

**Sunplus Technology Company Limited
and Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2017 and 2016 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have reviewed the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2017 and 2016 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months 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 reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 13 to the accompanying consolidated financial statements, the financial statements of some immaterial subsidiaries included in the consolidated financial statements were based on the investees' unreviewed financial statements. The total assets of these subsidiaries as of March 31, 2017 and 2016 were 41% (NT\$5,441,288 thousand) and 38% (NT\$5,688,182 thousand), respectively, of the total consolidated assets, and the total liabilities were 61% (NT\$1,529,901 thousand) and 41% (NT\$1,621,901 thousand), respectively, of the total consolidated liabilities. For the three months ended March 31, 2017 and 2016, the total comprehensive gain of such investments was 199% (NT\$114,220 thousand) and 6% (NT\$7,838 thousand), respectively, of the total consolidated comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, the cumulative carrying amounts of some associates as of March 31, 2017 and 2016 were NT\$403,555 thousand and NT\$653,236 thousand, respectively. For the three months ended March 31, 2017 and 2016, the related investment results were a net gain of NT\$84,885 thousand and a net loss of NT\$14,192 thousand, respectively. These investment amounts and other associates' information disclosed in Note 38 to the consolidated financial statements were based on these associates' unreviewed financial statements for the same reporting periods as those of the Company.

Based on our reviews, except for the effects of adjustments that might have been determined to be necessary had the equity-method investees' financial statements mentioned in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements as of and for the three months ended March 31, 2017 and 2016 of the Group for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standard 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 10, 2017

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 review such consolidated financial statements are those generally applied in the Republic of China.

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)		March 31, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 3,938,361	30	\$ 4,803,495	33	\$ 4,088,842	27
Financial assets at fair value through profit or loss - current (Note 8)	7,960	-	106,573	1	17,704	-
Available-for-sale financial assets - current (Note 8)	1,513,862	11	1,372,492	9	1,268,894	9
Debt investments with no active market - current (Note 9)	-	-	-	-	15,389	-
Notes and trade receivables, net (Notes 11 and 34)	1,088,265	8	1,285,810	9	1,344,036	9
Other receivables (Note 34)	66,517	1	75,627	-	37,932	-
Inventories (Note 12)	983,715	8	858,390	6	1,153,838	8
Other current assets (Note 18)	429,908	3	289,755	2	437,614	3
Total current assets	8,028,588	61	8,792,142	60	8,364,249	56
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Note 8)	499,950	4	900,437	6	1,323,958	9
Financial assets carried at cost (Note 10)	570,994	4	689,261	5	527,823	4
Investments accounted for using the equity method (Note 14)	403,555	3	323,912	2	653,236	4
Property, plant and equipment (Notes 15 and 35)	2,183,344	16	2,265,910	16	3,527,767	23
Investment properties (Note 16)	1,145,969	9	1,218,904	8	251,691	2
Intangible assets (Note 17)	185,725	1	191,024	1	211,080	1
Deferred tax assets (Notes 4 and 27)	30,969	-	29,015	-	37,801	-
Other noncurrent assets (Notes 18, 31 and 34)	207,530	2	218,417	2	152,525	1
Total noncurrent assets	5,228,036	39	5,836,880	40	6,685,881	44
TOTAL	<u>\$ 13,256,624</u>	<u>100</u>	<u>\$ 14,629,022</u>	<u>100</u>	<u>\$ 15,050,130</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 484,510	4	\$ 550,203	4	\$ 594,321	4
Trade payables (Note 20)	612,291	5	732,964	5	664,736	4
Current tax liabilities (Notes 4 and 27)	53,084	-	42,184	-	65,703	1
Provisions - current (Note 21)	15,644	-	12,334	-	10,462	-
Deferred revenue - current (Notes 22 and 30)	1,605	-	1,682	-	1,811	-
Current portion of long-term loans (Notes 19 and 35)	152,026	1	897,087	6	863,471	6
Other current liabilities (Note 22)	476,035	4	808,949	6	504,442	3
Total current liabilities	1,795,195	14	3,045,403	21	2,704,946	18
NONCURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 35)	351,013	3	529,167	4	878,959	6
Deferred revenue - noncurrent, net of current portion (Notes 22 and 30)	63,804	-	67,264	-	73,795	-
Net defined benefit liabilities (Notes 4 and 23)	97,684	1	98,266	1	97,899	1
Guarantee deposits (Note 31)	202,293	1	199,856	1	201,363	1
Other noncurrent liabilities, net of current portion (Note 22)	889	-	889	-	1,339	-
Total noncurrent liabilities	715,683	5	895,442	6	1,253,355	8
Total liabilities	2,510,878	19	3,940,845	27	3,958,301	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)						
Common shares	5,919,949	45	5,919,949	40	5,919,949	39
Capital surplus	911,121	7	911,110	6	897,317	6
Retained earnings						
Legal reserve	1,890,531	15	1,890,531	13	1,831,596	12
Special reserve	21,927	-	21,927	-	17,833	-
Unappropriated earnings (accumulated deficit)	417,479	3	99,738	1	597,534	4
Total retained earnings	2,329,937	18	2,012,196	14	2,446,963	16
Other equity	(12,261)	-	244,400	2	163,247	1
Treasury shares (Note 35)	(63,401)	(1)	(63,401)	-	(63,401)	-
Total equity attributable to owners of the Company	9,085,345	69	9,024,254	62	9,364,075	62
NONCONTROLLING INTERESTS (Note 24)	<u>1,660,401</u>	<u>12</u>	<u>1,663,923</u>	<u>11</u>	<u>1,727,754</u>	<u>12</u>
Total equity	10,745,746	81	10,688,177	73	11,091,829	74
TOTAL	<u>\$ 13,256,624</u>	<u>100</u>	<u>\$ 14,629,022</u>	<u>100</u>	<u>\$ 15,050,130</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 10, 2017)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
NET SALES (Notes 25 and 34)	\$ 1,478,636	100	\$ 1,802,171	100
COSTS OF SALES (Notes 12 and 26)	<u>904,792</u>	<u>61</u>	<u>1,024,800</u>	<u>57</u>
GROSS PROFIT	<u>573,844</u>	<u>39</u>	<u>777,371</u>	<u>43</u>
OPERATING EXPENSES (Notes 26 and 34)				
Selling and marketing	76,638	5	78,813	4
General and administrative	133,125	9	160,421	9
Research and development	<u>438,418</u>	<u>30</u>	<u>461,980</u>	<u>26</u>
Total operating expenses	<u>648,181</u>	<u>44</u>	<u>701,214</u>	<u>39</u>
OTHER REVENUE AND EXPENSES	<u>(463)</u>	<u>-</u>	<u>(462)</u>	<u>-</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(74,800)</u>	<u>(5)</u>	<u>75,695</u>	<u>4</u>
NONOPERATING INCOME AND EXPENSES (Notes 26, 30 and 34)				
Other income	15,141	1	12,210	1
Other gains and losses	323,932	22	(41,158)	(2)
Financial costs	(11,200)	(1)	(10,030)	(1)
Share of profit or loss of associates and joint ventures (Note 14)	<u>84,885</u>	<u>6</u>	<u>14,192</u>	<u>1</u>
Total nonoperating income and expenses	<u>412,758</u>	<u>28</u>	<u>(24,786)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX	337,958	23	50,909	3
INCOME TAX EXPENSE (Notes 4 and 27)	<u>10,481</u>	<u>1</u>	<u>14,521</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>327,477</u>	<u>22</u>	<u>36,388</u>	<u>2</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
Exchange differences on translating foreign operations	(117,041)	(8)	(15,733)	(1)
Unrealized loss on available-for-sale financial assets	(147,768)	(10)	(154,118)	(8)
Share of other comprehensive income (loss) of associates and joint venture	<u>(5,242)</u>	<u>-</u>	<u>27</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>(270,051)</u>	<u>(18)</u>	<u>(169,824)</u>	<u>(9)</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 57,426</u>	<u>4</u>	<u>\$ (133,436)</u>	<u>(7)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 317,741	21	\$ 2,331	-
Noncontrolling interests	<u>9,736</u>	<u>1</u>	<u>34,057</u>	<u>2</u>
	<u>\$ 327,477</u>	<u>22</u>	<u>\$ 36,388</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 61,080	4	\$ (165,914)	(9)
Noncontrolling interests	<u>(3,654)</u>	<u>-</u>	<u>32,478</u>	<u>2</u>
	<u>\$ 57,426</u>	<u>4</u>	<u>\$ (133,436)</u>	<u>(7)</u>
EARNINGS PER SHARE (New Taiwan dollars; Note 28)				
From continuing operations				
Basic	<u>\$ 0.54</u>		<u>\$ -</u>	
Diluted	<u>\$ 0.54</u>		<u>\$ -</u>	

