Sunplus Technology Company Limited and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

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 (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in 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 issue a report on these financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation 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 its subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Sunplus Technology Corporation, as of and for the years ended December 31, 2015 and 2014, on which we have issued an unqualified report.

March 23, 2016

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

ASSETS	2015 Amount	2015 %	2014 Amount	2014 %
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 4,442,810	29	$ 3,576,732	24
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	24,200	-	14,830	-
Available-for-sale financial assets - current (Notes 4 and 8)	961,646	6	984,307	7
Debt investments with no active market - current (Notes 4 and 9)	15,389	-	14,903	-
Notes and trade receivables, net (Notes 4, 5, 11 and 36)	1,569,460	10	1,729,796	12
Other receivables (Note 36)	34,731	-	144,819	1
Inventories (Notes 4, 5 and 12)	1,225,022	8	1,347,742	9
Other current assets (Note 19)	431,971	3	224,598	1
Total current assets	8,705,229	56	8,037,727	54
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	1,518,898	10	731,787	5
Financial assets carried at cost (Notes 4 and 10)	528,590	3	241,005	2
Investments accounted for using the equity method (Notes 4, 5, 15 and 35)	639,017	4	1,409,239	9
Property, plant and equipment (Notes 4, 5, 16 and 37)	3,563,095	23	3,490,672	24
Investment properties (Notes 4, 5 and 17)	257,070	2	282,663	2
Intangible assets (Notes 4, 5 and 18)	193,481	1	278,188	2
Deferred tax assets (Notes 4, 5 and 28)	39,485	-	42,126	-
Other noncurrent assets (Note 19)	154,142	1	306,037	2
Total noncurrent assets	6,893,778	44	6,781,717	46
TOTAL	$ 15,599,007	100	$ 14,819,444	100

LIABILITIES AND EQUITY	2015 Amount	2015 %	2014 Amount	2014 %
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	$ 646,093	4	$ 304,085	2
Trade payables (Note 21)	665,304	4	728,569	5
Current tax liabilities (Notes 4 and 28)	54,132	1	26,005	-
Provisions - current (Notes 4 and 22)	15,339	-	21,849	-
Current portion of long-term loans (Notes 4 and 20)	619,678	4	905,296	6
Deferred revenue - current (Notes 4, 23 and 31)	1,819	-	3,375	-
Other current liabilities (Note 23)	738,493	5	836,995	6
Total current liabilities	2,740,858	18	2,826,174	19
NONCURRENT LIABILITIES				
Long-term borrowings (Notes 4, 20 and 37)	1,256,373	8	657,082	4
Net defined benefit liabilities (Notes 4 and 24)	98,425	1	108,105	1
Guarantee deposits (Note 33)	202,181	1	221,747	1
Deferred revenue - noncurrent, net of current portion (Notes 4, 23 and 31)	74,591	-	81,311	1
Other noncurrent liabilities, net of current portion (Note 23)	1,339	-	2,319	-
Total noncurrent liabilities	1,632,909	10	1,070,564	7
Total liabilities	4,373,767	28	3,896,738	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 25)				
Ordinary shares	5,919,949	38	5,919,949	40
Capital surplus (Notes 4, and 25)	897,317	6	936,051	6
Retained earnings (Note 25)				
Legal reserve	1,831,596	12	1,790,538	12
Special reserve	17,833	-	22,639	-
Unappropriated earnings	595,226	4	408,610	3
Other equity (Notes 4 and 25)	331,492	2	309,932	2
Treasury shares (Notes 4, 25 and 37)	(63,401)	(1)	(63,401)	-
Total equity attributable to owners of the Company	9,530,012	61	9,324,318	63
NONCONTROLLING INTERESTS (Notes 4 and 25)	1,695,228	11	1,598,388	11
Total equity	11,225,240	72	10,922,706	74
TOTAL	$ 15,599,007	100	$ 14,819,444	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 26, and 36)	$ 8,465,833	100	$ 7,871,515	100
OPERATING COSTS (Notes 12, 24 ,27 and 36)	4,943,208	58	4,557,114	58
GROSS PROFIT	3,522,625	42	3,314,401	42
OPERATING EXPENSES (Notes 24, 27 and 36)				
Selling and marketing	375,719	4	404,217	5
General and administrative	644,724	8	524,170	7
Research and development	1,934,765	23	1,832,904	23
Total operating expenses	2,955,208	35	2,761,291	35
OTHER OPERATING EXPENSES	(877)	-	(234)	-
PROFIT FROM OPERATIONS	566,540	7	552,876	7
NONOPERATING INCOME (Notes 4, 27 and 36)				
Other income	125,905	1	130,951	2
Other gains	28,812	-	277,909	3
Finance costs	(37,629)	-	(34,825)	-
Share of profit of associates and joint ventures (Note 15)	254,379	3	16,659	-
Total nonoperating income	371,467	4	390,694	5
PROFIT BEFORE INCOME TAX	938,007	11	943,570	12
INCOME TAX EXPENSE (Notes 4 and 28)	81,882	1	56,614	1
NET PROFIT FOR THE YEAR	856,125	10	886,956	11
NET LOSS FROM DISCONTINUED OPERATIONS (Note 13)	(27,845)	-	(332,841)	(4)
NET PROFIT OF THE YEAR	828,280	10	554,115	7
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 25)				
Item that will not be reclassified subsequently to profit or loss				

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	**%**	**Amount**	**%**
Remeasurement of defined benefit plans	(3,686)	-	8,684	-
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(26,801)	-	102,578	2
Unrealized gain on available-for-sale financial assets	53,414	-	7,497	-
Share of other comprehensive income (loss) of associates and joint venture	(4,645)	-	6,112	-
Other comprehensive income for the year, net of income tax	18,282	-	124,871	2
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR	$ 846,562	10	$ 678,986	9
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 589,348	7	$ 422,852	5
Noncontrolling interests	238,932	3	131,263	2
	$ 828,280	10	$ 554,115	7
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 609,203	7	536,619	7
Noncontrolling interests	237,359	3	142,367	2
	$ 846,562	10	$ 678,986	9
EARNINGS PER SHARE (New Taiwan dollars; Note 29)				
From continuing and discontinued operations				
Basic	$ 1.00		$ 0.72	
Diluted	$ 1.00		$ 0.72	
From continuing operations				
Basic	$ 1.05		$ 1.28	
Diluted	$ 1.05		$ 1.28	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company — Capital Stock Issued and Outstanding (Note 25) — Share (Thousands)	Capital Stock Issued and Outstanding (Note 25) — Amount	Capital Surplus (Notes 4 and 25)	Retained Earnings (Note 25) — Legal Reserve	Retained Earnings (Note 25) — Special Reserve	Retained Earnings (Note 25) — Unappropriated Earnings (Accumulated Deficits)	Other Equity (Notes 4 and 25) — Exchange Differences on Translating Foreign Operations	Other Equity (Notes 4 and 25) — Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares (Notes 4, 25 and 37)	Total	Noncontrolling Interests (Notes 4 and 25)	Total Equity
BALANCE, JANUARY 1, 2014	596,910	$ 5,969,099	$ 950,179	$ 1,909,685	$ 30,755	$ (127,263)	$ 27,108	$ 172,562	$ (155,236)	$ 8,776,889	$ 1,588,623	$ 10,365,512
Effect of retrospective application of IAS 19 and retrospective restatement of financial statements	-	-	-	-	-	(1,965)	-	-	-	(1,965)	(269)	(2,234)
Balance at January 1, 2014 as restated	596,910	5,969,099	950,179	1,909,685	30,755	(129,228)	27,108	172,562	(155,236)	8,774,924	1,588,354	10,363,278
Offset of the 2013 deficit												
Legal reserve	-	-	-	(119,147)	-	119,147	-	-	-	-	-	-
Special reserve	-	-	-	-	(8,116)	8,116	-	-	-	-	-	-
Restricted employee shares distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	17,350	-	-	-	-	-	-	17,350	-	17,350
Acquisition of equity of subsidiaries	-	-	-	-	-	(13,666)	-	-	-	(13,666)	-	(13,666)
Changes in equity of subsidiaries	-	-	11,207	-	-	(2,116)	-	-	-	9,091	-	9,091
Net profit for the year ended December 31, 2014	-	-	-	-	-	422,852	-	-	-	422,852	131,263	554,115
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	3,505	101,150	9,112	-	113,767	11,104	124,871
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	426,357	101,150	9,112	-	536,619	142,367	678,986
Disposal of treasury stock	(4,915)	(49,150)	(42,685)	-	-	-	-	-	91,835	-	-	-
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(132,333)	(132,333)
BALANCE, DECEMBER 31, 2014	591,995	5,919,949	936,051	1,790,538	22,639	408,610	128,258	181,674	(63,401)	9,324,318	1,598,388	10,922,706
Appropriation of the 2014 earnings												
Legal reserve	-	-	-	41,058	-	(41,058)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(355,198)	-	-	-	(355,198)	-	(355,198)
Cash dividend for common stock	-	-	-	-	(4,806)	4,806	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	-	-	-	(753)	-	-	-	(753)	-	(753)
Disposal of investment accounted for using the equity method	-	-	(40,863)	-	-	-	-	(41)	-	(40,904)	-	(40,904)
Difference between stock price and book value from disposal of subsidiaries	-	-	-	-	-	(8,783)	-	-	-	(8,783)	-	(8,783)
Changes in equity of subsidiaries	-	-	(7)	-	-	-	-	-	-	(7)	-	(7)
Net profit for the year ended December 31, 2015	-	-	-	-	-	589,348	-	-	-	589,348	238,932	828,280
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(1,746)	(30,749)	52,350	-	19,855	(1,573)	18,282
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	587,602	(30,749)	52,350	-	609,203	237,359	846,562
Adjustment of capital surplus for the Company's cash dividends received by subsidiaries	-	-	2,136	-	-	-	-	-	-	2,136	-	2,136
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(140,519)	(140,519)
BALANCE, DECEMBER 31, 2015	591,995	$ 5,919,949	$ 897,317	$ 1,831,596	$ 17,833	$ 595,226	$ 97,509	$ 233,983	$ (63,401)	$ 9,530,012	$ 1,695,228	$ 11,225,240

