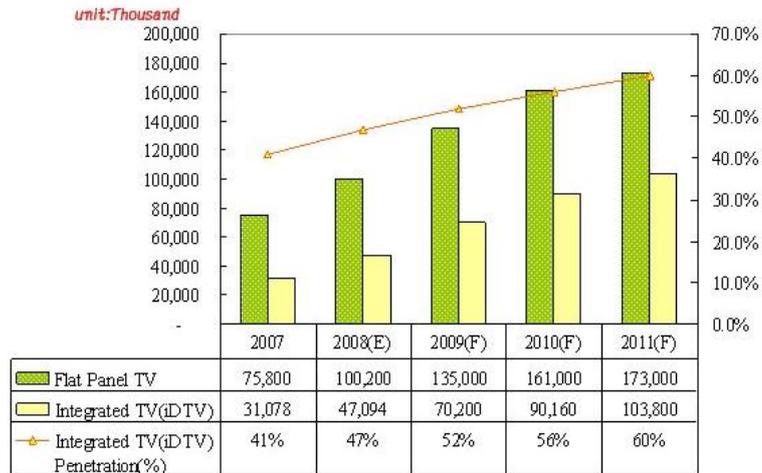
(B) Market Share

According to the statistics provided by Taiwan Semiconductor Industry Association, the revenue of Taiwan IC design companies reached NT\$399.7 billion, and Sunplus took around 2.3% market share with 2007 revenue of NT\$9,214 million.

(C) Demand, Supply, and Growth

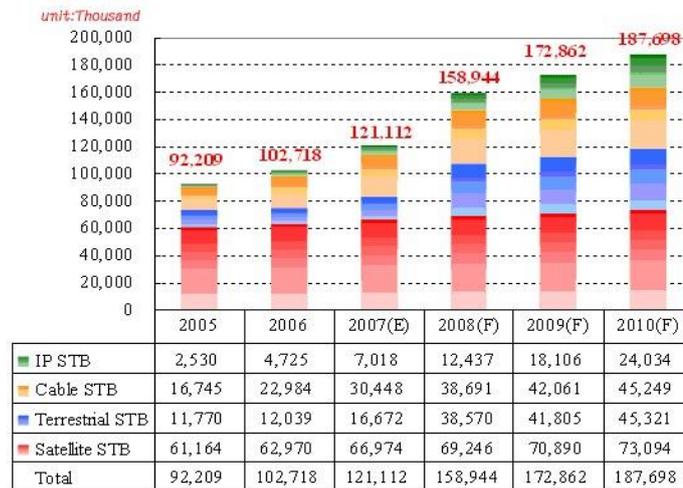
Multimedia IC: The product applications of our multimedia ICs include DVD/VCD player, DVB-T STB, LCD TV, and etc. The demand for multimedia home products keeps growing due to “digital home” life style getting popular. Especially, the European and North American countries have scheduled to switch off the analogy broadcasting channels. The analog switch-off to digital broadcasting trigger the demands of set-up-box and digital TV. In the coming few years, the large panel and high definition digital TV will be the main stream in the market. In addition to the developed countries like North America and Europe, developing countries like China and India are also very potential markets.

Worldwide iDTV Market Forecast



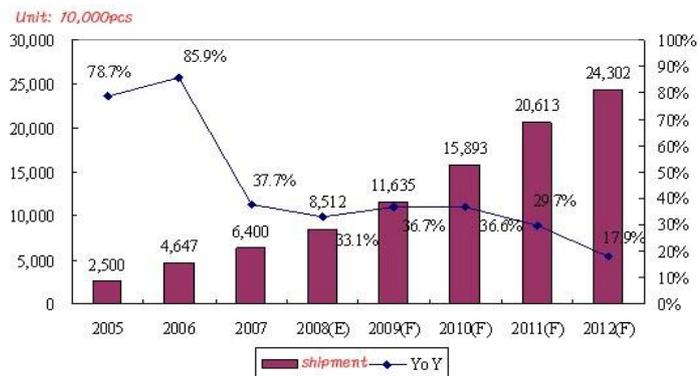
Source: Topology · 2008/09

Worldwide DVB-T STB Market Forecast



Source: IDC ; Topology · 2007/12

Set-up-box Shipment & Forecast -China



Source: Gartner · Topology · 2008/07

DVD Recorder Shipment & Forecast

Thousand Units

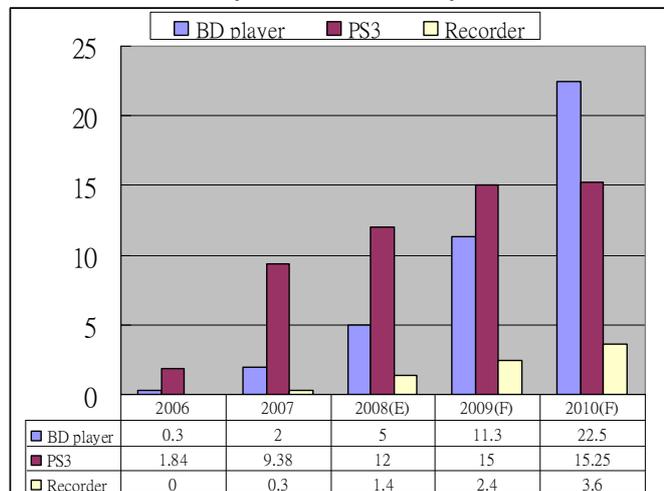
	2006	2007(e)	2008(f)	2011(f)	CAGR
Digital TV STB	102,865	114,750	138,020	147,016	7.40%
Game Console	29,507	39,003	41,642	47,244	9.87%
DVD Player & Recorder	108,921	113,201	117,804	139,175	5.02%
Portable Game Device	35,460	38,150	36,972	43,841	4.33%
Personal Media Player	105,910	135,600	153,660	174,861	10.55%

Note:

1. Figures include DVD, Blue-ray.
2. Figures of DTV STB includes satellite, cable, terrestrial
3. PMP indicates personal media player

Source: MIC, 2007/11

BD Player/Recorder/PS3 Shipment & Forecast (Unit: million Pcs)



Source: Topology · 2008/07

(D) Competition and Long-term Business Strategy

1. Competition Analysis

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

Eight engineers established Sunplus in 1990. They are the center of Sunplus management team. Each of them has accumulated almost twenty years of experience in new product development, technology management, and marketing. The invaluable experience has been deliberately passed on to the next generation of engineers. This continuity in the conveyance of experience has resulted in fewer complaints from customers and more rapid professional growth in our new employees. Consequently, the labor turn over rate remains relatively low compared to other IC design houses. End of February 28th, 2009, Sunplus has totaled 312 patents in Taiwan, 190 patents in P.R.C., 157 patents in U.S.A.

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

Since the IC market is extremely competitive and stagnation is an ever-present trap, we keep on bringing in a large number of R&D resources to develop new high-level consumer products and widening the distance between us and other competitors.

Sunplus' numerous product lines give us a tremendous advantage over our competitors. We are the kind of customer that prized by most wafer foundries because our wafer demand does not fluctuate when a few products are eliminated. Due to our steady stream orders to our wafer suppliers, we enjoy more

consistent wafer supply during peak seasons over our competitors. This also allows us to keep our wafer costs at a competitive rate.

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

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

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

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

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

2. Advantages

- (a) Sunplus offers high value-added products to enable customer to win the market.
- (b) The revolution of semiconductor process technology accelerates the popularity of consumer electronic products.
- (c) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.
- (d) Sunplus has strong IC design capability to meet customers' requirements for time to market and costs reduction.
- (e) Sunplus has built up long-term relationship with wafer foundries due to our steady demand for wafers, and therefore we can get stable supply and lower prices from wafer foundries.

3. Disadvantages

- (a) The consumer cut off budget because of the global economic crisis and bearish economics.
- (b) Product life cycles are becoming shorter and shorter.
- (c) SoC design and integration of features and functions, which developing products costs are a lot more than before, has become the trend of IC design.
- (d) The competition is getting fiercer since IC design industry enjoys high profits.

4. Business Strategy

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

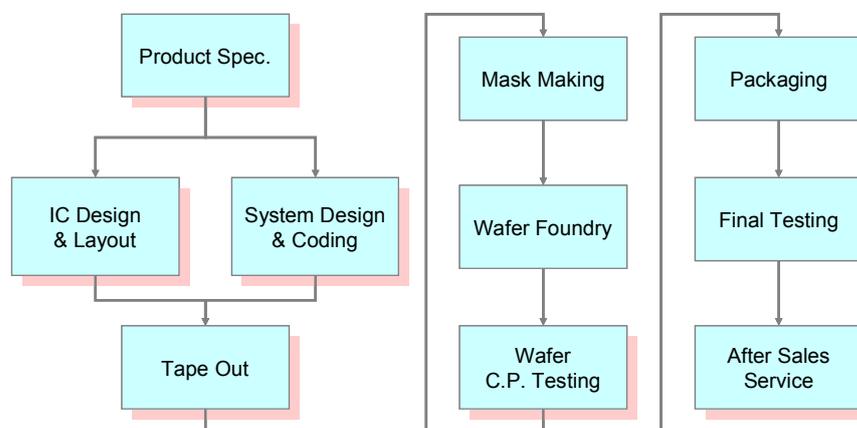
6.2.2 Product Applications and Development Flow

(A) Product Applications

Multimedia IC: IC solutions for DVD/VCD player, LCD TV, digital TV, set-top-box, and other multimedia home applications.

Others: ASICs and IP products.

(B) IC Development Flow



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

6.2.3 Major Suppliers

The major materials are wafers. Sunplus' main foundry contractors are local or overseas wafer manufacturers, such as TSMC. Wafer supplements are sufficient and stable.

6.2.4 Major Customers and Suppliers in the Recent Two Years

(A) Major Customers

NT\$K

2007			2008		
Customer	Sales Amount	% of Total Sales	Customer	Sales Amount	% of Total Sales
A	3,071,671	33	A	1,672,714	27
B	2,308,230	25	B	1,417,376	23

(B) Major Supplier

NT\$K

2007			2008		
Supplier	Purchasing Value	% of Total Purchasing	Supplier	Purchasing Value	% of Total Purchasing
A	2,439,671	78	A	1,629,147	65
B	527,781	17	B	840,009	33

6.2.5 Production

Unit: Thousand Pcs, NT\$K

Product	Year	2007			2008		
		Capacity	Output	Value	Capacity	Output	Value
Major Products							
Multimedia IC		-	106,049	5,147,505	-	102,086	4,573,992
Others		-	1,912	108,568	-	343	24,309
Total		-	107,961	5,256,073	-	102,429	4,598,301

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

6.2.6 Sales

Unit: Thousand Pcs; NT\$K

Year	2007				2008			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Multimedia IC	1,840	183,129	101,917	7,926,405	4,629	583,374	79,067	4,689,287
Others	322	223,988	1,019	880,537	361	297,973	696	522,545
Total	2,172	407,117	102,936	8,806,942	4,990	881,347	79,763	5,211,832

6.3 Personnel Structure

Year		2007	2008
Workforce Structure by Job Function	R&D	397	396
	Production	80	75
	Administration	110	105
	Total	587	576
Average Age		32.8	33.1
Average Years Served		4.1	4.3
Workforce Structure by Education Degree	Ph.D.	2.2%	2.8%
	Master	62.8%	64.9%
	Bachelor	23.3%	22.6%
	Other Higher Education	7.7%	6.7%
	High School	4.0%	3.0%
	Total	100.0%	100.0%

6.4 Environmental Protection & Expenditures

6.4.1 Environmental Protection

Sunplus does not violate any EPA regulation regarding pollutants and environmental protection. Sunplus is working hard for environmental sustainability and ISO-14001 and IECQ080000 certified.

6.4.2 Working Environment

- (A) Allocate sole-duty organization and employees to execute the matters concerning to environment security and sanitation management according to Laws.
- (B) Examine the working environment regularly to maintain the security of environment and equipments.
- (C) Review the working environment and set up related devices with a standard higher than regulation.
- (D) Hold the physical examination for new employees and the regular health examination for employees on the job with higher perception than laws.

6.5 Employees

6.5.1 Employee Welfare

We strive to provide a clean and supportive environment for our employees. We established an Employee Welfare Committee to operate welfare activities including emergency aid, educational grants, book purchase subsidies, social club activities and overseas trips. We also comply with the Labor Standards Law to conduct labor insurance and retirement system programs, and participation with the National Health Insurance plan according to the National Health Insurance Act. Moreover, we also handle group insurance and insurance for family dependants to ensure security for our employees. In 1996 we adopted a new system, which allowed our employees to be awarded with company stock.

6.5.2 Pension Plan

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

6.5.3 Other Affairs

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

6.5.4 Training

The Company provides 205 person-times of external professional training courses & 67courses for internal training. (Skipped the list of course)

6.5.5 Loss from Controversy between Labor and Management

None

6.6 Important Contracts

Contract	Counter Party	Term	Content	Restriction
Lease of Land	Hsinchu Science Park Administration	1995/8/01-2021/12/31	Lease of Land	self-use
IP Licensing	Silicon Image Inc.	2007/2/02~	Licensing DTV IPs to Silicon image (license fee US\$48m in total)	NA

VII. Financial Statements

7.1 Condensed Financial Statement and Auditors' Opinions

7.1.1 Condensed Balance Sheet

NT\$K

Item		Year				
		2004	2005	2006	2007	2008
Current Assets		10,854,116	12,545,989	10,317,882	4,315,996	2,837,092
Long-term Investment		3,812,212	4,647,317	7,044,292	8,189,460	7,445,768
Fixed Assets		1,480,297	1,561,258	1,307,777	940,134	836,326
Intangible Assets		1,122,172	1,044,784	1,044,058	841,899	551,787
Other Assets		837,852	572,650	751,258	1,380,877	1,260,233
Total Assets		18,106,649	20,371,998	20,425,267	15,668,366	12,931,206
Current Liabilities	Before Distribution	2,337,695	3,749,300	2,587,433	2,472,048	1,731,341
	After Distribution	4,137,208	5,691,112	4,690,418	3,898,782	(Note3)
Long-term Liabilities		0	0	0	0	0
Other Liabilities		504,820	633,679	453,761	313,195	249,443
Total Liabilities	Before Distribution	2,842,515	4,382,979	3,041,194	2,785,243	1,980,784
	After Distribution	4,642,028	6,324,791	5,14,179	4,211,977	(Note3)
Capital Stock		8,752,544	9,487,296	10,236,476	5,567,505	5,982,028
Capital Surplus		1,604,261	1,520,461	1,366,696	1,553,917	1,587,558
Retain Earnings	Before Distribution	5,341,422	5,452,688	5,974,727	5,644,622	3,924,634
	After Distribution	3,054,333	3,002,032	3,583,120	63,135	(Note3)
Unrealized Gain (Loss) on Financial Merchandise (Note 3)		0	(285,085)	(34,466)	185,415	149,639
Cumulative translation adjustments		(49,030)	(9,775)	17,206	63,135	(561,966)
Unrealized Net Loss on the Costs of Pensions		0	0	0	0	0
Total Equity	Before Distribution	15,264,134	15,989,019	17,384,073	12,883,123	10,950,422
	After Distribution	13,464,621	14,047,207	15,281,088	11,456,389	(Note3)

Note1: Figures are audited for the past-5 years

Note2: The statements after 2006 are followed Taiwan GAAP Article-34&35

Note3: Profits of 2007& 2008 have not been distributed yet

7.1.2 Condensed Income Statement

NT\$K

Item	Year				
	2004	2005	2006	2007	2008
Net Sales	18,940,056	18,781,122	17,076,426	9,214,059	6,093,179
Gross Profit	5,943,206	6,120,397	5,727,373	3,912,226	2,357,964
Income from Operation	2,926,528	2,584,005	2,175,746	1,606,196	516,709
Non-operating Income (Gain)	235,259	196,783	1,216,492	1,108,159	727,781
Non-operating Expense (Loss)	528,358	403,094	272,655	417,873	1,084,466
Income From Operations of Continued Segments-Before Tax	2,633,429	2,377,694	3,119,583	2,296,482	160,024
Income From Operations of Continued Segments-After Tax	2,737,691	2,398,355	3,005,304	2,061,502	8,383
Income From Operations of Discontinued Segments	0	0	0	0	0
Extraordinary Gain (Loss)	0	0	0	0	0
Cumulative Effect of Changes in Accounting Principles	0	0	(32,609)	0	0
Net Income	2,737,691	2,398,355	2,972,695	2,061,502	8,383
EPS	3.15	2.56	2.94	3.53	0.01
Adjusted EPS	3.10	2.53	2.92	3.52	0.01

7.1.3 Auditors' Opinions

Year	CPA	Audit Opinion
2004	Hung-Peng Lin Hung-Wen Huang	An unqualified opinion
2005	Hung-Peng Lin Hung-Wen Huang	An unqualified opinion
2006	Hung-Wen Huang Shu-Chieh Huang	An unqualified opinion with expletory
2007	Hung-Wen Huang Shu-Chieh Huang	An unqualified opinion
2008	Hung-Peng Lin Shu-Chieh Huang	An unqualified opinion with expletory

7.2 Financial Analysis

7.2.1 Financial Analysis (Standalone)

Item		Year	2004	2005	2006	2007	2008	
Capital Structure Analysis	Debts ratio (%)		15.70	21.51	14.89	17.78	15.32	
	Long-term fund to fixed assets (%)		1,031.15	1,007.21	1,329.28	1,370.35	1,309.35	
Liquidity Analysis	Current ratio (%)		473.80	334.62	398.77	174.59	163.87	
	Quick ratio (%)		329.25	243.74	327.00	121.29	100.11	
	Times interest earned (times)		589.21	401.76	191.28	140.63	819.56	
Operating Performance Analysis	Average collection turnover (times)		6.81	5.80	6.81	6.17	6.12	
	Average collection days		54	63	54	59	60	
	Average inventory turnover (times)		5.33	4.10	5.02	4.05	3.69	
	Average payment turnover (times)		7.48	5.34	5.25	5.36	5.85	
	Average inventory turnover days		68	89	73	90	99	
	Fixed assets turnover (times)		12.79	11.83	13.06	9.8	7.29	
	Total assets turnover (times)		1.05	0.92	0.84	0.59	0.47	
Profitability Analysis	Return on total assets (%)		15.79	12.49	14.63	11.49	0.18	
	Return on stockholders' equity (%)		18.69	15.35	17.81	13.62	0.07	
	% to Paid-in capital	Operating income		33.44	27.24	21.25	28.85	8.64
		Profit before tax		30.09	25.06	30.48	41.25	2.68
	Profit after tax to net sales (%)		14.45	12.77	17.41	22.37	0.14	
	Earnings per share (NT\$)		2.93	2.56	2.94	3.53	0.01	
	EPS after dilution		2.88	2.53	2.92	3.52	0.01	
Cash Flow	Cash flow ratio (%)		74.10	116.80	161.20	103.20	120.99	
	Cash flow adequacy ratio (%)		101.15	121.83	111.58	110.94	129.07	
	Cash flow reinvestment ratio (%)		3.57	15.84	11.87	3.58	5.81	
Leverage	Operating leverage		1.62	1.80	2.06	2.05	4.05	
	Financial leverage		1.00	1.00	1.00	1.00	1.04	
Variation Analysis								
<ol style="list-style-type: none"> 1. Times interest earned, Return on total assets, Return on stockholders' equity, EPS & EPS after dilution decline due to less profits in 2008. 2. Turnover Fixed assets & Total assets declined due to less revenue in 2008. 3. Operating income and Profit before tax to Paid-in capital, Profit after tax to net sales declined and Operating leverage increased due to less operating profits and more non- operating losses. 4. Cash flow reinvestment ratio increased because of less cash dividends. 								

1. Capital Structure Analysis

- (1) Debts ratio
- (2) Long term fund to fixed assets

$$= \text{Total Liabilities/Total Assets}$$
$$= (\text{Shareholders equity} + \text{Long term Liabilities})/\text{Net Properties}$$

2. Liquidity Analysis

- (1) Current Ratio
- (2) Quick Ratio

- (3) Times Interest Earned

$$= \text{Current Assets/Current Liabilities}$$
$$= (\text{Current Assets} - \text{Inventories} - \text{Prepaid Expenses})/\text{Current Liabilities}$$
$$= \text{Earnings before Interest and Taxes/Interest Expenses}$$

3. Operating Performance Analysis

- (1) Average Turnover Collection Turnover
- (2) Average Turnover Collection Days
- (3) Average Inventory Turnover
- (4) Average Inventory Turnover Days
- (5) Average Payment Turnover
- (6) Fixed Assets Turnover
- (7) Total Assets Turnover

$$= \text{Net Sales/Average Trade Receivables}$$
$$= 365/\text{Receivables Turnover rate}$$
$$= \text{Cost of Sales/Average Inventory}$$
$$= 365/\text{Average Inventory Turnover}$$
$$= \text{Cost of Sales/average Trade Payables}$$
$$= \text{Net sales/Net Properties}$$
$$= \text{Net Sales/Total Assets}$$

4. Profitability Analysis

- (1) Return on Total Assets

- (2) Return Ratio on Stockholders' Equity
- (3) Profit after Tax to Net Sales
- (4) Earnings Per Shares

$$= \{\text{Net Income} + \text{Interest Expense} * (1 - \text{Effective tax rate})\} / \text{Average Total Assets}$$
$$= \text{Net Income/Average Stockholders' Equity}$$
$$= \text{Net Income/Net Sales}$$
$$= (\text{Net Income} - \text{Preferred Stock Dividend}) / \text{Weighted Average Number of Shares Outstanding}$$

5. Cash Flow

- (1) Cash Flow Rate

- (2) Cash Flow Adequacy Ratio

- (3) Cash flow reinvestment ratio

$$= \text{Net Cash Provided by Operating Activities/Current Liabilities}$$
$$= \text{Five-Year Cash from Sum of Operations} / (\text{Five-Year capital expenditure} + \text{inventory increase} + \text{cash dividend})$$
$$= (\text{Net operation cash Flow} - \text{cash dividend}) / (\text{Fixed Assets} + \text{Long-term Investment} + \text{Other assets} + \text{working capital})$$

6. Leverage

- (1) Operating Leverage

- (2) Financial Leverage

$$= (\text{Net Sales} - \text{Operating expenses \& cost}) / \text{Operating Benefit}$$
$$= \text{Operating Benefit} / (\text{Operating benefit} - \text{Interest cost})$$

7.2.2 Financial Analysis (Consolidated)

Item		Year				
		2005	2006	2007	2008	
Capital Structure Analysis	Debts ratio (%)	32.86	27.01	33.05	28.72	
	Long-term fund to fixed assets (%)	368.62	763.97	751.52	777.78	
Liquidity Analysis	Current ratio (%)	243.55	287.46	194.68	217.01	
	Quick ratio (%)	178.37	212.95	142.86	142.5	
	Times interest earned (times)	30.79	34.76	29.58	2.49	
Operating Performance Analysis	Average collection turnover (times)	6.41	5.77	5.07	5.21	
	Average collection days	57	64	72	70.06	
	Average inventory turnover (times)	5.28	4.82	3.86	3.9	
	Average payment turnover (times)	5.95	5.04	5.14	7.34	
	Average inventory turnover days	70	76	95	93.59	
	Fixed assets turnover (times)	6.24	12.06	10.76	10.03	
	Total assets turnover (times)	1.01	1.11	0.96	0.92	
Profitability Analysis	Return on total assets (%)	11.25	12.28	9.09	0.76	
	Return on stockholders' equity (%)	15.74	18.49	12.58	0.58	
	% to Paid-in capital	Operating income	29.10	24.17	26.62	-10.77
		Profit before tax	26.13	31.69	41.12	2.28
	Profit after tax to net sales (%)	9.08	11.24	10.03	0.48	
	Earnings per share (NT\$)	2.56	2.94	3.53	0.01	
	Return on total assets (%)	2.53	2.92	3.52	0.01	
Cash Flow	Cash flow ratio (%)	69.30	73.20	48.90	18.07	
	Cash flow adequacy ratio (%)	124.25	134.33	133	125.3	
	Cash flow reinvestment ratio (%)	15.26	11.93	6.64	Note1	
Leverage	Operating leverage	2.10	2.48	3.39	Note2	
	Financial leverage	1	1	1	Note2	

Variation Analysis

1. "Times interest earned" declined due to more interest expense and less income before tax
2. "Average payment turnover" increased due to less cost of good sold
3. "Total assets turnover" declined due to less revenue.
4. "Return on total assets"& "Return on stockholders' equity" declined due to less income after tax.
5. Cash flow ratio, Cash flow adequacy ratio and Cash flow reinvestment ratio declined due to less cash flow-in from operating activities.
6. Operating leverage and Financial leverage declined due to operating losses.

Note1: Figures not listed because cash flow in from operating activities are less than cash dividends.

Note2: Figures not listed due to operating losses.

7.3 Supervisor's Report

Supervisor's Report

Sunplus' Board has submitted the 2008 business report, financial statements, and the proposal for allocation 2008 profits. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. I, Sunplus' supervisor, have reviewed the 2008 business report, financial statements, and the proposal for allocation 2008 profits, and verify that they comply with the Company Law and relevant regulations. According to Article 219 of the Company Law, I hereby submit this report.

To Sunplus 2009 Annual General Shareholders' Meeting

Sunplus Technology Co., Ltd.
Supervisor:

Chu-Chien Feng
(Global View Technology Co., Ltd. Representative of Legal Entity)



March 26, 2009

7.4 Financial Statement & Independent Auditors' Report

Financial Statements for the Years Ended December 31, 2008 and 2007 and Independent Auditors' Report

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited as of December 31, 2008 and 2007, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The Company also adopted the newly released Statement of Financial Accounting Standards No. 39, "Share-based Payment" to account for employee stock options.

We have also audited the consolidated financial statements of Sunplus Technology Company Limited and subsidiaries as of and for the years ended December 31, 2008 and 2007 and have issued an unqualified opinion thereon with an explanatory paragraph in each of our reports dated February 27, 2009 and January 25, 2008, respectively.

Deloitte & Touche
February 27, 2009

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 financial statements are those generally accepted and applied in the Republic of China

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2008		2007		LIABILITIES AND SHAREHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$914,057	7	\$681,285	4	Short-term loans (Note 13)	\$647,600	5	\$500,000	3
Available-for-sale financial assets - current (Notes 2 and 8)	191,094	2	637,874	4	Accounts payable	307,210	2	954,884	6
Notes and accounts receivable, net (Notes 2, 5 and 21)	476,287	4	1,513,452	10	Income tax payable (Notes 2 and 18)	365,454	3	362,981	3
Other receivables (Note 21)					Financial liabilities at fair value through profit or loss – current (Notes 2 and 4)	-	-	2,222	-
	151,890	1	165,851	1	Deferred royalty income - current (Notes 2, 11 and 21)	12,428	-	22,287	-
Inventories, net (Notes 2 and 6)	896,749	7	1,104,001	7	Deferred gain on intercompany transactions (Note 2)	-	-	736	-
Deferred income tax - current (Notes 2 and 18)	166,159	1	143,413	1	Other current liabilities (Notes 2 and 7)	398,649	3	628,938	4
Other current assets	40,856	-	70,120	1					
Total current assets	<u>2,837,092</u>	<u>22</u>	<u>4,315,996</u>	<u>28</u>	Total current liabilities	<u>1,731,341</u>	<u>13</u>	<u>2,472,048</u>	<u>16</u>
LONG-TERM INVESTMENTS					OTHER LIABILITIES				
Equity-method investments (Notes 2 and 7)	7,090,528	55	7,513,385	48	Deferred income - noncurrent, net of current portion (Notes 2, 11 and 21)	37,995	-	3,223	-
Financial assets at fair value through profit or loss – noncurrent (Notes 2 and 4)	162,122	1	167,676	1	Accrued pension liability (Notes 2 and 14)	60,395	1	62,949	-
Available-for-sale financial assets – noncurrent (Notes 2 and 8)	157,562	1	472,843	3	Guarantee deposits	151,053	1	247,023	2
Financial assets carried at cost (Notes 2 and 9)	35,556	1	35,556	-					
Total long-term investments	<u>7,445,768</u>	<u>58</u>	<u>8,189,460</u>	<u>52</u>	Total other liabilities	<u>249,443</u>	<u>2</u>	<u>313,195</u>	<u>2</u>
PROPERTIES (Notes 2, 10 and 21)					Total liabilities	<u>1,980,784</u>	<u>15</u>	<u>2,785,243</u>	<u>18</u>
Cost					SHAREHOLDERS' EQUITY (Notes 2, 15 and 16)				
Buildings	688,983	5	688,983	4	Capital stock - NT\$10.00 par value				
Auxiliary equipment	184,963	2	179,140	1	Authorized - 1,200,000 thousand shares				
Machinery and equipment	414,508	3	378,667	2	Issued and outstanding - 598,203 thousand shares in 2008 and 556,750 thousand shares in 2007	5,982,028	46	5,567,505	35
Testing equipment	373,482	3	402,639	3	Capital surplus				
Transportation equipment	2,463	-	5,573	-	Additional paid-in capital - share issuance in excess of par	710,751	5	817,768	5
Furniture and fixtures	123,058	1	128,706	1	Treasury stock transactions	68,645	1	60,171	1
Leasehold improvements	459	-	459	-	Merger and others	808,162	6	675,978	4
Total cost	1,787,916	14	1,784,167	11	Retained earnings				
Less: Accumulated depreciation	<u>951,590</u>	<u>8</u>	<u>844,033</u>	<u>5</u>	Legal reserve	2,333,642	18	2,127,492	14
Net properties	<u>836,326</u>	<u>6</u>	<u>940,134</u>	<u>6</u>	Special reserve	-	-	17,260	-
INTANGIBLE ASSETS, NET (Notes 2 and 11)	<u>551,787</u>	<u>4</u>	<u>841,899</u>	<u>5</u>	Unappropriated earnings	1,590,992	13	3,499,870	22
OTHER ASSETS					Other				
Assets leased to others, net (Notes 2 and 21)	251,118	2	262,360	2	Cumulative translation adjustments	149,639	1	63,135	1
Deferred charges and others (Notes 2 and 12)	252,208	2	270,144	2	Unrealized gain (loss) on financial assets	(561,966)	(4)	185,415	1
Deferred income tax - noncurrent (Notes 2 and 18)	756,907	6	848,373	5	Treasury stock (at cost) - 4,853 thousand shares in 2008 and 4,683 thousand shares in 2007	(131,471)	(1)	(131,471)	(1)
Total other assets	<u>1,260,233</u>	<u>10</u>	<u>1,380,877</u>	<u>9</u>					
TOTAL	<u>\$12,931,206</u>	<u>100</u>	<u>\$15,668,366</u>	<u>100</u>	Total shareholders' equity	<u>10,950,422</u>	<u>85</u>	<u>12,883,123</u>	<u>82</u>
					TOTAL	<u>\$12,931,206</u>	<u>100</u>	<u>\$15,668,366</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated February 27, 2009)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES	\$6,433,010		\$9,380,826	
SALES RETURNS AND ALLOWANCES	<u>339,831</u>		<u>166,767</u>	
NET SALES (Notes 2, 11 and 21)	6,093,179	100	9,214,059	100
COST OF SALES (Note 17)	3,690,119	60	5,305,721	58
REALIZED (UNREALIZED) GAIN ON INTERCOMPANY TRANSACTIONS, NET (Note 2)	<u>(45,096)</u>	<u>(1)</u>	<u>3,888</u>	-
GROSS PROFIT	<u>2,357,964</u>	<u>39</u>	<u>3,912,226</u>	<u>42</u>
OPERATING EXPENSES (Notes 17 and 21)				
Marketing	92,528	1	207,667	2
General and administrative	216,042	4	372,315	4
Research and development	<u>1,532,685</u>	<u>25</u>	<u>1,726,048</u>	<u>19</u>
Total operating expenses	<u>1,841,255</u>	<u>30</u>	<u>2,306,030</u>	<u>25</u>
OPERATING INCOME	<u>516,709</u>	<u>9</u>	<u>1,606,196</u>	<u>17</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	246,094	4	483,925	5
Administrative and support service revenue (Note 21)	127,919	2	285,525	3
Gain on settlement compensation (Note 23)	107,639	2	137,450	2
Guarantee deposits forfeited because of customers' default on contracts	67,193	1	80,825	1
Rental revenue (Note 21)	37,908	1	40,151	1
Dividend income (Note 2)	33,646	1	6,722	-
Valuation gain on financial assets, net (Notes 2 and 4)	27,889	-	17,521	-
Interest income	17,824	-	28,738	-
Exchange gain, net (Note 2)	5,095	-	-	-
Subsidies (Note 2)	390	-	6,072	-
Others (Note 21)	<u>56,184</u>	<u>1</u>	<u>21,452</u>	-
Total nonoperating income and gains	<u>727,781</u>	<u>12</u>	<u>1,108,381</u>	<u>12</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by the equity-method, net (Notes 2 and 7)	929,571	15	268,156	3
Loss on inventory (Notes 2 and 6)	120,000	2	120,000	1
Interest expense	22,239	1	16,447	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
Valuation loss on financial liabilities, net (Notes 2 and 4)	\$960	-	\$2,222	-
Exchange loss, net (Note 2)	-	-	6,490	-
Others (Note 2)	<u>11,696</u>	-	<u>4,780</u>	-
Total nonoperating expenses and losses	<u>1,084,466</u>	<u>18</u>	<u>418,095</u>	<u>4</u>
INCOME BEFORE INCOME TAX	160,024	3	2,296,482	25
INCOME TAX EXPENSE (Notes 2 and 18)	<u>151,641</u>	<u>3</u>	<u>234,980</u>	<u>3</u>
NET INCOME	<u>\$8,383</u>	<u>=</u>	<u>\$2,061,502</u>	<u>22</u>

	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 19)				
Basic	<u>\$0.27</u>	<u>\$0.01</u>	<u>\$3.66</u>	<u>\$3.28</u>
Diluted	<u>\$0.27</u>	<u>\$0.01</u>	<u>\$3.65</u>	<u>\$3.27</u>

The pro forma net income and earnings per share (EPS) on the assumption that the Company's stock held by its subsidiary is treated as an investment instead of treasury stock are shown as follows (Note 16):