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

(With Deloitte & Touche review report dated May 10, 2017)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											
	Share Capital Issued and Outstanding (Note 24)		Capital Surplus (Note 24)	Retained Earnings (Note 24)			Other Equity (Notes 24)		Treasury Shares (Notes 24 and 35)	Total	Noncontrolling Interests (Note 24)	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets				
Balance, January 1, 2016	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
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(23)	-	-	-	(23)	-	(23)
Net gain for the three months ended March 31, 2016	-	-	-	-	-	2,331	-	-	-	2,331	34,057	36,388
Other comprehensive loss for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	(16,563)	(151,682)	-	(168,245)	(1,579)	(169,824)
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	-	2,331	(16,563)	(151,682)	-	(165,914)	32,478	(133,436)
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	48	48
BALANCE, MARCH 31, 2016	591,995	\$ 5,919,949	\$ 897,317	\$ 1,831,596	\$ 17,833	\$ 597,534	\$ 80,946	\$ 82,301	\$ (63,401)	\$ 9,364,075	\$ 1,727,754	\$ 11,091,829
Balance, January 1, 2017	591,995	5,919,949	\$ 911,110	\$ 1,890,531	\$ 21,927	\$ 99,738	\$ (62,062)	\$ 306,462	\$ (63,401)	\$ 9,024,254	\$ 1,663,923	\$ 10,688,177
Changes in percentage of ownership interest in subsidiaries	-	-	11	-	-	-	-	-	-	11	-	11
Net gain for the three months ended March 31, 2017	-	-	-	-	-	317,741	-	-	-	317,741	9,736	327,477
Other comprehensive loss for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	(113,440)	(143,221)	-	(256,661)	(13,390)	(270,051)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	317,741	(113,440)	(143,221)	-	61,080	(3,654)	57,426
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	132	132
BALANCE, MARCH 31, 2017	591,995	\$ 5,919,949	\$ 911,121	\$ 1,890,531	\$ 21,927	\$ 417,479	\$ (175,502)	\$ 163,241	\$ (63,401)	\$ 9,085,345	\$ 1,660,401	\$ 10,745,746

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

(With Deloitte & Touche review report dated May 10, 2017)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 337,958	\$ 50,909
Adjustments for:		
Depreciation expenses	67,331	63,637
Amortization expenses	27,549	25,685
Bad-debt expenses	140	406
Net gain on fair value change of financial assets designated as at fair value through profit	(4,901)	(14)
Financial costs	11,200	10,030
Interest income	(5,650)	(6,924)
Dividend income	-	(12)
Compensation costs of employee share options	24	-
Share of profit of associates and joint ventures	(84,885)	(14,192)
Loss on disposal of property, plant and equipment	463	154
Loss on disposal of intangible assets	-	308
Gain on disposal of investments	(494,405)	(1,318)
Impairment loss recognized on financial assets	116,942	30,382
Impairment loss recognized on non-financial assets	21,577	-
Net loss (gain) on foreign currency exchange	11,367	(14,563)
Amortization of prepaid lease payments	698	778
Changes in operating assets and liabilities:		
Decrease in financial assets held for trading	3,367	6,791
Decrease in trade receivables	184,465	250,278
Decrease (increase) in other receivables	9,554	(3,768)
(Increase) decrease in inventories	(125,325)	71,184
Decrease (increase) in other current assets	9,482	(8,684)
Increase in trade payables	(117,690)	(5,351)
Increase (decrease) in provisions	3,318	(4,877)
Decrease in deferred revenue	(412)	(460)
Decrease in other current liabilities	(321,604)	(205,286)
Decrease in accrued pension liabilities	(582)	(526)
Cash (used in) generated from operations	<u>(350,019)</u>	<u>244,567</u>
Interest received	5,206	7,283
Dividends received	-	12
Interest paid	(10,394)	(10,049)
Income tax return (paid)	<u>156</u>	<u>(1,798)</u>
Net cash (used in) generated from operating activities	<u>(355,051)</u>	<u>240,015</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of available-for-sale financial assets	(471,676)	(448,991)
Proceeds of the sale of available-for-sale financial assets	1,166,776	147,816
Payments for property, plant and equipment	(31,089)	(64,317)

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SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2017	2016
Proceeds of the disposal of property, plant and equipment	13	31
Decrease in refundable deposits	1,599	212
Payments for intangible assets	(50,427)	(43,657)
(Increase) decrease in other assets	<u>(151,669)</u>	<u>2,701</u>
Net cash generated from (used in) investing activities	<u>463,527</u>	<u>(406,205)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(65,601)	(51,771)
Repayments of long-term borrowings	(932,139)	(129,157)
Proceeds of guarantee deposits received	15,817	7,559
Refundable of guarantee deposits received	(11,322)	(11,019)
Decrease in noncontrolling interests	<u>119</u>	<u>25</u>
Net cash used in investing activities	<u>(993,126)</u>	<u>(184,363)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>19,516</u>	<u>(3,415)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(865,134)	(353,968)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,803,495</u>	<u>4,442,810</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,938,361</u>	<u>\$ 4,088,842</u>

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

(With Deloitte & Touche review report dated May 10, 2017)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

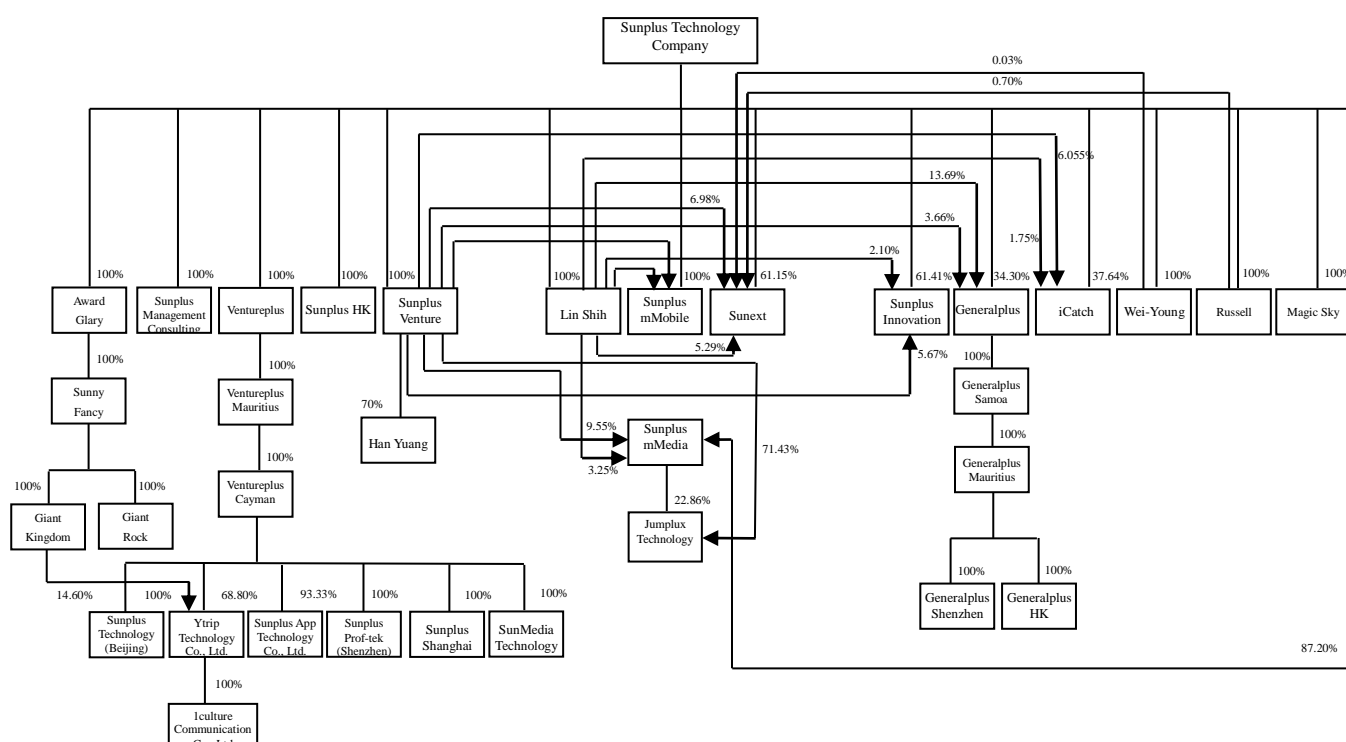
THREE MONTHS ENDED MARCH 31, 2017 AND 2016

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

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 March 31, 2017.