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax		
Income before income tax from continuing operations	$ 938,007	$ 943,570
Income before income tax from discontinued operations	(27,845)	(332,841)
	910,162	610,729
Adjustments for:		
Depreciation expenses	265,097	287,246
Bad-debt expenses	1,823	1,565
Amortization expenses	99,923	153,509
Net loss on fair value change of financial assets designated as at fair value through profit or loss	191	165
Financial costs	37,629	34,825
Interest income	(37,908)	(41,855)
Dividend income	(32,026)	(31,119)
Share of profits of associates and joint ventures accounted for using equity method	(254,379)	(16,659)
(Gain) loss on disposal of property, plant and equipment	(6,389)	234
Gain on disposal of intangible assets	(279,900)	-
Gain on disposal of investments	(89,496)	(325,034)
Gain on disposal of subsidiaries	(906,358)	-
Impairment loss recognized on financial assets	986,550	112,914
Impairment loss recognized non-financial assets	94,123	17,013
Realized gain on the transactions with associates and joint ventures accounted for using the equity method	(1,098)	(2,619)
Net loss (gain) on foreign currency exchange	13,395	(30,166)
Amortization of prepaid lease payments	3,085	3,033
Changes in operating assets and liabilities:		
Increase in financial assets held for trading	(8,460)	(6,248)
Decrease (increase) in trade receivables	154,863	(163,482)
Decrease (increase) in other receivables	79,588	(14,007)
Decrease (increase) in inventories	122,720	(425,525)
Decrease in other current assets	40,107	7,079
Decrease in trade payables	(63,232)	(88,820)
Decrease in provisions	(6,510)	(2,066)
Decrease in deferred revenue	(4,573)	(1,792)
(Decrease) increase in other current liabilities	(105,976)	154,407
Decrease in accrued pension liabilities	(13,366)	(1,716)
Cash generated from operations	999,585	231,611
Interest received	33,991	40,440
Dividends received	56,714	139,281
Interest paid	(38,011)	(38,957)
Income tax paid	(45,422)	(71,580)
Net cash generated from operating activities	1,006,857	300,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(1,555,020)	(194,290)
Proceeds of the sale of available-for-sale financial assets	1,801,694	582,753
Proceeds from capital reduction of available-for-sale financial assets	163,721	768
Purchase of debt investments with no active market	(15,389)	(14,903)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

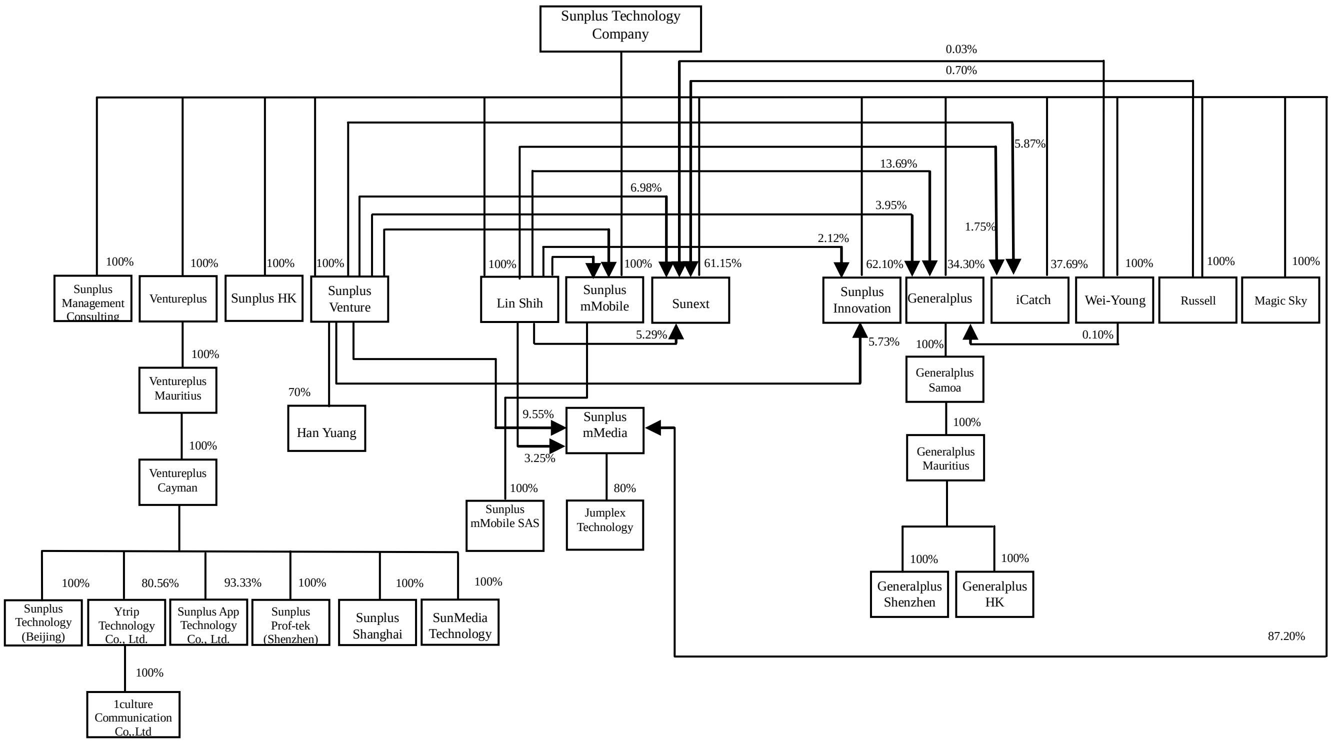
	2015	2014
Proceeds of the sale of debt investments with no active market	16,256	-
Purchase of financial assets measured at cost	(394,900)	(107,096)
Proceeds of the sale of financial assets measured at cost	-	92,052
Acquisition of associates	9,486	8,891
Proceeds from capital reduction of associates accounted for by equity method	35,269	-
Payments for property, plant and equipment	(380,807)	(1,184,097)
Proceeds of the disposal of property, plant and equipment	23,904	334
Decrease in refundable deposits	1,653	105
Payments for intangible assets	(127,979)	(121,104)
Proceeds of the disposal of intangible assets	299,971	-
Payments for investment properties	(922)	(852)
Increase on other non-current assets	(165,013)	(34,582)
Net cash used in investing activities	(288,076)	(972,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	342,008	138,934
Proceeds of long-term borrowings	700,000	720,728
Repayments of long-term borrowings	(406,710)	(820,134)
Proceeds of guarantee deposits received	14,501	79,047
Refund of guarantee deposits received	(32,783)	(84,803)
Dividends paid to noncontrolling interest	(499,195)	(130,475)
Increase (decrease) in noncontrolling interests	1,097	(6,433)
Net cash generated from (used in) financing activities	118,918	(103,136)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	28,379	19,699
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	866,078	(754,663)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,576,732	4,331,395
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 4,442,810	$ 3,576,732

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

1. GENERAL INFORMATION

Sunplus Technology Company Limited ("Sunplus" or the "Company") was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 25).

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



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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC starting January 1, 2015.

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

1) IFRS 10 "Consolidated Financial Statements"

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

2) IFRS 11 "Joint Arrangements"

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

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

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

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

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

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

5) IFRS 13 "Fair Value Measurement"

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

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

Please refer to Note 35 for related disclosure.

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

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

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

7) Revision to IAS 19 "Employee Benefits"

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

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

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

The impact on the current period is set out below:

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

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

Impact on Assets, Liabilities and Equity	**As Originally Stated**	**Adjustments Arising from Initial Application**	**Restated**
December 31, 2014			
Other current assets	$ 224,616	$ (18)	$ 224,598
Total effect on assets	$ 14,819,462	$ (18)	$ 14,819,444
Net defined benefit liabilities	$ 105,889	$ 2,216	$ 108,105
Total effect on liabilities	$ 3,894,522	$ 2,216	$ 3,896,738
Retained earnings	$ 410,595	$ (1,985)	$ 408,610
Capital surplus	936,044	7	936,051
Non-controlling interests	1,598,644	(256)	1,598,388
	$ 2,945,283	$ (2,234)	$ 2,943,049
Total effect on equity	$ 10,924,940	$ (2,234)	$ 10,922,706

(Continued)

Impact on Assets, Liabilities and Equity	As Originally Stated	Adjustments Arising from Initial Application	Restated
January 1, 2014			
Other current assets	$ 232,700	$ (18)	$ 232,682
Total effect on assets	$ 14,201,612	$ (18)	$ 14,201,594
Net defined benefit liabilities	$ 116,289	$ 2,216	$ 118,505
Total effect on liabilities	$ 3,836,100	$ 2,216	$ 3,838,316
Retained earnings	$ (127,263)	$ (1,965)	$ (129,228)
Non-controlling interests	1,588,623	(269)	1,588,354
	$ 1,461,360	$ (2,234)	$ 1,459,126
Total effect on equity	$ 10,365,512	$ (2,234)	$ 10,363,278

(Concluded)

Impact on Total Comprehensive Income	As Originally Stated	Adjustments Arising from Initial Application	Restated
For the period from January 1, 2014 to December 31, 2014			
Operating cost	$ 5,164,262	$ (62)	$ 5,164,200
Operating expense	$ 3,325,573	$ (103)	$ 3,325,470
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan	$ 8,849	$ (165)	$ 8,684
Impact on net profit attributable to:			
Owners of the Company	$ 422,681	$ 171	$ 422,852
Non-controlling interests	131,269	(6)	131,263
	$ 553,950	$ 165	$ 554,115
Impact on total comprehensive income attributable to:			
Owners of the Company	$ 536,639	$ (20)	$ 536,619
Non-controlling interests	142,347	20	142,367
	$ 678,986	$ -	$ 678,986

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

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

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

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

10) Annual Improvements to IFRSs: 2009-2011 Cycle

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

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

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “ Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28“ Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “ Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

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

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

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

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

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

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

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

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

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

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

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

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

3) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

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

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

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

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

4) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7) IFRS 15 “Revenue from Contracts with Customers”

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

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

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

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

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

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

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

9) Annual Improvements to IFRSs: 2012-2014 Cycle

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

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

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

10) IFRS 16 "Leases"

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of preparation

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

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

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

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

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

   Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

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

   All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the

Company and to the no controlling interests even if this results in the no controlling interests having a deficit balance.