	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME	<u>\$168,498</u>	<u>\$16,857</u>	<u>\$2,309,325</u>	<u>\$2,074,345</u>

BASIC EPS

Based on weighted-average shares

Outstanding - 596,886 thousand shares in 2008 and 631,831 thousand shares in 2007

	<u>\$0.28</u>	<u>\$0.03</u>	<u>\$3.65</u>	<u>\$3.28</u>
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DILUTED EPS

Based on weighted-average shares

Outstanding - 596,890 thousand shares in 2008 and 633,518 thousand shares in 2007

	<u>\$0.28</u>	<u>\$0.03</u>	<u>\$3.65</u>	<u>\$3.27</u>
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The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated February 27, 2009)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Capital Stock Issued and Outstanding (Note 15)		Capital Surplus (Notes 2, 15 and 16)					Retained Earnings (Note 15)				Others (Notes 2, 15 and 16)		Total Shareholders' Equity	
	Shares (Thousands)	Amount	Additional Paid-in Capital in Excess of Par	Treasury Stock	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings		Cumulative Translation Adjustments	Unrealized Valuation (Loss) Gain on Financial Assets		Treasury Stock
										Total					
BALANCE, JANUARY 1, 2007	1,023,648	\$10,236,476	\$768,390	\$47,328	\$393,555	\$157,423	\$1,366,696	\$1,830,223	\$294,860	\$3,849,644	\$5,974,727	\$17,206	\$(34,466)	\$(176,566)	\$17,384,073
Cancellation of common shares	(511,436)	(5,114,357)	-	-	-	-	-	-	-	-	-	-	-	45,095	(5,069,262)
Appropriation of prior year's earnings:															
Legal reserve	-	-	-	-	-	-	-	297,269	-	(297,269)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(277,600)	277,600	-	-	-	-	-
Bonus to employees - stock	13,500	135,000	-	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(39,688)	(39,688)	-	-	-	(39,688)
Stock dividends - NT\$0.29822 per share	15,362	153,622	-	-	-	-	-	-	-	(153,622)	(153,622)	-	-	-	-
Cash dividends - NT\$3.97620 per share	-	-	-	-	-	-	-	-	-	(2,048,297)	(2,048,297)	-	-	-	(2,048,297)
Capital stock transferred from capital surplus	10,241	102,415	(102,415)	-	-	-	(102,415)	-	-	-	-	-	-	-	-
Issuance of shares upon exercise of employee stock options	5,435	54,349	151,793	-	-	-	151,793	-	-	-	-	-	-	-	206,142
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	167,595	-	167,595	-	-	-	-	-	-	-	167,595
Adjustment of capital surplus - others	-	-	-	-	(42,595)	-	(42,595)	-	-	-	-	-	-	-	(42,595)
Net income in 2007	-	-	-	-	-	-	-	-	-	2,061,502	2,061,502	-	-	-	2,061,502
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	45,929	-	-	45,929
Cash dividends received by subsidiaries from the Company	-	-	-	12,843	-	-	12,843	-	-	-	-	-	-	-	12,843
Adjustment for changes in shareholders' equities in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	232,446	-	232,446
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(12,565)	-	(12,565)
BALANCE, DECEMBER 31, 2007	556,750	5,567,505	817,768	60,171	518,555	157,423	1,553,917	2,127,492	17,260	3,499,870	5,644,622	63,135	185,415	(131,471)	12,883,123
Appropriation of prior year's earnings:															
Legal reserve	-	-	-	-	-	-	-	206,150	-	(206,150)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(17,260)	17,260	-	-	-	-	-
Bonus to employees - stock	13,500	135,000	-	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(23,090)	(23,090)	-	-	-	(23,090)
Stock dividends - NT\$0.29990 per share	16,665	166,637	-	-	-	-	-	-	-	(166,637)	(166,637)	-	-	-	-
Cash dividends - NT\$2.49920 per share	-	-	-	-	-	-	-	-	-	(1,388,644)	(1,388,644)	-	-	-	(1,388,644)
Capital stock transferred from capital surplus	11,109	111,092	(111,092)	-	-	-	(111,092)	-	-	-	-	-	-	-	-
Issuance of shares upon exercise of employee stock options	179	1,794	4,075	-	-	-	4,075	-	-	-	-	-	-	-	5,869
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	134,100	-	134,100	-	-	-	-	-	-	-	134,100
Adjustment of capital surplus - others	-	-	-	-	(1,916)	-	(1,916)	-	-	-	-	-	-	-	(1,916)
Net income in 2008	-	-	-	-	-	-	-	-	-	8,383	8,383	-	-	-	8,383
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	86,504	-	-	86,504
Cash dividends received by subsidiaries from the Company	-	-	-	8,474	-	-	8,474	-	-	-	-	-	-	-	8,474
Adjustment for changes in shareholders' equities in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(468,807)	-	(468,807)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(278,574)	-	(278,574)
BALANCE, DECEMBER 31, 2008	598,203	\$5,982,028	\$710,751	\$68,645	\$650,739	\$157,423	\$1,587,558	\$2,333,642	\$-	\$1,590,992	\$3,924,634	\$149,639	\$(561,966)	\$(131,471)	\$10,950,422

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated February 27, 2009)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$8,383	\$ 2,061,502
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	730,003	820,440
Gain on disposal of properties and deferred charges	(167)	(2,627)
Valuation gain on financial instruments	(24,584)	(15,299)
Investment loss recognized by the equity-method investees, net	929,571	268,156
Cash dividends received from equity-method investees	236,037	110,280
Gain on disposal of investments, net	(246,094)	(483,925)
Write off of properties	-	2,024
Cumulative translation adjustments of capital return by equity-method	1,262	-
Realized (unrealized) gain on intercompany transactions, net	45,096	(3,888)
Realized royalty income	(20,919)	(22,171)
Deferred income tax assets	68,720	(245,116)
Accrued pension liability	(2,554)	(6,480)
Net changes in operating assets and liabilities		
Held-for-trading financial instruments	(2,222)	-
Notes and accounts receivable	1,037,165	(40,185)
Other receivables	88,230	60,731
Inventories	207,252	411,704
Other current assets	29,264	64,893
Accounts payable	(647,674)	(334,833)
Income tax payable	(71,796)	262,520
Other current liabilities	<u>(270,180)</u>	<u>(356,614)</u>
Net cash provided by operating activities	<u>2,094,793</u>	<u>2,551,112</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the:		
Disposal of financial assets at fair value through profit or loss	30,840	199,563
Disposal of equity-method investments	93,085	42,929
Disposal of available-for-sale financial assets	3,645,023	10,639,468
Disposal of financial assets carried at cost	-	402,799
Disposal of properties and deferred charges	1,402	6,129
Return of capital by investee	157,101	-
Return of capital on available-for-sale financial assets	-	8,179
Capital reduction on financial assets carried at cost	-	27,742
Acquisition of:		
Equity-method investments	(1,126,958)	(1,039,193)
Available-for-sale financial assets	(2,987,000)	(8,035,800)
Properties	(80,618)	(174,223)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Increase in intangible assets	\$(53,084)	\$(322,658)
Increase in deferred charges and others	<u>(172,577)</u>	<u>(129,562)</u>
Net cash provided by (used in) investing activities	<u>(492,786)</u>	<u>1,625,373</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	147,600	222,943
Decrease in guarantee deposits	(95,970)	(114,180)
Remuneration paid to directors and supervisors	(38,090)	(54,688)
Cash dividends	(1,388,644)	(2,048,297)
Proceeds of the exercise of stock options	5,869	206,142
Capital reduction	-	<u>(5,101,466)</u>
Net cash used in financing activities	<u>(1,369,235)</u>	<u>(6,889,546)</u>
NET INCREASE (DECREASE) IN CASH	232,772	(2,713,061)
CASH BEGINNING OF YEAR	<u>681,285</u>	<u>3,394,346</u>
CASH END OF YEAR	<u>\$914,057</u>	<u>\$681,285</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$128,468</u>	<u>\$154,639</u>
Interest paid	<u>\$17,634</u>	<u>\$16,447</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of properties into deferred charges and others	<u>\$35,157</u>	<u>\$281,485</u>
Reclassification of equity-method investments into other current liabilities	<u>\$38,030</u>	<u>\$103,081</u>
Reclassification of properties into rental assets	<u>\$-</u>	<u>\$66,909</u>
PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of properties	\$82,479	\$165,672
Decrease (increase) in payables for equipments purchased	<u>(1,861)</u>	<u>8,551</u>
Cash paid	<u>\$80,618</u>	<u>\$174,223</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated February 27, 2009)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

1. ORGANIZATION AND OPERATIONS

Sunplus Technology Company Limited (the "Company") was established in August 1990 and moved into the Hsinchu Science-Based Industrial Park in October 1993. It researches, develops, designs, tests, and sells high-quality, high value-added consumer integrated circuits (ICs). Its products are based on core technology in such areas as multimedia audio/video, single-chip microcontroller and digital signal processor. These technologies are used to develop hundreds of products including various ICs: Liquid crystal display, microcontroller, multimedia and application specific.

The Company's shares have been listed on the Taiwan Stock Exchange since January 2000. Some of the Company's shares have been issued in the form of Global Depository Receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 15).

As of December 31, 2008 and 2007, the Company had 576 and 587 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China (ROC). Under these guidelines and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for sales returns and discounts, allowance for inventory devaluation, property depreciation, amortization of intangible assets, and deferred charges impairment loss on assets and pension expenses. Actual results could differ from these estimates.

The Company's significant accounting policies are summarized as follows:

Current/Noncurrent Assets and Liabilities

Current assets are cash (unrestricted) and other assets primarily held for trading purposes or to be converted to cash, consumed or sold within one year from the balance sheet date. Current liabilities are those to be settled within one year from the balance sheet date and those held primarily for trading purposes. All other assets and liabilities are classified as noncurrent.

Financial Assets/Liabilities at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss have two categories: (1) held for trading and (2) designated on initial recognition as at fair value through profit or loss. These financial instruments are initially recorded at fair value with transaction costs that are directly attributable to the acquisition. When financial instruments are subsequently measured at fair value, the changes in fair value are recognized as earnings. A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting.

Derivatives that do not meet the criteria for hedge accounting are treated as financial assets or liabilities held for trading. When the fair value is positive, the derivative is treated as a financial asset; when the fair value is negative, the derivative is treated as a financial liability.

The fair values of those instruments without quoted market prices in an active market are based on valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.

Hybrid instruments are designated at fair value through profit or loss.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and listed stock. Investments classified as available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributed to investment acquisition. When available-for-sale financial assets subsequently measured at fair value, the changes in fair value are reported as a separate component of shareholders' equity. The accumulated gains or losses are recognized when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at FVTPL.

Cash dividends are recognized as investment income upon resolution of the shareholders of an investee but are accounted for as reductions of the original investment cost if these dividends are declared on the earnings of the investees attributable to periods before the purchase of the investments. Stock dividends received are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated on the basis of the new number of shares after the receipt of stock dividends.

The fair values of open-end mutual funds are based on their net asset value at the balance sheet date; listed stock is the closing price as of the balance sheet date.

If there is objective evidence that a financial asset is impaired as of the balance sheet date, a loss is recognized. If the impairment loss decreases, the impairment loss is reversed to the extent of the decrease and recorded as an adjustment to shareholders' equity.

Revenue Recognition and Allowance for Doubtful Accounts

Sales are recognized when titles to products and risks of ownerships are transferred to customers, primarily upon shipment, since the earnings process is substantially completed and revenue is realized or realizable. The Company does not recognize sales upon delivery of materials to subcontractors because the ownership over the materials is not transferred.

An allowance is provided for any sales returns and discounts, which are estimated on the basis of historical experience and any known factors that would affect the allowance. Such provisions are deducted from sales in the year the products are sold.

Sales are determined at fair market value, taking into account related sales discounts agreed to by the Company and its customers. Since the receivables from sales are collectible within one year and sales transactions are frequent, the fair value of receivables equals to the nominal amount of cash to be received.

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise, which are stated at the lower of cost or market value. Inventories are recorded at standard costs and adjusted to approximate weighted-average cost at the end of the period. Market value is based on the replacement cost of raw materials and net realizable value of work-in-process, finished goods and merchandise. Scrap and slow-moving items are recognized as allowance for losses.

Financial Assets Carried at Cost

Investments without quoted market prices in an active market and whose fair value cannot be reliably measured, such as nonpublicly traded stocks, are carried at their original cost. The accounting treatment for cash and stock dividends arising from financial assets carried at cost is the same as that for available-for-sale financial assets.

If there is objective evidence of financial asset impairment, a loss is recognized. This impairment loss is irreversible.

Equity-method Investments

Investments in share of stock of companies in which the Company owns at least 20% of the outstanding voting shares or exercises significant influence on their operating and financial policy decisions are accounted for by the equity method. Pursuant to the revised Statement of Financial Accounting Standards, the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually.

If the recognized carrying value of the investment plus any advances to the investee are reduced to zero, the Company will discontinue recognizing its investment loss. But if the Company (a) guarantees the investee's obligations of an investee or commits to provide financial support to an investee or (b) if the investee's losses are temporary and evidence sufficiently shows imminent return to profitability, the Company will continue to recognize its investment loss. This credit balance on the carrying value of a long-term investment and advances are credited to other current liabilities in the balance sheets.

On the balance sheet date, the Company evaluates investments for any impairment. An impairment loss is recognized and charged to current income if the investment carrying amount as of the balance sheet date exceeds the expected recoverable amount. For those investees over which the Company has significant influence, the assessment of impairment is based on carrying value. For those investees over which the Company holds a controlling interest, the assessment of impairment is based on an estimation of the value in use of the cash-generating units of the consolidated investees.

Cash dividends are recognized on the ex-dividend date, which are treated as a reduction of investment cost. Stock dividends are not recognized as an increase in investment but are recorded as an increase in the number of shares.

If an investee issues additional shares and the Company subscribes for these shares at a percentage different from its current equity, the resulting increase is credited to capital surplus. If a decrease results, the decrease is debited to capital surplus. But if capital surplus is not enough for debiting purposes, the decrease is debited to unappropriated retained earnings.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of ownership in the investee; however, if the Company has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company holds a controlling interest, gains or losses on sales between equity method investees are deferred in proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred in proportion of the Company's percentage of multiplication of weighted-average ownership in the investees. All of these deferred gains and losses are realized upon resale of products to third parties.

Properties and Rental Assets

Properties and rental assets are stated at cost less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed in the period incurred.

On the balance sheet date, the Company evaluates properties and rental assets for any impairment. If impairment is identified, the Company will determine the recoverable amount of the assets. The carrying amount in excess of the expected recoverable amount is recognized as impairment loss and charged to current income. If the recoverable amount increases, the subsequent reversal of

impairment loss will be recognized as gain. However, the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

Depreciation is computed using the straight-line method over service lives initially estimated as follows: buildings - 7 to 55 years; auxiliary equipment - 3 to 10 years; machinery and equipment - 4 to 5 years; testing equipment - 2 to 4 years; transportation equipment - 4 to 6 years; furniture and fixtures - 2 to 11 years; leasehold improvements - 3 years; and rental assets - 7 to 55 years.

Properties and rental assets still in use beyond their initially estimated service lives are depreciated over their newly estimated service lives. Upon the sale or disposal of properties and rental assets, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to current income.

Intangible Assets

Intangible assets consist of technology license fees and patents, which are booked at the acquisition cost and amortized using the straight-line method over 1 to 15 years and 5 to 18 years, respectively.

Pursuant to the statement of Financial Accounting Standards No. 37 "Intangible Assets" Expenditures arising from research activities and those related to development activities that do not meet the criteria for capitalization are charged to expense when incurred.

On the balance sheet date, the Company evaluates intangible assets for any impairment. If impairment is identified, the Company will evaluate the recoverable amount of such assets. The carrying amount in excess of the expected recoverable amount is recognized as impairment loss and charged to current income. If the recoverable amount increases in the future, the subsequent reversal of impairment loss will be recognized as a gain. However, the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of amortization), had no impairment loss been recognized for the asset in prior years.

Deferred Charges

Deferred charges are mainly costs of software and system design, which are booked at the installation or acquisition cost. The amounts are amortized over 1 to 5 years, using the straight-line method.

Please refer to the accounting policy on intangible assets for the accounting for impairment of deferred charges.

Government Subsidies

Amounts received by the Company from the government for the sponsorship of the development of certain products are recognized as subsidy income when realized or as deferred income when unrealized.

Pension Costs

The Company has two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit pension plans, the related net periodic pension costs are recorded on the basis of actuarial calculations. For employees under the defined contribution pension plans, the related net periodic pension costs are recorded on the basis of the Corporation's required monthly contributions to employees' personal pension accounts over the employees' service periods.

Stock-based Compensation

Employee stock options granted on or after January 1, 2008 are accounted for under Statement of Financial Accounting Standards ("Statement" or SFAS) No. 39 - "Share-based Payment." Under the statement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a

straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

Employee stock options granted between January 1, 2004 and December 31, 2007 were accounted for under the interpretations issued by the Accounting Research and Development Foundation (ARDF). The Company adopted the intrinsic value method, under which compensation cost was recognized on a straight-line basis over the vesting period. The Company did not grant or revise stock options for 2008.

Treasury Stock

The reacquisition of issued stock is accounted for by the cost method. Under this method, the reacquisition cost is debited to the treasury stock account. Treasury stock is shown as a deduction to arrive at shareholders' equity. The Company accounts for its stock held by its subsidiaries as treasury stock. The recorded cost of these treasury stocks is based on the carrying value of the investments as shown in the subsidiaries' book. The resulting gain on investment from cash dividends appropriated to subsidiaries is credited to capital surplus.

When the treasury shares are retired, the capital stock and paid-in capital based on the existing equity are debited. If the treasury shares are retired at a price lower than its par value and the Company paid-in capital, the deficiency is credited to paid-in capital from treasury stock. If the treasury shares are retired at a price in excess of its par value and paid-in capital, the excess is debited to paid-in capital from treasury stock. If the balance in paid-in capital from treasury stock is insufficient to absorb the deficiency, the remainder is recorded as a reduction of retained earnings.

Income Tax

The Company applies the intra-period and inter-period tax allocations method. Under these methods, deferred income taxes are recognized for the tax effects of deductible temporary differences and unused tax credits. A valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be realized. A deferred tax asset or liability is classified as current or noncurrent according to the classification of the related asset or liability. If a deferred tax asset or liability cannot be related to an asset or liability in the financial statements, it is classified as current or noncurrent based on the basis of the expected realization date.

Tax credits for certain purchases of machinery, equipment and technology, research and development expenditures and personnel training are recognized in the current period.

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

Income tax (10%) on unappropriated earnings generated annually since 1998 is recorded as expense in the year when the shareholders approve the retention of earnings.

The Company adopt consolidation income tax filing with Sunplus mMobile Inc. and Sunplus Innovation Technology Inc. The income taxes payable differences between consolidated and the sum of individual are adjusted in the Company's account receivable or account payable.

Foreign-currency Transactions

Nonderivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
- b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2007 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2008.

3. ACCOUNTING CHANGES

- a. SFAS No. 37 - "Accounting for Intangible Assets"

The Company adopted the recently released SFAS No. 37 - "Accounting for Intangible Assets" and the related revised revisions of previously released Statements. Thus, the Company reevaluated the useful lives and the amortization method applied to intangible assets.

The accounting change had no impact on the Company's net income for the year ended December 31, 2008.

- b. Accounting for Bonuses to Employees, Directors and Supervisors

In March 2007, the Accounting Research and Development Foundation (ARDF) of the R.O.C. issued Interpretation 2007-052 that requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The accounting changes had no impact on the Company's net income for the year ended December 31, 2008.

- c. Accounting for Employee Stock Options

On January 1, 2008, the Company adopted the newly released SFAS No. 39, "Accounting for Share-based Payment" to account for employee stock options. The accounting changes had no impact on the Company's net income and basic and diluted earnings per share for the year ended December 31, 2008.

4. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments held for trading as of December 31, 2008 and 2007 are summarized as follows:

	December 31	
	2008	2007
Financial liabilities at fair value through profit or loss	\$ -	\$ (2,222)

The Company entered into derivative contracts during the years ended December 31, 2008 and 2007 to hedge the effect of exchange rate fluctuations on net foreign currency-denominated assets and liabilities. The strategy is to hedge most of the market price risks to which the Company is exposed.

The Company did not have outstanding forward exchange contracts as of December 31, 2008. As of December 31 2007, outstanding forward exchange contracts were as follows:

December 31, 2007	Currency	Maturity	Contract Amount (in Thousands)
Sell forward exchange contracts	US\$ to NT\$	November 16, 2007 - January 10, 2008	US\$10,000

Net gains and net losses arising from financial instruments held for trading were \$2,344 thousand and \$2,741 thousand for the years ended December 31, 2008 and 2007, respectively.

Financial instruments designated at fair value through profit or loss were as follows:

	Principal Amount (in Thousands)	Carrying Amount	Maturity
<u>2008</u>			
Inverse floaters: Time deposits with floating interest rate indexed to LIBOR rates	\$ <u>5,000</u>	\$ <u>162,122</u>	April 2014
<u>2007</u>			
Inverse floaters: Time deposits with floating interest rate indexed to LIBOR rates	\$ <u>6,000</u>	\$ <u>167,676</u>	September 2010 - April 2014

Net losses and net gains arising from financial assets designated at fair value through profit or loss were \$25,286 thousand and \$24,606 thousand for the years ended December 31, 2008 and 2007, respectively.

As a holder of the above products, the Company will lose part of the principals if it breaks the related contracts before maturity, as stipulated in the principal and profit guarantee terms of the contracts.

5. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2008	2007
Notes and accounts receivable - other	\$549,051	\$1,541,604
Notes and accounts receivable - related parties	<u>19,148</u>	<u>50,041</u>
	568,199	1,591,645
Deduct: Allowance for doubtful accounts	56,912	78,193
Deduct: Allowance for sales returns and discounts	<u>35,000</u>	-
	<u>\$476,287</u>	<u>\$1,513,452</u>

Allowance for doubtful accounts movement:

	Years Ended December 31	
	2008	2007
Balance, beginning of year	\$78,193	\$54,193
Add: Provision for doubtful accounts	-	24,000
Deduct: Amounts written off	<u>21,281</u>	-
Balance, end of year	<u>\$56,192</u>	<u>\$78,193</u>

6. INVENTORIES, NET

	December 31	
	2008	2007
Finished goods and merchandise	\$349,823	\$692,537
Work-in-process	300,858	509,036
Raw materials	<u>345,392</u>	<u>125,329</u>
	996,073	1,326,902
Deduct: Allowance for losses	<u>99,324</u>	<u>222,901</u>
	<u>\$896,749</u>	<u>\$1,104,001</u>

Allowance for losses movement:

	Years Ended December 31	
	2008	2007
Balance, beginning of year	\$222,901	\$339,073
Add: Provision for losses	120,000	120,000
Deduct: Amounts written off	<u>243,577</u>	<u>236,172</u>
	<u>\$99,324</u>	<u>\$222,901</u>

7. EQUITY-METHOD INVESTMENTS

	December 31			
	2008		2007	
	Amount	% of Ownership	Amount	% of Ownership
Giantplus Technology Co., Ltd.	\$1,870,627	21	\$1,171,730	32
Orise Technology Co., Ltd.	1,245,799	55	1,220,404	57
Sunplus mMedia	708,757	78	-	-
Sunplus Venture Capital Co., Ltd.	624,889	100	652,367	100
Lin Shih Investment Co., Ltd.	607,241	100	657,300	100
Generalplus Technology Corp.	475,292	41	461,612	45
Ventureplus Group Inc.	428,478	100	349,593	100
Russell Holdings Limited	419,813	100	651,954	100
Sunplus Innovation Technology Inc.	392,361	84	347,675	91
Sunext Technology Co., Ltd.	244,058	79	-	-
Sunplus Core Technology Co., Ltd.	17,857	57	44,721	58
Waveplus Technology Co., Ltd.	16,742	41	22,433	43
Goldkey Technology Corp.	16,584	12	18,447	15
Global Techplus Capital Inc.	7,852	100	6,235	100
Wei-Young Investment Inc.	5,167	100	8,725	100
Sunplus Technology (H.K.) Co., Ltd.	4,817	100	-	-
Sunplus Management Consulting Inc.	4,194	100	4,224	100
Sunplus mMobile Inc.	-	-	<u>989,985</u>	91
	<u>7,090,528</u>		<u>6,607,405</u>	

(Continued)

	December 31			
	2008		2007	
	Amount	% of Ownership	Amount	% of Ownership
Prepayment				
Sunext Technology Co., Ltd	\$-		\$670,000	
Giantplus Technology Co., Ltd.	=		<u>235,980</u>	
	=		<u>905,980</u>	
	<u>\$7,090,528</u>		<u>\$7,513,385</u>	
Credit balance on carrying value of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$141,111	91	\$-	
Sunext Technology Co., Ltd.	-		98,717	16
Sunplus Technology (H.K.) Co., Ltd.	=		<u>4,364</u>	100
	<u>\$141,111</u>		<u>\$103,081</u>	

(Concluded)

As of December 31, 2008 and 2007, the Company and its subsidiaries collectively owned 25% and 32% of Goldkey Technology Corp., Ltd., respectively and 57% of Sunext Technology Co., Ltd. as of December 31, 2007. Thus, these investments were accounted for by the equity method.

The consolidated financial statements as of and for the years ended December 31, 2008 and 2007 had included all subsidiaries.

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to goodwill for the year ended December 31, 2008 were as follows:

	2008		
	Balance, Beginning of Year	Increase	Balance, End of Year
Goodwill	\$ -	\$ 155,506	\$ 155,506

The Company obtained shares of Sunplus mMedia Inc. in November, 2008. in which Sunplus mMobile Inc. had invested by equity method. As of December 31, 2008 the Company held 78% of Sunplus mMedia Inc.

The financial statements used as basis for calculating the carrying values of the equity-method investments and the related investment gains and losses in 2008 and 2007 had all been audited, except those of Global Techplus Inc. and Sunplus Management Consulting Inc.. The Company's management believed that had financial statements of Global Techplus Inc. and Sunplus Management Consulting Inc. been audited, there would have been no material effect on the Company's financial statements. The investment incomes (losses) of investees were as follows:

	Years Ended December 31	
	2008	2007
Giantplus Technology Co., Ltd.	\$57,999	\$184,805
Orise Technology Co., Ltd.	146,333	198,836
Sunplus mMedia Inc.	(28,867)	-

(Continued)

	Years Ended December 31	
	2008	2007
Sunplus Venture Capital Co., Ltd.	\$91,518	\$(83,860)
Lin Shih Investment Co., Ltd.	27,884	(11,441)
Generalplus Technology Corp.	78,265	182,842
Ventureplus Group Inc.	(125,214)	(64,236)
Russell Holdings Limited	(58,672)	137,110
Sunplus Innovation Technology Inc.	57,835	55,100
Sunext Technology Co., Ltd.	43,617	(100,905)
Sunplus Core Technology Co., Ltd.	(63,001)	(11,279)
Waveplus Technology Co., Ltd.	(2,813)	4,492
Goldkey Technology Corp.	4,145	(5,997)
Global Techplus Capital Inc.	1,486	(55)
Sunplus Technology (H.K.) Co., Ltd.	8,864	(5,744)
Wei-Young Investment Inc.	191	(121)
Sunplus Management Consulting Inc.	(30)	(93)
Sunplus mMobile Inc.	(1,169,111)	(703,851)
Synerchip Co., Ltd.	-	<u>(43,759)</u>
	<u>\$(929,571)</u>	<u>\$(268,156)</u> (Concluded)

Fair values of listed equity-method investments calculated at their closing prices as of December 31, 2008 and 2007 were as follows:

	December 31	
	2008	2007
Orise Technology Co., Ltd	\$1,665,279	\$6,850,562
Giantplus Technology Co., Ltd	<u>888,845</u>	<u>3,678,476</u>
	<u>\$2,554,124</u>	<u>\$10,529,038</u>

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2008	2007
Open-end funds	\$191,094	\$637,874
Domestic listed stocks	<u>157,562</u>	<u>472,843</u>
	348,656	1,110,717
Current portion	<u>(191,094)</u>	<u>(637,874)</u>
	<u>\$157,562</u>	<u>\$472,843</u>

9. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2008	2007
Unlisted domestic stocks	<u>\$35,556</u>	<u>\$35,556</u>

The above investments did not have quoted prices in an active market and their fair value could not be reliably measured. Thus, they were carried at original cost.

10. PROPERTIES

	Year Ended December 31, 2008								Total
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Prepayment	
<u>Cost</u>									
Balance, beginning of year	\$688,983	\$179,140	\$378,667	\$402,639	\$5,573	\$128,706	\$459	\$-	\$1,784,167
Increase	-	5,823	35,948	37,933	-	2,775	-	-	82,479
Decrease	-	-	107	6,522	3,110	5,213	-	-	14,952
Reclassification	-	-	-	(60,568)	-	(3,210)	-	-	(63,778)
Balance, end of year	<u>688,983</u>	<u>184,963</u>	<u>414,508</u>	<u>373,482</u>	<u>2,463</u>	<u>123,058</u>	<u>459</u>	<u>-</u>	<u>1,787,916</u>
<u>Accumulated depreciation</u>									
Balance, beginning of year	104,528	127,925	262,980	249,336	5,101	93,769	394	-	844,033
Depreciation	20,161	13,468	53,645	49,348	195	13,075	32	-	149,924
Decrease	-	-	103	5,515	3,110	5,018	-	-	13,746
Reclassification	(11,242)	-	-	(16,189)	-	(1,190)	-	-	(28,621)
Balance, end of year	<u>113,447</u>	<u>141,393</u>	<u>316,522</u>	<u>276,980</u>	<u>2,186</u>	<u>100,636</u>	<u>426</u>	<u>-</u>	<u>951,590</u>
Balance, end of year, net	<u>\$ 575,536</u>	<u>\$ 43,570</u>	<u>\$ 97,986</u>	<u>\$ 96,502</u>	<u>\$ 277</u>	<u>\$ 22,422</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 836,326</u>

	Year Ended December 31, 2007								Total
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Prepayment	
<u>Cost</u>									
Balance, beginning of year	\$758,822	\$165,573	\$549,878	\$1,032,437	\$5,573	\$152,842	\$459	\$328	\$2,665,912
Increase	-	13,689	30,409	102,674	-	18,900	-	-	165,672
Decrease	-	122	201,620	17,606	-	5,954	-	328	225,630
Reclassification	(69,839)	-	-	(714,866)	-	(37,082)	-	-	(821,787)
Balance, end of year	<u>688,983</u>	<u>179,140</u>	<u>378,667</u>	<u>402,639</u>	<u>5,573</u>	<u>128,706</u>	<u>459</u>	<u>-</u>	<u>1,784,167</u>
<u>Accumulated depreciation</u>									
Balance, beginning of year	87,297	110,190	405,767	648,514	4,813	101,225	329	-	1,358,135
Depreciation	20,161	17,849	58,731	65,520	288	16,781	65	-	179,395
Decrease	-	114	201,518	12,914	-	5,558	-	-	220,104
Reclassification	(2,930)	-	-	(451,784)	-	(18,679)	-	-	(473,393)
Balance, end of year	<u>104,528</u>	<u>127,925</u>	<u>262,980</u>	<u>249,336</u>	<u>5,101</u>	<u>93,769</u>	<u>394</u>	<u>-</u>	<u>844,033</u>
Balance, end of year, net	<u>\$ 584,455</u>	<u>\$ 51,215</u>	<u>\$ 115,687</u>	<u>\$ 153,303</u>	<u>\$ 472</u>	<u>\$ 34,937</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 940,134</u>

11. INTANGIBLE ASSETS

	<u>Year Ended December 31, 2008</u>		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of year	\$2,576,007	\$97,849	\$2,673,856
Increase	<u>53,084</u>	-	<u>53,084</u>
Balance, end of year	<u>2,629,091</u>	<u>97,849</u>	<u>2,726,940</u>
<u>Accumulated amortization</u>			
Balance beginning of year	1,805,759	26,198	1,831,957
Amortization expense	<u>337,652</u>	<u>5,544</u>	<u>343,196</u>
Balance, end of year	<u>2,143,411</u>	<u>31,742</u>	<u>2,175,153</u>
	<u>\$485,680</u>	<u>\$66,107</u>	<u>\$551,787</u>
	<u>Year Ended December 31, 2007</u>		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of year	\$2,253,349	\$97,849	\$2,351,198
Increase	<u>322,658</u>	-	<u>322,658</u>
Balance, end of year	<u>2,576,007</u>	<u>97,849</u>	<u>2,673,856</u>
<u>Accumulated amortization</u>			
Balance beginning of year	1,326,486	20,654	1,347,140
Amortization expense	<u>479,273</u>	<u>5,544</u>	<u>484,817</u>
Balance, end of year	<u>1,805,759</u>	<u>26,198</u>	<u>1,831,957</u>
	<u>770,248</u>	<u>71,651</u>	<u>841,899</u>

Intangible assets consisted of fees paid to Oak Technology ("Oak") for the Company to use Oak's technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players and to buy the rights on video processing technology to develop DTV products.

The Company also authorized Sunext Technology (equity-method investee) to research, design and manufacture products using Oak's technology in exchange for royalty income (shown under "gross sales" in the income statements and as "deferred royalty income" in the balance sheets).

12. DEFERRED CHARGES AND OTHERS

	<u>December 31</u>	
	2008	2007
Software and system design, net	\$242,946	\$259,638
Golf club membership fees	7,800	7,800
Refundable deposits	<u>1,462</u>	<u>2,706</u>
	<u>\$252,208</u>	<u>\$270,144</u>

13. SHORT-TERM LOANS

	December 31	
	2008	2007
Working capital loans - US\$4,500 thousand, annual interest rate from 1.81%- 3.24% in 2008; annual interest rate from 2.65%-2.78% in 2007	<u>\$647,600</u>	<u>\$500,000</u>

14. PENSION PLAN

The Company's pension plan under the Labor Pension Act is a defined contribution plan. The rate of contribution by an employer to employees' personal pension accounts should not be less than 6% of each employee's monthly salary or wage. The Company has made monthly contributions to employees' personal pension accounts and recognized pension costs of \$30,192 thousand and \$28,891 thousand for the years ended December 31, 2008 and 2007, respectively.