Sunplus mMobile Inc., iCatch, Sunplus mMedia and Sunplus Innovation research, develop, design, manufacture and sell all kinds of IC modules, application software and silicon intellectual property (SIP). Sunplus Technology (Shanghai), Sunplus Prof-tek (Shenzhen) and Sunplus Technology (Beijing) mainly develop computer software, provide system integration services and engage in building rental. SunMedia Technology researches and sells computer software and provides system integration services. Sunplus App Technology Co., Ltd. manufactures and sells computer software, provides system integration services and engages in information management and education. Ytrip Technology Co., Ltd. mainly provides system services and manages web businesses. 1culture Communication Co., Ltd. mainly engages in web business development. Han Yuang mainly provides information supply services, and researches and sells ICs. Jumplux Technology researches, develops, manufactures and sells transmission media and 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 perform 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 May 10, 2017.

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

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

The Corporation and entities controlled by the Corporation (collectively, the "Group") starts to apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") issued by the IASB and endorsed and issued into effect by the FSC.

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

- 1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 1 and Level 2, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively.

- 2) 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 Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group 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 Group, but also of other entities outside the Group. The share-based payment arrangements with market conditions, non-market conditions or non-vesting conditions will be accounted for differently, and the aforementioned amendment will be applied prospectively to those share-based payments granted on or after January 1, 2017.

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 amendment will be applied prospectively to business combination with acquisition date on or after January 1, 2017.

The amended IFRS 8 requires the Group 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. The judgements made in applying aggregation criteria should be disclosed retrospectively upon initial application of the amendment in 2017.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured 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 Group is a related party of the Group. Consequently, the Group 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.

3) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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 those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

4) 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;
- Recognize any goodwill or bargain purchase gain;
- Perform impairment tests for the cash generating units to which goodwill has been allocated;
- Disclose required information 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.

The above amendments will be applied to interest in joint operations acquired on or after January 1, 2017. Amounts of interests in joint operations acquired in prior periods are not adjusted.

5) 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.

6) 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.

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). The amendment will be applied from January 1, 2016, and any adjustment arising from the initial application of the amendment will be recognized in net defined benefit liabilities, deferred tax asset and retained earnings.

7) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions and impairment of goodwill are enhanced. Refer to Note 34 for related disclosures.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

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

The FSC announced that amendments to IFRS 4 (only the overlay approach can be applied), IFRS 9 and IFRS 15 will take effect 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 IFRSs.

New, Amended or Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
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
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
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 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs, whenever applied, would not have 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.

The impairment of financial assets

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.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

2) 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.

3) IFRS 15 “Revenue from Contracts with Customers” and related amendment

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

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 contract; and
- Recognize revenue when the entity satisfies a performance obligation.

In identifying performance obligations, IFRS 15 and related amendment require that a good or service is distinct if it is capable of being distinct and the promise to transfer it is distinct within the context of the contract.

When IFRS 15 and related amendment are 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.

4) 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.

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.

5) 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 as 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 the higher amount, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

6) Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”

The amendment requires that market condition and non-vesting condition should be taken into account and vesting conditions, other than market conditions, should not be taken into account when estimating the fair value of the cash-settled share-based payment at the measurement date. Instead, they should be taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction. This amendment applies to share-based payment transactions that are unvested at the date the Group first applies the amendment and to share-based payment transactions with a grant date on or after the date the Group first applies the amendment.

7) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures,” were amended in this annual improvement.

8) Amendments to IAS 40 “Transfers of Investment Property”

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

The Group may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. The Group is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Group may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

9) IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

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

The Group shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements

b. Basis of consolidation

See Note 13 and Table 6 following these Notes to Consolidated Financial Statements for the detailed information of subsidiaries (including the percentage of ownership and main business).

c. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements were consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2016.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2016.

6. CASH AND CASH EQUIVALENTS

	March 31, 2017	December 31, 2016	March 31, 2016
Cash on hand	\$ 8,119	\$ 6,121	\$ 4,242
Checking accounts and demand deposits	1,357,079	1,839,206	1,744,441
Cash equivalent deposits in banks	2,564,912	2,949,414	2,279,692
Repurchase agreements collateralized by bonds	<u>8,254</u>	<u>8,754</u>	<u>60,497</u>
	<u>\$ 3,938,361</u>	<u>\$ 4,803,495</u>	<u>\$ 4,088,842</u>

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

	March 31, 2017	December 31, 2016	March 31, 2016
Bank balance	0.01%-8%	0.01%-8%	0.01%-4.0%
Repurchase agreement collateralized by bonds	1.00%	1.00%	1.0%

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

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Financial assets held for trading</u>			
Non-derivative financial assets			
Corporate bonds of domestic listed shares	\$ 7,960	\$ 106,573	\$ 17,704

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Domestic investments</u>			
- Mutual funds	\$ 1,347,321	\$ 1,329,829	\$ 1,176,337
- Quoted shares	<u>666,491</u>	<u>943,100</u>	<u>1,416,515</u>
	<u>\$ 2,013,812</u>	<u>\$ 2,272,929</u>	<u>\$ 2,592,852</u>
Current	\$ 1,513,862	\$ 1,372,492	\$ 1,268,894
Noncurrent	<u>499,950</u>	<u>900,437</u>	<u>1,323,958</u>
	<u>\$ 2,013,812</u>	<u>\$ 2,272,929</u>	<u>\$ 2,592,852</u>

For the three months ended March 31, 2017 and 2016, the Group recognized impairment losses of \$0 and \$30,382 thousand, respectively.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	March 31, 2017	December 31, 2016	March 31, 2016
Fixed income fund	\$ -	\$ -	\$ 15,389

In May 2015, 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

	March 31, 2017	December 31, 2016	March 31, 2016
Domestic unlisted common shares	<u>\$ 570,994</u>	<u>\$ 689,261</u>	<u>\$ 527,823</u>
Classified as available for sale	<u>\$ 570,994</u>	<u>\$ 689,261</u>	<u>\$ 527,823</u>

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 \$116,942 thousand and \$0 as of March 31, 2017 and 2016, respectively.

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2017	December 31, 2016	March 31, 2016
Notes receivable	\$ -	\$ 165	\$ 4,922
Accounts receivable	1,166,718	1,363,852	1,342,598
Receivables from related parties	-	187	-
Allowance for doubtful accounts	(78,453)	(78,394)	(3,484)
	<u>1,088,265</u>	<u>1,285,645</u>	<u>1,339,114</u>
	<u>\$ 1,088,265</u>	<u>\$ 1,285,810</u>	<u>\$ 1,344,036</u>

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 \$27,495 thousand, \$31,446 thousand and \$122,088 thousand as of March 31, 2017, December 31, 2016 and March 31, 2016, 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 counterparty. As of May 10, 2017, the amount collected on the above trade receivables from the period ended March 31, 2017 that were past due but not impaired was \$189 thousand.