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

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

e. Foreign currencies

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

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

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of nonmonetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of nonmonetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.
Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

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

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

f. Inventories

Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The inventories of Sunplus Technology Company

Limited, Generalplus Technology Inc., Sunplus Innovation Technology Inc., Sunplus mMobile Inc., iCatch Technology Inc., Sunplus mMedia Inc., Jumplux Technology and Sunext Technology Co., Ltd. are generally recorded at standard cost. On the balance sheet date, the cost is adjusted to approximate weighted-average cost method. Other subsidiaries' inventories are recorded at the weighted-average cost.

g. Investments in associates and jointly controlled entities

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Goodwill

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation/Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.
Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

m. Financial instruments

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

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

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

   a) Measurement category

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

      i Financial assets at fair value through profit or loss

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

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

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

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

        iii) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

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

      ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments and Financial liabilities

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

a) Equity instruments

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

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

b) Financial liabilities

i Subsequent measurement

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

i) Derecognition of financial liabilities

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

n. Provisions

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

o. Revenue recognition

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

Sale of goods

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

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

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

3) The amount of revenue can be measured reliably;

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

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

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

Dividend and interest income

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

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

p. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

q. Borrowing costs

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

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

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

r. Government grants

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Share-based payment arrangements

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

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

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

u. Taxation

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

Current tax

According to the Income Tax Law, an additional tax at 10% of inappropriate earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

For the year ended December 31, 2015 and 2014, the Group recognized impairment losses on intangible assets of $94,123 thousand and assets of $17,013.

b. Estimated impairment of trade receivables

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

As of December 31, 2015 and December 31, 2014, the carrying amount of trade receivables was $1,569,393 thousand and $1,729,675 thousand, respectively (after deducting allowance of $3,091 and $1,565 thousand, respectively).

c. Income taxes

As of December 31, 2015 and December 31, 2014, the carrying amount of deferred tax assets in relation to unused tax losses was $0 and $12,066 thousand, respectively. As of December 31, 2015 and December 31, 2014, no deferred tax asset has been recognized on tax losses of $4,615,552 and $5,718,387 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

d. Write-down of inventory

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

e. Impairment of investment in the associate

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand	$ 4,122	$ 6,366
Checking accounts and demand deposits	1,569,563	907,475
Cash equivalent deposits in banks	2,807,612	2,604,185
Repurchase agreements collateralized by bonds	61,513	58,706
	$ 4,442,810	$ 3,576,732

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

	December 31	
	2015	**2014**
Bank balance	0.01%-4.0%	0.01%-4.0%
Repurchase agreement collateralized by bonds	1.0%	1.0%-1.625%

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

	December 31	
	2015	2014
Financial assets held for trading		
Nonderivative financial assets		
Corporate bonds of domestic listed stocks	$ 24,200	$ 14,830

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Domestic investments		
- Mutual funds	$ 874,799	$ 911,450
- Quoted shares	1,605,745	804,644
	$ 2,480,544	$ 1,716,094
Current	$ 961,646	$ 984,307
Noncurrent	1,518,898	731,787
	$ 2,480,544	$ 1,716,094

For the year ended December 31, 2015 and 2014, the Group recognized impairment losses of $824,007 thousand and $9,679 thousand, respectively.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31	
	2015	2014
Fixed income fund	$ 15,389	$ 14,903

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

10. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
Domestic unlisted common shares	$ 528,590	$ 241,005
Classified as available for sale	$ 528,590	$ 241,005

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

The Group believed that the above financial asset carried at cost had impairment losses of $99,497 thousand and $103,235 thousand as of December 31, 2015 and 2014, respectively.

The Group recognized disposal gains of $0 and $67,038 thousand as of December 31, 2015 and 2014, respectively.

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2015	2014
Notes receivable	$ 67	$ 121
Accounts receivable	1,562,435	1,716,326
Receivable from related parties	10,049	14,914
Allowance for doubtful accounts	(3,091)	(1,565)
	1,569,393	1,729,675
	$ 1,569,460	$ 1,729,796

Accounts receivable

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

Of the trade receivables balance (see the aging analysis below) that are past due at the end of the reporting period, the Group had not recognized an allowance for impairment for notes and trade receivables amounting to $121,854 thousand and $77,857 thousand as of December 31, 2015 and 2014, respectively, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Group to the counter-party. As of March 23, 2016, the above trade receivables of December 31, 2015 that are past due but not impaired had receive 121,854 thousand.

The aging of receivables was as follows:

	December 31	
	2015	2014
0-60 days	$ 1,261,621	$ 1,406,213
61-90 days	247,213	258,804
91-120 days	61,927	46,015
121-360 days	1,723	20,208
Total	$ 1,572,484	$ 1,731,240

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

	December 31	
	2015	2014
Less than days	$ 121,854	$ 77,857

Above analysis was based on the past due date.

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

	Individually Impaired	Collectively Impaired	Total
Balance at January 1, 2014	$ -	$ -	$ -
Add: Impairment losses recognized on receivable	1,565	-	1,565
Balance at December 31, 2014	$ 1,565	$ -	$ 1,565
Balance at January 1, 2015	$ 1,565	$ -	$ 1,565
Add: Impairment losses recognized on receivable	1,823	-	1,823
Less: Amounts written off during the period as uncollectible	269	-	269
Foreign exchange translation gains	(28)	-	(28)
Balance at December 31, 2015	$ 3,091	$ -	$ 3,091

12. INVENTORIES

	December 31	
	2015	2014
Finished goods	$ 476,212	$ 662,976
Work in progress	509,470	499,212
Raw materials	239,340	185,554
	$ 1,225,022	$ 1,347,742

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 were $4,916,716 thousand and $4,479,184 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2104 and 2013 were as follows:

	Years Ended December 31	
	2015	2014
(Reversal of inventory write-downs) inventory write-downs	$ (94,665)	$ 9,233
(Gains) losses on inventory value recoveries	-	(3,414)
Income from scrap sales	(246)	(466)
	$ (94,911)	$ 5,353

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

a. Discontinued operations

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

Please refer to Note 32 for gain (loss) on disposal calculation.

Loss from discontinued operations was as follows:

	For the Year Ended December 31	
	2015	2014
Net loss for the period	$ (315,011)	$ (332,841)
Gains on disposal (see Note 32)	287,166	-
	$ (27,845)	$ (332,841)

Segment revenue and cash flow results:

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 96,100	$ 838,424
Operating costs	(230,623)	(607,086)
Gross profit (loss)	(134,523)	231,338
Selling and marketing expenses	(1,982)	(14,638)
General and administrative expenses	(4,302)	(51,248)
Research and development expenses	(80,081)	(498,293)
Loss from operations	(220,888)	(332,841)
Other loss	(94,123)	-
Loss before tax	(315,011)	(332,841)
Income tax expense	-	-
Net loss for the period	$ (315,011)	$ (332,841)
Loss from discontinued operations attributable to:		
Owners of the Company	$ (315,011)	$ (332,841)
Non-controlling interest	-	-
	$ (315,011)	$ (332,841)
Net cash used in operating activities	$ (48,216)	$ (508,196)
Net cash outflows	$ (48,216)	$ (508,196)

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

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

14. SUBSIDIARIES

a. Entities included in the consolidated financial statements

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

			Percentage of Ownership December 31		
Investor	**Investee**	**Main Business and Product**	**2014**	**2013**	**Note**
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	-
	Ventureplus	Investment	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	-
	Lin Shih Investment	Investment	100.00	100.00	-
	Sunplus mMobile .	Design of integrated circuits (ICs)	100.00	100.00	-
	Sunext Technology Co., Ltd.	Design and sale of ICs	61.15	61.15	-
	Sunplus Innovation Technology	Design of ICs	62.10	62.54	-
	Generalplus Technology (“Generalplus”)	Design of ICs	34.30	34.30	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	iCatch Technology	Design of ICs	37.69	37.70	Sunplus and its subsidiaries had 45.31% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
	Wei-Young Investment Inc.	Investment	100.00	100.00	-
	Russell Holdings Limited	Investment	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	87.20	82.94	-
Ventureplus	Ventureplus Mauritius	Investment	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	Investment	100.00	100.00	-
Ventureplus Cayman	Ytrip Technology	Web research and development	80.56	72.50	-
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	93.33	93.33	-
	Sunplus Prof-tek Technology (Shenzhen)	Development and sale of computer software and system integration services	100.00	100.00	-
	Sunplus Technology Technology (Shanghai)	Manufacturing and sale of consumer and rental	100.00	100.00	-
	SunMedia Technology	Manufacturing and sale of computer software and system integration services	100.00	100.00	-
	Sunplus Technology(Beijing)	Manufacturing and sale of computer software and system integration services	100.00	100.00	-
Ytrip Technology	1culture Communication	Development and sale	100.00	100.00	-
Sunplus Venture	Han Young Technology	Design of ICs	70.00	70.00	-
	Sunext Technology Co., Ltd. (“Sunext”)	Design and sale of ICs	6.98	6.98	Sunplus and its subsidiaries had 74.15% equity in Sunext.
	Generalplus Technology Inc.	Design of ICs	3.95	3.95	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunplus mMedia	Design of ICs	9.55	12.73	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.73	5.77	Sunplus and its subsidiaries had 69.95% equity in Sunplus Innovation
	iCatch Technology, Inc.	Design of ICs	5.87	5.88	Sunplus and its subsidiaries had 45.31% equity in iCatch Technology, Inc.
Lin Shih	Generalplus Technology	Design of ICs	13.69	13.69	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunext Technology	Design and sale of ICs	5.29	5.29	Sunplus and the subsidiaries had 74.15% equity in Sunext.
	Sunplus mMedia	Design of ICs	3.25	4.33	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.12	2.14	Sunplus and its subsidiaries had 69.95% equity in Sunplus Innovation
	iCatch Technology	Design of ICs	1.75	1.75	Sunplus and its subsidiaries had 45.31% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
Sunplus mMobile	Sunplus mMobile SAS	Design of ICs	100.00	100.00	-
Generalplus	Generalplus Samoa	Investment	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	After-sales service	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	-
Wei-Young	Generalplus Technology	Design of Ics	0.10	0.10	Sunplus and its subsidiaries had 52.04% equity in Generalplus
	Sunext Technology Co., Ltd.	Design and sale of Ics	0.03	0.03	Sunplus and its subsidiaries had 74.15% equity in Sunext
Russell	Sunext Technology Co., Ltd.	Design and sale of Ics	0.70	0.70	Sunplus and its subsidiaries had 74.15% equity in Sunext
Sunplus mMedia Inc.	Jumplux Technology	Design and sale of Ics	80.00	80.00	-

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

b. Subsidiary excluded from the consolidated financial statements

	The Voting Ratio of Non Control Equity	
	December 31	
	2015	2014
Company name		
Generalplus Technology Inc.	47.96%	47.96%

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

Company	Profit Attributed to Non-controlling Interests Years Ended December 31		Non-controlling Interests December 31	
	2015	2014	2015	2014
Generalplus Technology Inc.	$ 186,169	$ 149,431	$ 1,039,112	$ 1,003,480