Before the promulgation of the Act, the Company has 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 plan provides benefits based on the length of service and the average basic salary of the employee's final six months of service. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan as the survivor entity. The Company recognized pension costs of \$3,643 thousand and \$1,619 thousand for the years ended December 31, 2008 and 2007, respectively.

Defined benefit pension fund balances were \$103,810 thousand and \$94,474 thousand as of December 31, 2008 and 2007, respectively.

Other information on the defined benefit pension plan is as follows:

- a. Components of net pension costs

	Year Ended December 31	
	2008	2007
Service costs	\$2,713	\$2,437
Interest costs	4,060	3,726
Projected return on plan assets	(2,990)	(3,233)
Amortization	<u>(140)</u>	<u>(1,311)</u>
Net pension costs	<u>\$3,643</u>	<u>\$1,619</u>

- b. Reconciliation of the fund status of the plan and accrued pension costs

	December 31	
	2008	2007
Benefit obligation		
Vested benefit obligation	\$-	\$-
Non-vested benefit obligation	<u>47,466</u>	<u>49,144</u>
Accumulated benefit obligation	47,466	49,144
Additional benefits based on future salaries	<u>84,322</u>	<u>86,217</u>
Projected benefit obligation	131,788	135,361
Fair value of plan assets	<u>(106,100)</u>	<u>(96,363)</u>
Funded status	25,688	38,998

	<u>December 31</u>	
Unrecognized net transition obligation	(2,347)	(2,837)
Unrecognized net gain	<u>37,054</u>	<u>26,788</u>
Accrued pension liability	<u>\$60,395</u>	<u>\$62,949</u>
Vested benefit	<u>\$-</u>	<u>\$-</u>

c. Actuarial assumptions

Discount rate used in determining present values	2.50%	3.00%
Future salary increase rate	6.00%	6.50%
Expected rate of return on plan assets	2.50%	3.00%

15. SHAREHOLDERS' EQUITY

a. Capital stock

The shareholders' approved a capital reduction by canceling 511,436 thousand issued and outstanding shares, amounting to \$ 5,114,357 thousand, on December 8, 2006. All related actions, including the decrease in the number of issued and outstanding shares and capital return were completed on March 26, 2007. The effective date of capital reduction was January 25, 2007. The share was returned at about NT\$5.00; thus, the capital reduction ratio was about 50% of share par value.

b. Employee stock option plan

On March 6, 2003 (2003 option plan) and September 11, 2007 (2007 option plan), the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan. The plan provides for the grant of 30,000 thousand options and 25,000 thousand options in 2003 and 2007 plan, respectively, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 55,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. All options had been granted or canceled as of December 31, 2008.

Outstanding option rights were as follows:

	<u>2003 Option Plan</u>			
	2008		2007	
	Unit (in Thousands)	Weighted- average Price (NT\$)	Unit (in Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	5,154	\$47.07	18,399	\$27.12
Options issued	243	40.34	302	44.81
Options exercised	(179)	32.70	(5,435)	37.93
Options canceled	<u>(136)</u>		<u>(8,112)</u>	
Ending outstanding balance	<u>5,082</u>		<u>5,154</u>	

	<u>2007 Option Plan</u>			
	2008		2007	
	Unit (in Thousands)	Weighted- average Price (NT\$)	Unit (in Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	25,000	\$47.58	-	\$-
Options granted	-	-	25,000	47.58
Options issued	1,209	40.52	-	-

	2007 Option Plan			
	2008		2007	
	Unit (in Thousands)	Weighted- average Price (NT\$)	Unit (in Thousands)	Weighted- average Price (NT\$)
Options canceled	<u>(1,563)</u>	-	-	-
Ending outstanding balance	<u>24,646</u>		<u>25,000</u>	

The number of shares and exercise prices of outstanding option have been adjusted to reflect the appropriations of dividends, cash dividends and issuance of capital stock specified under the Plans.

As of December 31, 2008, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	2003 Option Plan					
	Options Outstanding			Options Exercisable		
	Number of Options (in Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)	
\$27.8	1,981	0.35	\$27.8	1,981	\$27.8	
\$48.3	3,101	0.66	48.3	3,101	48.3	

Exercise Price (NT\$)	2007 Option Plan					
	Options Outstanding			Options Exercisable		
	Number of Options (in Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted- average Exercise Price (NT\$)	
\$40.4	18,346	4.87	\$40.4	-	\$40.4	
\$40.9	6,300	4.99	40.9	-	40.9	

The pro forma information for the years ended December 31, 2008 and 2007 assuming employee stock options granted before December 31, 2007 were accounted for under SFAS No. 39 is as follows:

	Years Ended December 31	
	2008	2007
Net income		
Net income as reported	<u>\$8,383</u>	<u>\$2,061,502</u>
Pro forma net income (loss)	<u>\$(253,942)</u>	<u>\$2,028,306</u>
Earnings per share (EPS; in New Taiwan dollars)		
Basic EPS as reported	<u>\$0.01</u>	<u>\$3.28</u>
Pro forma basic EPS	<u>\$(0.43)</u>	<u>\$3.23</u>
Diluted EPS as reported	<u>\$0.01</u>	<u>\$3.27</u>
Pro forma diluted EPS	<u>\$(0.43)</u>	<u>\$3.22</u>

c. Global depositary receipts

In March 2001, the Company issued 20,000 thousand units of Global Depositary Receipts (GDRs), representing 40,000 thousand common shares consisting 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, 2008, the outstanding 457 thousand units of GDRs represented 914 thousand common shares.

- d. Capital surplus
Under ROC regulations, capital surplus may be used to offset deficit, and only the capital surplus from the issue of stock in excess of par value (including the stock issued for new capital and mergers and surplus arising from treasury stocks transactions) may be transferred to capital as stock dividend; this transfer is restricted to a certain percentage based on shareholders' ownership. Also, the capital surplus from long-term investments may not be used for any purpose.
- e. Appropriation of earnings and dividends
The Company's Articles of Incorporation provide that the following should be appropriated from annual net income less any accumulated deficit: (a) 10% as legal reserve; and (b) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than deficit. The distribution of any remaining earnings will be as follows: (i) up to 6% of paid-in capital as dividends; and (ii) 1.5% as remuneration to directors and supervisors and at least 1% as bonus to employees. The employees may include, with the approval of the Company's board of directors, those of the Company's subsidiaries.

The current year's net income less all the foregoing appropriations and distributions plus the unappropriated prior years' earnings may be distributed as additional dividends. It is the Company's policy 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.

For the years ended December 31, 2008, the bonus to employees and remuneration to directors and supervisors, representing 25% and 1.5%, respectively, of net income had to be accrued on the basis of past experiences. However, based on the Company's Articles of Incorporation, the bonus and remuneration should be appropriated first from paid-in capital. Thus, the Company did not accrue any bonus and remuneration expenses. If the actual amounts approved by the shareholders differ from the board of directors' proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

Under regulations promulgated by the Securities and Futures Bureau, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be made from unappropriated retained earnings. The special reserve is allowed to be appropriated to the extent that the debit balance of such accounts is reversed.

Under the ROC Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. In addition, when the reserve exceeds 50% of the Company's paid-in capital, the excess portion that is over 25% of the excess may be distributed as stock dividend and bonus if the Company has no deficit.

Under the Integrated Income Tax System, which took effect on January 1, 1998, ROC resident shareholders are allowed to have tax credits for the income tax paid by the Company on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each resident shareholder. The maximum credit available for allocation to each resident shareholder cannot exceed the ICA balance on the dividend distribution date.

The appropriations for the earnings of 2007 and 2006 were approved in the shareholders' meetings on June 13, 2008 and June 15, 2007, respectively. The appropriations, including dividends, were as follows:

	For Fiscal Year 2007		For Fiscal Year 2006	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$206,150		\$297,269	
Special reserve	(17,260)		(277,600)	
Bonus to employees - stock	135,000		135,000	
Bonus to employees - cash	15,000		15,000	
Remuneration of directors and supervisors	23,090		39,688	
Stock dividends	166,637	\$0.29990	153,622	\$0.29822
Cash dividends	<u>1,388,644</u>	2.49920	<u>2,048,297</u>	3.97620
	<u>\$1,917,261</u>		<u>\$2,411,276</u>	

The shareholders also resolved the transfer of \$111,092 thousand of capital surplus to paid-in capital in the shareholders' meeting on June 13, 2008.

As of February 27, 2009, the Board of Directors had not resolved the appropriation for earnings of 2008.

Information the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Unrealized Gain or Loss on Financial Instruments

For the years ended December 31, 2008 and 2007, the movements of unrealized gain or loss on financial instruments were as follows:

	Available-for-sale Financial Assets	Equity-method Investments	Total
<u>Year ended December 31, 2008</u>			
Balance, beginning of year	\$(160,003)	\$345,418	\$185,415
Sales for the year	(122,842)	-	(122,842)
Recognized in shareholders' equity	<u>(155,732)</u>	<u>(468,807)</u>	<u>(624,539)</u>
Balance, end of year	<u>\$(438,577)</u>	<u>\$(123,389)</u>	<u>\$(561,966)</u>
<u>Year ended December 31, 2007</u>			
Balance, beginning of year	\$(147,438)	\$112,972	\$(34,466)
Recognized in shareholders' equity	<u>(12,565)</u>	<u>232,446</u>	<u>219,881</u>
Balance, end of year	<u>\$(160,003)</u>	<u>\$345,418</u>	<u>\$185,415</u>

16. TREASURY STOCK (COMMON STOCK)

Purpose of Purchase	(Units: Shares in Thousands)			
	Beginning Shares	Increase	Decrease	Ending Shares
<u>2008</u>				
Company stocks held by subsidiaries	3,390	170	-	3,560
For subsequent transfer to employees	<u>1,293</u>	-	-	<u>1,293</u>
	<u>4,683</u>	<u>170</u>	=	<u>4,853</u>
<u>2007</u>				
Company stocks held by subsidiaries	6,450	160	3,220	3,390
For subsequent transfer to employees	<u>2,582</u>	-	<u>1,289</u>	<u>1,293</u>
	<u>9,032</u>	<u>160</u>	<u>4,509</u>	<u>4,683</u>

Starting from January 2002, the Company accounted for its issued shares amounting to \$95,605 thousand held by a subsidiary, Lin Shin Investment Co., Ltd. as treasury stock. As of December 31, 2008 and 2007, the book values of these stocks were \$63,401 thousand, and the market values of these stocks were \$46,814 thousand and \$164,780 thousand, respectively.

Under the Securities and Exchange Act, the Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury stock, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

17. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Years Ended December 31					
	2008			2007		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$56,733	\$600,046	\$656,779	\$88,172	\$624,866	\$713,038
Labor/health insurance	4,458	34,297	38,755	5,724	35,100	40,824
Pension	3,645	30,190	33,835	3,952	26,558	30,510
Welfare benefit	1,970	12,294	14,264	2,833	13,314	16,147
Meal	<u>1,714</u>	<u>10,634</u>	<u>12,348</u>	<u>2,243</u>	<u>11,224</u>	<u>13,467</u>
	<u>\$68,520</u>	<u>\$687,461</u>	<u>\$755,891</u>	<u>\$102,924</u>	<u>\$711,062</u>	<u>\$813,986</u>
Depreciation	<u>\$57,853</u>	<u>\$86,451</u>	<u>\$144,304</u>	<u>\$68,557</u>	<u>\$106,109</u>	<u>\$174,666</u>
Amortization	<u>\$6,638</u>	<u>\$573,441</u>	<u>\$580,079</u>	<u>\$2,092</u>	<u>\$638,953</u>	<u>\$641,045</u>

18. INCOME TAX

- a. A reconciliation of income tax expense on income before income tax at statutory rate and current income tax expense before tax credits is shown below:

	2008	2007
Income tax expense on income before income tax at statutory rate (25%)	\$39,996	\$574,120
Tax effects of adjustments:		
Tax-exempt income	-	(232,383)
Permanent differences	155,250	(55,403)
Temporary differences	18,218	(10,319)
Tax effects of consolidation income tax filing	<u>(203,660)</u>	-
Income tax expense before tax credits	<u>\$9,804</u>	<u>\$276,015</u>

- b. Income tax expense consisted of the following:

Income tax expense before tax credits	\$9,804	\$276,015
Additional tax at 10% on unappropriated earnings	-	28,382
Investment tax credits	-	(150,673)
Net change in deferred income tax assets	68,720	(245,116)
Adjustment of prior years' income tax expense	54,676	326,372
Additional income tax under the Alternative Minimum Tax Act	<u>18,441</u>	-
	<u>\$151,641</u>	<u>\$234,980</u>

- c. Deferred income tax assets were as follows:

	December 31	
	2008	2007
Current:		
Investment tax credits	\$299,193	\$124,921
Temporary differences	<u>7,947</u>	<u>18,492</u>
	307,140	143,413
Deduct: Valuation allowance	<u>140,981</u>	-
	<u>\$166,159</u>	<u>\$143,413</u>
Noncurrent:		
Investment tax credits	\$939,119	\$967,358
Temporary differences	<u>17,063</u>	<u>9,183</u>
	956,182	976,541
Deduct: Valuation allowance	<u>199,275</u>	<u>128,168</u>
	<u>\$756,907</u>	<u>\$848,373</u>

As of December 31, 2008, investment tax credits were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$3,606	\$3,606	2009
		<u>1,005</u>	<u>1,005</u>	2011
		<u>\$4,611</u>	<u>\$4,611</u>	
Statute for Upgrading Industries	Research and development expenditures	\$295,587	\$295,587	2009
		415,235	415,235	2010
		257,859	257,859	2011
		<u>265,020</u>	<u>265,020</u>	2012
		<u>\$1,233,701</u>	<u>\$1,233,701</u>	

- d. The profits generated from the following expansion and construction projects are exempt from income tax:

Project	Tax Exemption Period
Sixth expansion	January 1, 2006 to December 31, 2009
Ninth expansion	January 3, 2007 to January 2, 2012
Tenth expansion	August 31, 2006 to August 30, 2011
Eleventh expansion	January 1, 2008 to December 31, 2012

The tax returns through 2005 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2003, 2004 and 2005 tax returns and thus applied for an administrative remedy of these returns. Nevertheless, the Company has made a provision for the income tax assessed by the tax authorities for conservatism purposes.

- e. Integrated income tax information is as follows:

	December 31	
	2008	2007
Shareholders' imputation credit account	<u>\$74,942</u>	<u>\$41,267</u>
Unappropriated earnings until 1997	<u>\$452,310</u>	<u>\$452,310</u>

The expected and actual creditable tax ratios for the 2008 and 2007 earnings were 6.58% and 4.41%, respectively.

The imputation credits allocated to shareholders of the Company is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2008 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

19. EARNINGS PER SHARE

The numerators and denominators used in computing earnings per share (EPS) were as follows:

	<u>Amounts (Numerator)</u>		<u>Share (Denominator) (in thousands)</u>	<u>EPS (Dollars)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>2008</u>					
Net income	<u>\$160,024</u>	<u>\$8,383</u>			
Basic EPS					
Income of common shareholders	\$160,024	\$8,383	593,326	<u>\$0.27</u>	<u>\$0.01</u>
Effect of dilutive securities					
Stock options	-	-	<u>4</u>		
Diluted EPS					
Income of common and potential common shareholders	<u>\$160,024</u>	<u>\$8,383</u>	<u>593,330</u>	<u>\$0.27</u>	<u>\$0.01</u>
<u>2007</u>					
Net income	<u>\$2,296,482</u>	<u>\$2,061,502</u>			
Basic EPS					
Income of common shareholders	\$2,296,482	\$2,061,502	628,073	<u>\$3.66</u>	<u>\$3.28</u>
Effect of dilutive securities					
Stock options	-	-	<u>1,687</u>		
Diluted EPS					
Income of common and potential common shareholders	<u>\$2,296,482</u>	<u>\$2,061,502</u>	<u>629,760</u>	<u>\$3.65</u>	<u>\$3.27</u>

The weighted-average number of shares outstanding for EPS calculation was adjusted retroactively for stock dividends and stock bonuses issued subsequently (see Note 15). As a result of this adjustment, the basic EPS and diluted EPS after income tax in 2007 decreased from NT\$3.53 to NT\$3.28 and from NT\$3.52 to NT\$3.27, respectively.

20. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	<u>December 31</u>			
	<u>2008</u>		<u>2007</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<u>Nonderivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$162,122	\$162,122	\$167,676	\$167,676
Available-for-sale financial assets (current and noncurrent)	348,656	348,656	1,110,717	1,110,717
Financial assets carried at cost	35,556	-	35,556	-

(Continued)

	December 31			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Derivative instruments</u>				
Liability				
Financial liabilities held for trading	\$-	\$-	\$2,222	\$2,222

- b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:
- 1) For cash, notes and accounts receivable, other receivables, short-term loans, and accounts payable, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.
 - 2) Fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For those instruments not traded in active markets, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
 - 3) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
- c. Gains recognized for the changes in fair value of financial instruments using valuation techniques were \$26,806 thousand and \$15,299 thousand for the years ended December 31, 2008 and 2007.
- d. As of December 31, 2008 and 2007, financial assets exposed to cash flow interest rate risk were \$626,455 thousand and \$378,385 thousand, respectively; financial assets exposed to fair value interest rate risk were \$448,000 thousand and \$468,038 thousand, respectively. As of December 31, 2008 and 2007, financial liabilities exposed to fair value interest rate risk were \$647,600 thousand and \$500,000 thousand, respectively.
- e. Interest income arising from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2008 and 2007 were \$11,118 thousand and \$25,007 thousand, respectively; interest expense arising from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2008 and 2007 were \$22,239 thousand and \$16,447 thousand, respectively.
- f. Financial risks
- 1) Market risk.
The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks.
Fair values of inverse floaters are influenced by exchange rate fluctuations.
Fair values of held-for-trading and available-for-sale security investments are affected by fluctuations of quoted prices.
 - 2) Credit risk.
Credit risk represents the potential loss that would be incurred by the Company if the counter-parties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counter-parties to the foregoing financial instruments are reputable financial institutions and business organizations. Management does not expect the Company's exposure to default by those parties to be material.
 - 3) Liquidity risk.
Investments in inverse floaters and financial assets carried at cost do not have an active market. Thus, the liquidity risk of these investments is material. On the other hand, held-for-trading and available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets. However, the

Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.

21. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Giantplus Technology Co., Ltd. ("Giantplus") - equity-method investee
- b. Waveplus Technology Co., Ltd. ("Waveplus") - equity-method investee
- c. Sunext Technology Co., Ltd. ("Sunext") - 79% subsidiary
- d. Sunplus Core Technology Inc. ("Sunplus Core") - 57% subsidiary
- e. Generalplus Technology Inc. ("Generalplus") - equity-method investee
- f. Coolsand Technologies SARL ("Coolsand") - equity-method investee of Russel Holding Ltd.
- g. Lin Shin Technology Co., Ltd. ("Lin Shin") - equity-method investee of Russel Holding Ltd.
- h. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 84% subsidiary
- i. Sunplus mMobile Inc. ("Sunplus mMobile") - 91% subsidiary
- j. Sunplus Technology (H.K.) Co., Ltd. ("Sunplus H.K.") - 100% subsidiary
- k. Orise Technology Co., Ltd. ("Orise") - 55% subsidiary
- l. Sunplus mMedia Inc. ("Sunplus mMedia") - 78% subsidiary
- m. Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") - 99% indirect subsidiary
- n. Sunplus Prof-tek (Shenzhen) Co., Ltd. ("Sunplus Prof-tek") - 100% indirect subsidiary
- o. Sun Media Technology Co., Ltd. ("Sun Media") - 100% indirect subsidiary
- p. Sunplus mMobile Limited - 100% indirect subsidiary
- q. Others - please refer to Note 24 for related parties that did not have business transactions with the Company in the current period.

The transactions with the foregoing parties in addition to those disclosed in other notes are summarized as follows:

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Sales:				
Orise	\$74,271	1	\$59,084	1
Sunplus mMedia	59,323	1	26,306	-
Generalplus	27,509	1	47,290	1
Sunext	23,979	1	22,184	-
Coolsand	20,973	-	117,049	1
Sunplus mMobile	16,768	-	8,267	-
Sunplus Innovation	13,063	-	24,954	-
Lin Shih	5,432	-	3,954	-
Sunplus Core	3,346	-	-	-
Waveplus	<u>248</u>	-	<u>6,623</u>	-
	<u>\$244,912</u>	<u>4</u>	<u>\$315,711</u>	<u>3</u>

The collection terms for products sold to related parties were similar to those for third parties.

The products sold to related parties were custom-made; thus, the related selling prices were not comparable with those for third parties.

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Operating expense				
Sunplus Prof-tek	\$61,296	3	\$-	-
Sunplus Shanghai	21,218	1	-	-
Sunplus Core	8,064	1	-	-
Sun Media	5,755	-	-	-

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Sunplus H.K.	3,131	-	-	-
Sunext	<u>1,310</u>	-	<u>387</u>	-
	<u>100,774</u>	<u>5</u>	<u>387</u>	<u>-</u>

The support transaction prices were negotiated and thus not comparable with those in the market.

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Nonoperating income and gains				
Sunplus mMedia	\$82,908	12	\$129,751	12
Sunplus mMobile	60,008	8	136,348	12
Sunplus Core	9,398	1	4,695	-
Generalplus	8,052	1	10,350	1
Sunext	7,529	1	8,329	1
Sunplus Innovation	7,431	1	16,963	2
Orise	4,787	1	14,892	1
Giantplus	1,447	-	2,964	-
Waveplus	550	-	-	-
Lin Shin	273	-	572	-
Coolsand	-	-	<u>36</u>	-
	<u>\$182,383</u>	<u>25</u>	<u>\$324,900</u>	<u>29</u>

Nonoperating income and gains included rental income and support transaction prices that were negotiated and thus not comparable with those in the market. The rental income referred to the Company's lease of offices to Sunplus mMobile, Sunplus mMedia and Sunplus Core. The Company transferred the book value of these leased offices to assets leased to others; this book value was based on the ratio of the area of the leased offices to the total area of the building.

The following receivables as well as other transactions between the Company and the related parties were based on normal terms.

	December 31			
	2008		2007	
	Amount	%	Amount	%
Notes and accounts receivable:				
Orise	\$7,880	2	\$11,554	1
Sunplus mMedia	5,059	1	3,572	-
Generalplus	2,380	1	4,152	-
Sunplus mMobile	1,644	-	9	-
Sunplus Innovation	1,179	-	803	-
Sunext	445	-	-	-
Waveplus	264	-	-	-
Sunplus Core	225	-	-	-
Lin shin	72	-	1,019	-
Coolsand	-	-	<u>28,932</u>	<u>2</u>
	<u>\$19,148</u>	<u>4</u>	<u>\$50,041</u>	<u>3</u>
Other receivables				
Sunplus mMedia	\$5,596	4	\$13,500	8
Sunplus mMobile	4,601	4	7,407	4
Sunplus Core	771	-	1,255	1

Compensation of directors, supervisors and management personnel:

	<u>Year Ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Salaries	\$29,356	\$25,570
Special compensation	138	258
Bonus	-	<u>45,932</u>
	<u>\$29,494</u>	<u>\$71,760</u>

The compensation of directors, supervisors and management personnel for the year ended December 31, 2007 included the bonuses appropriated from earnings for 2007 which had been approved by shareholders in their annual meeting held in 2008.

22. SIGNIFICANT LONG-TERM OPERATING LEASES

The Company leases land from the Science-Based Industrial Park Administration under renewable agreements expiring in July 2015, December 2020 and 2021, with annual rentals aggregating \$7,862 thousand.

Future annual minimum rentals under the leases are as follows:

Year	Amount
2009	\$7,862
2010	7,862
2011	7,862
2012	7,862
2013	7,862
2014 and thereafter	<u>40,557</u>
	<u>\$79,867</u>

23. GAIN ON SETTLEMENT COMPENSATION

In February 2003, the Company bought optoelectronic storage department of Oak Technology, Inc. (Oak Technology Inc. merged with Zoran Company) and acquired its related patent. Therefore, in the settlement of the patent authorization between Mediatek and Zoran, the Company and its subsidiary, Sunext, are able to use Mediatek Inc.'s patents of PC optoelectronic storage, Mediatek authorizing this using right of the patent to Zoran, and can obtain part of solatium.

24. ADDITIONAL DISCLOSURES

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

- a. Endorsement/guarantee provided: Table 1 (attached)
- b. Marketable securities held: Table 2 (attached)
- c. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- d. Acquisition of long-term investments costs of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- f. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- g. Names, locations, and related information of investees on which the Company exercises significant influences: Table 7 (attached)
- h. Forward exchange contracts of investee company: Table 8 (attached)
- i. Investment in Mainland China: Table 9 (attached)

25. SEGMENT INFORMATION

- a. Industry: The Company only manufactures and sells value-added consumer integrated circuits (ICs).
- b. Geographic information: Not applicable.
- c. Export sales:

Area	Year Ended December 31	
	2008	2007
Southeast Asia	\$4,953,791	\$8,015,173
Others	<u>516,704</u>	<u>791,769</u>
	<u>\$5,470,495</u>	<u>\$8,806,942</u>

- d. Sales to customer representing at least 10% of net sales:

Customer	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
A	\$1,672,714	27	\$3,071,671	33
B	1,417,376	23	2,308,230	25

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2008

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

No.	Endorsement/ Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunext Technology Co., Ltd.	79% Subsidiary	\$1,095,042 (Note 1)	\$760,000	\$630,000	\$-	5.75%	\$2,190,084 (Note 2)
		Sunplus mMobile Inc.	91% Subsidiary	1,095,042 (Note 1)	577,293	577,293	-	5.27%	2,190,084 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% Indirect subsidiary	1,095,042 (Note 1)	329,825	306,000	-	2.79%	2,190,084 (Note 2)
		Sunplus mMedia Inc.	78% Subsidiary	1,095,042 (Note 1)	479,442	227,000	-	2.07%	2,190,084 (Note 2)
		Sunplus Innovation Technology Inc.	84% Subsidiary	1,095,042 (Note 1)	323,550	130,000	-	1.19%	2,190,084 (Note 2)
		Sunplus Core Technology Inc.	57% Subsidiary	1,095,042 (Note 1)	60,000	60,000	-	0.55%	2,190,084 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	1,095,042 (Note 1)	30,000	30,000	-	0.27%	2,190,084 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,095,042 (Note 1)	20,000	20,000	-	0.18%	2,190,084 (Note 2)
		Lin Shin Technology Co., Ltd.	Indirect equity-method investee	1,095,042 (Note 1)	10,000	10,000	-	0.09%	2,190,084 (Note 2)
		1	Sunplus mMedia Inc.	Sunplus mMobile Inc.	Equity-method investee of Sunplus mMobile Inc.	127,362 (Note 3)	120,000	-	-

Note 1: For each transaction entity, the amount should not exceed 10% of the endorsement/guarantee provider's net equity.

Note 2: The amount should not exceed 20% of the endorsement/guarantee provider's net equity.

Note 3: For each transaction entity, the amount should not exceed 10% of the endorsement/guarantee provider's net equity based on the latest audited or reviewed financial statements.

Note 4: The amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the latest audited or reviewed financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	84,652	\$ 1,870,627	21	\$ 1,870,627	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	72,090	1,245,799	55	1,245,842	Notes 1 and 7
	Sunplus mMedia Inc	Equity-method investee	Equity-method investments	64,500	708,757	78	710,341	Notes 1 and 8
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	624,889	100	624,889	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	607,241	100	607,241	Notes 1 and 4
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	27,942	475,292	41	475,292	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	24,700	428,478	100	428,478	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	419,813	100	423,387	Notes 1 and 9
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	22,660	392,361	84	392,361	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	78,995	244,058	79	102,938	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,898	17,857	57	17,857	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,302	16,742	41	16,742	Note 1
	Goldkey Technology Corp.	Equity-method investee	Equity-method investments	1,702	16,584	12	16,584	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	7,852	100	7,852	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	5,167	100	5,167	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,817	100	4,817	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,194	100	4,194	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	120,000	(141,111)	91	(126,725)	Note 6
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	121,295	11	121,295	Note 3
	RITEK Corp.	The Company's director	Available-for-sale financial assets	5,000	21,648	-	21,648	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,967	14,619	-	14,619	Note 3
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	2,222	22,223	11	22,223	Note 2
Network Capital Global Fund	-	Financial assets carried at cost	1,333	13,333	7	13,333	Note 2	
Inverse floaters issued by Citibank	-	Financial assets at fair value through profit or loss	-	162,122	-	162,122		
	<u>Fund</u>							
	Yuanta Commercial Bank Money Market Common Trust Fund	-	Available-for-sale financial assets	13,114	135,036	-	135,036	Note 5
	Polaris De-Bao Fund	-	Available-for-sale financial assets	2,273	26,026	-	26,026	Note 5
	NITC Taiwan Bond Fund	-	Available-for-sale financial assets	177	30,032	-	30,032	Note 5
Orise Technology Co. Ltd.	Jih Sun Bond Fund	-	Available-for-sale financial assets	3,052	42,904	-	42,904	Note 5
	Prudential Financial Band Fund	-	Available-for-sale financial assets	3,823	57,673	-	57,673	Note 5
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	500	5,528	1	5,528	Note 1
	Sunplus mMobile SAS	Equity-method investee	Equity-method investments	237	11,318	100	11,318	Note 1
	Sunplus mMobile Limited	Equity-method investee	Equity-method investments	500	(57,294)	100	(57,294)	Note 6
	Sunplus mMobile Holding Inc.	Equity-method investee	Equity-method investments	2,580	\$ 2,156	100	\$ 2,156	Note 1
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	5	77	-	77	Note 5
	Ta Chong bond	-	Available-for-sale financial assets	1	7	-	7	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	1,674	24,148	-	24,148	Note 5
Sunplus mMobile Holding	Bright Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	2,515	US\$1 thousand	100	US\$1 thousand	Note 1
Sunplus mMedia Inc.	Prudential Financial Bond Fund	-	Available-for-sale financial assets	2,195	34,149	-	34,149	Note 5

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Capital Income Fund	-	Available-for-sale financial assets	1,759	27,040	-	27,040	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	3,466	50,014	-	50,014	Note 5
	NITC Taiwan Bond Fund	-	Available-for-sale financial assets	1,081	15,729	-	15,729	Note 5
Lin Shih Investment Co., Ltd.	<u>Stock</u>							
	Goldkey Technology Corp.	Equity-method investee	Equity-method investments	1,866	18,198	13	18,198	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	522	6,709	16	6,709	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	6,499	8,500	7	8,500	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	12,653	215,210	19	215,210	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	4,013	13	4,013	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	3,055	12,112	2	(3,683)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	2,483	31,457	3	31,457	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	452	6,619	2	6,619	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	46,814	1	46,814	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,120	105,480	1	105,480	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	3,608	-	3,608	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	667	6,666	1	6,666	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	199	1,022	-	1,022	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	1,933	27,346	8	27,346	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	79,643	7	79,643	Note 2
	NCTU Spring Venture Capital Co., Ltd.	-	Financial assets carried at cost	2,000	-	6	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	831	10,685	6	10,685	Note 2
	MaxEmil Photonics Corporation	-	Financial assets carried at cost	426	8,273	2	8,273	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
	Glokie Technology Corp.	-	Financial assets carried at cost	2,300	23,000	14	23,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	13	6,000	Note 2
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2
Russell Holdings Limited	<u>Stock</u>							
	Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$(350) thousand	44	US\$(350) thousand	Note 6
	Synerchip Co., Ltd.	Equity-method investee	Equity-method investments	4,236	US\$667 thousand	25	US\$667 thousand	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	855	US\$2,124 thousand	1	US\$34 thousand	Note 1
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$301 thousand	-	US\$301 thousand	Note 3
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$- thousand	19	US\$- thousand	Note 2
	OZ Optics Ltd.	-	Financial assets carried at cost	1,000	US\$250 thousand	8	US\$250 thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	1,000	US\$500 thousand	2	US\$500 thousand	Note 2
	Ortega InfoSystem, Inc.	-	Financial assets carried at cost	2,557	US\$500 thousand	-	US\$500 thousand	Note 2
	Asia B2B on line Inc.	-	Financial assets carried at cost	1,000	US\$- thousand	3	US\$- thousand	Note 2
	Asia Tech Taiwan Venture Fund	-	Financial assets carried at cost	-	US\$2,590 thousand	5	US\$2,590 thousand	Note 2

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$500 thousand	1	US\$500 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$1,400 thousand	-	US\$1,400 thousand	Note 2
	Visualon Inc.	-	Financial assets carried at cost	377	US\$200 thousand	3	US\$200 thousand	Note 2
	Azalea Networks Inc.	-	Financial assets carried at cost	850	US\$1,150 thousand	2	US\$1,150 thousand	Note 2
Sunplus Venture Capital Co., Ltd.	<u>Stock</u> Joining Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,400	\$ -	39	\$ -	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	387	4,973	12	4,973	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,571	11,169	9	11,169	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420	1,780	70	1,780	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	2,920	49,672	4	49,672	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	14,478	1	14,478	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	4,013	13	4,013	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	142	2,100	-	(175)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	10,000	109,845	12	109,845	Note 1
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,435	16,696	-	16,696	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	1,172	6,013	1	6,013	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,674	75,680	-	75,680	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	742	10,498	3	10,498	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	166	1,663	-	1,663	Note 3
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 2
	Softchina Venture Capital Corp.	-	Financial assets carried at cost	407	-	8	-	Note 2
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 2
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 2
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	19,000	10	19,000	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,850	24,237	6	24,237	Note 2
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost	5,000	50,000	5	50,000	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,170	13,691	18	13,691	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	\$ 14,025	9	\$ 14,025	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	550	13,750	1	13,750	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	12,485	2	12,485	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	75,000	8	75,000	Note 2
	Capella Micro System, Inc.	-	Financial assets carried at cost	630	9,450	3	9,450	Note 2
	Smec Media & Entertainment Corp.	-	Financial assets carried at cost	2,000	6,667	7	6,667	Note 2
	VISCO Inc.	-	Financial assets carried at cost	2,130	22,365	5	22,365	Note 2
	Azalea Networks Inc	-	Financial assets carried at cost	280	12,923	1	12,923	Note 2
Generalplus Technology Inc.	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	3,090	11,174	100	11,174	Note 1
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	3,090	US\$340 thousand	100	US\$340 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	-	US\$263 thousand	100	US\$263 thousand	Note 1

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	-	US\$77 thousand	100	US\$77 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,750	36,697	100	36,697	Note 1
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$119 thousand	100	US\$119 thousand	Note 1
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext Technology (Shanghai) Co., Ltd.	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$118 thousand	100	US\$118 thousand	Note 1
Waveplus Technology Co., Ltd.	<u>Stock</u> Waveplus Holding Ltd.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	(51)	100	(51)	Note 6
Waveplus Holding Ltd.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Holding Ltd.	Equity-method investments	1,000	US\$- thousand	100	US\$- thousand	Note 1
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	24,700	US\$13,068 thousand	100	US\$13,068 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	24,700	US\$13,072 thousand	100	US\$13,072 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$8,894 thousand	99	US\$8,894 thousand	Note 1
	Sunplus Pro-tek Technology (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$2,255 thousand	100	US\$2,255 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$1,545 thousand	100	US\$1,545 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$364 thousand	80	US\$364 thousand	Note 1
Wei-Young Investment Inc.	UNIWILL Co., Ltd.	-	Available-for-sale financial assets	508	3,052	-	3,052	Note 3
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Global Techplus Capital Inc.	Equity-method investments	-	US\$- thousand	100	US\$- thousand	Note 1

Note 1: The net asset value was based on audit financial data.