The aging of receivables was as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
0-60 days	\$ 929,148	\$ 1,099,673	\$ 1,094,254
61-90 days	121,564	152,837	206,736
91-120 days	4,026	5,796	39,340
121-360 days	35,280	104,168	2,268
More than 360 days	<u>76,700</u>	<u>1,565</u>	<u>-</u>
Total	<u>\$ 1,166,718</u>	<u>\$ 1,364,039</u>	<u>\$ 1,342,598</u>

The above aging schedule was based on the invoice date.

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

	March 31, 2017	December 31, 2016	March 31, 2016
Less than 60 days	\$ 189	\$ 2,412	\$ 122,088
More than 90 days	<u>27,306</u>	<u>29,034</u>	<u>-</u>
Total	<u>\$ 27,495</u>	<u>\$ 31,446</u>	<u>\$ 122,088</u>

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

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

	Individually Impaired	Collectively Impaired	Total
Balance at January 1, 2015	\$ 3,091	\$ -	\$ 3,091
Add: Impairment losses recognized on receivables	406	-	406
Foreign exchange translation gains	<u>(13)</u>	<u>-</u>	<u>(13)</u>
Balance at March 31, 2016	<u>\$ 3,484</u>	<u>\$ -</u>	<u>\$ 3,484</u>
Balance at January 1, 2017	\$ 78,394	\$ -	\$ 78,394
Add: Impairment losses recognized on receivables	140	-	140
Foreign exchange translation gains	<u>(81)</u>	<u>-</u>	<u>(81)</u>
Balance at March 31, 2017	<u>\$ 78,453</u>	<u>\$ -</u>	<u>\$ 78,453</u>

12. INVENTORIES

	March 31, 2017	December 31, 2016	March 31, 2016
Finished goods	\$ 384,460	\$ 342,308	\$ 502,185
Work in progress	361,615	350,483	447,695
Raw materials	<u>237,420</u>	<u>165,599</u>	<u>203,958</u>
	<u>\$ 983,715</u>	<u>\$ 858,390</u>	<u>\$ 1,153,838</u>

The costs of inventories recognized as cost of goods sold for the three months ended March 31, 2017 and 2016 were \$880,643 thousand and \$1,018,340 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the three months ended March 31, 2107 and 2016 were as follows:

	Three Months Ended March 31	
	2017	2016
Reversal of inventory write-downs	\$ (17,463)	\$ (4,045)
Income from scrap sales	<u>20</u>	<u>(124)</u>
	<u>\$ (17,443)</u>	<u>\$ (4,169)</u>

13. SUBSIDIARIES

a. The subsidiaries included in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	100.00	-
	Ventureplus Group Inc.	Investment	100.00	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	100.00	-
	Lin Shih Investment	Investment	100.00	100.00	100.00	-
	Sunplus mMobile Inc.	Design of integrated circuits (ICs)	100.00	100.00	100.00	-
	Sunext Technology Co., Ltd.	Design and sale of ICs	61.15	61.15	61.15	-
	Sunplus Innovation Technology	Design of ICs	61.41	61.41	62.10	-
	Generalplus Technology ("Generalplus")	Design of ICs	34.30	34.30	34.30	Sunplus and its subsidiaries had 51.65% equity in Generalplus.
	iCatch Technology	Design of ICs	37.64	37.64	37.68	Sunplus and its subsidiaries had 45.44% 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.
Ventureplus	Wei-Young Investment Inc.	Investment	100.00	100.00	100.00	-
	Russell Holdings Limited	Investment	100.00	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	87.20	87.20	87.20	-
	Award Glory	Investment	100.00	100.00	100.00	-
	Ventureplus Mauritius Inc.	Investment	100.00	100.00	100.00	-
	Ventureplus Cayman Inc.	Investment	100.00	100.00	100.00	-
	Ytrip Technology	Web research and development	68.80	68.80	80.56	-
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	93.33	93.33	93.33	-
	Sunplus Prof-tek Technology (Shenzhen)	Development and sale of computer software and system integration services	100.00	100.00	100.00	-
Ytrip Technology Sunplus Venture	Sunplus Technology (Shanghai)	Manufacturing and sale of consumer and rental	100.00	100.00	100.00	-
	SunMedia Technology	Manufacturing and sale of computer software and system integration services	100.00	100.00	100.00	-
	Sunplus Technology (Beijing)	Manufacturing and sale of computer software and system integration services	100.00	100.00	100.00	-
	1culture Communication	Development and sale	100.00	100.00	100.00	-
	Jumplux Technology	Design and sale of ICs	71.43	71.43	-	-
	Han Young Technology	Design of ICs	70.00	70.00	70.00	-
	Sunext Technology Co., Ltd. ("Sunext")	Design and sale of ICs	6.98	6.98	6.98	Sunplus and its subsidiaries had 74.15% equity in Sunext.
	Generalplus Technology Inc.	Design of ICs	3.66	3.66	3.95	Sunplus and its subsidiaries had 51.65% equity in Generalplus.
	Sunplus mMedia	Design of ICs	9.55	9.55	9.55	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.67	5.67	5.73	Sunplus and its subsidiaries had 69.18% equity in Sunplus Innovation
	iCatch Technology, Inc.	Design of ICs	6.05	6.05	5.87	Sunplus and its subsidiaries had 45.44% equity in iCatch Technology, Inc.

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
Lin Shih	Generalplus Technology	Design of ICs	13.69	13.69	13.69	Sunplus and its subsidiaries had 51.65% equity in Generalplus.
	Sunext Technology	Design and sale of ICs	5.29	5.29	5.29	
	Sunplus mMedia	Design of ICs	3.25	3.25	3.25	Sunplus and its subsidiaries had 100% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	2.10	2.10	2.12	Sunplus and its subsidiaries had 69.18% equity in Sunplus Innovation
Lin Shih	iCatch Technology	Design of ICs	1.75	1.75	1.75	Sunplus and its subsidiaries had 45.44% 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	100.00	Sunplus mMobile SAS had been liquidated on January 2017.
Generalplus	Generalplus Samoa	Investment	100.00	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	After-sales service	100.00	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	100.00	-
Wei-Young	Generalplus Technology	Design of ICs	-	-	0.10	-
	Sunext Technology Co., Ltd.	Design and sale of ICs	0.03	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	0.70	Sunplus and its subsidiaries had 74.15% equity in Sunext
Sunplus mMedia Inc.	Jumplux Technology	Design and sale of ICs	22.86	22.86	80.00	Sunplus and its subsidiaries had 94.29% equity in Jumplux.
Award Glory	Sunny Fancy	Investment	100.00	100.00	100.00	-
Sunny Fancy	Giant Kingdom	Investment	100.00	100.00	100.00	-
	Giant Rock	Investment	100.00	100.00	100.00	At the end of December 2016, the establishment registration was completed, but capital was not invested yet.
Giant Kingdom	Ytrip Technology	Web research and development	14.60	14.60	-	Sunplus and its subsidiaries had 83.40% equity in Ytrip Technology.

(Concluded)

The financial statements as of and for the three months ended March 31, 2017 and 2016 of the above subsidiaries, except those of Generalplus, Sunplus mMobile Inc., Ventureplus Group Inc., Ventureplus Mauritius Inc. and Ventureplus Cayman Inc. were not reviewed.

b. Subsidiary excluded from the consolidated financial statements

Company name	The Voting Ratio of Non-controlling Equity		
	March 31, 2017	December 31, 2016	March 31, 2016
Generalplus Technology Inc.	48.35%	48.35%	47.96%

Refer to Table 8 for information on country of registration and principal business.

Company name	Profits Attributed to Non-controlling Interests		Non-controlling Interests		
	Three Months Ended		March 31, 2017	December 31, 2016	March 31, 2016
	2017	2016			
Generalplus Technology Inc.	\$ 24,818	\$ 36,355	\$1,074,616	\$1,060,094	\$1,074,414

The summarized financial information below represents amounts before intragroup eliminations.