The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2015	2014
Current assets	$ 2,176,779	$ 1,776,298
Non-current assets	721,161	825,416
Current liabilities	677,744	432,051
Non-current liabilities	82,329	106,091
Equity	$ 2,137,867	$ 2,063,572
Equity attributable to:		
Owners of the Company	$ 1,098,755	$ 1,060,092
Non-controlling interests	1,039,112	1,003,480
	$ 2,137,867	$ 2,063,572

	For the Years Ended December 31	
	2015	2014
Operating revenue	$ 3,081,376	$ 2,847,345
Net income	$ 388,158	$ 311,560
Other comprehensive income	(9,179)	17,234
Total other comprehensive income	$ 378,979	$ 328,794
Equity attributable to:		
Owners of the Company	$ 201,989	$ 162,136
Non-controlling interests	186,169	149,424
	$ 388,158	$ 311,560

(Continued)

	For the Years Ended December 31	
	2015	2014
Total other comprehensive attributable to:		
Owners of the Company	$ 197,214	$ 171,104
Non-controlling interests	181,765	157,690
	$ 378,979	$ 328,794
Cash flows		
Cash flows from operating activities	$ 491,767	$ 329,155
Cash flows used in investing activities	(165,941)	(114,846)
Cash flows used in financing activities	(209,190)	(281,307)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(1,741)	11,314
Net cash outflow	$ 114,895	$ (55,684)
Dividend paid to non-controlling interests		
Generalplus Technology Inc.	$ (146,133)	$ (130,475)

(Concluded)

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2015	2014
Investments in associates	$ 339,023	$ 1,345,479
Investments in jointly controlled entities	299,994	63,760
	$ 639,017	$ 1,409,239

a. Investments in associates

	December 31	
	2015	2014
Listed companies		
Global View Co., Ltd.	$ 339,023	$ 350,536
Focal Tech Technology, Co., Ltd.	-	994,943
	$ 339,023	$ 1,345,479

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

	December 31	
Name of Associate	2015	2014
Global View Co., Ltd.	13%	13%
Focal Tech Technology, Co., Ltd.	-	34%

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

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

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

	December 31	
Name of Associate	**2015**	**2014**
Global View, Co., Ltd.	$ 252,233	$ 259,639
Focal Tech Technology, Co., Ltd.	$ -	$ 1,858,790

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

	December 31	
	2015	**2014**
Total assets	$ 1,678,504	$ 7,604,536
Total liabilities	$ 54,232	$ 3,077,598

	Years Ended December 31	
	2015	**2014**
Revenue	$ 27,550	$ 9,932,008
Profit for the period	$ (16,446)	$ 130,051
Comprehensive income	$ 106,589	$ 759,717
Group's share of profits of associates	$ 18,145	$ 89,904

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2015 and 2014 was based on the associates' financial statements audited by the auditors for the same years.

The amounts of investments in jointly controlled entities pledged as collateral for bank loans were disclosed in Note 37.

b. Investments in jointly controlled entities

The Company signed an investment agreement with Silicon Integrated Systems Corp. on December 19, 2012. Both sides agreed to increase capital in Sunplus Core Inc. (renamed S2-Tek Inc. since March 11, 2013), which researches, develops, designs, and sells TV integrated circuits (ICs). The investment agreement was registered on January 21, 2013.

The Company had 99.98% equity in Sunplus Core Inc. before the investment agreement, but when the Company later subscribed for Sunplus Core Inc.'s additional new shares at a percentage different from its existing ownership percentage, the Company’s equity decreased to 51.25%. When Sunplus Core Inc. changed its name to S2-Tek Inc. on January 21, 2013, a new investment agreement was made, which stated that the Company no longer had control over S2-Tek Inc. The Company continued to recognize this investment by the equity method.

Due to the market price competition and the resignation of R& D personnel, S2-Tek Inc. was not available to develop new product. Thus, in their meeting on January 25, 2016, the shareholders made a resolution to shut down the business of this investee.

The interests in the jointly controlled entities which were accounted for using the equity method are summarized as follows:

	December 31	
	2015	**2014**
Current assets	$ 938,782	$ 269,912
Noncurrent assets	$ 18	$ 23,694
Current liabilities	$ 353,473	$ 169,227
Noncurrent liabilities	$ -	$ -

	Years Ended December 31	
	2015	**2014**
Sales	$1,039,015	$ 580,397
Costs of sales	$ 779,526	$ 423,564
Operating expenses	$ 278,128	$ 304,275
Nonoperating income and expenses	$ 478,977	$ 4,525
Income tax expense	$ -	$ -
Share of profit or loss of associates and joint ventures	$ 236,234	$ (73,245)
Share of comprehensive income of associates and joint ventures	$ 236,234	$ (73,245)

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the year ended December 31, 2015 and 2014 was based on the associates’ financial statements audited by the auditors for the same years.

16. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2014									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost										
Balance, beginning of year	$ 1,269,627	$ 151,411	$ 30,672	$ 399,339	$ 10,942	$ 224,542	$ 6,402	$ 19,154	$ 872,834	$ 2,984,923
Additions	1,223,641	58,343	25,775	113,856	-	43,905	1,206	4,307	51,800	1,522,833
Disposals	-	(4,679)	(23,607)	(49,570)	-	(8,129)	(169)	-	-	(86,154)
Effect of exchange rate changes	22,994	797	(11,852)	28,948	364	6,734	(1,816)	282	33,148	79,599
Balance, end of year	2,516,262	205,872	20,988	492,573	11,306	267,052	5,623	23,743	957,782	4,501,201
Accumulated depreciation										
Balance, beginning of year	273,056	60,565	26,613	258,438	7,995	176,581	4,284	11,252	-	818,784
Depreciation expense	51,800	18,994	17,479	148,724	879	26,492	678	1,312	-	266,358
Disposals	-	(4,679)	(23,608)	(49,097)	-	(8,044)	(158)	-	-	(85,586)
Effect of exchange rate changes	(21,300)	(1,549)	(1,552)	16,139	203	7,288	(1,325)	1,571	-	(525)
Balance, end of year	303,556	73,331	18,932	374,204	9,077	202,317	3,479	14,135	-	999,031
Accumulated impairment										
Balance, beginning of year	-	-	-	11,498	-	-	-	-	-	11,498
Addition	-	-	-	-	-	-	-	-	-	-
Balance, end of period	-	-	-	11,498	-	-	-	-	-	11,498
Net, end of year	$ 2,212,706	$ 132,541	$ 2,056	$ 106,871	$ 2,229	$ 64,735	$ 2,144	$ 9,608	$ 957,782	$ 3,490,672

	Year Ended December 31, 2015									
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Other Equipment	Construction in Progress	Total
Cost										
Balance, beginning of year	$ 2,516,262	$ 205,872	$ 20,988	$ 492,573	$ 11,306	$ 267,052	$ 5,623	$ 23,743	$ 957,782	$ 4,501,201
Additions	45,404	28,260	640	133,284	960	14,099	-	6,374	149,784	379,406
Disposals	(16,283)	(14,029)	(11,687)	(118,790)	(5,797)	(15,604)	(2,302)	(6,279)	-	(190,691)
Reclassified to investment property	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	(26,057)	972	8,518	(4,435)	120	(13,969)	228	(111)	(18,045)	(52,860)
Balance, end of year	2,519,326	221,075	18,459	502,632	6,589	252,178	3,549	23,727	1,089,521	4,637,056
Accumulated depreciation										
Balance, beginning of year	303,556	73,331	18,932	374,204	9,077	202,317	3,479	14,135	-	999,031
Depreciation expense	56,092	27,916	11,409	116,408	498	26,820	2,114	2,563	-	243,820
Disposals	(5,232)	(14,029)	(11,673)	(113,424)	(5,487)	(14,357)	(2,002)	(6,971)	-	(173,175)
Reclassified to investment property	-	-	-	-	-	-	-	-	-	-
Effect of exchange rate changes	(452)	(2,440)	(2,236)	7,438	(14)	(14,992)	(1,008)	6,491	-	(7,213)
Balance, end of year	353,964	84,778	16,432	384,626	4,074	199,788	2,583	16,218	-	1,062,463
Accumulated impairment										
Balance, beginning of year	-	-	-	11,498	-	-	-	-	-	11,498
Additions	-	-	-	-	-	-	-	-	-	-
Balance, end of year	-	-	-	11,498	-	-	-	-	-	11,498
Net, end of year	$ 2,165,362	$ 136,297	$ 2,027	$ 106,508	$ 2,515	$ 52,390	$ 966	$ 7,509	$ 1,089,521	$ 3,563,095

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

Buildings	10-56 years
Auxiliary equipment	4-11 years
Machinery and equipment	3-10 years
Testing equipment	1-5 years
Transportation equipment	4-10 years
Furniture and fixtures	3-5 years
Leasehold improvements	2-11 years
Other equipment	3-10 years

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

17. INVESTMENT PROPERTIES

Cost	
Balance at January 1, 2014	$ 456,827
Additions	852
Effect of exchange rate differences	990
Balance at December 31, 2014	$ 458,669
Accumulated depreciation	
Balance at January 1, 2014	$ (163,758)
Depreciation expense	(20,888)
Effect of exchange rate differences	8,640
Balance at December 31, 2014	(176,006)
	$ 282,663

(Continued)

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

(Concluded)

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

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

The important assumptions and fair value were as follows:

	December 31	
	2015	2014
Fair value	$ 389,809	$ 406,078
Discount rate	83.33%	85.33%

18. INTANGIBLE ASSETS

	Year Ended December 31, 2014					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 760,393	$ 334,456	$ 113,932	$ 30,596	$ 2,460	$ 1,241,837
Additions	88,040	24,928	297	-	-	113,265
Decrease	(147,783)	(14,124)	-	-	-	(161,907)
Effect of exchange rate differences	3	836	-	-	-	839
Balance at December 31	700,653	346,096	114,229	30,596	2,460	1,194,034
Accumulated amortization						
Balance at January 1	568,771	276,627	58,881	-	2,460	906,739
Amortization expense	103,366	43,408	6,735	-	-	153,509
Decrease	(147,783)	(14,124)	-	-	-	(161,907)
Effect of exchange rate differences	-	492	-	-	-	492
Balance at December 31	524,354	306,403	65,616	-	2,460	898,833

(Continued)

	Year Ended December 31, 2014					
	Technology License Fees	**Software**	**Patents**	**Goodwill**	**Technological Know-how**	**Total**
Accumulated deficit						
Balance at January 1	-	-	-	-	-	-
Addition	17,013	-	-	-	-	17,013
Balance at December 31	17,013	-	-	-	-	17,013
Carrying amounts at December 31, 2014	$ 159,286	$ 39,693	$ 48,613	$ 30,596	$ -	$ 278,188