Note 2: The market value is based on carrying value as of December 31, 2008.

Note 3: The market value is based on the closing price as of December 31, 2008.

Note 4: The investment carrying value excluded the carrying value of \$63,401 thousand of the shares of Sunplus Technology Company Limited held by its subsidiary.

Note 5: The market value was based on the net asset value of fund as of December 31, 2008.

Note 6: The credit balance on the carrying value of the equity-method investment is reported as other current liabilities.

Note 7: Includes deferred credits \$43 thousand.

Note 8: Includes deferred credit \$1,584 thousand.

Note 9: Includes deferred credit \$3,574 thousand.

Note 10: As of December 31, 2008, the above marketable securities, except the carrying value \$44,505 of the Sunplus Technology Company Limited holding by Lin Shih Investment Co., Ltd., had not been pledged or mortgaged.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2008

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

Company Name	Name/Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units (Thousands)	Amount (Note 1)
Sunplus Technology Company Limited	Cathay Bond Fund	Available-for-sale financial assets	-	\$-	10,549	\$125,000	10,549	\$125,238	\$125,000	\$238	-	\$-
	Sunext Technology Co., Ltd.	Equity-method investments	12,600	(98,717)	74,270	820,705	7,875 (Note 6)	-	-	-	78,995	244,058 (Note 3)
	Giantplus Technology Co., Ltd.	Equity-method investments	76,317	1,171,730	6,685	235,980	-	-	-	-	84,652 (Note 5)	1,870,627 (Note 3)
	JF TAIWAN Bond	Available-for-sale financial assets	-	-	15,769	245,000	15,769	245,494	245,000	494	-	-
	NITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	26,860	386,000	26,800	386,737	386,000	737	-	-
	NITC Bond Fund	Available-for-sale financial assets	1,496	250,000	1,766	299,000	3,085	519,480	519,000	480	177	30,032
	Tasihin Lucky Fund	Available-for-sale financial assets	30,224	315,000	31,961	334,000	62,186	649,000	650,356	1,356	-	-
	Polaris De-Bao Fund	Available-for-sale financial assets	-	-	11,963	136,000	9,690	110,461	110,000	461	2,273	26,026
	IBT 1699 Bond Fund	Available-for-sale financial assets	-	-	30,308	384,000	30,308	387,007	384,000	3,007	-	-
	ING Taiwan Select Bond Fund	Available-for-sale financial assets	-	-	25,660	299,000	25,660	299,182	299,000	182	-	-
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	10,146	152,000	101,46	152,563	152,000	563	-	-
	Polaris De-Li Fund	Available-for-sale financial assets	-	-	19,294	299,000	19,294	299,189	299,000	189	-	-
	Harvatek Corp.	Available-for-sale financial assets	4,896	37,489 (Note 2)	-	-	4,896	202,883	37,489 (Note 2)	165,394	-	-
Yuanta Commer Cial Bank Money Market Common Trust Fund	Available-for-sale financial assets	-	-	13,114	135,000	-	-	-	-	13,114	135,036	
Sunplus mMedia Inc.	Equity-method investments	-	-	64,500	752,579	-	-	-	-	64,500	708,757 (Note 3)	
Orise Technology Co. Ltd.	Jih Sun Bond	Available-for-sale financial assets	5,031	69,606	49,227	685,667	51,206	713,794	712,419	1,375	3,052	42,904
	NITC Taiwan Bond Fund	Available-for-sale financial assets	6,731	96,369	43,559	628,798	50,290	726,875	725,146	1,729	-	-
	Fubon Chi-Hsiang Fund	Available-for-sale financial assets	6,334	78,703	26,094	352,612	32,428	432,249	431,298	951	-	-
	Tasihin Lucky Fund	Available-for-sale financial assets	1,731	18,046	18,409	193,174	20,140	211,886	211,215	671	-	-
	Prudential Financial Bond Fund	Available-for-sale financial assets	6,956	103,256	35,656	533,020	38,789	580,020	578,751	1,269	3,823	57,673
	Capital Income Fund	Available-for-sale financial assets	-	-	10,006	152,595	10,006	153,095	152,595	500	-	-
	IBT 1699 Bond Fund	Available-for-sale financial assets	5,166	65,080	11,894	151,259	17,060	217,089	216,324	765	-	-
	Hua Nan Phoenix Bond Fund	Available-for-sale financial assets	-	-	12,300	190,130	12,300	190,480	190,130	350	-	-
	Yuanta Wan-Tai Bond Fund	Available-for-sale financial assets	-	-	9,644	138,104	9,644	138,412	138,104	308	-	-
	UPAMC Global Fixed Income Selection Fund	Available-for-sale financial assets	10,068	157,799	4,077	64,000	14,145	222,247	221,762	485	-	-
	Polaris De-Li Fund	Available-for-sale financial assets	-	-	19,576	302,359	19,576	303,004	302,359	645	-	-
ING Taiwan Bond Fund	Available-for-sale financial assets	1,834	28,078	10,255	157,503	12,089	185,945	185,575	370	-	-	
Generalplus Technology Inc.	Polaris De-Bao Fund	Available-for-sale financial assets	-	-	14,326	162,000	14,326	162,620	162,000	620	-	-
	Polaris De-Li Fund	Available-for-sale financial assets	-	-	14,006	216,000	14,006	216,618	216,000	618	-	-
	Ta Chong Bond	Available-for-sale financial assets	-	-	9,609	128,700	9,609	129,042	128,700	342	-	-
	PCA Wall Pool Fund	Available-for-sale financial assets	-	-	13,067	167,700	13,067	168,155	167,700	455	-	-
Sunplus Venture Capital Co., Ltd.	Taiwan Nano Electro-Optical Technology Co., Ltd.	Available-for-sale financial assets	3,994	46,595 (Note 2)	-	-	3,994	128,206	46,595 (Note 2)	81,611	-	-
	Sunplus mMedia Inc.	Equity-method investments	-	-	10,000	116,679	-	-	-	-	10,000	109,845 (Note 3)
Sunplus mMedia Inc.	Ta Chong Bond	Available-for-sale financial assets	19,442	257,316	-	-	19,442	258,137	257,316	821	-	-
	Prudential Financial Bond Fund	Available-for-sale financial assets	2,668	39,604	4,175	62,500	6,843	102,907	102,000	907	-	-

Company Name	Name/Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units (Thousands)	Amount (Note 1)
Great Sun Corp.	Stock Sunext Design, Inc.	Equity-method investments	1,000	US\$932 thousand	-	-	1,000	US\$9,881 thousand	US\$40 thousand	US\$9,841 thousand	-	-
Sunplus Innovation Technology Inc.	Dresdner Bond Dam Fund	Available-for-sale financial assets	-	\$-	13,337	\$158,000	13,337	\$158,522	\$158,000	\$522	-	\$-
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Equity-method investments	75,000	1,157,851	-	-	74,500	867,000	851,667	15,333 (Note 4)	500	5,528 (Note 3)

Note 1: Includes the valuation gains (losses) on financial assets.

Note 2: Excludes the valuation gains (losses) on financial assets.

Note 3: The carrying value of the equity-method investment as of December 31, 2008.

Note 4: To be reported as capital surplus under an interpretation issued by the Accounting Research and Development Foundation.

Note 5: Includes stock dividends.

Note 6: Offset of deficit against capital.

Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

ACQUISITION OF LONG-TERM INVESTMENTS COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2008

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

Company Name	Types of Property	Transaction Date	Transaction Amount	(Payment)/ Sale Term	Counter-party	Nature of Relationships	Prior Transaction of Company Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	Sunext Technology Co., Ltd.	97.1	\$670,000	\$(670,000)	Note 1	Equity-method investee	-	-	-	\$-	Note 1	Equity-method investee	-
	Sunext Technology Co., Ltd.	97.12	150,705	(150,705)	Note 2	Equity-method investee	-	-	-	-	Note 2	Equity-method investee	-
	Giantplus Technology Co., Ltd.	97.1	235,980	(235,980)	Note 1	Equity-method investee	-	-	-	-	Note 1	Equity-method investee	-
	Sunplus mMedia Inc.	97.11	752,579	(752,579)	Sunplus mMobile Inc.	Equity-method investee	Note 3	Equity-method investee	Note 3	903,000	Note 4	Equity-method investee	-
Sunplus Venture Capital Co., Ltd.	Sunplus mMedia Inc.	97.11	116,679	(116,679)	Sunplus mMobile Inc.	Equity-method investee	Note 3	Equity-method investee	Note 3	140,000	Note 4	Equity-method investee	-
Sunplus mMobile Inc.	Sunplus mMedia Inc.	97.11	869,258	867,000	Sunplus Technology Company Limited and Sunplus Venture Capital Co., Ltd.	Equity-method investee	-	-	-	-	Note 4	Equity-method investee	-

Note 1: Issuance of common stock for cash.

Note 2: The selling prices were negotiated with agreement.

Note 3: It was based on the net book value on spun-off date, Sunplus mMobile spun off its personal entertainment BU to establish a subsidiary, Sunplus mMedia in April 2007.

Note 4: It was based on the net book value on trading date and supported by other auditor about price rationality.

SUNPLUS TECHNOLOGY COMPANY LIMITED

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Details				Non-arm's Length Transaction		Note/Account Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Orise Technology Co., Ltd.	AU Optronics (Labuan) Corporation	Subsidiary of AU Optronics Corp.	Sale	\$ 1,771,765	39	Net 120 days from monthly closing dates in principle.	Note	Note	\$584,316	61	-
	AU Optronics Corp.	The subsidiary of AUO is the Director of Orise Technology Co., Ltd.	Sale	114,550	3	Net 120 days from monthly closing dates in principle.	Note	Note	20,115	2	-
	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Subsidiary of Giantplus Technology Co., Ltd.	Sale	272,183	5	Net 45 days from monthly closing dates in principle.	Note	Note	21,543	2	-
	Giantplus Technology Co., Ltd.	Equity-method investee of Sunplus Technology Co., Ltd.	Sale	213,157	5	Net 45 days from monthly closing dates in principle.	Note	Note	18,711	2	-

Note: The price and collection terms for products sold to related parties were similar to those for third parties.

SUNPLUS TECHNOLOGY COMPANY LIMITED

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2008
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts and Sales Discounts
					Amount	Action Taken		
Orise Technology Co., Ltd.	AU Optronics (Labuan) Corporation	Subsidiary of AU Optronics Corp.	\$584,316	2.61	\$-	-	\$-	\$-

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES

YEAR ENDED DECEMBER 31, 2008

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Tofen Chen, Miaoli, Taiwan	Manufacture of TN/STN LCDs and LCD modules	\$881,314	\$881,314	84,652	21	\$1,870,627	\$307,601	\$57,999	Investee
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	816,719	834,092	72,090	55	1,245,799	265,446	146,333	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	752,579	-	64,500	78	708,757	(364,758)	(28,867)	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	624,889	91,518	91,518	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	607,241	36,358	27,884	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	146,000	146,000	27,942	41	475,292	189,683	78,265	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	US\$ 24,700 thousand	US\$ 19,250 thousand	24,700	100	428,478	(125,214)	(125,214)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760 thousand	US\$ 19,260 thousand	14,760	100	419,813	(55,098)	(58,672)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	308,000	308,000	22,660	84	392,361	65,882	57,835	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	946,705	796,000	78,995	79	244,058	61,338	43,617	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	105,470	56,000	8,898	57	17,857	(123,362)	(63,001)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	41	16,742	(3,649)	(2,813)	Subsidiary
	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	25,541	32,836	1,702	12	16,584	34,980	4,145	Investee
	Global Techplus Capital Inc.	Seychelles	Investment	US\$200 thousand	US\$200 thousand	200	100	7,852	1,486	1,486	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	14,000	14,000	1,400	100	5,167	191	191	Subsidiary
Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075 thousand	HK\$ 11,075 thousand	11,075	100	4,817	8,864	8,864	Subsidiary	
Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,194	(30)	(30)	Subsidiary	
Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,680,000	1,680,000	120,000	91	(141,111)	(1,274,350)	(1,169,111)	Subsidiary	
Lin Shih Investment Co., Ltd.	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	18,402	26,400	1,866	13	18,198	34,980	4,547	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	6,499	7	8,500	61,338	4,140	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	91,726	91,726	522	16	6,709	(3,649)	(1,127)	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	4,013	(123,362)	(18,751)	Subsidiary
	SunPlus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	42,770	65,898	3,055	2	12,112	(1,274,350)	(35,044)	Subsidiary
	SunPlus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	34,755	17,147	2,483	3	31,457	(364,758)	(6,310)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	6,234	5,684	452	2	6,619	65,882	1,065	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	65,000	65,000	12,653	19	215,210	189,683	35,446	Subsidiary
Sunplus Venture Capital Co., Ltd.	Joining Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	51,000	51,000	3,400	39	-	-	-	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	360,000	8,571	9	11,169	61,338	5,373	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	76,016	76,016	387	12	4,973	(3,649)	(836)	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	14,478	265,446	1,723	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	4,013	(123,362)	(18,751)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,000	15,000	2,920	4	49,672	189,683	8,168	Subsidiary
	SunPlus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,988	1,988	142	-	2,100	(1,274,350)	(1,402)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	116,679	-	10,000	12	109,845	(364,758)	(4,487)	Subsidiary
Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$6,050 thousand	US\$6,050 thousand	4,794	44	US\$(350) thousand	US\$(618) thousand	US\$ thousand	Investee

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Synerchip Co., Ltd.	Mauritius	Investment	US\$3,070 thousand	US\$2,070 thousand	4,236	25	US\$667 thousand	US\$(4,930) thousand	US\$(1,458) thousand	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$2,119 thousand	US\$- thousand	855	1	US\$2,124 thousand	61,338	US\$8 thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	SAMOA	Investment	US\$1,750 thousand	US\$1,750 thousand	1,750	100	\$36,697	\$264,368	\$264,368	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$750 thousand	US\$750 thousand	750	100	US\$119 thousand	US\$(105) Thousand	US\$(105) thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$750 thousand	US\$750 thousand	-	100	US\$118 thousand	US\$(106) thousand	US\$(106) thousand	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$24,700 thousand	US\$19,250 thousand	24,700	100	US\$13,068 thousand	US\$(3,975) thousand	US\$(3,975) thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$24,700 thousand	US\$19,250 thousand	24,700	100	US\$13,072 thousand	US\$(3,975) thousand	US\$(3,975) Thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology (Shanghai) Co., Ltd.	Shanghai, China	Manufacture and sale of ICs.	US\$17,000 thousand	US\$17,000 thousand	-	99	US\$8,894 thousand	US\$(111) thousand	US\$(109) thousand	Subsidiary
	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	Shenzhen, China	Development, manufacture and sale of ICs	US\$4,250 thousand	US\$2,250 thousand	-	100	US\$2,255 thousand	US\$(2,195) thousand	US\$(2,195) thousand	Subsidiary
	Sun Media Technology Co., Ltd.	Chengdu, China	Development, manufacture and sale of ICs	US\$3,000 thousand	US\$- thousand	-	100	US\$1,545 thousand	US\$(1,587) thousand	US\$(1,587) thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Development, manufacture and sale of ICs	US\$450 thousand	-	-	80	US\$364 thousand	US\$(103) thousand	US\$(83) thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Holding Ltd.	Mauritius	Investment	US\$500 thousand	US\$500 thousand	1,000	100	(51)	(2,050)	(2,050)	Subsidiary
Waveplus Holding Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	US\$500 thousand	US\$500 thousand	1,000	100	-	-	-	Subsidiary
Generalplus Technology Inc.	Generalplus International (SAMOA) Inc.	SAMOA	Investment	US\$3,090 thousand	US\$1,090 thousand	3,090	100	11,174	(64,195)	(64,195)	Subsidiary
Generalplus International (SAMOA) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$3,090 thousand	US\$1,090 thousand	3,090	100	US\$340 thousand	US\$(2,036) thousand	US\$(2,036) thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$2,700 thousand	US\$700 thousand	-	100	US\$263 thousand	US\$(1,925) thousand	US\$(1,925) thousand	Subsidiary
	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	US\$390 thousand	US\$390 thousand	-	100	US\$77 thousand	US\$(117) thousand	US\$(117) thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	7,000	1,050,000	500	1	5,528	(364,758)	(299,722)	Subsidiary
	Sunplus mMobile SAS	France	Design of ICs	EUR237 thousand	EUR- thousand	237	100	11,318	360	360	Subsidiary
	Sunplus mMobile Limited	United Kingdom	Design of ICs	GBP500 thousand	GBP- thousand	500	100	(57,294)	(99,527)	(99,527)	Subsidiary
	Sunplus mMobile Holding Inc.	SAMOA	Investment	US\$2,580 thousand	-	2,580	100	2,156	(79,273)	(79,273)	Subsidiary
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Mauritius	Research and development of Intellectual Property Rights	US\$2,515 thousand	-	2,515	100	US\$1 thousand	US\$(2,514) thousand	US\$(2,514) thousand	Subsidiary
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	SAMOA	Investment	US\$- thousand	US\$150 thousand	-	100	US\$- thousand	US\$- thousand	US\$- thousand	Subsidiary

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

FORWARD EXCHANGE CONTRACTS OF INVESTEE COMPANY

1. Orise Technology used derivative contracts for the year ended December 31, 2008 to hedge the effect of exchange rate fluctuations on net foreign currency as follows:

Financial Liability at Fair Value Through Profit or Loss	December 31, 2008
Forward exchange contracts	\$2,189

As of December 31, 2008, outstanding forward exchange contracts of Orise Technology were as follows:

December 31, 2008	Currency	Maturity	Contract Amount (in Thousand)
Sell forward exchange contracts	US\$ to NT\$	November 17, 2008 - February 19, 2009	US\$6,000

Net gains arising from financial assets designated at fair value through profit or losses was \$713 for the year ended December 31, 2008.

- Sunplus mMedia, net losses arising from financial assets designated at fair value through profit of losses, hedge the effect of exchange rate fluctuations on net foreign currency, was \$1,345 for the year ended December 31, 2008.
- Generalplus Technology, net losses arising from financial assets designated at fair value through profit of losses, hedge the effect of exchange rate fluctuations on net foreign currency, was \$6,693 for the year ended December 31, 2008.

SUNPLUS TECHNOLOGY COMPANY LIMITED

INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2008

(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, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2008	Accumulated Inward Remittance of Earnings as of December 31, 2008
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$17,200 thousand	Note 1	US\$17,000 thousand	US\$- thousand	US\$- thousand	US\$17,000 thousand	99	US\$(109) thousand	US\$8,894 thousand	US\$- thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software. Service of System Integration	US\$4,250 thousand	Note 1	US\$2,250 thousand	US\$2,000 thousand	US\$- thousand	US\$4,250 thousand	100	US\$(2,195) thousand	US\$2,255 thousand	US\$- thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software. Service of System Integration	US\$3,000 thousand	Note 1	US\$- thousand	US\$3,000 thousand	US\$- thousand	US\$3,000 thousand	100	US\$(1,587) thousand	US\$1,545 thousand	US\$- thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software. Service of System Integration and information management education	RMB3,750 thousand	Note 1	US\$- thousand	US\$450 thousand	US\$- thousand	US\$450 thousand	80	US\$(83) thousand	US\$364 thousand	US\$- thousand
Accumulated Investment in Mainland China as of December 31, 2008				Investment Amounts Authorized by Investment Commission, MOEA				Upper Limit on Investment			
US\$24,700 thousand				US\$52,800 thousand				\$6,570,253			

Note 1: The Company invested in company located in Mainland China indirectly through the investing company in the third country.

7.5 Consolidated Financial Statements

Consolidated Financial Statements for the
Years Ended December 31, 2008 and 2007 and
Independent Auditors' Report

REPRESENTATION LETTER

The entities to be included in the combined financial statements of Sunplus Technology Company Limited and subsidiaries as of and for the year ended December 31, 2008, which will be prepared in conformity with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the entities included in the consolidated financial statements prepared in conformity with the revised R.O.C. Statement of Financial Accounting Standards No. 7 - "Consolidated Financial Statements." In addition, the information needed to be disclosed in the combined financial statements is included in the consolidated financial statements. Thus, Sunplus Technology Company Limited and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

SUNPLUS TECHNOLOGY COMPANY LIMITED

By



CHOU-CHIEH HUANG
Chairman

February 27, 2009

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying consolidated balance sheets of Sunplus Technology Company Limited and subsidiaries (collectively, the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sunplus Technology Company Limited and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended, in conformity with Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, the Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The Company also adopted the newly released Statement of Financial Accounting Standards No. 39, "Share-based Payment" to account for employee stock options.

Deloitte & Touche

February 27, 2009

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Par value)

ASSETS	2008		2007		LIABILITIES AND SHAREHOLDERS' EQUITY	2008		2007	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$3,476,092	20	\$3,162,998	15	Short-term loans (Notes 13 and 24)	\$2,422,610	14	\$1,951,478	9
Certificates of deposits - restricted (Note 24)	13,647	-	23,265	-	Commercial paper payable (Notes 14 and 24)	-	-	69,882	-
Financial assets at fair value through profit or loss - current (Notes 2 and 4)	2,189	-	12	-	Notes and accounts payable (Note 23)	845,460	5	2,198,489	11
Available-for-sale financial assets - current (Notes 2 and 8)	442,835	3	1,702,260	8	Income tax payable (Notes 2 and 20)	437,699	2	454,535	2
Notes and accounts receivable, net (Note 2)					Financial liabilities at fair value through profit or loss - current (Notes 2 and 4)	-	-	5,392	-
Related parties (Note 23)	645,101	4	1,035,771	5	Bonus payable to employees and remuneration payable to directors and supervisors (Note 17)	115,357	1	-	-
Others (Note 5)	1,608,520	9	2,919,352	14	Long-term bank loans - current portion (Note 15)	-	-	150,000	1
Other receivables (Note 23)	244,892	1	234,299	1	Other current liabilities (Note 23)	693,329	4	1,508,501	7
Inventories, net (Notes 2 and 6)	2,815,509	16	2,903,298	14					
Deferred income tax - current (Notes 2 and 20)	360,760	2	224,193	1	Total current liabilities	4,514,455	26	6,338,277	30
Other current assets	187,169	1	133,716	1					
Total current assets	9,796,714	56	12,339,264	59	OTHER LIABILITIES				
LONG-TERM INVESTMENTS					Deferred income - noncurrent	3,575	-	-	-
Equity-method investments (Notes 2 and 7)	1,927,312	11	1,255,508	6	Accrued pension liability (Notes 2 and 16)	179,040	1	183,002	1
Prepaid long-term investments	66,148	-	252,296	1	Guarantee deposits	355,519	2	413,378	2
Financial assets at fair value through profit or loss - noncurrent (Notes 2 and 4)	162,122	1	167,676	1	Total other liabilities	538,134	3	596,380	3
Available-for-sale financial assets - noncurrent (Notes 2 and 8)	363,633	2	1,209,194	6					
Financial assets carried at cost (Notes 2 and 9)	688,205	4	715,098	3	Total liabilities	5,052,589	29	6,934,657	33
Total long-term investments	3,207,420	18	3,599,772	17	SHAREHOLDERS' EQUITY				
PROPERTIES (Notes 2 and 10)					Capital stock - NT\$10.00 par value (parent company's equity; Notes 2, 17 and 18)				
Cost					Authorized - 1,200,000 thousand shares				
Buildings	1,110,055	6	1,279,476	6	Issued and outstanding - 598,203 thousand shares in 2008 and 556,750 thousand shares in 2007	5,982,028	34	5,567,505	26
Auxiliary equipment	184,964	1	179,140	1	Capital surplus				
Machinery and equipment	552,758	3	431,988	2	Additional paid-in capital - share issuance in excess of par	710,751	4	817,768	4
Testing equipment	728,077	4	737,392	4	Treasury stock transactions	68,645	-	60,171	-
Transportation equipment	9,364	-	10,806	-	Merger and others	808,162	5	675,978	3
Furniture and fixtures	279,112	2	294,213	1	Retained earnings				
Leasehold improvements	86,438	1	71,406	-	Legal reserve	2,333,642	13	2,127,492	10
Other equipment	31,030	-	18,403	-	Special reserve	-	-	17,260	-
Total cost	2,981,798	17	3,022,824	14	Unappropriated earnings	1,590,992	9	3,499,870	17
Less: Accumulated depreciation	1,384,485	8	1,157,683	5	Others				
Prepayments and construction-in-progress	14,877	-	3,964	-	Cumulative translation adjustments	149,639	1	63,135	-
Net properties	1,612,190	9	1,869,105	9	Unrealized valuation (loss) gain on financial assets	(561,966)	(3)	185,415	1
INTANGIBLE ASSETS, NET (Notes 2 and 11)	1,632,022	9	1,924,581	9	Treasury stock (at cost) - 4,853 thousand shares in 2008 and 4,683 thousand shares in 2007	(131,471)	(1)	(131,471)	-
OTHER ASSETS					Total equity attributed to shareholders of the parent	10,950,422	62	12,883,123	61
Rental assets (Note 2)	303,991	2	117,519	1	MINORITY INTEREST (Note 2)	1,588,877	9	1,163,593	6
Deferred charges and others (Notes 2 and 12)	266,612	2	282,878	1	Total shareholders' equity	12,539,299	71	14,046,716	67
Deferred income tax - noncurrent (Notes 2 and 20)	772,939	4	848,254	4	TOTAL	\$17,591,888	100	\$20,981,373	100
Total other assets	1,343,542	8	1,248,651	6					
TOTAL	\$17,591,888	100	\$20,981,373	100					

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

(With Deloitte & Touche audit report dated February 27, 2009)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
GROSS SALES	\$16,595,438		\$20,401,266	
SALES RETURNS AND ALLOWANCES	<u>(417,638)</u>		<u>(294,296)</u>	
NET SALES (Notes 2 and 23)	16,177,800	100	20,106,970	100
COST OF SALES (Notes 19 and 23)	11,164,512	69	13,166,937	66
REALIZED (UNREALIZED) GAIN ON INTERCOMPANY TRANSACTIONS, NET (Note 2)	<u>(284)</u>	-	<u>181</u>	-
GROSS PROFIT	<u>5,013,004</u>	<u>31</u>	<u>6,940,214</u>	<u>34</u>
OPERATING EXPENSES (Notes 19 and 23)				
Marketing	267,985	2	535,359	3
General and administrative	754,199	5	657,403	3
Research and development	<u>4,634,900</u>	<u>28</u>	<u>4,265,468</u>	<u>21</u>
Total operating expenses	<u>5,657,084</u>	<u>35</u>	<u>5,458,230</u>	<u>27</u>
OPERATING INCOME (LOSS)	<u>(644,080)</u>	<u>(4)</u>	<u>1,481,984</u>	<u>7</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	720,765	5	567,346	3
Gain on settlement compensation (Note 26)	107,639	1	137,450	1
Dividend income (Note 2)	86,973	1	244,992	1
Rental revenue	79,780	1	20,888	-
Guarantee deposits forfeited because of customers' default on contracts	67,193	-	80,825	-
Interest income	58,780	-	60,632	-
Exchange gain, net (Note 2)	47,420	-	8,839	-
Valuation gain on financial assets (Notes 2 and 4)	22,040	-	17,634	-
Investment income recognized by the equity-method, net (Notes 2 and 7)	17,147	-	91,000	1
Others (Note 23)	<u>71,773</u>	-	<u>52,540</u>	-
Total nonoperating income and gains	<u>1,279,510</u>	<u>8</u>	<u>1,282,146</u>	<u>6</u>
NONOPERATING EXPENSES AND LOSSES				
Loss on inventory (Note 2)	325,080	2	293,966	2
Interest expense	91,204	1	80,097	-
Impairment loss (Note 2)	64,030	-	80,505	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2008		2007	
	Amount	%	Amount	%
Valuation loss on financial liabilities (Notes 2 and 4)	\$2,436	-	\$5,393	-
Loss on disposal of properties (Note 2)	524	-	9,480	-
Others	<u>16,025</u>	-	<u>5,609</u>	-
Total nonoperating expenses and losses	<u>499,299</u>	<u>3</u>	<u>475,050</u>	<u>2</u>
INCOME BEFORE INCOME TAX	136,131	1	2,289,080	11
INCOME TAX (Notes 2 and 20)	<u>58,501</u>	<u>1</u>	<u>272,443</u>	<u>1</u>
CONSOLIDATED NET INCOME	<u>\$77,630</u>	=	<u>\$2,016,637</u>	<u>10</u>
ATTRIBUTABLE TO				
Shareholders of the parent	\$8,383	-	\$2,061,502	10
Minority interest	<u>69,247</u>	-	<u>(44,865)</u>	-
	<u>\$77,630</u>	=	<u>\$2,016,637</u>	<u>10</u>

	2008		2007	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 0.11</u>	<u>\$ 0.01</u>	<u>\$ 3.72</u>	<u>\$ 3.28</u>
Diluted	<u>\$ 0.11</u>	<u>\$ 0.01</u>	<u>\$ 3.71</u>	<u>\$ 3.27</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 27, 2009)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2008 AND 2007