	March 31, 2017	December 31, 2016	March 31, 2016
Current assets	\$ 2,099,174	\$ 2,195,024	\$ 2,085,966
Non-current assets	703,223	733,352	707,545
Current liabilities	512,265	675,737	499,227
Non-current liabilities	<u>95,933</u>	<u>88,475</u>	<u>82,812</u>
Equity	<u>\$ 2,194,199</u>	<u>\$ 2,164,164</u>	<u>\$ 2,211,472</u>
Equity attributable to:			
Owners of the Company	\$ 1,119,583	\$ 1,104,070	\$ 1,137,058
Non-controlling interests	<u>1,074,616</u>	<u>1,060,094</u>	<u>1,074,414</u>
	<u>\$ 2,194,199</u>	<u>\$ 2,164,164</u>	<u>\$ 2,211,472</u>

	For the Three Months Ended March 31	
	2017	2016
Operating revenue	<u>\$ 643,796</u>	<u>\$ 684,290</u>
Net income	\$ 51,327	\$ 75,802
Other comprehensive loss	<u>(21,292)</u>	<u>(2,197)</u>
Total other comprehensive income	<u>\$ 30,035</u>	<u>\$ 73,605</u>
Equity attributable to:		
Owners of the Company	\$ 26,509	\$ 39,447
Non-controlling interests	<u>24,818</u>	<u>36,355</u>
	<u>\$ 51,327</u>	<u>\$ 75,802</u>
Total other comprehensive income attributable to:		
Owners of the Company	\$ 15,513	\$ 38,304
Non-controlling interests	<u>14,522</u>	<u>35,301</u>
	<u>\$ 30,035</u>	<u>\$ 73,605</u>
Cash flows		
Cash flows (used in) generated from operating activities	\$ (123,642)	\$ 81,232
Cash flows used in investing activities	(92,218)	(218,240)
Cash flows used in financing activities	(53,213)	(117,467)
Effect of exchange rate changes on the balance of cash held in foreign currencies	<u>(3,966)</u>	<u>(407)</u>
Net cash outflow	<u>\$ (272,039)</u>	<u>\$ (254,882)</u>
Dividends paid to non-controlling interests		
Generalplus Technology Inc.	<u>\$ -</u>	<u>\$ -</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2017	December 31, 2016	March 31, 2016
Investments in associates	\$ 403,555	\$ 323,912	\$ 347,415
Investments in jointly controlled entities	<u>-</u>	<u>-</u>	<u>305,821</u>
	<u>\$ 403,555</u>	<u>\$ 323,912</u>	<u>\$ 653,236</u>

a. Investments in associates

	March 31, 2017	December 31, 2016	March 31, 2016
Listed companies			
Global View Co., Ltd.	<u>\$ 403,555</u>	<u>\$ 323,912</u>	<u>\$ 347,415</u>

Refer to Table 6 following these Notes to Consolidated Financial Statements for information on the associates' business types, main operating locations and registered countries.

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

Name of Associate	March 31, 2017	December 31, 2016	March 31, 2016
Global View Co., Ltd.	13%	13%	13%

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

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

Name of Associate	March 31, 2017	December 31, 2016	March 31, 2016
Global View, Co., Ltd.	<u>\$ 345,637</u>	<u>\$ 311,896</u>	<u>\$ 258,405</u>

The company using the equity method on related subsidiary above mentioned.

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. Therefore, in the meeting on January 25, 2016, shareholders made a resolution to shut down the business.

SZ-Tech Inc. had been liquidated on May 3, 2016. The Company recognized \$9,346 thousand loss on disposal of investment according to the estimated amount of surplus properties distributed less than the book value of the investment.

Investments in the above jointly controlled entities are accounted for by using the equity method.

The financial statements of the above entities as of and for the three months ended March 31, 2017 and 2016 were not reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	Three Months Ended March 31, 2016								
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress
<u>Cost</u>									
Balance, beginning of period	\$ 2,519,326	\$ 221,075	\$ 18,459	\$ 502,632	\$ 6,589	\$ 252,178	\$ 3,549	\$ 23,727	\$ 1,089,521
Additions	-	-	-	25,868	-	5,852	-	326	3,366
Disposals	-	-	(179)	(6,905)	(1,680)	(1,422)	-	-	-
Effect of exchange rate changes	(5,963)	(400)	(62)	(314)	(2)	(576)	(611)	(328)	(5,049)
Balance, end of period	<u>\$ 2,513,363</u>	<u>\$ 220,675</u>	<u>\$ 18,218</u>	<u>\$ 521,281</u>	<u>\$ 4,907</u>	<u>\$ 256,032</u>	<u>\$ 2,938</u>	<u>\$ 23,725</u>	<u>\$ 1,087,838</u>
<u>Accumulated depreciation</u>									
Balance, beginning of period	\$ 353,964	\$ 84,778	\$ 16,432	\$ 384,626	\$ 4,074	\$ 199,788	\$ 2,583	\$ 16,218	\$ -
Additions	15,401	5,935	504	28,899	156	6,251	1,236	994	-
Disposals	-	-	(165)	(6,904)	(1,512)	(1,420)	-	-	-
Effect of exchange rate changes	(538)	1,145	(64)	(1,398)	4	946	(1,747)	(474)	-
Balance, end of period	<u>\$ 368,827</u>	<u>\$ 91,858</u>	<u>\$ 16,707</u>	<u>\$ 405,223</u>	<u>\$ 2,722</u>	<u>\$ 205,565</u>	<u>\$ 2,072</u>	<u>\$ 16,738</u>	<u>\$ -</u>
<u>Accumulated Impairment</u>									
Balance, beginning of year	\$ -	\$ -	\$ -	\$ 11,498	\$ -	\$ -	\$ -	\$ -	\$ 11,498
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>
Net, end of period	<u>\$ 2,144,536</u>	<u>\$ 128,817</u>	<u>\$ 1,511</u>	<u>\$ 104,560</u>	<u>\$ 2,185</u>	<u>\$ 50,467</u>	<u>\$ 866</u>	<u>\$ 6,987</u>	<u>\$ 1,087,838</u>
<u>Three Months Ended March 31, 2017</u>									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress
<u>Cost</u>									
Balance, beginning of year	\$ 2,420,928	\$ 202,883	\$ 16,161	\$ 581,209	\$ 7,020	\$ 260,976	\$ 3,284	\$ 21,278	\$ 25
Additions	-	5,540	1,143	11,777	-	3,745	170	-	-
Disposals	-	-	(1,500)	(7,997)	-	(5,703)	(506)	-	-
Effect of exchange rate changes	(54,433)	(3,556)	310	(37,477)	(897)	(7,391)	(106)	(516)	-
Balance, end of year	<u>\$ 2,366,495</u>	<u>\$ 204,867</u>	<u>\$ 16,114</u>	<u>\$ 547,512</u>	<u>\$ 6,123</u>	<u>\$ 251,627</u>	<u>\$ 2,842</u>	<u>\$ 20,762</u>	<u>\$ 25</u>
<u>Accumulated depreciation</u>									
Balance, beginning of year	\$ 404,240	\$ 95,601	\$ 15,329	\$ 480,895	\$ 3,282	\$ 216,976	\$ 2,269	\$ 17,764	\$ -
Depreciation expense	13,457	5,619	478	23,094	188	6,129	110	278	-
Disposals	-	-	(1,500)	(7,933)	-	(5,293)	(506)	-	-
Effect of exchange rate changes	(3,559)	(1,064)	(919)	(35,821)	(723)	(6,373)	(70)	(425)	-
Balance, end of year	<u>\$ 414,138</u>	<u>\$ 100,156</u>	<u>\$ 13,388</u>	<u>\$ 460,237</u>	<u>\$ 2,747</u>	<u>\$ 211,439</u>	<u>\$ 1,803</u>	<u>\$ 17,617</u>	<u>\$ -</u>
<u>Accumulated impairment</u>									
Balance, beginning of year	\$ -	\$ -	\$ -	\$ 11,498	\$ -	\$ -	\$ -	\$ -	\$ 11,498
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,498</u>
Net, beginning of period	<u>\$ 2,016,688</u>	<u>\$ 107,282</u>	<u>\$ 832</u>	<u>\$ 88,816</u>	<u>\$ 3,738</u>	<u>\$ 44,000</u>	<u>\$ 1,015</u>	<u>\$ 3,514</u>	<u>\$ 25</u>
Net, end of period	<u>\$ 1,952,357</u>	<u>\$ 104,711</u>	<u>\$ 2,726</u>	<u>\$ 75,777</u>	<u>\$ 3,376</u>	<u>\$ 40,188</u>	<u>\$ 1,039</u>	<u>\$ 3,145</u>	<u>\$ 25</u>