(Concluded)

	Year Ended December 31, 2015					
	Technology License Fees	**Software**	**Patents**	**Goodwill**	**Technological Know-how**	**Total**
Cost						
Balance at January 1	$ 700,653	$ 346,096	$ 114,229	$ 30,596	$ 2,460	$ 1,194,034
Additions	98,509	31,110	-	-	-	129,619
Decrease	(118,344)	(3,336)	-	-	-	(121,680)
Effect of exchange rate differences	(7)	(521)	-	-	-	(528)
Balance at December 31	680,811	373,349	114,229	30,596	2,460	1,201,445
Accumulated amortization						
Balance at January 1	524,354	306,403	65,616	-	2,460	898,833
Amortization expense	59,244	33,942	6,737	-	-	99,923
Decrease	(98,865)	(2,744)	-	-	-	(101,609)
Effect of exchange rate differences	1	(320)	-	-	-	(319)
Balance at December 31	484,734	337,281	72,353	-	2,460	896,828
Accumulated deficit						
Balance at January 1	17,013	-	-	-	-	17,013
Addition	94,123	-	-	-	-	94,123
Balance at December 31	111,136	-	-	-	-	111,136
Carrying amounts at December 31, 2015	$ 84,941	$ 36,068	$ 41,876	$ 30,596	$ -	$ 193,481

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

The Company recognized impairment loss on above intangible assets ended December 31, 2015 and 2014 was $94,123 thousand and $17,013 thousand.

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

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

19. OTHER ASSETS

	December 31 2015	December 31 2014
Pledged time deposits (Note 35)	$ 259,876	$ 93,116
Finance lease payables	126,438	132,032
Other financial assets	79,920	81,472
Refundable deposits (Note 31)	5,495	7,148
Prepaid long-term investments	-	63,300
Other	114,384	153,567
	$ 586,113	$ 530,635
Current	$ 431,971	$ 224,598
Noncurrent	154,142	306,037
	$ 586,113	$ 530,635

The amounts of the Group's finance lease payables for land grants in China as of December 31, 2015 and 2014 were $126,438 thousand and $132,032 thousand, respectively.

20. LOANS

Short-term borrowings

	December 31 2015	December 31 2014
Unsecured borrowings		
Bank loans	$ 646,093	$ 304,085

The weighted average effective interest rates for bank loans from January 1, 2015 to December 31, 2015 and from January 1, 2014 to December 31, 2014 were 1.14%-2.20% and 1.843%-2.20% per annum, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	December 31 2015	December 31 2014
Floating rate borrowings				
Unsecured bank borrowings	2018.2	Repayable quarterly from August 2015	$ 500,000	$ -
Unsecured bank borrowings	2019.2.28	Repayable quarterly from February 2014	243,750	300,000
Secured bank borrowings	2017.3.16	Repayable semiannually from March 2012	233,332	388,888
Unsecured bank borrowings	2018.1	Repayable quarterly from July 2015	200,000	-
Unsecured bank borrowings	2017.1.10	Repayable in January 2015	194,613	199,410
Unsecured bank borrowings	2017.6.27	Repayable semiannually from June 2014	180,000	300,000
Unsecured bank borrowings	2017.12.18	Repayable in December 2015	162,178	155,790
Unsecured bank borrowings	2016.4.14	Repayable in July 2015	162,178	155,790
Unsecured bank borrowings	2015.3.30	Repayable quarterly from March 2012	-	62,500
			$ 1,876,051	$ 1,562,378
Current			$ 619,678	$ 905,296
Noncurrent			1,256,373	657,082
			$ 1,876,051	$ 1,562,378

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

The effective borrowing rates as of December 31, 2015 and 2014 were 1.705%-2.8562% and 1.865%-2.752%.

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

21. TRADE PAYABLES

	December 31	
	2015	**2014**
Notes payable		
Payable - operating	$ -	$ 100
Accounts payable		
Payable - operating	665,304	728,469
	$ 665,304	$ 728,569

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

22. PROVISIONS

	December 31	
	2015	**2014**
Customer returns and rebates	$ 15,339	$ 21,849

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

23. OTHER LIABILITIES

	December 31	
	2015	**2014**
Other payables		
Salaries or bonuses	$ 371,315	$ 424,590
Compensation due to directors and supervisors	109,637	83,013
Payables for purchases of equipment	49,809	50,231
Receipt in advance	22,891	42,117

(Continued)

	December 31	
	2015	2014
Labor/health insurance	$ 27,961	$ 28,604
Commissions payable	12,815	10,384
Payable for royalties	37,065	38,349
Professional service fees	5,293	5,628
Others	103,082	156,398
	$ 739,868	$ 839,314
Deferred revenue		
Arising from government grants (Note 31)	$ 76,410	$ 81,602
Other	-	3,084
	$ 76,410	$ 84,686
Current		
－Other liabilities	$ 738,529	$ 836,995
－Deferred revenue	1,819	3,375
	$ 740,348	$ 840,370
Noncurrent		
－Other current liabilities	$ 1,339	$ 2,319
－Deferred revenue	74,591	81,311
	$ 75,930	$ 83,630

(Concluded)

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31	
	2015	**2014**
Present value of funded defined benefit obligation	$ 277,337	$ 279,700
Fair value of plan assets	(182,819)	(176,652)
Net liability arising from defined benefit obligation	$ 94,518	$ 103,048

Movements in net defined benefit liability were as follows:

	Present Value of Funded Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2014	$ 280,781	$ 166,865	$ 113,916
Service cost			
Current service cost	1,794	-	1,794
Net interest expense (income)	5,215	2,990	2,225
Recognized gain and loss	7,009	2,990	4,019
Remeasurement			
Return on plan assets	-	909	(909)
Actuarial (gain) loss-experience adjustment	(8,090)	88	(8,178)
Recognized in other comprehensive income	(8,090)	997	(9,087)
Contributions from employer	-	5,800	(5,800)
Balance at December 31, 2014	$ 279,700	$ 176,652	$ 103,048
Balance at January 1, 2015	$ 279,700	$ 176,652	$ 103,048
Service cost			
Current service cost	1,544	-	1,544
Disposal gain	(11,649)	-	(11,649)
Net interest expense (income)	5,579	3,585	1,994
Recognized gain and loss	(4,526)	3,585	(8,111)
Remeasurement			
Return on plan assets	-	1,133	(1,133)
Actuarial (gain) loss-experience adjustment	1,863	-	1,863
Actuarial (gain) loss-changes in demographic assumptions	158	-	158
Actuarial (gain) loss-changes in financial assumptions	3,782	-	3,782
Recognized in other comprehensive income	5,803	1,133	4,670
Contributions from employer	-	5,089	(5,089)
Benefit paid	(3,640)	(3,640)	-
Balance at December 31, 2014	$ 277,337	$ 182,819	$ 94,518

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

	For the Year Ended December 31	
	2015	2014
Operating costs	$ 509	$ 484
Selling and marketing expenses	416	264
General and administrative expenses	761	1,090
Research and development expenses	(9,918)	2,097
Net liability arising from defined benefit obligation	$ (8,232)	$ 3,935

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

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

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

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

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

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

	December 31	
	2015	2014
Discount rate(s)	1.60%-1.90%	1.90%-2.13%
Expected rate(s) of salary increase	3.50%-6.25%	3.50%-6.25%
Resignation rate	0%-29%	0%-29%

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

	December 31, 2015
Discount rate(s)	
0.25% increase	$ (10,215)
0.25% decrease	$ 10,705
Expected rate(s) of salary increase	
1% increase	$ 44,351
1% decrease	$ (37,661)

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

	December 31	
	2015	2014
The expected contributions to the plan for the next year	$ 5,037	$ 2,761
The average duration of the defined benefit obligation	14-22 years	15-22 years

25. EQUITY

a. Share capital

Ordinary shares:

	December 31	
	2015	2014
Numbers of shares authorized (in thousands)	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000
Number of shares issued and fully paid (in thousands)	591,995	591,995
Shares issued	$ 5,919,949	$ 5,919,949

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

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

b. Capital surplus

For each class of capital surplus, a reconciliation of the carrying amounts at the beginning and at the end of December 31, 2015 and 2014 was as follows:

	December 31	
	2015	**2014**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Arising from issuance of common shares	$ 703,376	$ 703,376
Arising from conversion of bonds	36,518	34,382
Arising from treasury share transactions	157,423	157,423
Depending on the source, may be used to offset a deficit only or may not be used for any purpose (b)		
Others	-	40,870
	$ 897,317	$ 936,051

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

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

Retained earnings and dividend policy

Sunplus' Articles of Incorporation provide that the following should be appropriated from annual net income less any accumulated deficit: (a) 10% as legal reserve; and (b) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than deficit. The distribution of any remaining earnings will be as follows:

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

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

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

4) Sunplus' policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT$0.5 per share.

Under regulations promulgated by the Securities and Futures Bureau, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from inappropriate retained earnings.

Under the May 2015 amendments to the Company Act, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation that had been proposed by the Company's board of directors on December 12, 2015 are subject to the approval at the shareholders' meeting on June 13, 2016. For information on the employees' accrued compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 27-6.

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

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

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

The appropriations from the 2014 and 2013 earnings were approved at the shareholders' meetings on June , 2015 and June 11, 2014, respectively. The appropriations, including dividends, were as follows:

	For Year 2014		**For Year 2013**	
	Appropriation of Earnings	**Dividends Per Share (NT$)**	**Appropriation of Earnings**	**Dividends Per Share (NT$)**
Legal reserve used to cover losses	$ -	$ -	$ 119,147	$ -
Unappropriated retained earnings used to cover losses	12,806	-	-	-
Legal reserve	41,058	-	-	-
Special reserve	(4,806)	-	(8,116)	-
Cash dividends	355,198	0.6	-	-

The appropriations from the 2015 earnings, including the bonus to employees and the remuneration to directors and supervisors, are subject to the approval by shareholders in their meeting on June 13, 2016.