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

	Equity Attributable to Shareholders of the Parent															Minority Interest (Note 2)	Total Shareholder's Equity
	Capital Stock Issued and Outstanding (Note 17)		Capital Surplus (Notes 2 and 17)				Retained Earnings (Notes 2 and 17)				Others (Notes 2 and 18)						
	Shares (Thousands)	Amount	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Gain on Financial Assets	Unrealized Valuation (Loss) Treasury Stock	Total		
BALANCE, JANUARY 1, 2007	1,023,648	\$10,236,476	\$768,390	\$47,328	\$393,555	\$157,423	\$1,366,696	\$1,830,223	\$294,860	\$3,849,644	\$5,974,727	\$17,206	\$(34,466)	\$(176,566)	\$17,384,073	\$639,376	\$18,023,449
Cancellation of common shares	(511,436)	(5,114,357)	-	-	-	-	-	-	-	-	-	-	-	45,095	(5,069,262)	-	(5,069,262)
Appropriation of prior year's earnings:																	
Legal reserve	-	-	-	-	-	-	-	297,269	-	(297,269)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(277,600)	277,600	-	-	-	-	-	-	-
Bonus to employees - stock	13,500	135,000	-	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	(15,000)	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(39,688)	(39,688)	-	-	-	(39,688)	-	(39,688)
Stock dividends - NT\$0.29822 per share	15,362	153,622	-	-	-	-	-	-	-	(153,622)	(153,622)	-	-	-	-	-	-
Cash dividends - NT\$3.97620 per share	-	-	-	-	-	-	-	-	-	(2,048,297)	(2,048,297)	-	-	-	(2,048,297)	-	(2,048,297)
Capital stock transferred from capital surplus	10,241	102,415	(102,415)	-	-	-	(102,415)	-	-	-	-	-	-	-	-	-	-
Issuance of shares upon exercise of employee stock options	5,435	54,349	151,793	-	-	-	151,793	-	-	-	-	-	-	-	206,142	-	206,142
Consolidated net income (loss) in 2007	-	-	-	-	-	-	-	-	-	2,061,502	2,061,502	-	-	-	2,061,502	(44,865)	2,016,637
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	45,929	-	-	45,929	4,095	50,024
Cash dividends received by subsidiaries from the Company	-	-	-	12,843	-	-	2,843	-	-	-	-	-	-	-	12,843	-	12,843
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	167,595	-	167,595	-	-	-	-	-	-	-	167,595	(120,533)	47,062
Adjustment of capital surplus - others	-	-	-	-	(42,595)	-	(42,595)	-	-	-	-	-	-	-	(42,595)	-	(42,595)
Adjustment for changes in shareholders' equities in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(12)	-	(12)	-	(12)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	219,893	-	219,893	148	220,041
Subsidiaries' distribution of cash dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,707)	(19,707)
Increase in minority interest	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	<u>705,079</u>	<u>705,079</u>
BALANCE, DECEMBER 31, 2007	556,750	5,567,505	817,768	60,171	518,555	157,423	1,553,917	2,127,492	17,260	3,499,870	5,644,622	63,135	185,415	(131,471)	12,883,123	1,163,593	14,046,716
Appropriation of prior year's earnings:																	
Legal reserve	-	-	-	-	-	-	-	206,150	-	(206,150)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(17,260)	17,260	-	-	-	-	-	-	-
Bonus to employees - stock	13,500	135,000	-	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	(15,000)	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(23,090)	(23,090)	-	-	-	(23,090)	-	(23,090)
Stock dividends - NT\$0.29990 per share	16,665	166,637	-	-	-	-	-	-	-	(166,637)	(166,637)	-	-	-	-	-	-
Cash dividends - NT\$2.49920 per share	-	-	-	-	-	-	-	-	-	(1,388,644)	(1,388,644)	-	-	-	-	-	(1,388,644)
Capital stock transferred from capital surplus	11,109	111,092	(111,092)	-	-	-	(111,092)	-	-	-	-	-	-	-	-	-	-
Issuance of shares upon exercise of employee stock options	179	1,794	4,075	-	-	-	4,075	-	-	-	-	-	-	-	5,869	-	5,869
Consolidated net income in 2008	-	-	-	-	-	-	-	-	-	8,383	,383	-	-	-	8,383	69,247	77,630
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	86,504	-	-	86,504	(7,888)	78,616
Cash dividends received by subsidiaries from the Company	-	-	-	8,474	-	-	8,474	-	-	-	-	-	-	-	8,474	-	8,474
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	134,100	-	-	-	-	-	-	-	-	-	134,100	339,417	473,517
Adjustment of capital surplus - others	-	-	-	-	(1,916)	-	-	-	-	-	-	-	-	-	(1,916)	-	(1,916)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(747,381)	-	(747,381)	863	(746,518)
Subsidiaries' distribution of cash dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,973)	(79,973)
Increase in minority interest	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	<u>103,618</u>	<u>103,618</u>
BALANCE, DECEMBER 31, 2008	<u>598,203</u>	<u>\$5,982,028</u>	<u>\$710,751</u>	<u>\$68,645</u>	<u>\$650,739</u>	<u>\$157,423</u>	<u>\$1,587,558</u>	<u>\$2,333,642</u>	<u>\$-</u>	<u>\$1,590,992</u>	<u>\$3,924,634</u>	<u>\$149,639</u>	<u>\$(561,966)</u>	<u>\$(131,471)</u>	<u>\$10,950,422</u>	<u>\$1,588,877</u>	<u>\$12,539,299</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 27, 2009)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to shareholders of the parent	\$8,383	\$2,061,502
Net income (loss) attributable to the minority interest	69,247	(44,865)
Adjustments to reconcile the consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	1,271,990	1,225,700
Realized (unrealized) gains on intercompany transactions, net	284	(181)
Cash dividends received from equity-method investees	115,496	68,669
Gain on disposal of investments, net	(720,765)	(543,500)
Impairment loss	64,030	80,505
Investment gain recognized by the equity-method, net	(17,147)	(91,000)
Valuation gain on financial instruments	(26,773)	(12,241)
Loss on disposal of properties and deferred charges	5,554	7,835
Deferred income tax	(61,252)	(307,918)
Accrued pension liability	(3,962)	(3,900)
Deferred pension cost	653	(653)
Net changes in operating assets and liabilities		
Held-for-trading financial assets	(5,280)	-
Notes and accounts receivable	1,701,502	29,022
Other receivables	96,476	24,583
Inventories	87,789	1,008,599
Other current assets	(54,404)	47,160
Notes and accounts payable	(1,353,029)	(725,706)
Income tax payable	(91,105)	315,151
Bonus payable to employees and remuneration payable to employees, directors and supervisors	115,357	-
Other current liabilities	<u>(387,211)</u>	<u>(40,836)</u>
Net cash provided by operating activities	<u>815,833</u>	<u>3,097,926</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in certificates of deposits - restricted	9,618	56,463
Proceeds of the:		
Disposal of financial assets designated at fair value through profit or loss	30,840	199,563
Disposal of equity-method investments	396,193	-
Disposal of available-for-sale financial assets	9,971,642	16,545,659
Disposal of financial assets carried at cost	76,819	424,932
Properties and deferred expenses	1,905	10,917
Capital return on available-for-sale financial assets	-	8,179
Capital return on financial assets carried at cost	-	89,213
Capital return by equity-method investee	15,294	-
Acquisition of:		
Equity-method investments	(15,214)	-
Prepaid long-term investments	(64,781)	(235,980)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
Available-for-sale financial assets	\$(8,311,772)	\$(14,705,063)
Financial assets carried at cost	(69,969)	(23,822)
Properties	(288,187)	(363,787)
Increase in intangible assets	(794,516)	(517,280)
Increase in deferred charges and others	<u>(178,399)</u>	<u>(179,230)</u>
Net cash provided by investing activities	<u>779,473</u>	<u>1,309,764</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	471,132	422,270
Decrease in commercial paper payable	(69,882)	(29,998)
Decrease in long-term bank loans	(150,000)	(60,000)
Decrease in guarantee deposits	(57,859)	(14,744)
Remuneration paid to directors and supervisors and bonus paid to employees	(38,090)	(54,688)
Cash dividends paid on common stock	(1,468,617)	(2,068,004)
Proceeds of the exercise of stock options	5,869	206,142
Dividends received by subsidiaries from the parent	8,474	12,843
Capital reduction by Sunplus Technology Company Limited	-	(5,069,262)
Increase in minority interest	<u>23,459</u>	<u>705,079</u>
Net cash used in financing activities	<u>(1,275,514)</u>	<u>(5,950,362)</u>
NET INCREASE (DECREASE) IN CASH	319,792	(1,542,672)
CASH, BEGINNING OF YEAR	3,162,998	4,743,863
EFFECT OF EXCHANGE RATE CHANGES	(9,066)	(38,193)
EFFECT OF CHANGE OF CONSOLIDATED ENTITIES	<u>2,368</u>	-
CASH, END OF YEAR	<u>\$3,476,092</u>	<u>\$3,162,998</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$219,025</u>	<u>\$196,383</u>
Interest paid	<u>\$71,562</u>	<u>\$78,480</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of properties into rental assets	<u>\$176,751</u>	<u>\$117,519</u>
Reclassification of properties into deferred charges and others	<u>\$46,434</u>	<u>\$281,484</u>
Reclassification of long-term investments into credit balance on the carrying value of long-term investments	<u>\$129</u>	<u>\$5,547</u>
Current portion of long-term bank loans	<u>\$-</u>	<u>\$150,000</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2008 AND 2007 (In Thousands of New Taiwan Dollars)

	2008	2007
PARTIAL CASH INVESTING ACTIVITIES:		
Acquisition of properties	\$279,743	\$334,893
Decrease in payables to contractors and equipment suppliers	<u>8,444</u>	<u>28,894</u>
Cash paid	<u>\$288,187</u>	<u>\$363,787</u>
	-	-
Acquisition of intangible assets	\$401,959	\$938,241
Decrease (increase) in other current liabilities	418,826	(420,961)
Increase in minority interest	<u>(26,269)</u>	-
Cash paid	<u>\$794,516</u>	<u>\$ 517,280</u>
	-	-
Sale of equity-method investments	\$(428,993)	\$-
Increase in other receivables	<u>32,800</u>	-
Cash received	<u>\$(396,193)</u>	<u>\$-</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 27, 2009)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2008 AND 2007

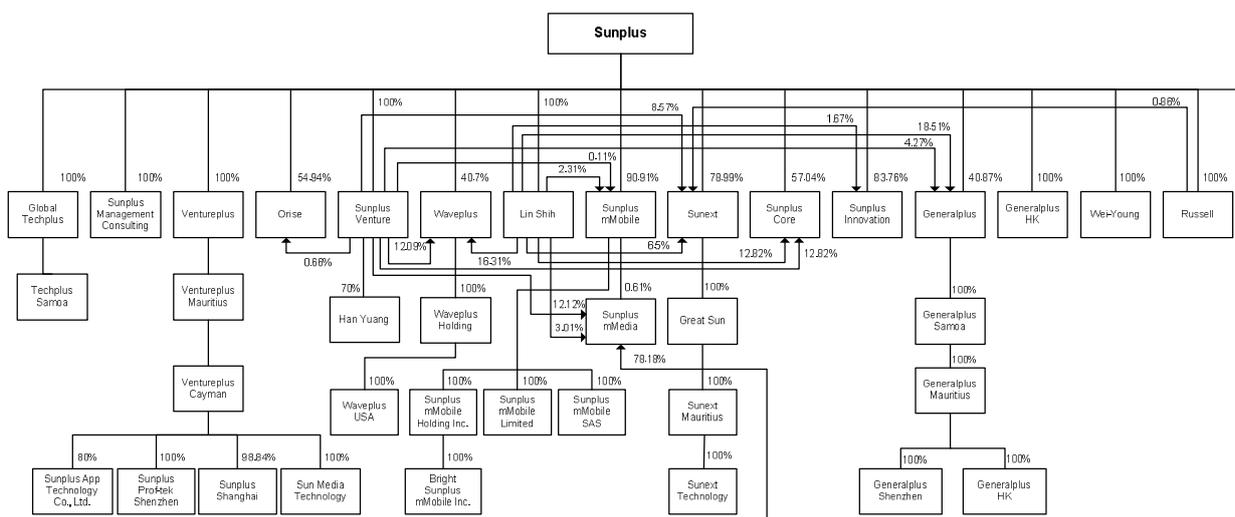
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Sunplus Technology Company Limited (“Sunplus”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: Liquid crystal display, microcontroller, multimedia, voice/music, and application-specific.

Sunplus’ shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depository receipts, which have been listed on the London Stock Exchange since March 2001 (refer to Note 17).

Following is a diagram of the relationship and ownership percentages between Sunplus and its investees (collectively, the “Company”) as of December 31, 2008:



Orise researches, develops, designs, manufactures and sells flat panel display driver IC and IC modules. Sunplus mMobile, Sunplus mMedia, Sunplus Innovation and Sunplus mMobile SAS and Sunplus mMobile Limited research, develop, design, manufacture and sell all kinds of IC modules, application software and silicon intellectual property (SIP). Sunplus Technology (Shanghai) researches, designs, and sells ICs. Sunplus Prof-tek Technology (Shenzhen), Sun Media Technology and Sunplus App Technology Co., Ltd. research, sell computer software and service of system integration and information management education. Han Young mainly designs ICs. Waveplus and Waveplus-USA design and sell wireless land area network (WLAN) systems. Sunnext mainly develops, designs and sells optical electronic and SOC (system on chip) ICs. Sunplus Core researches, develops, designs, manufactures and sells multimedia ICs. Sunnext Technology (Shanghai) researches, designs, manufactures, and sells large capacity magnetic disc and software and renders related technological consulting services. Generalplus designs, manufactures, and sells custom-made ICs. Generalplus Shenzhen and Generalplus HK do market research surveys. Sunplus HK engages in international trade. Bright Sunplus mMobile researches and develops intellectual property rights. All other subsidiaries are engaged in investing activities.

Sunplus and its consolidated entities are hereinafter referred to collectively as the “Company.” As of December 31, 2008 and 2007, the Company had 2,649 and 1,948 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China (ROC). Under these guidelines and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for sales returns and discounts, allowance for inventory devaluation, property depreciation, amortization of intangible assets, impairment loss on assets, pension expenses and the bonus to employees, directors and supervisors. Actual results could differ from these estimates.

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. 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 consolidated financial statements shall prevail.

The Company's significant accounting policies are summarized as follows:

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of all directly and indirectly majority owned subsidiaries of Sunplus, and the accounts of investees in which Sunplus' ownership percentage is less than 50% but in which Sunplus has a controlling interest. All significant intercompany balances and transactions are eliminated upon consolidation.

The consolidated entities as of December 31, 2008 and 2007 were as follows:

Investor	Investee	<u>% of Ownership as of</u>		Remark
		<u>December 31</u> 2008	2007	
Sunplus	Global Techplus	100.00	100.00	-
	Sunplus Management Consulting	100.00	100.00	-
	Ventureplus	100.00	100.00	-
	Orise	54.94	56.71	-
	Sunplus Venture	100.00	100.00	-
	Waveplus	40.70	43.41	Sunplus and the Subsidiaries held 69.10% ownership of Waveplus.
	Lin Shih	100.00	100.00	-
	Sunplus mMobile	90.91	90.91	-
	Sunext	78.99	15.75	As of December 31, 2007, Sunplus and the Subsidiaries held 57.41% ownership of Sunext.
	Sunplus Core	57.04	58.00	-
	Sunplus Innovation	83.76	90.91	-
	Generalplus	40.87	44.83	Sunplus and the Subsidiaries held 63.65% ownership of Generalplus.
	Sunplus HK	100.00	100.00	-
	Wei-Young	100.00	100.00	-
	Russell	100.00	100.00	-
	Sunplus mMedia	78.18	-	As of December 31, 2007, Sunplus and the Subsidiaries held 87.47% ownership of Sunplus mMedia.
Global Techplus	Techplus Samoa	100.00	100.00	-
Ventureplus	Ventureplus Mauritius	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	100.00	100.00	-

Investor	Investee	% of Ownership as of		Remark	
		2008	2007		
Ventureplus Cayman	Sunplus Shanghai	98.84	98.84	-	
	Sunplus Prof-tek Shenzhen	100.00	100.00	Newly established.	
	Sun Media Technology Co., Ltd.	100.00	-	Newly established.	
	Sunplus App Technology Co., Ltd.	80.00	-	Newly established.	
	Sunplus Venture	Han Yuang	70.00	70.00	-
		Sunext	8.57	20.00	Sunplus and the Subsidiaries held 94.92% ownership of Sunext.
		Waveplus	12.90	12.90	Sunplus and the Subsidiaries held 69.10% ownership of Waveplus.
		Generalplus	4.27	4.68	Sunplus and the Subsidiaries held 63.65% ownership of Generalplus.
		Orise	0.66	0.67	Sunplus and the Subsidiaries held 55.60% ownership of Orise.
		Sunplus Core	12.82	21.00	Sunplus and the subsidiaries held 82.68% ownership of Sunplus Core.
Lin Shih	Sunplus mMobile	0.11	0.11	Sunplus and Subsidiaries held 93.33% ownership of Sunplus mMobile	
	Sunplus mMedia	12.12	-	Sunplus and the Subsidiaries held 93.92% ownership of Sunplus mMedia.	
	Generalplus	18.51	20.30	Sunplus and the Subsidiaries held 63.65% ownership of Generalplus.	
	Sunext	6.50	21.66	Sunplus and the Subsidiaries held 94.92% ownership of Sunext.	
	Waveplus	16.31	17.40	Sunplus and the Subsidiaries held 69.10% ownership of Waveplus.	
	Sunplus Core	12.82	21.00	Sunplus and the subsidiaries held 82.68% ownership of Sunplus Core.	
	Sunplus mMedia	3.01	1.48	Sunplus and Subsidiaries held 93.92% ownership of Sunplus mMedia.	
Waveplus	Sunplus mMobile	2.31	3.57	Sunplus and the Subsidiaries held 93.33% ownership of Sunplus mMobile.	
	Sunplus Innovation	1.67	1.68	Sunplus and the Subsidiaries held 85.43% ownership of Sunplus Innovation.	
	Waveplus Holding	100.00	100.00	-	
	Waveplus USA	100.00	100.00	-	
	Sunext	100.00	100.00	-	
	Great Sun	100.00	100.00	-	
	Sunext USA	-	100.00	In February 2008, Great Sun disposed of Sunext USA; thus; Sunext ceased to be a consolidated entity from then on.	
Sunext Mauritius	Sunext (Shanghai)	100.00	100.00	-	
	Sunplus mMedia	0.61	90.91	Sunplus and the subsidiaries held 93.92% ownership of Sunplus mMedia	
	Sunplus mMobile Holding Inc.	100.00	-	Newly established.	

Investor	Investee	% of Ownership as of		Remark
		December 31		
		2008	2007	
	Sunplus mMobile SAS	100.00	-	Newly established.
	Sunplus mMobile Limited	100.00	-	Newly established.
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	100.00	-	Newly established.
Generalplus	Generalplus Samoa	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	100.00	100.00	-
	Generalplus HK	100.00	100.00	-
Russell	Sunext	0.86	-	Sunplus and the subsidiaries held 94.92% ownership of Sunext

Minority interest in subsidiaries is presented as a separate component of shareholders' equity.

In their meeting on February 20, 2009, the board of Sunplus mMobile (SmM) approved the spin-off of its communication business unit (BU) by decreasing SmM's capital to establish HT mMobile Inc. ("HT mMobile"). The carrying value of this BU was \$189,867 thousand as of December 31, 2008. SmM's shareholders of Sunplus mMobile will own HT mMobile in the same proportion of their ownership of SmM. The board will propose the approval of this spin-off at the SmM shareholders' meeting on March 10, 2009.

Significant accounting policies are summarized as follows:

Current/Noncurrent Assets and Liabilities

Current assets cash (unrestricted) and other assets primarily held for the purpose of being traded or to be converted to cash, consumed or sold within one year from the balance sheet date. Current liabilities are those to be settled within one year from the balance sheet date and those primarily for the purpose of being traded. All other assets and liabilities are classified as noncurrent.

Financial Assets/Liabilities at Fair Value Through Profit or Loss

Financial instruments at fair value through profit or loss have two categories: (1) held for trading and (2) designated on initial recognition as at fair value through profit or loss. These financial instruments are initially recorded at fair value with transaction costs that are directly attributable to the acquisition. When financial instruments are subsequently measured at fair value, the changes in fair value are recognized as earnings. A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting.

Derivatives that do not meet the criteria for hedge accounting are treated as financial assets or liabilities held for trading. When the fair value is a positive amount, the derivative is treated as a financial asset; when the fair value is a negative amount, the derivative is treated as a financial liability.

The fair values of those instruments without quoted market prices in an active market is based on valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.

Hybrid instruments are designated at fair value through profit or loss.

Revenue Recognition and Allowance for Doubtful Accounts

Sales are recognized when titles and risks of ownerships are transferred to customers, primarily upon shipment, since the earning process is substantially completed and revenue is realized or realizable. The Company does not recognize sales upon delivery of materials to subcontractors because the ownership over the materials is not transferred.

An allowance is provided for any sales returns and discounts, which are estimated on the basis of historical experience and any known factors that would affect the allowance. Such provisions are deducted from sales in the year the products are sold.

Sales are determined at fair market value, taking into account related sales discounts agreed to by the Company and its customers. Since the receivables from sales are collectible within one year and sales transactions are frequent, the fair value of receivables equals to the nominal amount of cash to be received.

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company assesses the probability of collections of accounts receivable by examining the aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise, which are stated at the lower of cost or market value. Sunplus, Generaplus, Sunnext, Orise, Sunplus Innovation, Sunplus mMobile and Sunplus mMedia which inventories are recorded at standard costs and adjusted to approximate weighted-average cost at the end of the period. Other subsidiaries inventories are recorded at weighted-average cost. Market value is based on replacement cost for raw materials and net realizable value for work-in-process, finished goods and merchandise. Scrap and slow-moving items are recognized as allowance for losses.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and listed stock. Investments classified as available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributed to investment acquisition. When available-for-sale financial assets subsequently measured at fair value, the changes in fair value are reported as a separate component of shareholders' equity. The accumulated gains or losses are recognized when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is recognized and derecognized using trade date accounting.

The recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at FVTPL.

Cash dividends are recognized as investment income upon resolution of the shareholders of an investee but are accounted for as reductions of the original investment cost if these dividends are declared on the earnings of the investees attributable to periods before the purchase of the investments. Stock dividends received are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated on the basis of the new number of shares after the receipt of stock dividends.

The fair values of open-end mutual funds are based on their net asset value at the balance sheet date; listed stock is the closing price as of the balance sheet date.

If there is objective evidence that a financial asset is impaired as of the balance sheet date, a loss is recognized. If the impairment loss decreases, the impairment loss is reversed to the extent of the decrease and recorded as an adjustment to shareholders' equity.

Financial Assets Carried at Cost

Investments without quoted market prices in an active market and whose fair value cannot be reliably measured, such as nonpublicly traded stocks, are carried at their original cost. The accounting treatment for cash and stock dividends arising from financial assets carried at cost is the same as that for available-for-sale financial assets.

If there is objective evidence of financial asset impairment, a loss is recognized. This impairment loss is irreversible.

Equity-method Investments

Investments in share of stock of companies in which the Company owns at least 20% of the outstanding voting shares or exercises significant influence on their operating and financial policy decisions are accounted for by the equity method.

If an investee is identified as significantly impaired, the carrying amount of the investment in excess of its recoverable amount is recognized as impairment loss. For those investees over which the Company exercises significant influence on their operating and financial decisions, the assessment of impairment is based on carrying value.

When the Company's share in losses of an equity-method investee equals its investment in that investee plus any advances made to the investee, the Company discontinues applying the equity method. The Company continues to recognize its share in losses of the investee if (a) the Company commits to provide further financial support to the investee or (b) the losses of the investee are considered to be temporary and sufficient evidence shows imminent return to profitability.

When the Company subscribes for its investee's newly issued shares at a percentage different from its percentage of ownership in the investee, the Company records the change in its equity in the investee's net assets as an adjustment to investments, with a corresponding amount credited or charged to capital surplus. When the adjustment should be debited to capital surplus, but the capital surplus arising from long-term investments is insufficient, the shortage is debited to retained earnings.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the company's percentage of ownership in the investee. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of ownership in the investee. Gains or losses on sales between equity method investees are deferred in proportion to the Company's percentage of multiplication of weighted-average ownership in the investees. All of these deferred gains and losses are realized upon resale of products to third parties.

Properties and Rental Assets

Properties and rental assets are stated at cost less accumulated depreciation. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed in the period incurred.

On the balance sheet date, the Company evaluates properties and rental assets for any impairment. If impairment is identified, the Company will determine the recoverable amount of the assets. The carrying amount in excess of the expected recoverable amount is recognized as impairment loss and charged to current income. If the recoverable amount increases, the subsequent reversal of impairment loss will be recognized as gain. However, the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

Depreciation is computed using the straight-line method over service lives initially estimated as follows: buildings - 7 to 55 years; auxiliary equipment - 3 to 10 years; machinery and equipment - 1 to 10 years; testing equipment - 1 to 5 years; transportation equipment - 4 to 10 years; furniture and fixtures - 1 to 11 years; leasehold improvements - 1 to 10 years; other equipment - 3 to 5 years and assets leased to others - 5 to 20 years.

Properties and rental assets still in use beyond their initially estimated service lives are depreciated over their newly estimated service lives. Upon the sale or disposal of properties and rental assets, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is credited or charged to current income.

Intangible Assets

Intangible assets consist of technology license fees, patents, land grant, technological Know-how and software booked at the acquisition cost, which are amortized using the straight-line method over

1 to 15 years, 5 to 18 years, 50 years, 5 years, and 1 to 5 years, respectively.

Prior to January 1, 2006, the difference between the acquisition cost and the Company's proportionate share in the investee's equity was amortized by the straight-line method. Effective January 1, 2006, pursuant to the revised Statement of Financial Accounting Standard ("SFAS") No. 5, "Long-term Investments Accounted for by Equity Method", the acquisition cost is analyzed, and the acquisition cost in excess of the Company's share of the fair value of the identifiable net assets acquired is recognized as goodwill. Such goodwill is not amortized but instead is tested for impairment annually or whenever there are indications that the investments are impaired.

Pursuant to the statement of Financial Accounting Standards No. 37 "Intangible Assets" Expenditures arising from research activities and those related to development activities that do not meet the criteria for capitalization are charged to expense when incurred.

On the balance sheet date, the Company evaluates intangible assets for any impairment. If impairment is identified, the Company will evaluate the recoverable amount of such assets. The carrying amount in excess of the expected recoverable amount is recognized as impairment loss and charged to current income. If the recoverable amount increases in the future, the subsequent reversal of impairment loss will be recognized as a gain. However, the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of amortization), had no impairment loss been recognized for the asset in prior years.

Deferred Charges

Deferred charges are mainly costs of software and system design, which are booked at the installation or acquisition cost. The amounts are amortized over 1 to 10 years, using the straight-line method.

Please refer to the accounting policy of intangible assets for accounting for the accounting for impairment of deferred charges.

Stock-based Compensation

Employee stock options granted on or after January 1, 2008 are accounted for under Statement of Financial Accounting Standards ("Statement" or SFAS) No. 39, "Accounting for Share-based Payment." Sunplus and Orise under the statement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

Other subsidiaries cannot reliably measure the fair value of the stock options granted at the measurement date; consequently, the stock options granted are initially measured at their intrinsic value and then adjusted at each reporting date for any change in intrinsic value until the date of final settlement. The services received are recognized based on the number of stock options that ultimately vest or, where applicable, are ultimately exercised.

Employee stock options granted between January 1, 2004 and December 31, 2007 were accounted for under the interpretations issued by the Accounting Research and Development Foundation (ARDF). The Company adopted the intrinsic value method, under which compensation cost was recognized on a straight-line basis over the vesting period.

Government Subsidies

Amounts received by the Company from the government for the sponsorship of the development of certain products are recognized as subsidy income when realized or as deferred income when unrealized.

Pension Costs

The Company has two types of pension plans: Defined benefit and defined contribution.

Under the defined benefit pension plans, the related net periodic pension costs are recorded on the basis of actuarial calculations. For employees under the defined contribution pension plans, the related net periodic pension costs are recorded on the basis of the Company's required monthly contributions to employees' personal pension accounts over the employees' service periods.

Treasury Stock

The reacquisition of issued stock is accounted for by the cost method. Under this method, the reacquisition cost is debited to the treasury stock account. Treasury stock is shown as a deduction to arrive at shareholders' equity. The Company accounts for its stock held by its subsidiaries as treasury stock. The recorded cost of these treasury shares is based on the carrying value of the investments as shown in the subsidiaries' book. The resulting gain on investment from cash dividends appropriated to subsidiaries is credited to capital surplus.

When the treasury shares are retired, the capital stock and paid-in capital based on the existing equity are debited. If the treasury shares are retired at a price lower than its par value and paid-in capital, the deficiency is credited to paid-in capital from treasury stock. If the treasury shares are retired at a price in excess of its par value and paid-in capital, the excess is debited to paid-in capital from treasury stock. If the balance in paid-in capital from treasury stock is insufficient to absorb the deficiency, the remainder is recorded as a reduction of retained earnings.

Income Tax

The Company applies the inter-period and intra-period income tax allocation method. Under this method, deferred income taxes are recognized for the tax effects of deductible temporary differences unused loss carryforward and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, then it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Tax credits for certain purchases of machinery, equipment and technology, research and development expenditures, personnel training and investments in important technology-based enterprise are recognized in the current period.

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

Income tax (10%) on unappropriated earnings generated annually since 1998 is recorded as expense in the year when the shareholders approve the retention of earnings.

The Company adopt consolidation income tax filing with Sunplus mMobile Inc. and Sunplus Innovation Technology Inc. The income taxes payable differences between consolidated and the sum of individual are adjusted in the company's account receivable or account payable.

Foreign-currency Transactions

ROC Statement of Financial Accounting Standards No. 14 - "Accounting for Foreign-currency Translation and Translation of Foreign Statements," applies to foreign subsidiaries that use their local currencies as their functional currencies. The consolidated financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - current exchange rate on the balance sheet date; shareholders' equity - historical rates; and income and expenses - average rate for the year. The resulting translation adjustments are recorded as a separate component of shareholders' equity.

Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
- b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee's financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders' equity.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2007 have been reclassified to conform to the presentation of consolidated financial statements as of and for the year ended December 31, 2008.

3. ACCOUNTING CHANGES

- a. Statement of Financial Accounting Standards ("Statement" or SFAS) No. 37 - "Accounting for Intangible Assets"

The Company adopted the recently released SFAS No. 37 - "Accounting for Intangible Assets" and the related revised revisions of previously released Statements. Thus, the Company re-evaluate the useful lives and the amortization method applied to intangible assets.

The accounting changes had no impact on the Company's consolidated net income for the year ended December 31, 2008.

- b. ARDF Interpretation 96-052, "Accounting for Bonuses to Employees, Directors and Supervisors"

In March 2007, the ARDF issued an interpretation that requires companies to recognize as compensation expenses bonuses paid to employees, directors and supervisors beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. The adoption of this interpretation resulted in a decrease of \$105,095 thousand in consolidated net income and a decrease of \$0.18 in basic and diluted earnings per share for the year ended December 31, 2008.

- c. Accounting for Employee Stock Options

On January 1, 2008, the Company adopted the newly released SFAS No. 39, "Accounting for Share-based Payment" to account for employee stock options. The accounting changes had no impact on the Company's consolidated net income for the year ended December 31, 2008.

The Accounting Research and Development Foundation of the R.O.C. revised Statement of Financial Accounting Standards No. 10, "Accounting for Inventories" (SFAS No. 10) in November 2007, which requires inventories to be stated at the lower of cost or net realizable value item by item. Inventories are recorded by the specific identification method, first-in, first-out method or weighted average method. The last-in, first-out method is no longer permitted. The revised SFAS No. 10 should be applied to financial statements for the fiscal

years beginning on or after January 1, 2009. Early adoption is permitted.

4. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2008	2007
<u>Financial assets at fair value through profit or loss</u>		
Forward exchange contracts	<u>\$2,189</u>	<u>\$112</u>
<u>Financial liability at fair value through profit or loss</u>		
Forward exchange contracts	<u>\$-</u>	<u>\$5,392</u>

The Company entered into derivative contracts during the years ended December 31, 2008 and 2007 to hedge the effect of exchange rate fluctuations on net foreign currency-denominated assets and liabilities. The strategy is to hedge most of the market price risks to which the Company is exposed. The strategy is to hedge most of the market price risks to which the Company is exposed.

As of December 31, 2008 and 2007, outstanding forward exchange contracts were as follows:

December 31, 2008	Currency	Maturity	Contract Amount (in Thousand)
Sell forward exchange contracts	US\$ to NT\$	November 17, 2008 - February 19, 2009	US\$6,000
December 31, 2007	Currency	Maturity	Contract Amount (in Thousand)
Sell forward exchange contracts	US\$ to NT\$	November 16, 2007 - February 27, 2008	US\$32,500

Net losses arising from financial instruments held for trading were \$4,981 thousand and \$5,799 thousand for the years ended December 31, 2008 and 2007, respectively.

Other information on the financial instruments designated at fair value through profit or loss is as follows:

	Principal Amount (in Thousands)	Carrying Amount	Maturity
<u>2008</u>			
Inverse floaters: Time deposits with floating interest rate indexed to LIBOR rates	<u>\$5,000</u>	<u>\$162,122</u>	April 2014
<u>2007</u>			
Inverse floaters: Time deposits with floating interest rate indexed to LIBOR rates	<u>\$6,000</u>	<u>\$167,676</u>	September 2010 - April 2014

Net gains arising from financial assets designated at fair value through profit or loss were \$25,286 thousand and \$24,606 thousand for the years ended December 31, 2008 and 2007, respectively.

As a holder of the above products, the Company will lose part of the principals if it breaks the related contracts before maturity, as stipulated in the principal and profit guarantee terms of the contracts.

5. NOTES AND ACCOUNTS RECEIVABLE - OTHERS

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Notes receivable	\$100	\$4,043
Accounts receivable	1,703,460	3,002,881
Deduct: Allowance for doubtful accounts	59,113	87,572
Deduct: Allowance for sales returns and discounts	<u>35,927</u>	-
	<u>\$1,608,520</u>	<u>\$ 2,919,352</u>

Allowance for doubtful accounts movement:

	<u>Years Ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$87,572	\$55,213
Add: Provision for doubtful accounts	1,768	32,465
Deduct: Amounts written off	21,281	41
Deduct: Reversal of provision	<u>8,946</u>	<u>65</u>
Balance, end of year	<u>\$59,113</u>	<u>\$87,572</u>

6. INVENTORIES

	<u>December 31</u>	
	<u>2008</u>	<u>2007</u>
Finished goods and merchandise	\$1,509,373	\$1,733,068
Work in process	1,008,761	1,188,669
Raw materials	<u>714,084</u>	<u>456,396</u>
	3,232,218	3,378,133
Deduct: Allowance for losses	<u>416,709</u>	<u>474,835</u>
	<u>\$2,815,509</u>	<u>\$2,903,298</u>

Allowance for losses movement:

	<u>Years Ended December 31</u>	
	<u>2008</u>	<u>2007</u>
Balance, beginning of year	\$474,835	\$450,001
Add: Provision for losses	325,080	288,404
Deduct: Amounts written off	<u>383,206</u>	<u>263,570</u>
Balance, end of year	<u>\$416,709</u>	<u>\$474,835</u>

7. EQUITY-METHOD INVESTMENTS

	December 31			
	2008		2007	
	Amount	% of Ownership	Amount	% of Ownership
Equity method investment				
Giantplus Technology Co., Ltd.	\$1,870,627	21	\$1,171,730	32
Goldkey Technology Corp.	34,782	24	38,675	32
Synerchip Co., Ltd.	<u>21,903</u>	25	<u>45,103</u>	24
	<u>\$1,927,312</u>		<u>\$1,255,508</u>	
Credit balance on carrying value of long-term investments				
Jet Focus Ltd.	<u>\$11,493</u>	44	<u>\$11,364</u>	44

The carrying value of the investments accounted for by the equity method and the related investment income (losses) were based on the investees' audited financial statements for the same reporting years as those of the Company. The investment incomes (losses) of investees were as follows:

	Years Ended December 31	
	2008	2007
Giantplus Technology Co., Ltd.	\$57,999	\$184,805
Goldkey Technology Corp.	8,694	(12,573)
Synerchip Co., Ltd.	(49,546)	(64,090)
Jet Focus Ltd.	-	<u>(17,142)</u>
	<u>\$17,147</u>	<u>\$91,000</u>

Fair values of listed equity-method investments calculated at their closing prices as of December 31, 2008 and 2007 were as follows:

	December 31	
	2008	2007
Giantplus Technology, Co., Ltd.	<u>\$888,845</u>	<u>\$3,678,476</u>

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2008	2007
Open-end funds	\$442,835	\$1,702,260
Listed stocks	<u>363,633</u>	<u>1,209,194</u>
	806,468	2,911,454
Current portion	<u>(442,835)</u>	<u>(1,702,260)</u>
	<u>\$363,633</u>	<u>\$1,209,194</u>

9. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2008	2007
Domestic unlisted stocks	<u>\$688,205</u>	<u>\$715,098</u>

The above investments did not have quoted prices in an active market and their fair value could not be reliably measured. Thus, they were carried at original cost.