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

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

16. INVESTMENT PROPERTIES

Cost

Balance at January 1, 2016	\$ 450,839
Additions	<u>(2,076)</u>
Effect of exchange rate differences	
	<u>\$ 448,763</u>

Balance at March 31, 2016

Accumulated depreciation

Balance at January 1, 2016	\$ 193,769
Depreciation expense	4,261
Effect of exchange rate differences	<u>(958)</u>
Balance at March 31, 2016	<u>\$ (197,072)</u>
	<u>\$ 251,691</u>

Cost

Balance at January 1, 2017	\$ 1,444,993
Effect of exchange rate differences	<u>(65,724)</u>

Balance at March 31, 2017 \$ 1,379,269

Accumulated depreciation

Balance at January 1, 2017	\$ (226,089)
Depreciation expense	(17,978)
Effect of exchange rate differences	<u>10,767</u>
Balance at March 31, 2017	<u>\$ (233,300)</u>
	<u>\$ 1,145,969</u>

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

The reclassification of the investment property in current period mainly consisted of the factory buildings constructed by SunMedia Technology at Chengdu in China. The construction was completed and officially operated in June 2016. The fair value of the investment properties had been determined on the basis of a valuation carried out at the reporting date December 31, 2016 by Sichuan Wuyue, a joint property assessment limited liability company. The valuation was determined by the replacement cost method; the important assumptions in the valuation were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Fair value	\$ 1,063,006	\$ 1,063,006	\$ -
Discount rate	6%	6%	-

The investment properties were valued by independent valuers; the Company determined that the fair values reported as of December 31, 2016 were still valid as of March 31, 2017.

The fair value of the investment properties had been determined on the basis of a valuation carried out at the reporting date by the Suzhou Feng-Zheng PingGu Firm. The valuation was determined by the replacement cost method; the important assumptions in the valuation were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Fair value	\$2,189,700	\$2,189,700	\$ 389,809
Discount rate	5.65%	5.65%	-
Residual income ratio	-	-	83.33%

The investment properties were valued by independent valuers; the Company determined that the fair values reported as of December 31, 2016 and 2015 were still valid as of March 31, 2017 and 2016, respectively.

The rental income generated for the three months ended March 31, 2017 and 2016 were \$ 54,739 thousand and \$ 42,421 thousand, respectively.

17. INTANGIBLE ASSETS

	Three Months Ended March 31, 2016					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
<u>Cost</u>						
Balance at January 1	\$ 680,811	\$ 373,349	\$ 114,229	\$ 30,596	\$ 2,460	\$ 1,201,445
Additions	31,042	12,615	-	-	-	43,657
Decreases	-	(7,913)	-	-	-	(7,913)
Effect of foreign currency exchange differences	\$ (2)	(157)	-	-	-	(159)
Balance at March 31	<u>\$ 711,851</u>	<u>\$ 377,894</u>	<u>\$ 114,229</u>	<u>\$ 30,596</u>	<u>\$ 2,460</u>	<u>\$ 1,237,030</u>
<u>Accumulated amortization</u>						
Balance at January 1	\$ 484,734	\$ 337,281	\$ 72,353	\$ -	\$ 2,460	\$ 896,828
Amortization expense	15,853	8,147	1,685	-	-	25,685
Decreases	-	(7,605)	-	-	-	(7,605)
Effect of exchange rate differences	-	(94)	-	-	-	(94)
Balance at March 31	<u>\$ 500,587</u>	<u>\$ 337,729</u>	<u>\$ 74,038</u>	<u>\$ -</u>	<u>\$ 2,460</u>	<u>\$ 914,814</u>

(Continued)

	Three Months Ended March 31, 2016					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
<u>Accumulated amortization</u>						
Balance at January 1 and March 31	\$ 111,136	\$ -	\$ -	\$ -	\$ -	\$ 111,136
Net, end of the period	<u>\$ 100,128</u>	<u>\$ 40,165</u>	<u>\$ 40,191</u>	<u>\$ 30,596</u>	<u>\$ -</u>	<u>\$ 211,080</u> (Concluded)

	Three Months Ended March 31, 2017					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
<u>Cost</u>						
Balance at January 1	\$ 716,741	\$ 393,456	\$ 114,229	\$ 30,596	\$ 2,460	\$ 1,257,482
Additions	44,166	695	-	-	-	44,861
Decreases	(4,505)	(65,035)	-	-	-	(69,540)
Reclassified	44,922	(45,193)	271	-	-	-
Effect of exchange rate differences	(93)	(1,926)	-	-	1,422	(597)
Balance at March 31	<u>\$ 801,231</u>	<u>\$ 281,997</u>	<u>\$ 114,500</u>	<u>\$ 30,596</u>	<u>\$ 3,882</u>	<u>\$ 1,232,206</u>
<u>Accumulated amortization</u>						
Balance at January 1	\$ 527,506	\$ 346,265	\$ 79,091	\$ -	\$ 2,460	\$ 955,322
Amortization expense	18,232	7,626	1,691	-	-	27,549
Decreases	(4,505)	(65,035)	-	-	-	(69,540)
Reclassified	36,268	(36,252)	34	-	-	50
Effect of exchange rate differences	(25)	(1,010)	-	-	1,422	387
Balance at March 31	<u>\$ 577,476</u>	<u>\$ 251,594</u>	<u>\$ 80,816</u>	<u>\$ -</u>	<u>\$ 3,882</u>	<u>\$ 913,768</u>
<u>Accumulated deficit</u>						
Balance at January 1	\$ 111,136	\$ -	\$ -	\$ -	\$ -	\$ 111,136
Addition	-	-	21,577	-	-	21,577
Balance at March 31	<u>\$ 111,136</u>	<u>\$ -</u>	<u>\$ 21,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,713</u>
Carrying amounts at January 1, 2017	<u>\$ 78,099</u>	<u>\$ 47,191</u>	<u>\$ 35,138</u>	<u>\$ 30,596</u>	<u>\$ -</u>	<u>\$ 197,024</u>
Carrying amounts at March 31, 2017	<u>\$ 112,619</u>	<u>\$ 30,403</u>	<u>\$ 12,107</u>	<u>\$ 30,596</u>	<u>\$ -</u>	<u>\$ 185,725</u>

The Company recognized impairment loss on above intangible assets for the three months ended March 31, 2017 and 2016 was \$21,577 thousand and \$0, respectively.

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

18. OTHER ASSETS

	March 31, 2017	December 31, 2016	March 31, 2016
Pledged time deposits (Notes 31 and 35)	\$ 308,293	\$ 160,695	\$ 257,105
Finance lease payables	108,159	114,025	125,090
Other financial assets	-	73,872	79,552
Refundable deposits (Note 31)	6,605	8,204	5,283
Prepayments for technical authorization	-	35,683	-
Other	<u>143,869</u>	<u>115,693</u>	<u>123,109</u>
	<u>\$ 637,438</u>	<u>\$ 508,172</u>	<u>\$ 590,139</u>
Current	\$ 429,908	\$ 289,755	\$ 437,614
Noncurrent	<u>207,530</u>	<u>218,417</u>	<u>152,525</u>
	<u>\$ 637,438</u>	<u>\$ 508,172</u>	<u>\$ 590,139</u>

The amounts of the Group's finance lease payables for land grants in China as of March 31, 2017, December 31, 2016 and March 31, 2016 were \$108,159 thousand, \$114,025 thousand and \$125,090 thousand, respectively.