Other equity items

Foreign currency translation reserve:

	For the Year Ended December 31	
	2015	**2014**
Balance at January 1	$ 128,258	$ 27,108
Exchange differences arising on translating the foreign operations	(30,749)	101,150
Balance at December 31	$ 97,509	$ 128,258

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

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 181,674	$ 172,562
Unrealized gain arising on revaluation of available-for-sale financial assets	(681,379)	254,872
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(88,395)	(257,243)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	824,007	9,679
The proportionate share of other comprehensive income/losses reclassified to profit or loss upon partial disposal of associates	(41)	-
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(1,883)	1,804
Balance at December 31	$ 233,983	$ 181,674

Noncontrolling interests

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 1,598,388	$ 1,588,354
Attributable to no controlling interests:		
Share of profit for the year	238,932	131,263
Exchange difference arising on translation of foreign entities	1,288	6,842
Unrealized gains on available-for-sale financial assets	(819)	189
Actuarial gains on defined benefit plans	(2,042)	4,073
Non-controlling interest arising from acquisition of subsidiaries	-	(20,120)
Partial disposal of interests in subsidiaries	-	8,000
Cash dividends distributed by subsidiaries	(146,133)	(130,475)
Equity instruments hold by the employees of subsidiaries	4,325	(10,625)
Others	1,289	20,887
Balance at December 31	$ 1,695,228	$ 1,598,388

Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares at January 1, 2014	4,915	3,560	8,475
Decrease during the year	(4,915)	-	(4,915)
Number of shares at December 31, 2014	-	3,560	3,560
Number of shares at December 31, 2015	-	3,560	3,560

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

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
December 31, 2015			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 41,474
December 31, 2014			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 45,568

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

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

Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of December 31, 2015, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

26. REVENUE

	For the Year Ended December 31	
	2015	2014
Revenue from IC	$ 7,950,773	$ 7,388,634
Rental income from property	147,725	145,120
Other	367,335	337,761
	$ 8,465,833	$ 7,871,515

27. NET PROFIT

Net profit included the following items:

Other income

	For the Year Ended December 31	
	2015	2014
Interest income	$ 37,908	$ 41,855
Dividend income	32,026	31,119
Others	55,971	57,977
	$ 125,905	$ 130,951

Other gains

	For the Year Ended December 31	
	2015	2014
Gain on disposal of investment	$ 995,854	$ 325,034
Net foreign exchange gain (loss)	(1,795)	72,558
Net loss on financial assets designated as at FVTPL	(191)	(165)
Impairment loss on available-for-sale financial assets	(986,550)	(112,914)
Impairment loss on nonfinancial assets	-	(17,013)
Others	21,494	10,409
	$ 28,812	$ 277,909

Finance costs

	For the Year Ended December 31	
	2015	2014
Interest on bank loans	$ 36,885	$ 34,132
Other finance costs	744	693
	$ 37,629	$ 34,825

Information on capitalized interest is as follows:

	For the Year Ended December 31	
	2015	2014
Capitalized interest	$ 10,688	$ 17,771
Capitalization rate	2.86%	2.63%

Depreciation and amortization

	For the Year Ended December 31	
	2015	2014
Property, plant and equipment	$ 243,820	$ 266,358
Investment property	21,277	20,888
Intangible assets	99,923	153,509
	$ 365,020	$ 440,755
An analysis of depreciation by function		
Operating costs	$ 9,998	$ 10,943
Operating expenses	255,099	276,303
	$ 265,097	$ 287,246
An analysis of amortization by function		
Operating costs	$ 1,002	$ 945
Selling expenses	204	263
Administrative expenses	22,430	17,042
Research and development expenses	76,287	135,259
	$ 99,923	$ 153,509

Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2015	2014
Direct operating expenses from investment property that generated rental income	$ 22,510	$ 22,853
Direct operating expenses from investment property that did not generate rental income	92,768	122,585
	$ 115,278	$ 145,438

Employee benefit expense

	For the Year Ended December 31	
	2015	2014
Short-term benefits	$ 2,014,711	$ 2,128,288
Post-employment benefits		
Defined contribution plans	54,387	59,485
Defined benefit plans	(8,232)	3,935
Other employee benefits	28,500	23,665
Total employee benefit expense	$ 2,089,366	$ 2,215,373
An analysis of employee benefit expense by function		
Operating costs	$ 159,390	$ 153,184
Operating expenses	1,929,976	2,062,189
	$ 2,089,366	$ 2,215,373

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

The appropriations of bonuses to employees and remuneration to directors and supervisors for 2014 have been approved in the shareholders' meetings on June 12, 2015 were as follows:

	For the Year Ended December 31, 2014	
	Cash Dividends	**Share Dividends**
Bonus to employees	$ 191	$ -
Remuneration of directors and supervisors	287	-

The bonus to employees and the remuneration to directors and supervisors for the years ended December 31, 2014 approved in the shareholders' meetings on June 12, 2015 and the amounts recognized in the financial statements for the years ended December 31, 2014 was as follows:

	For the Year Ended December 31, 2014	
	Bonus to Employees	**Remuneration of Directors and Supervisors**
Amounts approved in shareholders' meetings	$ 191	$ 287
Amounts recognized in respective financial statements	110	165

The differences were adjusted to profit and loss for the year ended December 31, 2015.

Information on the employees' compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors resolved by the shareholders' meeting in 2015 and 2014 are available on the Market Observation Post System website of the Taiwan Stock Exchange.

Gain or loss on exchange rate changes

	For the Year Ended December 31	
	2015	**2014**
Exchange rate gains	$ 212,926	$ 174,097
Exchange rate losses	(214,721)	(101,539)
	$ (1,795)	$ 72,558

28. INCOME TAXES

Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 83,464	$ 48,866
Adjustments for prior periods	(4,008)	(5,183)
Others	(215)	432
	79,241	44,115
Deferred tax		
In respect of the current year	2,548	12,755
Others	93	(256)
Income tax expense recognized in profit or loss	$ 81,882	$ 56,614

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

	Years Ended December 31	
	2015	2014
Profit before tax	$ 910,162	$ 610,729
Income tax expense at the 17% statutory rate	$ 154,727	$ 103,824
Tax effect of adjusting items:		
Nondeductible expenses in determining taxable income	(233,250)	(60,222)
Temporary differences	254,168	37,471
Tax-exempt income	(51)	(14,345)
Additional income tax on unappropriated earnings	1,339	455
Unrecognized temporary differences	(70)	(3,261)
Additional income tax under the Alternative Minimum Tax Act	2,396	692
Effects of consolidated income tax filing	-	(518)
Current income tax expense	179,259	64,096
Deferred income tax expense		
Temporary differences	(9,425)	3,667
Loss carryforwards	12,066	8,832
Unrecognized loss carryforwards	(98,796)	(20,342)
Adjustments for prior years' tax	(4,008)	(5,183)
Foreign income tax expense	2,393	5,115
Effect of different tax rates of group entities operating in other jurisdictions	393	429
Income tax expense recognized in profit or loss	$ 81,882	$ 56,614

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

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

Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable	$ 3,974	$ 5,638
Current tax liabilities		
Income tax payable	$ 54,096	$ 26,005

Deferred tax assets and liabilities

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

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

For the year ended December 31, 2015

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

For the year ended December 31, 2014

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences				
Impairment loss on financial assets	$ 5	$ (5)	$ -	$ -
Unrealized loss on inventories	21,493	(5,203)	-	16,290
Fixed assets	3,800	1,996	-	5,796
Intangible assets	-	(2,499)	-	(2,499)
Unrealized sales	673	(364)	-	309
Exchange gains	(2,695)	669	-	(2,026)
Deferred credits	289	(102)	-	187
Other	10,162	1,841	-	12,003
	33,727	(3,667)	-	30,060
Loss carryforwards	20,898	(9,279)	447	12,066
	$ 54,625	$ (12,946)	$ 447	$ 42,126

Unrecognized deferred tax assets

Loss Carryforwards	December 31 2015	December 31 2014
Expiry in 2015	$ -	$ 41,307
Expiry in 2016	214,649	605,970
Expiry in 2017	760,232	228,008
Expiry in 2018	174,294	760,232
Expiry in 2019	53,474	223,686
Expiry in 2020	225,295	264,322
Expiry in 2021	861,189	484,943
Expiry in 2022	654,850	902,546
Expiry in 2023	1,451,074	654,850
Expiry in 2024	169,458	1,432,814
Expiry in 2025	51,037	119,709
	$ 4,615,552	$ 5,718,387
Deductible temporary differences	$ 26,051	$ 11,557

Unused loss carryforwards and tax-exemptions

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

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

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

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

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

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

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

Unused Amount	Expiry Year
$ 18,260	2023

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

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

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

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

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

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

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

Unused Amount	Expiry Year
$ 4,692	2024
22,485	2025
$ 27,178	

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

Project	Tax Exemption Period
Sunplus	
Thirteenth expansion	January 1, 2013 to December 31, 2017
Fourteenth expansion	January 1, 2015 to December 31, 2019
Fifteenth expansion	January 1, 2015 to December 31, 2019
Generalplus	
Fifth expansion	January 1, 2013 to December 31, 2017
Sunplus Innovation	
Second expansion	January 1, 2013 to December 31, 2017

Integrated income tax

	December 31	
	2015	2014
Imputation credits accounts	$ 313,104	$ 372,426

	For the Year Ended December 31	
	2015 (Expected)	2014
Creditable ratio for distribution of earnings	20.91%	20.48%

Income tax assessments

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

29. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2015	2014
Basic gain (loss) per share		
From continuing operations	$ 1.05	$ 1.28
From discontinued operations	(0.05)	(0.56)
Total basic earnings per share	$ 1.00	$ 0.72
Diluted earnings (loss) per share		
From continuing operations	$ 1.05	$ 1.28
From discontinued operations	(0.05)	(0.56)
Total diluted earnings (loss) per share	$ 1.00	$ 0.72

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

Net profit (loss) for the Year

	For the Year Ended December 31	
	2015	2014
Profit for the year attributable to owners of the Group	$ 589,348	$ 422,852
Earnings used in the computation of basic EPS	589,348	422,852
Less: Loss for the period from discontinued operations used in the computation of basic EPS from discontinued operation	(27,845)	(332,841)
Earnings used in the computation of basic EPS from continuing operations	617,193	755,693
Effect of potentially dilutive ordinary shares		
Bonus to employee	-	-
Earnings used in the computation of diluted EPS from continuing operations	$ 617,193	$ 755,693

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

	For the Year Ended December 31	
	2015	2014
Weighted average number of common shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential common shares:		
Bonus issue to employees	528	9
Weighted average number of common shares used in the computation of diluted earnings per share	588,963	588,444

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

30. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

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

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

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

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

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

b. 50% of the shareholding ratio after the third anniversary from the grant date. The restrictions under the ESOP are as follows:

The restrictions under the ESOP are as follows:

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

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

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

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

	Number of Restricted Stock (In Thousands)	
	2015	**2014**
Balance at January 1	2,315	1,000
Granted	-	1,400
Vest	(353)	-
Retirement	(1,118)	(85)
Balance at December 31	844	2,315

iCatch Technology Inc.