10. PROPERTIES

	December 31	
	2008	2007
Accumulated depreciation		
Buildings	\$163,519	\$147,302
Auxiliary equipment	141,393	127,925
Machinery and equipment	403,373	294,261
Testing equipment	440,775	369,418
Transportation equipment	6,009	8,072
Furniture and fixtures	172,162	181,050
Leasehold improvements	43,300	20,727
Other equipment	<u>13,954</u>	<u>8,928</u>
	<u>\$1,384,485</u>	<u>\$1,157,683</u>

11. INTANGIBLE ASSETS, NET

	December 31	
	2008	2007
Technology license fees	\$1,229,574	\$1,726,297
Goodwill	246,270	19,757
Patents	66,107	71,651
Software	41,308	50,702
Land grant	36,559	34,688
Technological know-how	12,204	20,833
Deferred pension cost	-	<u>653</u>
	<u>\$1,632,022</u>	<u>\$1,924,581</u>

Intangible assets consisted of fees paid to Oak Technology ("Oak") for the Company to use Oak's technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players and the fee paid to Royal Philips Electronics ("Philips") for the Company to use Philips' technology on Optical Disc Drive (ODD) semiconductor technology. Technological know-how includes the knowledge of CD-RW, Combo, Recordable-DVD, WLAN and Gate Way SOC.

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to goodwill for the years ended December 31, 2008 and 2007 were as follows:

	Year Ended December 31	
	2008	2007
Cost		
Balance, beginning of year	\$19,757	\$-
Amount recognized on business combinations	<u>226,513</u>	<u>19,757</u>
Balance, end of year	<u>246,270</u>	<u>19,757</u>
Accumulated impairment losses		
Balance, at beginning of year	-	-
Impairment losses recognized	-	-
Balance, end of year	-	-
Carrying amount	<u>\$246,270</u>	<u>\$19,757</u>

12. DEFERRED CHARGES AND OTHERS

	<u>December 31</u>	
	2008	2007
Software and system design, net	\$246,532	\$259,649
Refundable deposits	11,673	14,712
Certificates of golf club membership	7,800	7,800
Others	<u>607</u>	<u>1,370</u>
	<u>\$266,612</u>	<u>\$282,878</u>

13. SHORT-TERM LOANS

	<u>December 31</u>	
	2008	2007
Working capital loans - 2008: Annual interest rate from 2.12%-3.80%; 2007: Annual interest rate from 2.60% to 2.84%	\$943,880	\$338,800
Working capital loans - 2008: US\$4,500 thousand, annual interest rate from 1.81%-3.24%; 2007: Annual interest rate at 2.65%-2.78%	647,600	500,000
Working capital loans - 2008: Annual interest rate from 2.76%-3.90%; 2007: Annual interest rate from 2.97%-3.38%	488,000	900,000
Working capital loans - 2008: US\$6,822 thousand, annual interest rate at 4.82%-7.83%; 2007: US\$6,403 thousand, annual interest rate from 5.61%-6.17%	224,130	207,678
Working capital loans - 2008: Annual interest rate at 2.95%-3.20%	109,000	-
Working capital loans - 2008: Annual interest rate at 2.59%-3.24%; 2007: Annual interest rate at 3.03%	<u>10,000</u>	<u>5,000</u>
	<u>\$2,422,610</u>	<u>\$1,951,478</u>

14. COMMERCIAL PAPER PAYABLE

	December 31, 2007
Secured by guarantees issued by financial institutions - 2007: Repayable by January 2008, annual interest rate at 1.75%	\$70,000
Discount on commercial paper	<u>(118)</u>
	<u>\$69,882</u>

15. LONG-TERM LOANS

	December 31, 2007
Credit loans:	
Repayable by April 2008, annual interest rate 2007 at 3.15%	\$100,000
Secured loans:	
Repayable in monthly installment, starting from January 2007 to October 2008, annual interest rate at 2.84%	<u>50,000</u>
	150,000
Current portion	(150,000)

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16. PENSION PLAN

The Company's pension plan under the Labor Pension Act is a defined contribution plan. The rate of contribution by an employer to employees' personal pension accounts should not be less than 6% of each employee's monthly salary or wage. The Company has made monthly contributions to employees' personal pension accounts and recognized pension costs of \$88,633 thousand and \$73,518 thousand for the years ended December 31, 2008 and 2007, respectively.

Before the promulgation of the Act, the Company has 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 plan provides benefits based on the length of service and the average basic salary of the employee's final nine months of service. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan as the survivor entity. The Company recognized pension costs of \$11,885 thousand and \$11,812 thousand for the years ended December 31, 2008 and 2007, respectively.

The service periods of employees of the departments spun off by the Sunplus will be included in their periods of service to Orise, Sunplus Innovation and Sunplus mMobile and spun off by the Sunplus mMobile will be included in their periods of service to Sunplus mMedia. The related pension costs will be paid by the Sunplus, Orise, Sunplus Innovation, Sunplus mMobile and Sunplus mMedia (collectively, the "five companies") in proportion to the employees' periods of service to the five companies.

Other information on the defined pension plan is as follows (including Sunplus, Orise, Generalplus, Sunplus Innovation, Sunplus mMobile and Sunplus mMedia in 2008 and 2007):

a. Components of net pension costs

	<u>Years Ended December 31</u>	
	2008	2007
Service costs	\$4,923	\$4,900
Interest costs	8,194	7,641
Projected return on plan assets	(3,338)	(3,506)
Amortization	<u>376</u>	<u>(1,368)</u>
Net pension costs	<u>\$10,155</u>	<u>\$7,667</u>

b. Reconciliation of the fund status of the plan and accrued pension costs

	<u>December 31</u>	
	2008	2007
Benefit obligation		
Vested benefit obligation	\$-	\$-
Non-vested benefit obligation	<u>103,393</u>	<u>101,080</u>
Accumulated benefit obligation	103,393	101,080
Additional benefits based on future salaries	<u>180,270</u>	<u>172,088</u>
Projected benefit obligation	283,663	273,168
Funded status	162,496	169,889
Unrecognized net transition obligation	(24,715)	(26,291)
Unrecognized net gain (loss)	39,979	38,038
Additional liability	-	<u>653</u>
Accrued pension liability	<u>\$177,760</u>	<u>\$182,289</u>
Vested benefit	<u>\$-</u>	<u>\$-</u>

c. Actuarial assumptions

Discount rate used in determining present values	2.5%	3.00%
Future salary increase rate	4.75%-6.00%	5.25%-6.50%
Expected rate of return on plan assets	2.5%	3.00%

17. PARENT'S SHAREHOLDERS' EQUITY

a. Capital stock

Sunplus' shareholders approved a capital reduction by canceling 511,436 thousand issued and outstanding shares, amounting to \$5,114,357 thousand, on December 8, 2006. All related actions, including the decrease in the number of issued and outstanding shares and the actual capital return, were completed in March, 2007. The effective date of capital reduction was January 25, 2007. The shares had a par value of about NT\$5.00 on the capital return date; thus, the capital reduction ratio was about 50% of share par value.

b. Employee stock option plan

On March 6, 2003 (2003 option plan) and September 11, 2007 (2007 option plan), the Securities and Futures Bureau approved the Sunplus' adoption of an employee stock option plan. The plan provides for the grant of 30,000 thousand options and 25,000 thousand options in 2003 and 2007 plan, respectively, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 55,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Sunplus' common shares listed on the Taiwan Stock Exchange on the grant date. All options had been granted or canceled as of December 31, 2008.

Outstanding option rights were as follows:

	2003 Option Plan			
	2008		2007	
	Unit (in Thousands)	Weighted- average Price (NT\$)	Unit (in Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	5,154	\$47.07	18,399	\$27.12
Options granted	243	40.34	302	44.81
Options exercised	(179)	32.70	(5,435)	37.93
Options canceled	<u>(136)</u>		<u>(8,112)</u>	
Ending outstanding balance	<u>5,082</u>		<u>5,154</u>	

	2008 Option Plan			
	2008		2007	
	Unit (in Thousands)	Weighted- average Price (NT\$)	Unit (in Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	25,000	\$47.58	-	\$ -
Options granted	-	-	25,000	47.58
Options issued	1,209	40.52	-	-
Options cancelled	(1,563)		-	
Ending outstanding balance	<u>24,646</u>		<u>25,000</u>	

The number of shares and exercise prices of outstanding option have been adjusted to reflect the appropriations of dividends, stock bonuses and issuance of capital stock specified under the Plans.

As of December 31, 2008, the outstanding and exercisable options were as follows:

2003 Option Plan					
Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted-average Exercise Price (NT\$)
\$27.8	1,981	0.35	\$27.8	1,981	\$27.8
48.3	3,101	0.66	48.3	3,101	48.3

2007 Option Plan					
Exercise Price (NT\$)	Options Outstanding			Options Exercisable	
	Number of Options (in Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (in Thousands)	Weighted-average Exercise Price (NT\$)
\$40.4	18,346	4.87	\$40.4	-	\$40.4
40.9	6,300	4.99	40.9	-	40.9

The pro forma information for the years ended December 31, 2008 and 2007 assuming employee stock options granted before December 31, 2007 were accounted for under SFAS No. 39 is as follows:

	2008	2007
Net income attributable to shareholders of the parent		
Net income as reported	<u>\$8,383</u>	<u>\$2,061,502</u>
Pro forma net income (loss)	<u>\$(302,747)</u>	<u>\$2,010,343</u>
Consolidated earnings per share (EPS; in New Taiwan dollars)		
Basic EPS as reported	<u>\$0.01</u>	<u>\$3.28</u>
Pro forma basic EPS	<u>\$(0.51)</u>	<u>\$3.20</u>
Diluted EPS as reported	<u>\$0.01</u>	<u>\$3.27</u>
Pro forma diluted EPS	<u>\$(0.51)</u>	<u>\$3.19</u>

c. Global depositary receipts (GDRs)

In March 2001, Sunplus issued 20,000 thousand units of Global Depositary Receipts (GDRs), representing 40,000 thousand common shares consisting 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, 2008, the outstanding 457 thousand units of GDRs represented 914 thousand common shares.

d. Capital surplus

Under ROC regulations, capital surplus may be used to offset deficit, and only the capital surplus from the issue of stock in excess of par value (including the stock issued for new capital and mergers and surplus arising from treasury stocks transactions) may be transferred to capital as stock dividend; this transfer is restricted to a certain percentage based on shareholders' ownership. Also, the capital surplus from long-term investments may not be used for any purpose.

e. Appropriation of earnings and dividends

Sunplus' Articles of Incorporation provide that the following should be appropriated from annual

net income less any accumulated deficit: (a) 10% as legal reserve; and (b) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than deficit. The distribution of any remaining earnings will be as follows: (i) up to 6% of paid-in capital as dividends; and (ii) 1.5% as remuneration to directors and supervisors and at least 1% as bonus to employees. The employees may include, with the approval of the Company's board of directors, those of the Company's subsidiaries.

The current year's net income less all the foregoing appropriations and distributions plus the unappropriated prior years' earnings may be distributed as additional dividends. It is the Company's policy 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.

For the year ended December 31, 2008, the bonus to employees and remuneration to directors and supervisors, representing 25% and 1.5%, respectively, of net income had to be accrued on the basis of past experiences. However, based on Sunplus' Articles of Incorporation, the bonus and remuneration should be appropriated first from paid-in capital. Thus, the Company did not accrue any bonus and remuneration expenses. If the actual amounts approved by the shareholders differ from the board of directors' proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

Under regulations promulgated by the Securities and Futures Bureau, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be made from unappropriated retained earnings. The special reserve is allowed to be appropriated to the extent that the debit balance of such accounts is reversed.

Under the ROC Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. In addition, when the reserve exceeds 50% of the Company's paid-in capital, the excess portion that is over 25% of the excess may be distributed as stock dividend and bonus if the Company has no deficit.

Under the Integrated Income Tax System, which took effect on January 1, 1998, ROC resident shareholders are allowed to have tax credits for the income tax paid by the Company on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each resident shareholder. The maximum credit available for allocation to each resident shareholder cannot exceed the ICA balance on the dividend distribution date.

Sunplus' appropriations for the earnings of the 2007 and 2006 earnings were approved at the shareholders' meetings on June 13, 2008 and June 15, 2007, respectively. The appropriations, including dividends, were as follows:

	For Fiscal Year 2007		For Fiscal Year 2006	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$206,150		\$297,269	
Special reserve	(17,260)		(277,600)	
Bonus to employees - stock	135,000		135,000	
Bonus to employees - cash	15,000		15,000	
Remuneration of directors and supervisors	23,090		39,688	

Stock dividends	166,637	\$0.29990	153,622	\$0.29822
Cash dividends	<u>1,388,644</u>	2.49920	<u>2,048,297</u>	3.97620
	<u>\$1,917,261</u>		<u>\$2,411,276</u>	

The shareholders also resolved the transfer of \$111,092 thousand of capital surplus to paid-in capital in the shareholders' meeting on June 13, 2008.

As of February 27, 2009, the Board of Directors had not resolved the appropriation for earnings of 2008.

Information on the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Unrealized Gain or Loss on Financial Instruments

For the years ended December 31, 2008 and 2007 movement of unrealized gain or loss on financial instrument were as follows:

	Available-for-sale Financial Assets	Equity-method Investments	Total
<u>Year ended December 31, 2008</u>			
Balance, beginning of year	\$185,414	\$1	\$185,415
Sales for the year	(122,842)	-	(122,842)
Recognized in shareholders' equity	<u>(624,539)</u>	-	<u>(624,539)</u>
Balance, end of year	<u>\$(561,967)</u>	<u>\$1</u>	<u>\$(561,966)</u>
<u>Year ended December 31, 2007</u>			
Balance, beginning of year	\$(34,479)	\$13	\$(34,466)
Recognized in shareholders' equity	<u>219,893</u>	<u>(12)</u>	<u>219,881</u>
Balance, end of year	<u>\$185,414</u>	<u>\$1</u>	<u>\$185,415</u>

18. TREASURY STOCK

Purpose of Purchase	(Units: Shares in Thousands)			Ending Shares
	Beginning Shares	Increase	Decrease	
<u>Year ended December 31, 2008</u>				
Stocks of Lin Shih Investment Co., Ltd. held by subsidiaries	3,390	170	-	3,560
For subsequent transfer to employees	<u>1,293</u>	-	-	<u>1,293</u>
	<u>4,683</u>	<u>170</u>	=	<u>4,853</u>
<u>Year ended December 31, 2007</u>				
Stocks of Lin Shih Investment Co., Ltd. held by subsidiaries	6,450	160	3,220	3,390
For subsequent transfer to employees	<u>2,582</u>	-	<u>1,289</u>	<u>1,293</u>
	<u>9,032</u>	<u>160</u>	<u>4,509</u>	<u>4,683</u>

Starting from January 2002, Sunplus accounted for its issued stocks amounting to \$95,605 thousand held by a subsidiary, Lin Shin Investment Co., Ltd., as treasury stock. As of December 31, 2008 and 2007, the book values of these stocks were \$63,401 thousand and the market values of these stocks were \$46,814 thousand and \$164,780 thousand, respectively.

Under the Securities and Exchange Act, Sunplus should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. Holders of the shares of Lin Shih Investment Co., Ltd., however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

19. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Years Ended December 31					
	2008			2007		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$164,655	\$2,211,859	\$2,376,514	\$195,727	\$1,890,369	\$2,086,096
Labor/health insurance	11,045	149,805	160,850	12,922	98,967	111,889
Pension	9,173	91,345	100,518	8,284	77,391	85,675
Welfare benefit	4,541	26,854	31,395	5,148	50,561	55,709
Meal	4,163	38,239	42,402	4,202	30,181	34,383
Others	<u>393</u>	<u>6,533</u>	<u>6,926</u>	<u>280</u>	<u>2,989</u>	<u>3,269</u>
	<u>\$193,970</u>	<u>\$2,524,635</u>	<u>\$2,718,605</u>	<u>\$226,563</u>	<u>\$2,150,458</u>	<u>\$2,377,021</u>
Depreciation	<u>\$62,155</u>	<u>\$266,759</u>	<u>\$328,914</u>	<u>\$76,034</u>	<u>\$263,497</u>	<u>\$339,531</u>
Amortization	<u>\$7,165</u>	<u>\$927,378</u>	<u>\$934,543</u>	<u>\$2,760</u>	<u>\$880,735</u>	<u>\$883,495</u>

20. INCOME TAX

- a. A reconciliation of income tax expense on income before income tax at statutory rate and current income tax expense before tax credits is shown below:

	2008	2007
Income tax expense before tax credits		
Domestic	\$107,097	\$464,297
Foreign	<u>232</u>	-
	107,329	464,297
Net change in deferred income taxes		
Domestic	(53,953)	(313,407)
Foreign	(7,299)	5,489
Investment tax credits used	(60,624)	(243,798)
Loss carry forwards used	(1,450)	(13,195)
Adjustment of prior years' income tax expense	7,649	333,430
Income tax (10%) on undistributed earnings	34,102	39,627
Additional income tax under the Alternative Minimum Tax Act	<u>32,747</u>	-
Income tax expense	<u>\$58,501</u>	<u>\$272,443</u>

- b. Deferred income tax assets consisted of the following:

	December 31	
	2008	2007
Current:		

Loss carryforwards	\$81,166	\$92,047
Investment tax credits	416,021	207,172
Temporary differences	83,671	109,652
Deduct: Valuation allowance	<u>220,098</u>	<u>184,678</u>

\$360,760 \$224,193

Noncurrent:

Loss carryforwards	\$649,415	\$814,036
Investment tax credits	1,773,738	1,391,491
Temporary differences	26,674	21,742
Deduct: Valuation allowance	<u>1,676,888</u>	<u>1,379,015</u>

\$772,939 \$848,254

On January 6, 2009, the Legislative Yuan of the Republic of China passed the amendment of Article 39 of the Income Tax Law, which extends the operating losses carryforward period from five years to ten years. The Company recalculated deferred tax assets according to the amended Article.

As of December 31, 2008, investment tax credits were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Income Tax Law	Loss carryforwards	\$102,580	\$102,042	2013
		101,500	101,500	2014
		183,002	183,002	2015
		44,047	44,047	2016
		176,327	176,327	2017
		<u>123,663</u>	<u>123,663</u>	2018
		<u>\$731,119</u>	<u>\$730,581</u>	
Statute for Upgrading Industries	Purchase of machinery and equipment	\$3,606	\$3,606	2009
		<u>1,005</u>	<u>1,005</u>	2011
		<u>\$4,611</u>	<u>\$4,611</u>	
Statute for Upgrading Industries	Research and development expenditures	\$344,105	\$344,105	2009
		551,246	507,510	2010
		722,856	707,242	2011
		<u>623,793</u>	<u>623,793</u>	2012
		<u>\$2,242,000</u>	<u>\$2,182,650</u>	
Statute for Upgrading Industries	Personnel training expenditures	\$86	\$86	2009
		33	33	2010
		209	209	2011
		<u>140</u>	<u>140</u>	2012
		<u>\$468</u>	<u>\$468</u>	
Statute for Upgrading Industries	Investments in important technology-based	<u>\$2,030</u>	<u>\$2,030</u>	2010

enterprise

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

Project	Tax Exemption Period
<u>Sunplus</u>	
Sixth expansion	January 1, 2006 to December 31, 2009
Ninth expansion	January 3, 2007 to January 2, 2012
Tenth expansion	August 31, 2006 to August 30, 2011
Eleventh expansion	January 1, 2008 to December 31, 2012
<u>Generalplus</u>	
First expansion	November 1, 2005 to October 31, 2010
Second expansion	January 1, 2008 to December 31, 2012
<u>Orise</u>	
Inherited from Sunplus' Sixth expansion	January 1, 2006 to December 31, 2009
Second expansion	August 31, 2007 to August 30, 2012

The income tax returns of Sunplus, Waveplus, Wei-Young, Sunplus Management Consulting and Generalplus through 2005; income tax returns of Orise, Lin Shih Investment, Sunext, Sunplus mMobile, Sunplus Innovation and Sunplus Venture through 2006 had been assessed by the tax authorities. Sunplus disagreed with the tax authorities assessment of its 2003, 2004 and 2005 tax return and had applied for an administrative remedy. Nevertheless, Sunplus has provided for the income tax assessed by the tax authorities for conservatism.

c. Integrated income tax information of Sunplus:

	2008	2007
Shareholders' imputation credit account	<u>\$74,942</u>	<u>\$41,267</u>
Unappropriated earnings until 1997	<u>\$452,310</u>	<u>\$452,310</u>

The expected and actual creditable tax ratios of Sunplus for 2008 and 2007, respectively, were 6.58% and 4.41%, respectively.

The imputation credits allocated to shareholders of the Company is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2008 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

21. CONSOLIDATED EARNINGS PER SHARE

	<u>Amounts (Numerator)</u>		Share (Denominator) (in thousands)	<u>EPS (Dollars)</u>	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>2008</u>					
Consolidated net income	<u>\$136,131</u>	<u>\$77,630</u>			
Consolidated basic EPS					
Income attributable to common shareholders of the parent	\$66,884	\$8,383	593,326	<u>\$0.11</u>	<u>\$0.01</u>

Effect of dilutive securities					
Stock options	=	=	4		
Consolidated diluted EPS					
Income attributable to common and potential common shareholders of the parent	<u>\$66,884</u>	<u>\$8,383</u>	<u>593,330</u>	<u>\$0.11</u>	<u>\$0.01</u>
<u>2007</u>					
Consolidated net income	<u>\$2,289,080</u>	<u>\$2,016,637</u>			
Consolidated basic EPS					
Income attributable to common shareholders of the parent	\$2,333,945	\$2,061,502	628,073	<u>\$3.72</u>	<u>\$3.28</u>
Effect of dilutive securities					
Stock options	=	=	1,687		
Consolidated diluted EPS					
Income attributable to common and potential common shareholders of the parent	<u>\$2,333,945</u>	<u>\$2,061,502</u>	<u>629,760</u>	<u>\$3.71</u>	<u>\$3.27</u>

The weighted-average number of shares outstanding for EPS calculation was adjusted retroactively for stock dividends and stock bonuses issued subsequently (see Note 17). As a result of this adjustment, the basic EPS and diluted EPS after income tax in 2007 decreased from NT\$3.53 to NT\$3.28 and from NT\$3.52 to NT\$3.27, respectively.

22. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss (current and noncurrent portion)	\$162,122	\$162,122	\$167,676	\$167,676
Available-for-sale financial assets (current and non-current portion)	806,468	806,468	2,911,454	2,911,454
Financial assets carried at lost	688,205	-	715,098	-
<u>Derivative instruments</u>				
Assets				
Financial assets for trading	2,189	2,189	112	112
Liabilities				
Financial liabilities for trading	-	-	5,392	5,392

b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:

- 1) For cash, certificate of deposit - restricted, notes and accounts receivable, other receivables, short-term loans, commercial paper payable, notes and accounts payable, and bonus payable to employees and remuneration payable to directors and supervisors, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.

- 2) Fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For those instruments not traded in active markets, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.
- 3) Financial assets carried at cost had no quoted prices in an active market and their fair value could not be reliably measured.
- 4) Fair value of long-term loans is estimated using the present value of future cash flows discounted by the interest rates the Company may obtain for similar loans (e.g., similar maturities). The fair values of the Company's long-term bank loans are also their carrying values because they bear floating interest rates.
- c. Gains recognized for the changes in fair value of financial instruments using valuation techniques were \$19,604 thousand and \$12,241 thousand for the years ended December 31, 2008 and 2007.
- d. As of December 31, 2008 and 2007, financial assets exposed to cash flow interest rate risk were \$1,702,007 thousand and \$1,217,112 thousand, respectively; financial assets exposed to fair value interest rate risk were \$1,930,847 thousand and \$1,681,022 thousand, respectively; As of December 31, 2008 and 2007; financial liabilities exposed to fair value interest rate risk were \$1,815,610 thousand and \$908,682 thousand, respectively, and financial liabilities exposed to cash flow interest rate risk were \$607,000 thousand and \$1,262,678 thousand, respectively.
- e. Interest income arising from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2008 and 2007 were \$52,074 thousand and \$56,902 thousand, respectively; interest expense arising from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2008 and 2007 were \$91,204 thousand and \$80,097 thousand, respectively.
- f. Financial risks
- 1) Market risk.
The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks.
Fair values of inverse floaters are influenced by exchange rate fluctuations.
Fair values of held-for-trading and available-for-sale security investments are affected by fluctuations of quoted prices.
- 2) Credit risk.
The Company will incur a loss if the counter-parties or third-parties breach the contracts, which are affected by such factors as the concentrations of counter parties, components of financial instruments, contract amounts, and the receivables on the contracts. Thus, contracts with positive fair values on the balance sheet date are evaluated for credit risk. As of December 31, 2008 and 2007, credit risks of the financial assets, except those approximate to their carrying values, were as follows:

	2008		2007	
	Carrying Amount	Credit Risk	Carrying Amount	Credit Risk
Held-for-trading financial assets				
Forward exchange contracts	<u>\$2.189</u>	<u>\$2.189</u>	<u>\$112</u>	<u>\$112</u>

- 3) Liquidity risk.
Investments in inverse floaters and financial assets carried at cost do not have an active market. Thus, the liquidity risk of these investments is material. On the other hand, held-for-trading and available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets.
- 4) Cash flow interest rate risk.
Partial short-term loans and long-term bank loans bear floating interest rates. Thus, the fluctuations of market interest rates will affect the Company's future cash flows.

23. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Global View Co., Ltd. ("Global View") - the supervisor of Sunplus and Waveplus.
- b. Giantplus Technology Co., Ltd. ("Giantplus") - equity -method investee.
- c. Kunshan Giantplus Optoelectronics Technology Co., Ltd. ("Kunshan Giantplus") - 100% indirect Subsidiary of Giantplus.
- d. Lin Shin Technology Co., Ltd. ("Lin Shin") - equity method indirect investee of Russell Holding Ltd.
- e. Synerchip Co., Ltd. ("Synerchip") - equity method investee of Russell Holding Ltd.
- f. Coolsand Technologies SARL ("Coolsand") - equity method indirect investee of Russell Holding Ltd.
- g. AU Optronics Corp. ("AUO") - the subsidiary of AUO is the director of Orise.
- h. AU Optronics (Labuan) Corporation (AUL) - the subsidiary of AUO
- i. NXP B.V., (NXP) - the director of Sunext. (Note)
- j. NXP Semiconductors Taiwan Ltd. (NXP Taiwan) - the subsidiary of NXP. (Note)
- k. Zhuang, Hui-zhen - a spouse of the president.
- l. Huang, Zhou-fu - a collateral relative by blood within two generations of the president.
- m. Others - please refer to Note 27 for related parties that do not have business transactions with the Company in the current period.

Note: As of December 31, 2008, NXP and NXP Taiwan were no longer related parties because NXP, which sold off its entire holding in NXP Taiwan, resigned as director of Sunext. The transactions made with these two parties as of and for the year ended December 31, 2008 are disclosed only for reference.

The transactions with the foregoing parties in addition to those disclosed in other notes are summarized as follows:

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Sales				
AUL	\$1,771,765	11	\$1,307,777	6
Kunshan Giantplus	272,716	2	341,382	2
Giantplus	216,236	2	110,150	-
AUO	114,550	-	334,850	2
Coolsand	20,973	-	117,049	1
Lin Shin	5,432	-	3,954	-
Global View	<u>58</u>	-	-	-
	<u>\$2,401,730</u>	<u>15</u>	<u>\$2,215,162</u>	<u>11</u>

The price and collection terms for products sold to related parties were similar to those for third parties.

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Purchase and subcontract costs				
NXP Taiwan	\$79,379	-	\$216,478	-
AUO	-	-	<u>278</u>	-
	<u>\$79,379</u>	<u>=</u>	<u>\$216,756</u>	<u>=</u>

The products purchased from related parties were custom-made; thus, the related purchasing prices were not comparable with those for third parties. The payment term is 45 days after receiving products.

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Operating expense				
NXP	\$124,396	2	\$181,941	3
Giantplus	496	-	5,143	-
Synerchip	473	-	-	-
Global View	10	-	-	-
Zhuang, Hui-zhen	-	-	1,961	-
Huang, Zhou-fu	-	-	1,923	-
AUO	-	-	<u>35</u>	-
	<u>\$125,375</u>	<u>2</u>	<u>\$191,003</u>	<u>3</u>

The terms of rental payments and the collections on lease contracts with related parties were similar to those with third parties.

The following transactions between the Company and the related parties were based on normal terms.

	Years Ended December 31			
	2008		2007	
	Amount	%	Amount	%
Nonoperating income and gains				
Giantplus	\$1,447	-	\$2,964	-
Lin Shin	273	-	572	-
Coolsand	-	-	<u>36</u>	-
	<u>\$1,720</u>	<u>-</u>	<u>\$3,572</u>	<u>-</u>

The transaction prices were negotiated and were thus not comparable with those in the market.

	December 31			
	2008		2007	
	Amount	%	Amount	%
Notes and accounts receivable				
AUL	\$584,316	26	\$774,862	20
Kunshan Giantplus	21,667	1	115,132	3
AUO	20,335	1	88,347	2
Giantplus	18,711	1	27,767	-
Lin Shin	72	-	1,019	-
Coolsand	-	-	<u>28,932</u>	<u>1</u>
	645,101	29	1,036,059	26
Less: Allowance for doubtful accounts	-	-	<u>288</u>	-
	<u>\$645,101</u>	<u>29</u>	<u>\$1,035,771</u>	<u>26</u>
Other receivables				
Lin Shin	\$211	-	\$103	-
Giantplus	-	-	<u>8</u>	-
	<u>\$211</u>	<u>-</u>	<u>\$111</u>	<u>-</u>

December 31			
2008		2007	
Amount	%	Amount	%

Notes and accounts payable				
Giantplus	\$119	-	\$-	-
NXP Taiwan	-	-	<u>5,545</u>	-
	<u>\$119</u>	=	<u>\$5,545</u>	-
Other current liabilities				
NXP	\$-	-	\$54,641	4
AUO	-	-	<u>219</u>	-
	<u>\$-</u>	=	<u>\$54,860</u>	4
Purchase of intangible assets				
Lin Shin	<u>\$25,281</u>	<u>6</u>	<u>\$-</u>	-

Compensation of directors, supervisors and management personnel:

	<u>Year Ended December 31</u>	
	2008	2007
Salaries	\$82,446	\$60,022
Incentives	308	501
Special compensation		
Bonus	<u>15,081</u>	<u>84,217</u>
	<u>\$97,835</u>	<u>\$144,740</u>

The compensation of directors, supervisors and management personnel for the year ended December 31, 2007 included the bonuses appropriated from earnings for 2007 which had been approved by shareholders in their annual meeting held in 2008.

24. PLEDGED OR MORTGAGED ASSETS

Certain assets pledged or mortgaged as collateral for purchase and commercial paper payable were as follows:

	<u>December 31</u>	
	2008	2007
Subsidiary's holding of Sunplus' stock	\$44,505	\$146,016
Pledged time deposits	<u>13,647</u>	<u>23,265</u>
	<u>\$58,152</u>	<u>\$169,281</u>

25. SIGNIFICANT LONG-TERM OPERATING LEASES

Sunplus

Sunplus leases land from the Science-Based Industrial Park Administration under renewable agreements expiring in July 2015, December 2020 and 2021, with annual rentals aggregating \$7,862 thousand.

Future annual minimum rentals under the leases are as follows:

Year	Amount
2009	\$7,862
2010	7,862
2011	7,862
2012	7,862

2013	7,862
2014 and thereafter	<u>40,557</u>
	<u>\$79,867</u>

Orise

Orise leases factories from Anpec Electronics Corporation under renewable agreements expiring in April 2011, with annual rentals aggregating \$15,751 thousand.

Future annual minimum rentals under the leases are as follows:

Year	Amount
2009	\$15,751
2010	15,751
2011	<u>3,938</u>
	<u>\$35,440</u>

26. GAIN ON SETTLEMENT COMPENSATION

In February 2003, the Company bought optoelectronic storage department of Oak Technology, Inc. (Oak Technology Inc. merged with Zoran Company) and acquired its related patent. Therefore, in the settlement of the patent authorization between Mediatek and Zoran, the Company and its subsidiary, Sunext, are able to use Mediatek Inc.'s patents of PC optoelectronic storage, Mediatek authorizing this using right of the patent to Zoran, and can obtain part of solatium.

27. ADDITIONAL DISCLOSURES

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

- a. Endorsement/guarantee provided: Table 1 (attached)
- b. Marketable securities held: Table 2 (attached)
- c. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)
- d. Acquisition of long-term investments costs of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Total purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- f. Receivable from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- g. Names, locations, and related information of investees on which the Company exercises significant influences: Table 7 (attached)
- h. Investment in Mainland China: Table 8 (attached)
- i. Intercompany relationships and significant intercompany transactions: Table 9 (attached)

28. SEGMENT INFORMATION

- a. Industry information:
The Company only manufactures and sells value-added consumer integrated circuits.
- b. Geographic information:
In 2008 and 2007, 90% of the Company's revenue was generated in Taiwan and 90% of identifiable assets were located in Taiwan.

c. Export sales:

Area	2008	2007
Asia	\$10,485,056	\$14,972,878
Others	<u>555,040</u>	<u>784,798</u>
	<u>\$11,040,096</u>	<u>\$15,757,676</u>

d. Sales to customer representing at least 10% of net sales:

Customer	2008		2007	
	Amount	%	Amount	%
A	\$2,023,691	13	\$3,419,127	17
B and subsidiary	1,886,315	12	1,642,627	8
C	1,704,998	11	2,454,955	12

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2008

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

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunext Technology Co., Ltd.	79% Subsidiary	\$1,095,042 (Note 1)	\$760,000	\$630,000	\$ -	5.75%	\$2,190,084 (Note 2)
		Sunplus mMobile Inc.	91% Subsidiary	1,095,042 (Note 1)	577,293	577,293	-	5.27%	2,190,084 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% Indirect subsidiary	1,095,042 (Note 1)	329,825	306,000	-	2.79%	2,190,084 (Note 2)
		Sunplus mMedia Inc.	78% Subsidiary	1,095,042 (Note 1)	479,442	227,000	-	2.07%	2,190,084 (Note 2)
		Sunplus Innovation Technology Inc.	84% Subsidiary	1,095,042 (Note 1)	323,550	130,000	-	1.19%	2,190,084 (Note 2)
		Sunplus Core Technology Inc.	57% Subsidiary	1,095,042 (Note 1)	60,000	60,000	-	0.55%	2,190,084 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	1,095,042 (Note 1)	30,000	30,000	-	0.27%	2,190,084 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,095,042 (Note 1)	20,000	20,000	-	0.18%	2,190,084 (Note 2)
		Lin Shin Technology Co., Ltd.	Indirect equity-method investee	1,095,042 (Note 1)	10,000	10,000	-	0.09%	2,190,084 (Note 2)
		1	Sunplus mMedia Inc.	Sunplus mMobile Inc.	Equity-method investee of Sunplus mMobile Inc.	127,362 (Note 3)	120,000	-	-

Note 1: For each transaction entity, the amount should not exceed 10% of the endorsement/guarantee provider's net equity.