19. LOANS

Short-term borrowings

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Unsecured borrowings</u>			
Bank loans	<u>\$ 484,510</u>	<u>\$ 550,203</u>	<u>\$ 594,321</u>

The weighted average effective interest rates for bank loans as of March 31, 2017, December 31, 2016 and March 31, 2016 were 1.35%-2.45%, 1.1%-2.4% and 1.0879%-2.33% per annum, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	March 31, 2017	December 31, 2016	March 31, 2016
<u>Floating rate borrowings</u>					
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016	\$ 200,000	\$ 200,000	\$ -
Secured bank borrowings	2017.10.1	Repayable in October 2017	152,026	160,140	160,625
Secured bank borrowings	2019.1.1	Repayable in January 2019	76,013	-	-
Unsecured bank borrowings	2019.2.14	Repayable quarterly from February 2014	75,000	75,000	225,000
Unsecured bank borrowings	2018.2.10	Repayable quarterly from August 2015	-	437,500	500,000
Secured bank borrowings	2017.1.10	Repayable in January 2017	-	160,141	160,625
Secured bank borrowings	2017.12.18	Repayable in December 2017	-	160,141	160,625

(Continued)

	Maturity Date	Significant Covenant	March 31, 2017	December 31, 2016	March 31, 2016
Unsecured bank borrowings	2018.1.27	Repayable quarterly from July 2015	-	155,556	200,000
Secured bank borrowings	2017.3.16	Repayable semiannually from March 2012	-	77,776	155,555
Unsecured bank borrowings	2017.6.27	Repayable semiannually from June 2014	-	-	180,000
			<u>\$ 503,039</u>	<u>\$ 1,426,254</u>	<u>\$ 1,742,430</u>
Current			\$ 152,026	\$ 897,087	\$ 863,471
Noncurrent			<u>351,013</u>	<u>529,167</u>	<u>878,959</u>
			<u>\$ 503,039</u>	<u>\$ 1,426,254</u>	<u>\$ 1,742,430</u>

(Concluded)

The effective borrowing rates as of March 31, 2017, December 31, 2016 and March 31, 2016 were 1.545%-3.51%, 1.546%-2.8039% and 1.705%-2.79%, respectively.

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

20. TRADE PAYABLES

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Accounts payable</u>			
Payables - operating	<u>\$ 612,291</u>	<u>\$ 732,964</u>	<u>\$ 664,736</u>

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

21. PROVISIONS

	March 31, 2017	December 31, 2016	March 31, 2016
Customer returns and rebates	<u>\$ 15,644</u>	<u>\$ 12,334</u>	<u>\$ 10,462</u>

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

22. OTHER LIABILITIES

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Other payables</u>			
Salaries or bonuses	\$ 147,864	\$ 338,785	\$ 180,293
Compensation due to directors and supervisors	119,734	100,673	126,583
Receipt in advance	29,339	71,683	16,101
Labor/health insurance	23,766	27,208	25,048
Commissions payable	23,081	19,944	15,841
Payable for royalties	13,592	54,790	41,239
Payables for purchases of equipment	11,602	20,316	20,904
Others	<u>107,946</u>	<u>176,439</u>	<u>74,935</u>
	<u>\$ 476,924</u>	<u>\$ 809,838</u>	<u>\$ 505,781</u>
<u>Deferred revenue</u>			
Arising from government grants (Note 30)	<u>\$ 65,409</u>	<u>\$ 68,946</u>	<u>\$ 75,606</u>
<u>Current</u>			
— Other liabilities	\$ 476,035	\$ 808,949	\$ 504,442
— Deferred revenue	<u>1,605</u>	<u>1,682</u>	<u>1,811</u>
	<u>\$ 477,640</u>	<u>\$ 810,631</u>	<u>\$ 506,253</u>
<u>Noncurrent</u>			
— Other current liabilities	\$ 889	\$ 889	\$ 1,339
— Deferred revenue	<u>63,804</u>	<u>67,264</u>	<u>73,795</u>
	<u>\$ 64,693</u>	<u>\$ 68,153</u>	<u>\$ 75,134</u>

23. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans were \$586 thousand and \$555 thousand as of the three months ended March 31, 2017 and 2016, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2016 and 2015, respectively.

24. EQUITY

a. Share capital

Common shares:

	March 31, 2017	December 31, 2016	March 31, 2016
Numbers of shares authorized (in thousands)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>
Shares authorized	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>591,995</u>	<u>591,995</u>	<u>591,995</u>

Shares issued	\$ <u>5,919,949</u>	\$ <u>5,919,949</u>	\$ <u>5,919,949</u>
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Fully paid common shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

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

b. Capital surplus

For each class of capital surplus, a reconciliation of the carrying amounts at the beginning and at the end of March 31, 2017 and 2016 was as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)			
Arising from the issuance of common shares	\$ 703,376	\$ 703,376	\$ 703,376
Arising from the acquisition of a subsidiary	157,423	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	10,625	10,625	-
Used to offset a deficit only			
From treasury share transactions	39,686	39,686	36,518
Changes in percentage of ownership interest in subsidiaries (b)	<u>11</u>	<u>39,686</u>	<u>-</u>
	<u>\$ 911,121</u>	<u>\$ 911,110</u>	<u>\$ 897,317</u>

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

b) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than an actual disposal or acquisition or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 13, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

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

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained earnings. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to Note 26-6.

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

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

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 of earnings for 2016 and 2015 proposed by the board of directors on March 15, 2017 and approved in the shareholders' meeting on June 13, 2016, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Year 2016	For Year 2015	For Year 2016	For Year 2015
Legal reserve	\$ 9,974	\$ 58,935	\$ -	\$ -
Special reserve	1,068	4,094	-	-
Cash dividend	88,681	526,875	0.1498	0.89

The Company's directors also proposed to issue cash dividends from capital surplus of \$207,317 thousand in the board of directors' meeting on March 15, 2017.

The appropriation of earnings for 2016 is subject to the resolution by the shareholders in their meeting to be held on June 13, 2017.

d. Other equity items

1) Foreign currency translation reserve:

	For the Three Months Ended March 31	
	2017	2016
Balance at January 1	\$ (62,062)	\$ 97,509
Exchange differences on translating foreign operations	(107,252)	(14,712)
Share of exchange differences of associates accounted for using equity method	<u>(6,188)</u>	<u>(1,851)</u>
Balance at March 31	<u>\$ (175,502)</u>	<u>\$ 80,946</u>

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

	For the Three Months Ended March 31	
	2017	2016
Balance at January 1	\$ 306,462	\$ 233,983
Changes in fair value of available-for-sale financial assets	349,078	(182,905)
Cumulative loss reclassified to profit or loss upon disposal of available-for-sale financial assets	(493,245)	(1,037)
Reclassified adjustments to profit or loss on impairment of available-for-sale financial assets	-	30,382
Share of unrealized gain on revaluations available-for-sale financial assets of associates accounted for using equity method	<u>946</u>	<u>1,878</u>
Balance at March 31	<u>\$ 163,241</u>	<u>\$ 82,301</u>

e. Noncontrolling interests

	For the Three Months Ended March 31	
	2017	2016
Balance at January 1	\$ 1,663,923	\$ 1,695,228
Attributable to noncontrolling interests:		
Share of profit for the year	9,736	34,057
Exchange differences on translating foreign operations	(9,789)	(1,021)
Unrealized losses on available-for-sale financial assets	(3,601)	(588)
Noncontrolling interests - restricted shares options held by subsidiaries' employees	119	-
Noncontrolling interests relating to outstanding vested shares options held by the employees of subsidiaries	24	-
Others	<u>(11)</u>	<u>48</u>
Balance at March 31	<u>\$ 1,660,401</u>	<u>\$ 1,727,754</u>

f. Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Its Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares as of January 1, 2016	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as March 31, 2016	<u>-</u>	<u>3,560</u>	<u>3,560</u>
Number of shares as of January 1, 2017	-	3,560	3,560
Decrease	<u>-</u>	<u>-</u>	<u>-</u>
Number of shares as March 31, 2017	<u>-</u>	<u>3,560</u>	<u>3,560</u>

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)
<u>March 31, 2017</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 43,432</u>
<u>December 31, 2016</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 40,406</u>
<u>March 31, 2016</u>			
Lin Shin Investment Co., Ltd.	3,560	<u>\$ 63,401</u>	<u>\$ 46,636</u>

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.

g. 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 March 31, 2017, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

25. REVENUE

	For the Three Months Ended March 31	
	2017	2016
Revenue from ICs	\$ 1,388,622	\$ 1,692,364
Rental income from property	54,739	42,421
Others	<u>35,275</u>	<u>67,386</u>
	<u>\$ 1,478,636</u>	<u>\$ 1,802,171</u>