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

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

	2015		2014	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	7,500	$ 10	5,929	$ 10
Retirement	(1,282)	10	-	-
Options granted	(19)	10	1,571	10
Balance at December 31	6,199	10	7,500	10
Options exercisable, end of period	6,199	10	7,500	10

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

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

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

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

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

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

31. GOVERNMENT GRANTS

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

The total revenue recognized as profit for the years ended December 31, 2015 and 2014 was 1,833 and 1,792 thousand respectively.

The Company signed the contract of [The development program of the sensor IC of Electrocardiogram with low power consumption and Noise, the SDK system of Electrocardiogram, and the project of Hardware development] with Institute for Information Industry, III for short, on June, 2014. The program started from November 7, 2013 to May 6, 2015. As of December 31, 2014, the government grants received was amounted to 14,796 thousand dollars, and was classified to Non-operating income and gains.

In July 2015, the Hsinchu Science Park Bureau (HSPB), which is under the Ministry of Science and Technology, and its counterparties－the Company, H.P.B Optoelectronics Co., Ltd., and the National Yunlin University's Science and Technology Department of Electronic Engineering－signed a contract on the counterparties' development for the Hsinchu Science Park of a high-definition, 3D mobile panoramic imaging system with real-time correction. The government grants will be distributed to the counterparties on the basis of the percentage of completion of the system development. The program started from July 1, 2015 to June 30, 2016. The government grants received was amounted to $2,468 thousand and was classified under non-operating income and gains.

32. DISPOSAL OF SUBSIDIARIES

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

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

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

33. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

Sunplus

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

Future annual minimum rentals under the leases are as follows:

	December 31	
	2015	2014
Up to 1 year	$ 7,815	$ 6,665
Over 1 year to 5 years	31,262	18,992
Over 5 years	45,692	7,501
	$ 84,769	$ 33,158

Sunplus Innovation

Sunplus Innovation leases office from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2016 and December 2018. The SBIPA has the right to adjust the annual lease amount of $5,459 thousand.

The future lease payables are as follows:

	December 31	
	2015	2014
Up to 1 year	$ 5,459	$ 9,961
Over 1 year to 5 years	10,919	20,880
	$ 16,378	$ 30,841
Refundable deposits	$ 1,660	$ 1,660

Generalplus

Generalplus leases land from Science-Based Industrial Park Administration under renewable agreements expiring in December 2020. The SBIPA has the right to adjust the annual lease amount of $1,474 thousand. Generalplus deposited $3,000 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31	
	2015	2014
Up to 1 year	$ 1,474	$ 1,474
Over 1 year to 5 years	5,896	5,896
Over 5 years	-	1,474
	$ 7,370	$ 8,844

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

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

The future lease payments are as follows:

	December 31	
	2015	2014
Up to 1 year	$ 538	$ 2,962
Over 1 year to 5 years	-	493
	$ 538	$ 3,455
Refundable deposits	$ 521	$ 521

The Group as lessor

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

As of December 31, 2015 and 2014, deposits received under operating leases amounted to $35,410 thousand and $25,981 thousand, respectively.

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

	December 31	
	2015	2014
Up to 1 year	$ 117,457	$ 108,118
Over 1 year to 5 years	109,985	71,230
	$ 227,442	$ 179,348

34. CAPITAL MANAGEMENT

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

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

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

35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

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

	December 31			
	2015		2014	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Financial assets carried at cost	$ 528,590	$	$ 241,005	$ -
Debt investment with no active market	15,389		14,903	-

2) Fair value measurements recognized in the balance sheets

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

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

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

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

December 31, 2015

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

December 31, 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Securities listed in ROC	$ 14,830	$ -	$ -	$ 14,830
Available-for-sale financial assets				
Mutual funds	$ 911,450	$ -	$ -	$ 911,450
Securities listed in ROC	804,644	-	-	804,644
	$ 1,716,094	$ -	$ -	$ 1,716,094

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

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

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

b. Categories of financial instruments

	December 31	
	2015	**2014**
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 24,200	$ 14,830
Loans and receivables (i)	6,147,805	5,554,870
Available-for-sale financial assets (ii)	3,009,134	1,957,099
Financial liabilities		
Measured at amortized cost (iii)	3,389,629	2,816,779

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

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

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were refer to Note 38.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB

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

	USD impact	
	Years Ended December 31	
	2015	**2014**
Profit or loss	$ (2,199)	$ (15,400)

	RMB impact	
	Years Ended December 31	
	2015	**2014**
Profit or loss	$ (55,486)	$ (90,934)

b) Interest rate risk

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

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

	December 31	
	2015	**2014**
Fair value interest rate risk		
Financial assets	$ 3,110,718	$ 2,756,009
Financial liabilities	170,588	148,295
Cash flow interest rate risk		
Financial assets	1,587,426	899,131
Financial liabilities	2,351,556	1,718,168

Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% basis point and all other variables held constant, the Group's post-tax profit for the years ended December 31, 2015 and 2014 would decrease/increase by $955 thousand and increase/decrease by $1,024 thousand.

c) Other price risk

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

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

Had equity prices been 1% higher/lower, post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by $24,805 thousand and $17,161 thousand.

2) Credit risk

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

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

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

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

The Group's concentration of credit risk of 54% and 56% in total trade receivables as of December 31, 2015, December 31, 2014, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2015, December 31, 2014, the Group had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest risk rate tables

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

December 31, 2015

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing		$ 311,829	$ 539,694	$ 597,928	$ 34,621	$ -
Variable interest rate liabilities	1.705-2.8562	117,232	96,528	750,198	917,294	-
Fixed interest rate liabilities	0.8-2.2	-	440	85,548	108,806	142,694
		$ 429,061	$ 636,662	$ 1,433,674	$ 1,060,721	$ 142,694

December 31, 2014

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing	-	$ 171,950	$ 657,975	$ 48,899	$ 36,636	$ -
Variable interest rate liabilities	1.865-2.752	783	140,278	350,556	560,554	-
Fixed interest rate liabilities	0.8~2.2	10	265	135,341	666,780	149,588
		$ 172,743	$ 798,518	$ 534,796	$ 1,263,970	$ 149,588

b) Financing facilities

	December 31	
	2015	2014
Unsecured bank overdraft facility		
Amount used	$ 2,582,603	$ 2,129,373
Amount unused	3,770,817	3,954,250
	$ 6,353,420	$ 6,083,623

36. TRANSACTIONS WITH RELATED PARTIES

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

a. Sales of goods

Line Items	Related Party Categories	For the Year Ended December 31 2015	2014
Sales	Associates	$ -	$ 68,749
	Joint ventures	84,420	39,852
		$ 84,420	$ 108,601

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

b. Purchases of goods

Related Party Categories	For the Year Ended December 31 2015	2014
Joint ventures	$ -	$ 6,467

Material purchase price to related parties is based on cost and market price. The payment term was similar to those with external vendors.

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

Account Item	Related Party	December 31 2015	2014
Trade receivables	Joint ventures	$ 10,049	$ 6,142
	Associates	-	8,772
		$ 10,049	$ 14,914
Other receivable	Joint ventures	$ 1,262	$ 1,556
	Associates	-	35,354
		$ 1,262	$ 36,910

There were no guarantees on outstanding receivables from related parties.

d. Payable to related parties (excluding loans from related parties)

Account Item	Related Party	December 31 2015	2014
Other current liabilities	Joint ventures	$ -	$ 25,330

The following balances of trade receivables from related parties were outstanding at the end of the reporting period.

e. Property, plant and equipment disposed of

Related Party	Proceeds of the Disposal of Assets For the Year Ended December 31 2015	2014	Gain on Disposal of Assets For the Year Ended December 31 2015	2014
Joint ventures	$	$ -	$ 4	$ -

f. Other transactions with related parties

Account Item	Related Party	December 31 2015	2014
Deferred income	Associates	$ -	$ 1,099

Account Item	Related Parties Types	For the Years Ended December 31 2015	2014
Operating expenses	Joint ventures	$ 13,931	$ 48,159
Nonoperating income and expenses	Joint ventures	$ 24,166	$ 18,708
	Associates	-	926
		$ 24,166	$ 19,634

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

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

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

g. Compensation of key management personnel:

	For the Years Ended December 31 2015	2014
Salaries and Incentives	$ 56,676	$ 51,038
Special compensation	3,761	3,493
	$ 60,437	$ 54,531

37. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2015	2014
Buildings, net	$ 673,342	$ 693,056
Pledged time deposits (classified as other assets, including current and noncurrent)	259,876	93,116
Subsidiary's holding of Sunplus' stock	39,429	43,321
FocalTech stock	-	248,207
	$ 972,647	$ 1,077,700

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

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

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 57,883	32.825	$ 1,900,009
CNY	57,606	4.995	287,742
JPY	359	0.273	98
HKD	93	4.235	394
GBP	3	48.670	146
EUR	2	35.880	72
Nonmonetary items			
USD	997	32.825	32,727
EUR	510	35.880	18,299
Financial liabilities			
Monetary items			
USD	55,684	32.825	1,827,827
CNY	2,120	4.995	10,589
JPY	277	0.273	76

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
CNY	$ 91,004	5.092	$ 463,392
USD	62,218	31.650	1,969,200
JPY	750	0.265	199
HKD	129	4.080	526
GBP	31	49.270	1,527
EUR	3	38.470	115
Nonmonetary items			
USD	1,629	31.650	51,558
EUR	510	38.470	19,620
Financial liabilities			
Monetary items			
USD	46,818	31.650	1,481,790
CNY	70	5.092	356
HKD	3	4.080	12

39. ADDITIONAL DISCLOSURES

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

1) Financings provided: Table 1 (attached)

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

3) Marketable securities held: Table 3 (attached)

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

5) Information on investee: Table 5 (attached)

b. Information on investments in mainland China

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

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

Except for Table 1 to Table 7, there's no further information about other significant transactions.

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Group reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by sub segment and operating results for the years ended December 31, 2015 and 2014 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2015 and 2014 are shown in the accompanying consolidated balance sheets.