Note 2: The amount should not exceed 20% of the endorsement/guarantee provider's net equity.

Note 3: For each transaction entity, the amount should not exceed 10% of the endorsement/guarantee provider's net equity based on the latest audited or reviewed financial statements.

Note 4: The amount should not exceed 20% of the endorsement/guarantee provider's net equity based on the latest audited or reviewed financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

YEAR ENDED DECEMBER 31, 2008

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

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	84,652	\$1,870,627	21	\$1,870,627	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	72,090	1,245,799	55	1,245,842	Notes 1 and 7
	Sunplus mMedia Inc	Equity-method investee	Equity-method investments	64,500	708,757	78	710,341	Notes 1 and 8
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	624,889	100	624,889	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	607,241	100	607,241	Notes 1 and 4
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	27,942	475,292	41	475,292	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	24,700	428,478	100	428,478	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	419,813	100	423,387	Notes 1 and 9
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	22,660	392,361	84	392,361	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	78,995	244,058	79	102,938	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,898	17,857	57	17,857	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,302	16,742	41	16,742	Note 1
	Goldkey Technology Corp.	Equity-method investee	Equity-method investments	1,702	16,584	12	16,584	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	7,852	100	7,852	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	5,167	100	5,167	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,817	100	4,817	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,194	100	4,194	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	120,000	(141,111)	91	(126,725)	Note 6
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	121,295	11	121,295	Note 3
	RITEK Corp.	The Company's director	Available-for-sale financial assets	5,000	21,648	-	21,648	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,967	14,619	-	14,619	Note 3
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	2,222	22,223	11	22,223	Note 2
	Network Capital Global Fund	-	Financial assets carried at cost	1,333	13,333	7	13,333	Note 2
	Inverse floaters issued by Citibank	-	Financial assets at fair value through profit or loss	-	162,122	-	162,122	
		<u>Fund</u>						
		Yuanta Commercial Bank Money Market Common Trust Fund	-	Available-for-sale financial assets	13,114	135,036	-	135,036
	Polaris De-Bao Fund	-	Available-for-sale financial assets	2,273	26,026	-	26,026	Note 5
	NITC Taiwan Bond Fund	-	Available-for-sale financial assets	177	30,032	-	30,032	Note 5
Orise Technology Co. Ltd.	Jih Sun Bond Fund	-	Available-for-sale financial assets	3,052	42,904	-	42,904	Note 5
	Prudential Financial Band Fund	-	Available-for-sale financial assets	3,823	57,673	-	57,673	Note 5
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	500	5,528	1	5,528	Note 1
	Sunplus mMobile SAS	Equity-method investee	Equity-method investments	237	11,318	100	11,318	Note 1
	Sunplus mMobile Limited	Equity-method investee	Equity-method investments	500	(57,294)	100	(57,294)	Note 6
	Sunplus mMobile Holding Inc.	Equity-method investee	Equity-method investments	2,580	\$2,156	100	\$2,156	Note 1
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	5	77	-	77	Note 5
	Ta Chong bond	-	Available-for-sale financial assets	1	7	-	7	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	1,674	24,148	-	24,148	Note 5
Sunplus mMobile Holding	Bright Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	2,515	US\$1 thousand	100	US\$1 thousand	Note 1
Sunplus mMedia Inc.	Prudential Financial Bond Fund	-	Available-for-sale financial assets	2,195	34,149	-	34,149	Note 5
	Capital Income Fund	-	Available-for-sale financial assets	1,759	27,040	-	27,040	Note 5

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	3,466	50,014	-	50,014	Note 5
	NITC Taiwan Bond Fund	-	Available-for-sale financial assets	1,081	15,729	-	15,729	Note 5
Lin Shih Investment Co., Ltd.	<u>Stock</u>							
	Goldkey Technology Corp.	Equity-method investee	Equity-method investments	1,866	18,198	13	18,198	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	522	6,709	16	6,709	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	6,499	8,500	7	8,500	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	12,653	215,210	19	215,210	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	4,013	13	4,013	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	3,055	12,112	2	(3,683)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	2,483	31,457	3	31,457	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	452	6,619	2	6,619	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	46,814	1	46,814	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,120	105,480	1	105,480	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	3,608	-	3,608	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	667	6,666	1	6,666	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	199	1,022	-	1,022	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	1,933	27,346	8	27,346	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	79,643	7	79,643	Note 2
	NCTU Spring Venture Capital Co., Ltd.	-	Financial assets carried at cost	2,000	-	6	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	831	10,685	6	10,685	Note 2
	MaxEmil Photonics Corporation	-	Financial assets carried at cost	426	8,273	2	8,273	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
	Glokie Technology Corp.	-	Financial assets carried at cost	2,300	23,000	14	23,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	13	6,000	Note 2
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2
Russell Holdings Limited	<u>Stock</u>							
	Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$(350) thousand	44	US\$(350) thousand	Note 6
	Synerchip Co., Ltd.	Equity-method investee	Equity-method investments	4,236	US\$667 thousand	25	US\$667 thousand	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	855	US\$2,124 thousand	1	US\$34 thousand	Note 1
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$301 thousand	-	US\$301 thousand	Note 3
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$- thousand	19	US\$- thousand	Note 2
	OZ Optics Ltd.	-	Financial assets carried at cost	1,000	US\$250 thousand	8	US\$250 thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	1,000	US\$500 thousand	2	US\$500 thousand	Note 2
	Ortega InfoSystem, Inc.	-	Financial assets carried at cost	2,557	US\$500 thousand	-	US\$500 thousand	Note 2
	Asia B2B on line Inc.	-	Financial assets carried at cost	1,000	US\$- thousand	3	US\$- thousand	Note 2
	Asia Tech Taiwan Venture Fund	-	Financial assets carried at cost	-	US\$2,590 Thousand	5	US\$2,590 thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$500 Thousand	1	US\$500 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$1,400 thousand	-	US\$1,400 thousand	Note 2
	Visualon Inc.	-	Financial assets carried at cost	377	US\$200 thousand	3	US\$200 thousand	Note 2

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Waveplus Technology Co., Ltd.	<u>Stock</u> Waveplus Holding Ltd.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	(51)	100	(51)	Note 6
Waveplus Holding Ltd.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Holding Ltd.	Equity-method investments	1,000	US\$-thousand	100	US\$-thousand	Note 1
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	24,700	US\$13,068 thousand	100	US\$13,068 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	24,700	US\$13,072 thousand	100	US\$13,072 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd. Sunplus Pro-tek Technology (Shenzhen) Co., Ltd. SunMedia Technology Co., Ltd. Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc. Subsidiary of Ventureplus Cayman Inc. Subsidiary of Ventureplus Cayman Inc. Subsidiary of Ventureplus Cayman Inc.	Equity-method investments Equity-method investments Equity-method investments Equity-method investments	- - - -	US\$8,894 thousand US\$2,255 thousand US\$1,545 thousand US\$364 thousand	99 100 100 80	US\$8,894 thousand US\$2,255 thousand US\$1,545 thousand US\$364 thousand	Note 1 Note 1 Note 1 Note 1
Wei-Young Investment Inc.	UNIWILL Co., Ltd.	-	Available-for-sale financial assets	508	3,052	-	3,052	Note 3
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Global Techplus Capital Inc.	Equity-method investments	-	US\$-thousand	100	US\$-thousand	Note 1

Note 1: The net asset value was based on audit financial data.

Note 2: The market value is based on carrying value as of December 31, 2008.

Note 3: The market value is based on the closing price as of December 31, 2008.

Note 4: The investment carrying value excluded the carrying value of \$63,401 thousand of the shares of Sunplus Technology Company Limited held by its subsidiary.

Note 5: The market value was based on the net asset value of fund as of December 31, 2008.

Note 6: The credit balance on the carrying value of the equity-method investment is reported as other current liabilities.

Note 7: Includes deferred credits \$43 thousand.

Note 8: Includes deferred credit \$1,584 thousand.

Note 9: Includes deferred credit \$3,574 thousand.

Note 10: As of December 31, 2008, the above marketable securities, except the carrying value \$44,505 of the Sunplus Technology Company Limited holding by Lin Shih Investment Co., Ltd., had not been pledged or mortgaged.

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2008

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

Company Name	Name/Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal			Ending Balance		
			Units (Thousands)	Amount	Units (Thousands)	Amount	Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units (Thousands)	Amount (Note 1)
Sunplus Technology Company Limited	Cathay Bond Fund	Available-for-sale financial assets	-	\$-	10,549	\$125,000	10,549	\$125,238	\$125,000	\$238	-	\$-
	Sunext Technology Co., Ltd.	Equity-method investments	12,600	(98,717)	74,270	820,705	7,875 (Note 6)	-	-	-	78,995	244,058 (Note 3)
	Giantplus Technology Co., Ltd.	Equity-method investments	76,317	1,171,730	6,685	235,980	-	-	-	-	84,652 (Note 5)	1,870,627 (Note 3)
	JF TAIWAN Bond	Available-for-sale financial assets	-	-	15,769	245,000	15,769	245,494	245,000	494	-	-
	NITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	26,860	386,000	26,800	386,737	386,000	737	-	-
	NITC Bond Fund	Available-for-sale financial assets	1,496	250,000	1,766	299,000	3,085	519,480	519,000	480	177	30,032
	Tasihin Lucky Fund	Available-for-sale financial assets	30,224	315,000	31,961	334,000	62,186	649,000	650,356	1,356	-	-
	Polaris De-Bao Fund	Available-for-sale financial assets	-	-	11,963	136,000	9,690	110,461	110,000	461	2,273	26,026
	IBT 1699 Bond Fund	Available-for-sale financial assets	-	-	30,308	384,000	30,308	387,007	384,000	3,007	-	-
	ING Taiwan Select Bond Fund	Available-for-sale financial assets	-	-	25,660	299,000	25,660	299,182	299,000	182	-	-
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	10,146	152,000	101,46	152,563	152,000	563	-	-
	Polaris De-Li Fund	Available-for-sale financial assets	-	-	19,294	299,000	19,294	299,189	299,000	189	-	-
	Harvatek Corp.	Available-for-sale financial assets	4,896	37,489 (Note 2)	-	-	4,896	202,883	37,489 (Note 2)	165,394	-	-
Yuanta Commer Cial Bank Money Market Common Trust Fund	Available-for-sale financial assets	-	-	13,114	135,000	-	-	-	-	13,114	135,036	
Sunplus mMedia Inc.	Equity-method investments	-	-	64,500	752,579	-	-	-	-	64,500	708,757 (Note 3)	
Orise Technology Co. Ltd.	Jih Sun Bond	Available-for-sale financial assets	5,031	69,606	49,227	685,667	51,206	713,794	712,419	1,375	3,052	42,904
	NITC Taiwan Bond Fund	Available-for-sale financial assets	6,731	96,369	43,559	628,798	50,290	726,875	725,146	1,729	-	-
	Fubon Chi-Hsiang Fund	Available-for-sale financial assets	6,334	78,703	26,094	352,612	32,428	432,249	431,298	951	-	-
	Tasihin Lucky Fund	Available-for-sale financial assets	1,731	18,046	18,409	193,174	20,140	211,886	211,215	671	-	-
	Prudential Financial Bond Fund	Available-for-sale financial assets	6,956	103,256	35,656	533,020	38,789	580,020	578,751	1,269	3,823	57,673
	Capital Income Fund	Available-for-sale financial assets	-	-	10,006	152,595	10,006	153,095	152,595	500	-	-
	IBT 1699 Bond Fund	Available-for-sale financial assets	5,166	65,080	11,894	151,259	17,060	217,089	216,324	765	-	-
	Hua Nan Phoenix Bond Fund	Available-for-sale financial assets	-	-	12,300	190,130	12,300	190,480	190,130	350	-	-
	Yuanta Wan-Tai Bond Fund	Available-for-sale financial assets	-	-	9,644	138,104	9,644	138,412	138,104	308	-	-
	UPAMC Global Fixed Income Selection Fund	Available-for-sale financial assets	10,068	157,799	4,077	64,000	14,145	222,247	221,762	485	-	-
	Polaris De-Li Fund	Available-for-sale financial assets	-	-	19,576	302,359	19,576	303,004	302,359	645	-	-
	ING Taiwan Bond Fund	Available-for-sale financial assets	1,834	28,078	10,255	157,503	12,089	185,945	185,575	370	-	-
Generalplus Technology Inc.	Polaris De-Bao Fund	Available-for-sale financial assets	-	-	14,326	162,000	14,326	162,620	162,000	620	-	-
	Polaris De-Li Fund	Available-for-sale financial assets	-	-	14,006	216,000	14,006	216,618	216,000	618	-	-
	Ta Chong Bond	Available-for-sale financial assets	-	-	9,609	128,700	9,609	129,042	128,700	342	-	-
	PCA Wall Pool Fund	Available-for-sale financial assets	-	-	13,067	167,700	13,067	168,155	167,700	455	-	-
Sunplus Venture Capital Co., Ltd.	Taiwan Nano Electro-Optical Technology Co., Ltd.	Available-for-sale financial assets	3,994	46,595 (Note 2)	-	-	3,994	128,206	46,595 (Note 2)	81,611	-	-
	Sunplus mMedia Inc.	Equity-method investments	-	-	10,000	116,679	-	-	-	-	10,000	109,845 (Note 3)
Sunplus mMedia Inc.	Ta Chong Bond	Available-for-sale financial assets	19,442	257,316	-	-	19,442	258,137	257,316	821	-	-
	Prudential Financial Bond Fund	Available-for-sale financial assets	2,668	39,604	4,175	62,500	6,843	102,907	102,000	907	-	-
Great Sun Corp.	Stock											

Company Name	Name/Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Units (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units (Thousands)	Amount (Note 1)
	Sunext Design, Inc.	Equity-method investments	1,000	US\$932 thousand	-	-	1	US\$ 9,881 thousand	US\$40 thousand	US\$9,841 thousand	-	-
Sunplus Innovation Technology Inc.	Dresdner Bond Dam Fund	Available-for-sale financial assets	-	\$-	13,337	\$158,000	13,337	\$158,522	\$158,000	\$522	-	\$-
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Equity-method investments	75,000	1,157,851	-	-	74,500	867,000	851,667	15,333 (Note 4)	500	5,528 (Note 3)

Note 1: Includes the valuation gains (losses) on financial assets.

Note 2: Excluding valuation gains (losses) on financial assets.

Note 3: The carrying value of the equity-method investment as of December 31, 2008.

Note 4: To be reported as capital surplus in accordance with an interpretation issued by the Accounting Research and Development Foundation.

Note 5: Includes stock dividends.

Note 6: Offset of deficit against capital.

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED

**ACQUISITION OF LONG-TERM INVESTMENTS COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2008**

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

Company Name	Types of Property	Transaction Date	Transaction Amount	(Payment)/ Sale Term	Counter-party	Nature of Relationships	Prior Transaction of Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	Sunext Technology Co., Ltd.	97.1	\$670,000	\$(670,000)	Note 1	Equity-method investee	-	-	-	-	Note 1	Equity-method investee	-
	Sunext Technology Co., Ltd.	97.12	150,705	(150,705)	Note 2	Equity-method investee	-	-	-	-	Note 2	Equity-method investee	-
	Giantplus Technology Co., Ltd.	97.1	235,980	(235,980)	Note 1	Equity-method investee	-	-	-	-	Note 1	Equity-method investee	-
	Sunplus mMedia Inc.	97.11	752,579	(752,579)	Sunplus mMobile Inc.	Equity-method investee	Note 3	Equity-method investee	Note 3	903,000	Note 4	Equity-method investee	-
Sunplus Venture Capital Co., Ltd.	Sunplus mMedia Inc.	97.11	116,679	(116,679)	Sunplus mMobile Inc.	Equity-method investee	Note 3	Equity-method investee	Note 3	140,000	Note 4	Equity-method investee	-
Sunplus mMobile Inc.	Sunplus mMedia Inc.	97.11	869,258	867,000	Sunplus Technology Company Limited and Sunplus Venture Capital Co., Ltd.	Equity-method investee	-	-	-	-	Note 4	Equity-method investee	-

Note 1: Issuance of common stock for cash.

Note 2: The selling prices were negotiated.

Note 3: The transaction was in April 2007 and involved the spin-off by Sunplus mMobile of its personal entertainment business unit to establish a subsidiary, Sunplus mMedia.

Note 4: It was based on the net book value on trading date and supported by other auditor about price rationality.

SUNPLUS TECHNOLOGY COMPANY LIMITED

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2008

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Non-arm's Length Transaction		Note/Account Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Orise Technology Co., Ltd.	AU Optronics (Labuan) Corporation	Subsidiary of AU Optronics Corp.	Sale	\$ 1,771,765	39	Net 120 days from monthly closing dates in principle.	Note	Note	\$584,316	61	-
	AU Optronics Corp.	The subsidiary of AUO is the Director of Orise Technology Co., Ltd.	Sale	114,550	3	Net 120 days from monthly closing dates in principle.	Note	Note	20,115	2	-
	Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Subsidiary of Giantplus Technology Co., Ltd.	Sale	272,183	5	Net 45 days from monthly closing dates in principle.	Note	Note	21,543	2	-
	Giantplus Technology Co., Ltd.	Equity-method investee of Sunplus Technology Co., Ltd.	Sale	213,157	5	Net 45 days from monthly closing dates in principle.	Note	Note	18,711	2	-

Note: The price and collection terms for products sold to related parties were similar to those for third parties.

SUNPLUS TECHNOLOGY COMPANY LIMITED

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2008

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts and Sales Discounts
					Amount	Action Taken		
Orise Technology Co., Ltd.	AU Optronics (Labuan) Corporation	Subsidiary of AU Optronics Corp.	\$584,316	2.61	\$ -	-	\$ -	\$ -

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES

YEAR ENDED DECEMBER 31, 2008

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Tofen Chen, Miaoli, Taiwan	Manufacture of TN/STN LCDs and LCD modules	\$881,314	\$881,314	84,652	21	\$1,870,627	\$307,601	\$57,999	Investee
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	816,719	834,092	72,090	55	1,245,799	265,446	146,333	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	752,579	-	64,500	78	708,757	(364,758)	(28,867)	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	624,889	91,518	91,518	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	607,241	36,358	27,884	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	146,000	146,000	27,942	41	475,292	189,683	78,265	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	US\$24,700 thousand	US\$19,250 thousand	24,700	100	428,478	(125,214)	(125,214)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$14,760 thousand	US\$19,260 thousand	14,760	100	419,813	(55,098)	(58,672)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	308,000	308,000	22,660	84	392,361	65,882	57,835	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	946,705	796,000	78,995	79	244,058	61,338	43,617	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	105,470	56,000	8,898	57	17,857	(123,362)	(63,001)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	41	16,742	(3,649)	(2,813)	Subsidiary
	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	25,541	32,836	1,702	12	16,584	34,980	4,145	Investee
	Global Techplus Capital Inc.	Seychelles	Investment	US\$200 thousand	US\$200 thousand	200	100	7,852	1,486	1,486	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	14,000	14,000	1,400	100	5,167	191	191	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$11,075 thousand	HK\$11,075 thousand	11,075	100	4,817	8,864	8,864	Subsidiary
Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,194	(30)	(30)	Subsidiary	
Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,680,000	1,680,000	120,000	91	(141,111)	(1,274,350)	(1,169,111)	Subsidiary	
Lin Shih Investment Co., Ltd.	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	18,402	26,400	1,866	13	18,198	34,980	4,547	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	6,499	7	8,500	61,338	4,140	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	91,726	91,726	522	16	6,709	(3,649)	(1,127)	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	4,013	(123,362)	(18,751)	Subsidiary
	SunPlus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	42,770	65,898	3,055	2	12,112	(1,274,350)	(35,044)	Subsidiary
	SunPlus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	34,755	17,147	2,483	3	31,457	(364,758)	(6,310)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	6,234	5,684	452	2	6,619	65,882	1,065	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	65,000	65,000	12,653	19	215,210	189,683	35,446	Subsidiary
Sunplus Venture Capital Co., Ltd.	Joing Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	51,000	51,000	3,400	39	-	-	-	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	360,000	8,571	9	11,169	61,338	5,373	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	76,016	76,016	387	12	4,973	(3,649)	(836)	Subsidiary
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	14,478	265,446	1,723	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	4,013	(123,362)	(18,751)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,000	15,000	2,920	4	49,672	189,683	8,168	Subsidiary
	SunPlus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,988	1,988	142	-	2,100	(1,274,350)	(1,402)	Subsidiary
Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	116,679	-	10,000	12	109,845	(364,758)	(4,487)	Subsidiary	
Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$6,050 thousand	US\$6,050 thousand	4,794	44	US\$(350) thousand	US\$(618) thousand	US\$- thousand	Investee
	Synerchip Co., Ltd.	Mauritius	Investment	US\$3,070 thousand	US\$2,070 thousand	4,236	25	US\$667 thousand	US\$(4,930) thousand	US\$(1,458) thousand	Investee

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2008			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007	Shares (Thousands)	Percentage of Ownership	Carrying Value			
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$2,119 thousand	US\$- thousand	855	1	US\$2,124 thousand	61,338	US\$8thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	SAMOA	Investment	US\$1,750 thousand	US\$1,750 thousand	1,750	100	\$36,697	\$264,368	\$264,368	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$750 thousand	US\$750 thousand	750	100	US\$119 thousand	US\$(105) thousand	US\$(105) thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$750 thousand	US\$750 thousand	-	100	US\$118 thousand	US\$(106) thousand	US\$(106) thousand	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$24,700 thousand	US\$ 19,250 thousand	24,700	100	US\$13,068 thousand	US\$(3,975) thousand	US\$(3,975) thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$24,700 thousand	US\$ 19,250 thousand	24,700	100	US\$13,072 thousand	US\$(3,975) thousand	US\$(3,975) thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology (Shanghai) Co., Ltd.	Shanghai, China	Manufacture and sale of ICs.	US\$17,000 thousand	US\$ 17,000 thousand	-	99	US\$8,894 thousand	US\$(111) thousand	US\$(109) thousand	Subsidiary
	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	Shenzhen, China	Development, manufacture and sale of ICs	US\$4,250 thousand	US\$ 2,250 thousand	-	100	US\$2,255 thousand	US\$(2,195) thousand	US\$(2,195) thousand	Subsidiary
	Sun Media Technology Co., Ltd.	Chengdu, China	Development, manufacture and sale of ICs	US\$3,000 thousand	US\$- thousand	-	100	US\$1,545 thousand	US\$(1,587) thousand	US\$(1,587) thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Development, manufacture and sale of ICs	US\$450 thousand	-	-	80	US\$364 thousand	US\$(103) thousand	US\$(83) thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Holding Ltd.	Mauritius	Investment	US\$500 thousand	US\$500 thousand	1,000	100	(51)	(2,050)	(2,050)	Subsidiary
Waveplus Holding Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	US\$500 thousand	US\$500 thousand	1,000	100	-	-	-	Subsidiary
Generalplus Technology Inc.	Generalplus International (SAMOA) Inc.	SAMOA	Investment	US\$3,090 thousand	US\$1,090 thousand	3,090	100	11,174	(64,195)	(64,195)	Subsidiary
Generalplus International (SAMOA) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$3,090 thousand	US\$1,090 thousand	3,090	100	US\$340 thousand	US\$(2,036) thousand	US\$(2,036) thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$2,700 thousand	US\$700 thousand	-	100	US\$263 thousand	US\$(1,925) thousand	US\$(1,925) thousand	Subsidiary
	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	US\$390 thousand	US\$390 thousand	-	100	US\$77 thousand	US\$(117) thousand	US\$(117) thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	7,000	1,050,000	500	1	5,528	(364,758)	(299,722)	Subsidiary
	Sunplus mMobile SAS	France	Design of ICs	EUR237 thousand	EUR- thousand	237	100	11,318	360	360	Subsidiary
	Sunplus mMobile Limited	United Kingdom	Design of ICs	GBP500 thousand	GBP- thousand	500	100	(57,294)	(99,527)	(99,527)	Subsidiary
	Sunplus mMobile Holding Inc.	SAMOA	Investment	US\$2,580 thousand	-	2,580	100	2,156	(79,273)	(79,273)	Subsidiary
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Mauritius	Research and development of Intellectual Property Rights	US\$2,515 thousand	-	2,515	100	US\$1 thousand	US\$(2,514) thousand	US\$(2,514) thousand	Subsidiary
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	SAMOA	Investment	US\$- thousand	US\$150 thousand	-	100	US\$- thousand	US\$- thousand	US\$- thousand	Subsidiary

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Sunplus (Nature of Relationship: 0)

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, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2008	Accumulated Inward Remittance of Earnings as of December 31, 2008
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$17,200 thousand	Note 1	US\$17,000 thousand	US\$- thousand	US\$- thousand	US\$17,000 thousand	99	US\$(109) thousand	US\$8,894 thousand	US\$- thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software. Service of System Integration	US\$4,250 thousand	Note 1	US\$2,250 thousand	US\$2,000 thousand	US\$- thousand	US\$4,250 thousand	100	US\$(2,195) thousand	US\$2,255 Thousand	US\$- thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software. Service of System Integration	US\$3,000 thousand	Note 1	US\$- thousand	US\$3,000 thousand	US\$- thousand	US\$3,000 thousand	100	US\$(1,587) thousand	US\$1,545 Thousand	US\$- thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software. Service of System Integration and information management education	RMB3,750 thousand	Note 1	US\$- thousand	US\$450 thousand	US\$- thousand	US\$450 thousand	80	US\$(83) thousand	US\$364 thousand	US\$- thousand

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$24,700 thousand	US\$52,800 thousand	\$6,570,253

Note 1: The Company invested in company located in Mainland China indirectly through the investing company in the third country.

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of December 31, 2008	Accumulated Inward Remittance of Earnings as of December 31, 2008
					Outflow	Inflow					
Generalplus Shenzhen	Data processing service	US\$2,700 thousand	Indirect	US\$700 thousand	\$2,000 thousand	\$-	US\$2,700 thousand	100%	US\$(1,925) thousand	US\$263 thousand	\$-

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$2,700 thousand	US\$2,700 thousand	\$697,738

Sunext Technology (Nature of Relationship: 2)

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, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2008	Accumulated Inward Remittance of Earnings as of December 31, 2008
					Outflow	Inflow					
Sunext Technology (Shanghai)	Design of magnetic disc and software	US\$750 thousand	Indirect	US\$750 thousand	\$-	\$-	US\$750 thousand	100%	US\$(106) thousand	US\$118 thousand	\$-

Accumulated Investment in Mainland China as of December 31, 2008	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$750 thousand	US\$750 thousand	\$80,000

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
 YEARS ENDED DECEMBER 31, 2008 and 2007
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. FOR THE YEAR ENDED DECEMBER 31, 2008

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions					
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets		
Sunplus Technology Co., Ltd.	Orise Technology Co., Ltd.	1	Sales	\$74,271	Note 1	0.45%		
			Nonoperating income and gains	4,787	Note 2	0.03%		
			Deferred royalty income	1,282	-	0.01%		
			Notes and accounts receivables	7,880	Note 1	0.04%		
			Other receivables	473	Note 3	-		
			Generalplus Technology Corp.	1	Sales	27,509	Note 1	0.17%
					Nonoperating income and gains	8,052	Note 2	0.05%
					Other receivables	327	Note 3	-
Notes and accounts receivables	2,380	Note 1			0.01%			
	Waveplus Technology Co., Ltd.	1	Nonoperating income and gains	550	Note 2	-		
			Sales	248	Note 1	-		
			Notes and accounts receivables	264	Note 1	-		
			Other receivables	3	Note 3	-		
Sunnext Technology Co., Ltd.		1	Sales	23,979	Note 1	0.14%		
			Nonoperating income and gains	7,529	Note 2	0.05%		
			Marketing expenses	1,310	Note 2	0.01%		
			Notes and accounts receivables	445	Note 1	-		
			Deferred royalty income	1,729	-	0.01%		
			Other receivables	143	Note 3	-		
Sunplus Core Technology Co., Ltd.	1	Other receivables	771	Note 3	-			
		Notes and accounts payables	225	Note 1	-			
		Deferred royalty income	47,200	-	0.27%			
		Nonoperating income and gains	9,398	Notes 2 and 4	0.06%			
		Sales	3,346	Note 1	0.02%			
		Research and development	8,064	Note 2	0.05%			
		1	Other current liabilities	419	Note 3	-		
			Sunplus mMobile	1	Sales	16,768	Note 1	0.10%
					Nonoperating income and gains	60,008	Notes 2 and 4	0.36%
					Notes and accounts receivables	1,644	Note 1	0.01%
Other receivables	4,601	Note 3			0.03%			
Sunplus Innovation Technology Inc.	1	Sales	13,063	Note 1	0.08%			
		Nonoperating income and gains	7,431	Note 2	0.04%			
		Research and development	58	Note 1	-			
		Notes and accounts receivables	1,179	Note 1	0.01%			
		Other receivables	376	Note 3	-			
Sunplus Technology Co., Ltd.	Sunplus mMedia Inc.	1	Sales	\$59,323	Note 1	0.36%		
			Nonoperating income and gains	82,908	Notes 2 and 4	0.50%		
			Notes and accounts receivables	5,059	Note 1	0.03%		
			Other receivables	5,596	Note 3	0.03%		
	Sunplus Technology Co., Ltd. (Shanghai)	2	Marketing Expenses	16,974	Note 2	0.10%		
	Sun Media Technology Co., Ltd.	2	Marketing expenses	4,604	Note 2	0.03%		
	Sunplus Technology Co., Ltd. (H.K.)	1	Marketing expenses	2,505	Note 2	0.02%		
			Notes and accounts receivables	2	Note 3	-		
	Sunplus Prof-tek Co., Ltd.	2	Marketing expenses	49,037	Note 2	0.30%		

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions					
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets		
Sunext Technology Co., Ltd.	Sunext Technology (Shanghai)	3	Research and development	13,269	Note 2	0.08%		
			Other receivable	712	Note 3	-		
Orise Technology Co., Ltd.	Sunplus mMedia Inc.	3	Nonoperating income and gains	2,151	Note 4	0.01%		
	Sunplus Prot-tek Co., Ltd.	3	Marketing expenses	3,784	Note 2	0.02%		
	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	13,391	Note 2	0.08%		
Sunplus mMedia Inc.	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	4,224	Note 2	0.03%		
	Sunplus Prof-tek Co., Ltd.	3	Marketing expenses	18,567	Note 2	0.11%		
			Research and development	37,428	Note 2	0.23%		
			Marketing expenses	24,373	Note 2	0.15%		
			Sales	41,233	Note 1	0.25%		
			Nonoperating income and gains	52	Note 1	-		
Sunplus Innovation Technology Inc.	Generalplus Technology Corp.	3	Nonoperating income and gains	404	Note 1	-		
	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	6,118	Note 2	0.04%		
Sunplus Core Technology Co., Ltd.	Sun Media Technology Co., Ltd.	3	Other current liabilities	1,968	Note 3	0.01%		
			Research and development	6,169	Note 2	0.04%		
Generalplus Technology Corp.	Generalplus Technology Corp. (H.K.)	3	Other current liabilities	6,337	Note 3	0.04%		
			Marketing Expenses	11,454	Note 2	0.07%		
			Other current liabilities	112	Note 3	-		
	Orise Technology Co., Ltd.	3	Sales	592	Note 1	-		
			Sunplus mMedia Inc.	3	Intangible assets	97,619	Note 2	0.55%
			Purchase	12,186	Note 1	0.07%		
			Notes and accounts payable	12,186	Note 1	0.07%		
Sunplus Technology Co., Ltd. (H.K.)	Generalplus Technology Corp. (H.K.)	3	Other current assets	114	-	-		
Sunplus mMobile SAS	Bright Sunplus mMobile Inc.	3	Sales	61,429	Note 1	0.37%		
Sunplus Technology (Shanghai) Co., Ltd.	Generalplus Technology Corp. (Shenzhen)	3	Notes and accounts receivables	4,567	Note 3	0.03%		
			Sales	11,570	Note 2	0.07%		

(Continued)

2. FOR THE YEAR ENDED DECEMBER 31, 2007

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions					
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets		
Sunplus Technology Co., Ltd.	Orise Technology Co., Ltd.	1	Sales	\$59,084	Note 1	0.29%		
			Nonoperating income and gains	14,892	Note 2	0.07%		
			Deferred royalty income	2,381	-	0.01%		
			Other receivables	3,355	Note 1	0.02%		
			Notes and accounts receivables	11,554	Note 1	0.06%		
			Generalplus Technology Inc.	1	Sales	47,290	Note 1	0.24%
			Other receivables	499	Note 1	-		
			Nonoperating income and gains	10,350	Note 2	0.05%		
			Notes and accounts receivables	4,152	Note 1	0.02%		
			Waveplus Technology Co., Ltd.	1	Sales	6,623	Note 1	0.03%
			Sunext Technology Co., Ltd.	1	Sales	22,184	Note 1	0.11%
			Nonoperating income and gains	8,329	Notes 2 and 4	0.04%		
			Marketing expenses	387	Note 2	-		
			Other receivables	4,546	Note 1	0.02%		
			Deferred royalty income	22,917	-	0.11%		
			Sunplus Core Technology Co., Ltd.	1	Other receivables	1,255	Note 1	0.11%
			Notes and accounts payables	3,621	Note 3	0.02%		
			Nonoperating income and gains	4,695	Notes 2 and 4	0.02%		
			Research and development	4,349	Note 2	0.02%		
			Sunplus mMobile	1	Sales	8,267	Note 1	0.04%

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
			Nonoperating income and gains	136,348	Notes 2 and 4	0.68%
			General and administrative	84	Note 2	-
			Research and development	515	Note 2	-
			Notes and accounts receivables	9	Note 1	-
			Other receivables	7,407	Note 1	0.04%
	Sunplus Innovation Technology Inc.	1	Sales	24,954	Note 1	0.12%
			Nonoperating income and gains	16,963	Notes 2 and 4	0.08%
			General and administrative	82	Note 2	-
			Research and development	3	Note 2	-
			Notes and accounts receivables	803	Note 1	-
			Other receivables	1,708	Note 1	0.01%
	Sunplus mMedia Inc.	2	Sales	26,306	Note 1	0.13%
			Notes and accounts receivables	3,572	Note 1	0.02%
			Other receivables	13,500	Note 1	0.06%
			Nonoperating income and gains	129,751	Notes 2 and 4	0.65%
Sunext Technology Co., Ltd.	Sunext Design Inc.	3	Expenses payables	29,111	Note 3	0.14%
			Research and development	140,214	Note 2	0.70%
	Sunext Technology (Shanghai)	3	Other receivables	712	Note 3	-
Orise Technology Co., Ltd.	Sunplus mMedia Inc.	3	Notes and accounts payables	\$47	Note 3	-
			Manufacturing expenses	48	Note 2	-
	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	6,093	Note 2	0.03%
Sunplus mMobile Inc.	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	6,845	Note 2	0.03%
	Sunplus mMedia Inc.	3	Other receivables	150	Note 1	-
Sunplus mMedia Inc.	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	5,035	Note 2	0.03%

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

Note 2: The prices were based on negotiations and but the payment period and related terms were not comparable to market terms.