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

a. Segment revenues and results

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

	Segment Revenue For the Year Ended December 31	
	2015	**2014**
IC design	$ 7,950,773	$ 7,388,634
Income from lease of property, plant, and equipment	147,725	145,120
Other income	367,335	337,761
	$ 8,465,833	$ 7,871,515

b. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Asia	$ 5,650,767	$ 5,599,501	$ 2,516,438	$ 2,677,252
Taiwan	2,538,834	2,171,538	1,497,208	1,374,271
Others	276,232	100,476	-	-
	$ 8,465,833	$ 7,871,515	$ 4,013,646	$ 4,051,523

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

c. Information about major customers

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

	For the Year Ended December 31	
	2015	2014
Customer A	$ 1,947,996	$ 1,323,977
Customer B	680,691	1,215,880

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

Note 1: Short-term financing.

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

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

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

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

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Endorser	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited (“Sunplus”)	Ventureplus Cayman Inc.	3 (Note 4)	$ 953,001 (Note 5)	$ 288,490	$ 288,490	$ 78,175	$ -	3.03	$ 1,906,002 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	953,001 (Note 5)	978,390	943,470	829,265	-	9.90	1,906,002 (Note 6)	Yes	No	Yes
		Ytrip Technology Co., Ltd.	3 (Note 4)	953,001 (Note 5)	62,370	62,370	62,370	-	0.65	1,906,002 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	953,001 (Note 5)	60,000	20,000	20,000	-	0.21	1,906,002 (Note 6)	Yes	No	No
1 (Note 2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 4)	174,861 (Note 7)	158,250	158,250	158,250	158,250	54.3	174,861 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

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

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

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

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

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

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

(Continued)

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

(Continued)

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

(Continued)

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

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

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

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

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

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

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

1. For the Year ended December 31,2015

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transaction			
			Financial StatementAccount Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd. (“parent company”)	Generalplus Technology Corp.	1	Sales	$ 5,804	Note 1	0.07%
			Nonoperating income and gains	85	Note 2	-
			Notes and accounts receivable	655	Note 1	-
	Sunext Technology Co., Ltd.	1	Sales	2,648	Note 1	0.03%
			Nonoperating income and gains	9,630	Notes 2 and 4	0.11%
			Notes and accounts receivable	2,153	Note 1	0.01%
			Other receivables	794	Note 3	-
			Research and development	1,576	Note 2	0.02%
			Other accrued expense	249	Note 3	-
	Sunplus Innovation Technology Inc.	1	Sales	452	Note 1	0.01%
			Nonoperating income and gains	3,968	Note 2	0.05%
			Notes and accounts receivable	74	Note 1	-
			Other receivables	953	Note 3	-
			Research and development	18	Note 2	-
	iCatch Technology, Inc.	1	Sales	13,755	Note 1	0.16%
			Nonoperating income and gains	13,205	Notes 2 and 4	0.16%
			Notes and accounts receivable	3,523	Note 1	0.02%
			Other receivables	1,135	Note 3	0.01%
	Sunplus Technology (H.K.) Co., Ltd.	1	Marketing expense	1,059	Note 2	0.01%
			Other accrued expense	163	Note 3	-
	Jumplux Technology Co., Ltd.	1	Other receivables	258	Note 3	-
			Non operating income and gain	2,909	Notes 2	0.03%
			Sales	1,058	Note 1	0.01%
	Sunplus mMedia Inc.	1	Marketing expenses	264	Note 2	-
			Other accrued expense	327	Note 3	-
			Sales	1,004	Note 1	0.01%
			Nonoperating income and gains	3,836	Note 2 and 4	0.05%
			Other receivables	349	Note 3	-
			Notes and accounts receivable	211	Note 1	-
Sunext Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Research and development	2,270	Note 2	0.03%
			Other accrued expense	677	Note 3	-
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Marketing expenses	2,582	Note 2	0.03%
			Other accrued expense	681	Note 3	-
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other accrued expense	5,453	Note 3	0.03%
			Marketing expenses	26,306	Note 2	0.31%

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transaction			
			Financial Statement Account Item	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Generalplus Technology Corp.	Sunplus Innovation Technology Inc.	2	Research and development	$ 24	Note 2	-
			Marketing expense	2,048	Note 2	0.02%
	Generapllus Technology (H.K.) Corp.	2	Marketing expense	14,152	Note 2	0.17%
			Other accrued expense	2,384	Note 3	0.02%
	Generalplus Technology (Shenzhen) corp.	2	Research and development	96,711	Note 2	1.14%
			Other accrued expense	26,346	Note 3	0.17%
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Marketing expenses	24,278	Note 2	0.29%
			Accrued expenses	6,652	Note 3	0.04%
	SunMedia Technology Co., Ltd.	2	Marketing expenses	28,581	Note 2	0.34%
			Accrued expenses	4,698	Note 3	0.03%
	Sunplus Technology (Beijing)	2	Research and development	3,566	Note 2	0.04%
			Accrued expenses	3,566	Note 3	0.02%
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other receivables	101,648	Note 3	0.65%
			Research and development	9,222	Note 2	0.11%
			Nonoperating income and gains	648	Note 2	0.01%
	1culture Communication Co,.Ltd	2	Other receivables	744	Note 3	-
			Nonoperating income and gains	4	Note 2	-
Sunplus APP Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Net and accounts receivable	150	Note 2	-
			Research and development	47	Note 2	-
			Sales	152	Note 1	-
SunMedia Technology Co., Ltd.	Sunplus APP Technology	2	Notes and accounts receivable	199	Note 2	-
			Research and development	174	Note 2	-
Sunplus mMedia Inc.	Sunplus Technology (Beijing)	2	Other accrued expense	1,441	Note 3	0.01%
			Research and development	1,441	Note 2	0.02%
VENTUREPLUS CAYMAN INC.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other receivables	46,454	Note 3	0.30%
			Nonoperating income and gains	476	Note 2	0.01%
	Ytrip Technology Co., Ltd.	2	Other receivables	21,665	Note 3	0.14%
			Nonoperating income and gains	103	Note 2	-

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

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

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

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

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

(Concluded)

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

Investor	Investee	Location	Main Business and Product	Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,628,372	$ 2,628,372	-	100	$ 1,699,981	$ (184,570)	$ (184,570)	Subsidiary
				(US$ 74,305	(US$ 74,305						(Note 2)
				RMB$ 37,900)	RMB$ 37,900)						
	FolcalTech Inc.	Hsinchu, Taiwan	Design of ICs	-	536,298	-	-	-	-	-	Investee
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Design and sale of ICs	315,658	315,658	8,229	13	339,023	138,906	18,145	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	897,803	189,566	189,566	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	722,586	388,158	133,140	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	814,205	170,634	170,634	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	62	515,144	3,281	2,046	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	484,497	484,497	14,760	100	291,435	(61,536)	(61,536)	Subsidiary
				(US$ 14,760)	(US$ 14,760)						(Note 2)
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	245,948	136,448	51,434	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,836	61	108,058	(1,000)	(612)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	307,565	17,441	87	48,981	(45,750)	(39,415)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,061	(31)	(31)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	46,903	46,903	11,075	100	(140)	(4,384)	(4,384)	Subsidiary
				(HK$ 11,075)	(HK$ 11,075)						(Note 2)
	Magic Sky Limited	Samoa	Investment	215,332	208,767	-	100	251	(6,374)	(6,374)	Subsidiary
				(US$ 6,560)	(US$ 6,360)						(Notes 1 and 2)
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	362,285	362,285	908	2	13,295	460,948	10,469	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	32,373	7,480	7,480	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	14,783	1,558	1,558	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	289,891	388,158	53,122	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	9,388	(1,000)	(53)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	15,406	3,281	70	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	11,567	136,448	2,393	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	6,339	(45,750)	(1,609)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	132,788	132,788	9,591	24	140,455	460,948	110,520	Investee
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	96,766	388,158	15,342	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	48,604	3,281	189	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	32,319	32,319	3,232	6	38,769	136,448	8,017	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	12,322	(1,000)	(70)	Subsidiary
	FolcalTech Inc.	Hsinchu, Taiwan	Design of ICs	-	10,800	-	-	-	-	-	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	10	3,367	(45,750)	(4,726)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	133,846	133,846	10,001	25	146,245	460,948	115,245	Investee
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	69,556	69,556	442	1	1,247	(1,000)	33	Subsidiary
				(US$ 2,119)	(US$ 2,119)			(US$ 38)		(US$ -)	(Note 2)

(Continued)

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

Note 1: Current capital registration has not been completed.

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Business and Product	Total Amount of Paid-in Capital (Note 4)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (Note 4)	Investment Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (Note 4)	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	$ 564,590 (US$ 17,200)	Note 1	$ 579,525 (US$ 17,655)	$ -	$ -	$ 579,525 (US$ 17,655)	100%	$ 37,803	$ 37,803	$ 513,428	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	1,058,606 (US$ 32,250)	Note 1	1,058,606 (US$ 32,250)	-	-	1,058,606 (US$ 32,250)	100%	(31,082)	(31,082)	890,219	-
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	656,500 (US$ 20,000)	Note 1	656,500 (US$ 20,000)	-	-	656,500 (US$ 20,000)	100%	(75,789)	(75,789)	249,079	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	74,925 (RMB$ 15,000)	Note 1	69,185 (US$ 586 RMB$ 10,000)	-	-	69,185 (US$ 586 RMB$ 10,000)	93%	(45,156)	(42,144)	24,277	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	162,338 (RMB$ 32,500)	Note 1	123,094 (US$ 3,750)	-	-	123,094 (US$ 3,750)	81%	(54,704)	(40,370)	(58,032)	-
Sunplus Technology (Beijing)	Design of software	134,865 (RMB$ 27,000)	Note 1	134,865 (RMB$ 27,000)	-	-	134,865 (RMB$ 27,000)	100%	(29,854)	(29,854)	82,916	-

Accumulated Investment in Mainland China as of December 31, 2015 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Limit on Investment
$ 2,621,775 (US$ 74,241 RMB$ 37,000)	$ 2,713,737 (US$ 74,760 RMB$ 52,000)	$5,718,007

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Business and Product	Total Amount of Paid-in Capital (Note 4)	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (Note 4)	Investment Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (Note 4)	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 3)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
Generalplus Shenzhen	Data processing service	$ 613,828 (US$ 18,700)	Note 1	$ 613,828 (US$ 18,700)	$ -	$ -	$ 613,828 (US$ 18,700)	100%	$ 10,429	$ 10,429	$ 497,588	$ -

Accumulated Investment in Mainland China as of December 31, 2015 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Limit on Investment
$ 613,828 (US$ 18,700)	$ 613,828 (US$ 18,700)	$1,282,720

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

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

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

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

(Concluded)

TABLE 7

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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