Note 3: The transaction payment terms were at normal commercial terms.

Note 4: Lease transaction terms were based on negotiations and were thus not comparable to market terms. The transactions between the company and counter party were at normal terms.

Note 5: 1 - from parent company to subsidiary.

2 - from parent company to indirect subsidiary.

3 - between subsidiaries.

(Concluded)

7.6 Financial Difficulties

Impact to the Company or subsidiaries if any turnover problems: None

VIII. Financial Analysis

8.1 Financial Status

8.1.1 2008 Financial Analysis Comparison with 2007

Unit: NT\$K

Item \ Year	2008	2007	Variation	
			Amount Diff.(Decrease)	YoY %
Current Assets	\$2,837,092	\$4,315,996	\$(1,478,094)	-34
Property, Plant & Equipment	836,326	940,134	(103,808)	-11
Other Assets	1,260,233	1,380,877	(120,644)	-9
Total Assets	12,931,206	15,668,366	(2,737,160)	-17
Current Liabilities	1,731,341	2,472,048	(740,707)	-30
Other Liabilities	249,443	313,195	(63,752)	-20
Total Liabilities	1,980,784	2,785,243	(804,459)	-29
Capital Stock	5,982,028	5,567,505	414,523	7
Capital Surplus	1,587,558	1,553,917	33,641	2
Retained Earnings	3,924,634	5,644,622	(1,719,988)	-30
Total Shareholder's Equities	10,950,422	12,883,123	(1,932,701)	-15
Remark: "Current Assets "declined due to less revenue and account receivable in 2008 "Current Liability declined due to less revenue and account payable in 2008 Other Liability declined due to less guarantee deposits in 2008. Retained Earning declined due to less profits in 2008				

8.2 Operational Results

8.2.1 2008 Operation Results Comparison with 2007

Unit: NT\$K

Item \ Year	2008	2007	Variation	
			Amount Diff.(decrease)	YoY %
Gross Sale	\$6,433,010	\$9,380,826	\$(2,947,816)	-31
Deduct: Sales Returns and Allowances	339,831	166,767	173,064	104
Net Sales	6,083,179	9,214,059	(3,120,880)	-34
Deduct: Unrealized Gain on Inter-company Profit - Net	(45,096)	3,888	(48,984)	-1260
Cost of Sales	3,690,119	5,305,721	(1,615,602)	-30
Gross Profit	2,357,964	3,912,226	(1,554,262)	-40
Operating Expenses	1,841,255	2,306,030	(464,775)	-20
Income From Operating	516,709	1,606,196	(1,089,487)	-68
Non - Operating Income	727,781	1,108,159	(380,600)	-34
Non - Operating Expenses	1,084,466	417,873	666,371	160
Income Before Tax	160,024	2,296,482	(2,136,458)	-93
Income Tax Benefits	(151,641)	(234,980)	(-83,339)	-35
Cumulative Effect of Changes in Accounting Principles	0	0	0	0
Net Income	8,383	2,061,502	(2,053,119)	-100
Remarks: 1. "Gross sales", "Net Sales", "Gross Profit", "Cost of Sales", "Operating Profit" declined due to low demands by economic crisis 2. "Unrealized Gain on Inter-company Profit – Net" increased because of more licensing income from subsidiaries. 3. Non - Operating Income declined due to less disposal gain. 4. Non - Operating Expenses increased due to more losses on long-term investment. 5. Income tax declined due to less net income.				

8.3 Cash Flow

8.3.1 Cash Flow Analysis

(A) Cash Flow Analysis 2007~2008

Item \ Year	2008	2007	YoY (%)
Cash flow ratio	120.99	103.20	-35.98%
Cash flow adequacy ratio	129.07	110.94	-0.57%
Cash flow reinvestment ratio	5.81	3.58	-69.84%
Remarks: The cash flow investment ration declined due to less cash dividends.			

(B) 2009 Cash Flow Forecast

Unit: NT\$K

Cash, beginning of the year	Cash Flow from Operating Activities	Net Cash Outflow	Net Cash Balance	Remedial Measure if cash not enough	
Balance (1)	Net Cash Flow (2)	(3)	(1)+(2)-(3)	Investment plan	financial leverage plan
\$914,057	(338,878)	823,724	1,398,903	-	-
From Operating: cash flow in because of sales growth in 2009 2H. From Investing: cash flow in because of acquisition of long-term investment and fixed assets From Financing: Cash flow out because of loans.					

8.4 Major Capital Expenditure

8.4.1 Major Capital Expenditure and Sources

Unit: NT\$K

Item	Sources of Fund	Est. Due Date	Required Capital Amount	Capital Expenditure Plan							
				2006	2007	2008	2009	2010	2011	2012	2013
Testing facility	Own	2006~2013	\$379,420	55,563	30,409	35,948	53,500	53,500	53,500	53,500	53,500

8.4.2 Benefits from the Capital Expenditure:

The testing cost could be saved in coming 5 years:

Year	Cost saved in NT\$K
2009	13,250
2010	13,250
2011	13,250
2012	13,250
2013	13,250

8.5 Long-Term Investment

Analysis Item	Amount (Note) In NT\$K	Policy	Reason of Gain or Loss	Improvement Plan	Investment Plan in one year
Sunplus mMedia	752,580	To hold directly for tough competition and slow market demands	The company makes net losses in 2008 because of economic crisis and slow demands.	To review the product lines and evaluate the market opportunities cautiously, to distribute the available resource more carefully; and to develop better products with better cost-performance	None

Note: The investment amount over 5% of the paid-in capital.

8.6 Risk Management

8.6.1 The Impact of Inflation, Foreign Exchange and Interest Rate Fluctuation and Measures to Cope With

Interest Rate: The Company will get more interest expenses when the interest rate rises. The finance division will collect information and evaluate the variation for hedge. Vice versa, the low interest rate will impact interest income. The company will put more cash on highly- returned short-term investment.

Exchange Rate: And the products are quoted in US dollars. Most of the costs are quoted in US dollars but still some in NT dollars. So the New Taiwan Dollars appreciation will impact the company sales and gross margin. Our major foreign-currency assets are account receivable and time deposits. The company already utilizes mainly forward currency and option contracts to hedge its foreign exchange exposure, so the impact from floating exchange rate will be minimized.

Inflation: The material costs vary timely. The higher manufacture cost and selling pricing which would impact the consumers' budget for the high-end consumer electronic products. But Sunplus is working hard to develop new products for add-on value and cost-down, and expand the market shares in the emerging markets to relief the slow-down from developed countries.

8.6.2 Internal Policies and Procedure Exist with Respect to High Risk/ High Leveraged Investment, Lending/Endorsements and Guarantees for Other Parties, Financial Derivatives Transaction

No high risk/high leveraged investment. No extension of monetary loans to others.

The company already has policies and procedures like "Procedure of Endorsement and Guarantees, and "Procedures of Financial Derivatives Transactions", which follow the rules issued by Taiwan Securities and Futures Commission. The Endorsement will only be done for Sunplus subsidiaries and invested companies with 20% of net value. And financial transactions of a derivatives nature that Sunplus enters into are strictly for hedging purposes and not for any trading or speculative purposes and under well evaluation.

8.6.3 R&D Plan and Execution

Sunplus will keep investing in developing new products, such as IC solutions for BD player, Set-up-Box, Portable TV, DTV, etc.

Except developing core technology on our own, Sunplus is also looking for outside resources like purchasing or licensing IPs to speed up the mass-production schedule.

8.6.4 Political and Regulatory Environment

Starting from 2009, Sunplus will adopt the newly released "Statement of Financial Accounting Standards" No. 10, "Accounting for Inventory", that the inventories should be evaluated by categories and marked down by the market value. The adoption of mentioned accounting

statement won't impact Sunplus extremely for we are quite cautious with inventory management and has booked the reasonable provision for inventory losses quarterly.

8.6.5 Advanced Technology

The wafer process technology is moving to smaller geometry. The migrated process technology could keep the chip production cost down but R&D cost up. The Company tries to develop higher add-on value and mainstream multimedia products, which mainstream means to produce in huge volume and to share the research and development cost.

8.6.6 Corporate Identify and Image Change

The Company takes corporate image seriously and realizes it could be destroyed in one day. Fortunately, there is no major change till now. The Company will do their best to conserve it.

8.6.7 Mergers &Acquisitions

None

8.6.8 Expansion of Facilities

None

8.6.9 Suppliers & Customers

The company purchase materials from several suppliers and subcontract to backend package and testing houses. The Top 5 customers of the company are all distributors with fair due diligence and regular auditing. Besides asking guarantee, the accounting department will track the account receivable monthly.

8.6.10 Major Shareholding Change

None

8.6.11 Ownership Change

None

8.6.12 Litigation Proceedings

None

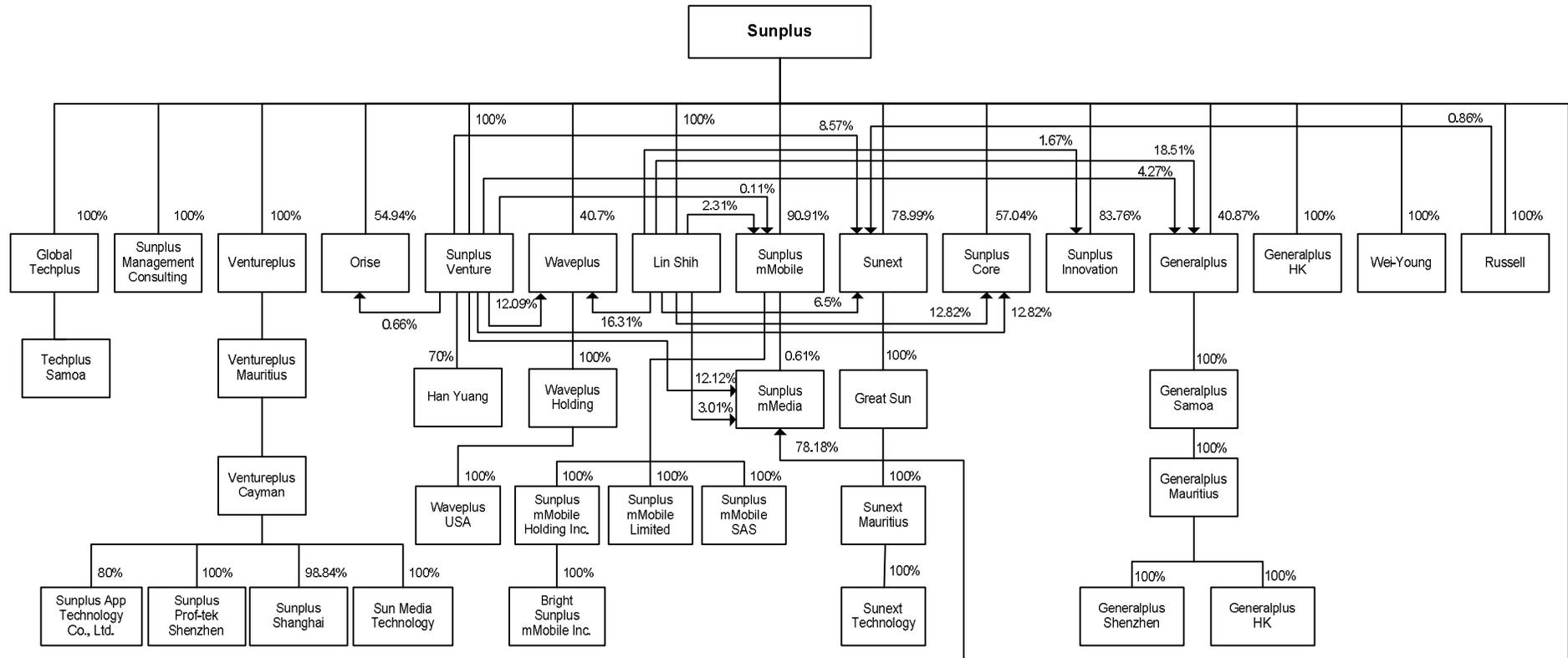
8.6.13 Other Risks

None

8.7 Other Remarks

IX. SPECIAL NOTES

9.1 Affiliates



9.1.2 Affiliated Companies

Unit: NT\$K, and specified otherwise

Company	Date of Incorporation	Place of Registration	Capital	Business Activities
Sunplus Technology (HK) Co., Ltd.	Aug. 31, 1993	Kowloon, HK	HK\$11,075,000 (Note)	Trading
Lin Shih Investment, Ltd.	Jul. 2, 1998	Hsinchu, Taiwan	700,000	Investment
Russell Holdings Ltd.	Mar. 11, 1998	Cayman Islands, British West Indies.	US\$14,760,000 (Note)	Investment
Sunplus Venture Capital Co., Ltd.	Dec. 16, 1999	Hsinchu, Taiwan	1,000,000	Investment
Waveplus Technology Co., Ltd.	Dec. 6, 1999	Hsinchu, Taiwan	32,000	IC Design
Waveplus Holding Ltd.	May. 29, 2003	Mauritius	US\$500,000 (Note)	Investment
Waveplus Design Inc.	Jun. 17, 2003	CA, USA	US\$500,000 (Note)	IC Design
Ventureplus Group Inc.	Jul. 27, 2001	Belize	US\$24,700,000 (Note)	Investment
Ventureplus Mauritius Inc.	Aug. 2, 2001	Mauritius	US\$24,700,000 (Note)	Investment
Ventureplus Cayman Inc.	Sep. 14, 2001	Cayman Islands, British West Indies.	US\$24,700,000 (Note)	Investment
Shanghai Sunplus Co., Ltd.	Dec. 7, 2001	Shanghai, China	US\$17,200,000 (Note)	CE Products manufacture and sales
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Oct.20,2007	Shenzhen, China	US\$4,250,000 (Note)	Software and System Design
Sunmedia Technology Co., Ltd.	Jan.08,2008	Chengdu, China	US\$3,000,000 (Note)	IC Sales and After Service, Software and System Design
Sunplus App Technology Co., Ltd.	Oct.,06,2008	Beijing, China	RMB\$3,750,000 (Note)	IC Sales and After Service, Software and System Design
Global Techplus Capital Inc. (The original Name: Techplus Capital Niue Inc.)	Oct., 2001	Mahe, Seychelles	US\$200,000 (Note)	Investment
Techplus Capital Samoa Inc.	Oct. 23, 2001	Samoa	US\$0 (Note)	Investment
Sunext Technology Co., Ltd.	Mar. 13, 2003	Hsinchu, Taiwan	10,00,000	IC Design
Great Sun Corporation	Jan.28,2003	Samoa	US\$1,750,000 (Note)	Investment
Sunext (Mauritius) Inc.	Aug. 19, 2004	Mauritius	US\$750,000 (Note)	Investment
Sunext Optoelectronics Technology (Shanghai) Co. Ltd	Dec. 27, 2004	Shanghai, China	US\$750,000 (Note)	Software
Sunplus Management Consulting Inc.	Oct. 29, 2003	Taipei, Taiwan	5,000	Management Consulting
WeiYing Investment	Feb. 13, 2004	Taipei, Taiwan	14,000	Investment
Generalplus Technology Co., Ltd	Mar. 30, 2004	Hsinchu, Taiwan	683,664	IC Design
Generalplus International (Samoa) Inc.	Nov. 12, 2004	Samoa	US\$3,090,000 (Note)	Investment
Generalplus (Mauritius) Inc.	Nov. 25, 2004	Mauritius	US\$3,090,000 (Note 2)	Investment
Generalplus Technology (Shenzhen) Inc.	Mar. 24, 2005	Shenzhen, China	US\$2,700,000 (Note)	Sales Service

Company	Date of Incorporation	Place of Registration	Capital	Business Activities
Generalplus Technology (HK) Inc.	Mar.21,2007	Hong Kong	US\$390,000 (Note)	Sales Service
Orise Technology Co., Ltd	Jan. 3, 2006	Hsinchu, Taiwan	1,312,156	IC Design
Sunplus mMobile Inc.	Dec. 20, 2006	Hsinchu, Taiwan	1,320,000	IC Design
Sunplus Innovation Technology Inc.	Dec. 14, 2006	Hsinchu, Taiwan	270,520	IC Design
Sunplus mMedia Inc.	Apr.18,2007	Hsinchu, Taiwan	825,000	IC Design
Sunplus Core Technology Co., Ltd	Sep.29,2007	Hsinchu, Taiwan	156,000	IC Design
Sunplus mMobile SAS	Apr.22,2008	Cannes, France	EUR\$237,000 (Note)	IC Design
Sunplus mMobile Limited	Feb.28, 2008	Cambridge, UK	GBP\$500,000 (Note)	IC Design
Sunplus mMobile holding Inc.	Apr. 11,2008	Hsinchu, Taiwan	US\$2,580,000 (Note)	Investment
Bright Sunplus mMobile Inc.	Apr. 15,2008	Mauritius	US\$2,515,000 (Note)	IP Licensing

Note: End of 2008, HK\$1=NT\$4.23, US\$1=NT\$32.8, RMB1=NT\$4.8073, EUR1=NT\$46.24, GBP1=NT\$47.52

9.1.3 Business Scope of Affiliated Companies

Company	Business Activities	Business Relationship
Sunplus Technology (HK) Co., Ltd.	Trading	NA
Lin Shih Investment, Ltd.	Investment	NA
Russell Holdings Ltd.	Investment	NA
Sunplus Venture Capital Co., Ltd.	Investment	NA
Waveplus Technology Co., Ltd.	IC Design	Customer
Waveplus Holding Ltd.	Investment	NA
Waveplus Design Inc.	IC Design	NA
Ventureplus Group Inc.	Investment	NA
Ventureplus Mauritius Inc.	Investment	NA
Ventureplus Cayman Inc.	Investment	NA
Shanghai Sunplus Co., Ltd.	manufacture and sales service	China branch
Sunplus Prof-tek (Shenzhen) Ltd.	Software and System Design	China branch
Sunmedia Technology Co., Ltd.	manufacture and sales service Software and System Design	China branch
Sunplus App Technology Co., Ltd.	manufacture and sales service Software and System Design	China branch
Global Techplus Capital Inc. (The original Name: Techplus Capital Niue Inc.)	Investment	NA
Techplus Capital Samoa Inc.	Investment	NA
Sunext Technology Co., Ltd.	IC Design	NA
Great Sun Corporation	Investment	NA
Sunext (Maruitius) Inc.	Investment	NA
Sunext Optoelectronics Technology (Shanghai) Co. Ltd	Software	NA

Company	Business Activities	Business Relationship
Sunplus Management Consulting Inc.	Management Consulting	NA
WeiYing Investment	Investment	Subsidiary
Generalplus Technology Co., Ltd	IC Design	NA
Generalplus International (Samoa) Inc.	Investment	NA
Generalplus (Mauritius) Inc.	Investment	NA
Generalplus Technology (Shenzhen) Inc.	Sales Service	NA
Generalplus Technology (HK) Inc.	Sales Service	NA
Orise Technology Co., Ltd	IC Design	Subsidiary
Sunplus mMobile Inc.	IC Design	Subsidiary
Sunplus Innovation Technology Inc.	IC Design	Subsidiary
Sunplus mMedia Inc.	IC Design	Subsidiary
Sunplus Core Technology Co., Ltd	IC Design	Subsidiary
Sunplus mMobile SAS	IC Design	NA
Sunplus mMobile Limited	IC Design	NA
Sunplus mMobile Holding Inc.	Investment	NA
Bright Sunplus mMobile Inc.	IP Licensing	NA

9.1.4 Rosters of Directors, Supervisors, and Presidents of Affiliated Companies

Company	Title	Name	Shareholding	
			Amount (shares)	%
Sunplus Technology (HK) Co., Ltd.		Sunplus Technology	HK\$11,075,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Ming-Cheng Hsieh (repr.)	-	-
Lin Shih Investment Co., Ltd.		Sunplus Technology	70,000,000	100%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Bing-Huang Shih	-	-
	Director	Yarn-Chen Chen	-	-
	Supervisor	Gow-Chin Su	-	-
Russell Holdings Ltd.		Sunplus Technology	US\$19,260,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunplus Venture Capital Co., Ltd.		Sunplus Technology	100,000,000	100%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
	Director	Bing-Huang Shih	-	-
	Director	Hans Tai	-	-
	Director	Gow-Chin Su	-	-
	Supervisor	Wayne Shen	-	-
Waveplus Technology Co., Ltd.		Sunplus Technology	1,302,333	40.7%
	Chairman & President	Chou-Chye Huang (repr.)	-	-
	Director	Wei-Chou Tseng	387,000	12.09%
	Director	Lin Shih Investment	522,000	16.31%
	Supervisor	Global View	14,109	0.44%
Waveplus Holding Ltd.		Waveplus Technology	US\$500,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Waveplus Design Inc.		Waveplus Holding	US\$500,000	100%
	Director	Xian Qing Yeh(repr.)	-	-
Ventureplus Group Inc.		Sunplus Technology	US\$24,700,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Mauritius Inc.		Ventureplus Group	US\$24,700,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Cayman Inc.		Ventureplus Mauritius	US\$24,700,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Shanghai Sunplus Co., Ltd.		Ventureplus Cayman	US\$17,000,000	98.84%
	Director	Chou-Chye Huang (repr.)	-	-

Company	Title	Name	Shareholding	
			Amount (shares)	%
	Director	Yarn-Chen Chen	-	-
Sunplus Prof-tek Co., Ltd.		Ventureplus Cayman	US\$4,250,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
Sunmedia Technology Co., Ltd.		Ventureplus Cayman	US\$3,000,000	100%
	Director	Chou-Chye Huang (repr.)		
Sunplus App Technology Co., Ltd		Ventureplus Cayman	RMB\$3,000,000	100%
	Director	Chou-Chye Huang (repr.)		
Global Techplus Capital Inc. (The original name: Techplus Capital Niue Inc.)		Sunplus Technology	US\$200,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Techplus Capital Samoa Inc.		Global Techplus Capital	US\$0	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunext Technology Co., Ltd.		Sunplus Venture Capital	8,570,895	8.57%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
	Director	Bing-Huang Shih	-	-
	Director & President	Kuang-Pu Mi	939,675	0.94%
	Supervisor	Sunplus Venture Capital Hans Tai (repr.)	8,570,895	8.57%
Great Sun Corporation		Sunext Technology	US\$1,750,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunext (Mauritius) Inc.		Sunext Design, Inc.	US\$750,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunext Optoelectronics Technology (Shanghai) Co. Ltd		Sunext (Mauritius)	US\$750,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
	Director	Kuang-Pu Mi	-	-
Sunplus Management Consulting Inc.		Sunplus Technology	500,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
	Director	Bing-Huang Shih	-	-
WeiYing Investment Co., Ltd.	Supervisor	Shu-Lan Wang	-	-
		Sunplus Technology	1,400,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-

Company	Title	Name	Shareholding	
			Amount (shares)	%
	Director	Bing-Huang Shih	-	-
	Supervisor	Shu-Lan Wang	-	-
Generalplus Technology Co., Ltd		Sunplus Technology	27,942,142	40.87%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
	Vice Chairman	Hou-Shien Chu	-	-
	Director	Han-Hwa Lu	595,360	0.87%
	Director	Chih-I Yang	512,600	0.75%
	Supervisor	Lin-Shih Investment	12,652,717	18.51%
	Supervisor	Sunplus Venture Capital	2,919,858	4.27%
Generalplus International (Samoa) Inc.		Generalplus Technology	US\$3,090,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus (Mauritius) Inc.		Generalplus International (Samoa)	US\$1,090,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus Technology (Shenzhen) Inc.		Generalplus International (Mauritius)	US\$700,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
	Director	Han- Hwa Lu	-	-
Orise Technology Co., Ltd.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	72,089,982	54.94%
	Director	Bing-Huang Shih	-	-
	Director& President	Chin-Nai Tsen	1,319,073	1.01%
	Director	Konly Venture Corporation Chun-Ting Liu (repr.)	21,719,764	16.55%
	Director	Hsien-Ho Shen	-	-
	Director	Pi-Chin Li	-	-
	Director	Yi-Fang Kao	-	-
	Supervisor	Sunplus Venture Capita Shu-Lan Wang(repr.)	865,200	0.66%
	Supervisor	Chi-Ying Chiu	-	-
Supervisor	Chao-Chang Chen	-	-	
Sunplus mMobile Inc.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	120,000,000	90.91%
	Director & President	Yarn-Chen Chen	-	-
	Director	Bing-Huang Shih	-	-

Company	Title	Name	Shareholding	
			Amount (shares)	%
	Supervisor	Shu-Lan Wang	-	-
Sunplus Innovation Technology Inc.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	22,660,000	83.76%
	Director	Bing-Huang Shih	-	-
	Director& President	Chih-Hao Kung	-	-
	Supervisor	Hans Tai	-	-
	Supervisor	Hans Tai	-	-
Sunplus mMedia Inc.	Chairman	Sunplus mMobile Technology Chou-Chye Huang (repr.)	500,000	0.61%
	Director& President	Yarn-Chen Chen	-	-
	Director	Bing-Huang Shih	-	-
	Supervisor	Shu-Lan Wang	-	-
Sunplus Core Technology Co., Ltd	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	8,898,000	57.04%
	Director	Bing-Huang Shih		
	Director	Lin Shih Investment	2,000,000	12.82%
	Director	Sunplus Venture Capital	2,000,000	12.82%
Sunplus mMobile SAS	Director	Sunplus mMobile Technology Chou-Chye Huang (repr.)	EUR237,000	100%
Sunplus mMobile Limited	Director	Sunplus mMobile Technology Chou-Chye Huang (repr.)	GBP500,000	100%
Sunplus mMobile holding Inc.	Director	Sunplus mMobile Technology Chou-Chye Huang (repr.)	US\$2,580,000	100%
Bright Sunplus mMobile Inc.	Director	Sunplus mMobile Holding Inc. Chou-Chye Huang (repr.)	US\$2,515,000	100%

9.1.5 Common Shareholders of Sunplus and Its Subsidiaries or Its Affiliates with Actual of Deemed Control

Not applicable

9.1.6 Operation Highlights of Sunplus Affiliates

Unit: NT\$K; except EPS (NT\$)

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS (After Tax)
Sunplus Technology (HK) Co., Ltd.	46,847	4,876	59	4,817	3,160	8,864	8,864	NA
Lin Shih Investment Co., Ltd.	700,000	689,330	35,274	654,056	184,230	34,610	36,358	0.52
Russell Holdings Limited	484,128	435,102	11,715	423,387	10,245	(60,634)	(55,098)	NA
Sunplus Venture Capital Co., Ltd.	1,000,000	669,850	44,961	624,889	331,206	109,684	91,518	0.92
Waveplus Technology Co., Ltd.	32,000	61,584	20,446	41,138	103,027	(4,948)	(3,649)	(1.14)
Ventureplus Group Inc.	810,160	428,744	266	428,478	0	(125,354)	(125,214)	NA
Ventureplus Mauritius Inc.	810,160	428,785	155	428,630	0	(125,354)	(125,354)	NA
Ventureplus Cayman Inc.	810,160	428,955	195	428,760	0	(125,354)	(125,354)	NA
Shanghai Sunplus Co., Ltd.	564,160	550,838	255,807	295,031	52,091	(3,504)	(3,504)	NA
Global Techplus Capital Inc. (The original name: Techplus Capital Niue Inc.)	6,560	7,852	0	7,852	1,577	1,434	1,486	NA
Hang Young Technology Co., Ltd.	6,000	2,544	0	2,544	0	0	0	0
Sunext Technology Co., Ltd.	1,000,000	646,945	516,628	130,317	253,143	(299,948)	61,338	0.61
Sunplus Management Consulting Inc.	5,000	4,194	0	4,194	0	(98)	(30)	(0.06)
Waveplus Holding Ltd.	16,400	34	85	(51)	0	0	(2,050)	NA
Waveplus Design Inc.	16,400	0	0	0	0	0	0	NA
GreatSun Corporation	57,400	36,697	0	36,697	11,036	(1)	264,368	NA
WeiYing Investment Co., Ltd.	14,000	5,207	40	5,167	235	188	191	0.14
Generalplus Technology Co., Ltd.	683,664	1,511,983	349,086	1,162,897	1,893,937	244,924	189,683	2.77
Techplus Capital Samoa Inc.	0	0	0	0	0	0	0	NA
Sunext (Mauritius) Inc.	24,600	3,893	0	3,893	0	0	(3,336)	NA
Generalplus International Samoa Inc.	101,352	11,174	0	11,174	0	173	(64,195)	NA
Generalplus (Mauritius) Inc.	101,352	11,174	0	11,174	0	173	(64,195)	NA
Sunext Optoelectronics Technology (Shanghai) Co. Ltd	24,600	6,143	2,260	3,883	10,856	(3,338)	(3,338)	NA
Generalplus Technology (Shenzhen) Inc.	88,560	23,623	15,000	8,623	15,881	(59,462)	(60,699)	NA
Orise Technology Co., Ltd.	1,312,156	2,710,534	439,360	2,271,174	4,567,214	298,641	265,446	2.03
Sunplus mMobile Inc.	1,320,000	851,937	1,011,339	(159,402)	44,987	(791,990)	(1,274,350)	(9.65)
Sunplus Innovation Technology Inc.	270,520	639,245	170,817	468,428	1,201,646	77,780	65,822	2.44
Sunplus mMedia Inc.	825,000	1,308,953	400,798	908,155	2,270,119	(256,559)	(364,758)	(4.42)
Sunplus Core Technology	156,000	162,767	131,466	31,301	8,300	(122,892)	(123,362)	(7.91)
Generalplus HK	12,792	4,539	2,020	2,519	11,456	(3,674)	(3,674)	NA
Sunplus Prof-tek(ShenZhen)	139,400	98,564	24,628	73,936	139,463	(65,563)	(69,277)	NA

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS (After Tax)
Sunmedia Technology Co., Ltd.	98,400	70,242	19,582	50,660	59,618	(47,029)	(50,089)	NA
Sunplus App Technology Co., Ltd.	18,027	18,209	3,292	14,917	323	(3,266)	(3,266)	NA
Sunplus mMobile SAS	10,959	25,699	14,381	11,318	61,427	(99)	360	NA
Sunplus mMobile Limited	23,760	2,019	59,314	(57,294)	0	(99,634)	(99,527)	NA
Sunplus mMobile Holding Inc.	84,624	2,156	0	2,156	0	(79,273)	(79,273)	NA
Bright Sunplus mMobile Inc.	82,492	24	0	24	0	(79,273)	(79,273)	NA

9.1.7 Consolidated Financial Statement of Sunplus Affiliates

Same as the 7.5 Consolidated Financial Statements.

9.2 Private Placement Securities

Not Applicable

9.3 Status of Sunplus Common Shares/GDRs Acquired, Disposed of, or Held by Subsidiaries

Company	Capital	Source of Fund	% Owned by Sunplus	Transaction Date	Amount of Acquisition	Amount of Disposal	Investment Income	Balance (by the Date of this Report Printed)	Balance of Pledged Shares	Balance of Guarantee Provided by Sunplus	Balance of Financing Provided by Sunplus
Lin Shih Investment Co., Ltd.	700,000	self-owned reserves	100%	2001.12.25	3,870,196 Shares & \$95,605,000	-	-	-	None	None	None
				2002.07.02	967,549 Shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2003.07.13	483,774 Shares Capital increase from capital surplus	-	-	-	None	None	None
				2004.08.23	532,151 Shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2005.08.23	290,614 Shares Capital increase from profits and capital surplus	-	-	-	2,503,705 Shares Pledged	None	None
				2006.08.05	306,132 Shares Capital increase from profits and capital surplus	-	-	-	500,741 Shares Pledged	None	None
				2007.03.26	-3,220,429 Shares Capital reduction	-	-	-	None	None	None
				2007.09.05	+160,538 Shares Capital increase from profits and capital surplus	-	-	-	380,000 Shares Pledged	None	None
				2008.09.08	+169,471 Shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				By the date of this report printed	-	-	-	3,559,996 Shares \$63,401,000	3,384,446 Shares Pledged	None	None

9.4 Special Notes

Other necessary supplement: None

9.5 Any Events Impact to Shareholders' Equity and Share Price

None

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