26. NET PROFIT

Net profit included the following items:

Other income

	For the Three Months Ended March 31	
	2017	2016
Interest income	\$ 5,650	\$ 6,924
Others	<u>9,491</u>	<u>5,286</u>
	<u>\$ 15,141</u>	<u>\$ 12,210</u>

Other gains and losses

	For the Three Months Ended March 31	
	2017	2016
Gain on disposal of investments	\$ 949,405	\$ 1,318
Net gain on financial assets designated as at FVTPL	4,901	14
Net foreign exchange gains	(39,037)	(15,618)
Loss on reversal of impairment loss on financial assets	(116,942)	(30,382)
Loss on reversal of impairment loss on non-financial assets	(21,577)	-
Others	<u>2,182</u>	<u>3,510</u>
	<u>\$ 323,932</u>	<u>\$ (41,158)</u>

Finance costs

	For the Three Months Ended March 31	
	2017	2016
Interest on bank loans	\$ 11,046	\$ 9,905
Other finance costs	<u>154</u>	<u>125</u>
	<u>\$ 11,200</u>	<u>\$ 10,030</u>

Information on capitalized interest is as follows:

	For the Three Months Ended March 31	
	2017	2016
Capitalized interest	\$ -	\$ 2,027
Capitalization rate	-	2.69%

Depreciation and amortization

	For the Three Months Ended March 31	
	2017	2016
Property, plant and equipment	\$ 49,353	\$ 59,376
Investment properties	17,978	4,261
Intangible assets	<u>27,549</u>	<u>25,685</u>
	<u>\$ 94,880</u>	<u>\$ 89,322</u>
An analysis of depreciation by function		
Operating costs	\$ 19,810	\$ 7,574
Operating expenses	<u>47,521</u>	<u>56,063</u>
	<u>\$ 67,331</u>	<u>\$ 63,637</u>
An analysis of amortization by function		
Operating costs	\$ 262	\$ 225
Operating expenses	<u>27,347</u>	<u>25,460</u>
	<u>\$ 27,549</u>	<u>\$ 25,685</u>

Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2017	2016
Direct operating expenses from investment properties that generated rental income	\$ 19,203	\$ 6,460
Direct operating expenses from investment properties that did not generate rental income	<u>58,634</u>	<u>21,032</u>
	<u>\$ 77,837</u>	<u>\$ 27,492</u>

Employee benefits expense

	For the Three Months Ended March 31	
	2017	2016
Short-term benefits	\$ 449,809	\$ 481,315
Post-employment benefits		
Defined contribution plans	13,815	13,872
Defined benefit plans	586	555
Other employee benefits	<u>4,046</u>	<u>5,180</u>
Total employee benefits expense	<u>\$ 468,256</u>	<u>\$ 500,922</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 66,330	\$ 68,104
Operating expenses	<u>401,926</u>	<u>432,818</u>
	<u>\$ 468,256</u>	<u>\$ 500,922</u>

a. Employees' compensation and remuneration of directors and supervisors for 2017 and 2016

Under the Company Act as amended in May 2015, the Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration to directors 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. The employees' compensation and remuneration of directors and supervisors for the three months ended March 31, 2017 and 2016, which have been approved by the Company's board of directors on March 15, 2017 and March 23, 2016, respectively, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2017	2016
Employees' compensation	1%	-
Remuneration of directors	1.5%	-

Amount

	For the Three Months Ended March 31			
	2017		2016	
	Cash	Share	Cash	Share
Employees' compensation	\$ 3,259	\$ -	\$ -	\$ -
Remuneration of directors	4,888	-	-	-

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

The appropriations of earnings for 2016 and 2015 were proposed by the board of directors on March 15, 2017 and March 23, 2016, respectively, and were as follows:

	For the Year Ended December 31, 2016		For the Year Ended December 31, 2015	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Bonus to employees	\$ 1,242	\$ -	\$ 6,089	\$ -
Remuneration of directors	1,863	-	9,133	-

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

Gain or loss on exchange rate changes

	For the Three Months Ended March 31	
	2017	2016
Exchange rate gains	\$ 96,999	\$ 41,017
Exchange rate losses	<u>(136,036)</u>	<u>(56,635)</u>
	<u>\$ (39,037)</u>	<u>\$ (15,618)</u>

27. INCOME TAXES

Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2017	2016
Current tax		
In respect of the current year	\$ 13,859	\$ 12,865
Adjustments for prior periods	(1,414)	-
Others	<u>-</u>	<u>(28)</u>
	12,435	12,837
Deferred tax		
In respect of the current year	<u>(1,954)</u>	<u>1,684</u>
Income tax expense recognized in profit or loss	<u>\$ 10,481</u>	<u>\$ 14,521</u>

Integrated income tax

	March 31, 2017	December 31, 2016	March 31, 2016
Imputation credit accounts	<u>\$ 243,091</u>	<u>\$ 243,091</u>	<u>\$ 313,104</u>
		For the Year Ended December 31	
		2016 (Expected)	2015
Creditable ratio for distribution of earnings		21.19%	20.91%

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

<u>Project</u>	<u>Tax Exemption Period</u>
<u>Sunplus</u>	
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
<u>Generalplus</u>	
Fifth expansion	January 1, 2013 to December 31, 2017
<u>Sunplus Innovation</u>	
Second expansion	January 1, 2013 to December 31, 2017
<u>Income tax assessments</u>	

The income tax returns of Sunplus, Sunplus mMobile, through 2012 and Generaplus, Sunplus Innovation, iCatch through 2014 and Sunplus management Consulting, Wei-Yough, Lin Shih, Sunplus Venture, Sunext and Sunplus mMedia through 2015 had been assessed by the tax authorities.

28. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2017	2016
Basic gain per share	\$ <u>0.54</u>	\$ <u>-</u>
Diluted earnings per share	\$ <u>0.54</u>	\$ <u>-</u>

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 Three Months Ended March 31	
	2017	2016
Profit for the year attributable to owners of the Company	\$ 317,741	\$ 2,331
Effect of potentially dilutive common shares		
Bonus to employee	<u>-</u>	<u>-</u>
Earnings used in the computation of diluted EPS from continuing operations	<u>\$ 317,741</u>	<u>\$ 2,331</u>

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

	For the Three Months Ended March 31	
	2017	2016
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	<u>349</u>	<u>427</u>
Weighted average number of common shares used in the computation of diluted earnings per share	<u>588,784</u>	<u>588,862</u>

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.

29. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

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

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

In their meeting on April 18, 2014, the shareholders of Sunplus Innovation Technology Inc. (SITI) approved the second plan of the restricted employee share 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 shares are issued and granted on April 18, 2014, with the fair value of \$6.0599.

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

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

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 vesting condition. If employees fail to meet the vesting condition, SITI has the right to take back and cancel the limited employee share ownership, but the Company will still grant employees stock and cash dividends generated during the vesting period.

Information about the Sunplus Innovation's restricted share plan for the three months ended March 31, 2017 and 2016 was as follows:

	Number of Restricted Shares (In Thousands)	
	2017	2016
Balance at January 1	234	820
Vest	-	-
Retirement	-	(2)
Balance at March 31	<u>234</u>	<u>818</u>

iCatch Technology Inc.

iCatch Technology Inc. had authorized 5,929 and 1,571 thousand units of employee share options as at September 2013 ("2013 option plan") and August 2014 ("2014 option plan"), respectively, and each unit could be acquired for 1,000 shares. Share 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 shares after granted date, option exercise price will be adjusted.

Information about the iCatch's outstanding options for the three months ended March 31, 2017 and 2016 was as follows:

	2017	
	Number of Options (In Thousands)	Weighted- Average Exercise Price (NT\$)
Balance at January 1	5,743	\$ 10
Retirement	(61)	10
Options granted	-	-
Balance at March 31	<u>5,682</u>	10

	2016	
	Number of Options (In Thousands)	Weighted- Average Exercise Price (NT\$)
Balance at January 1	6,199	\$ 10
Retirement	-	-
Options granted	(10)	10
Balance at March 31	<u>6,189</u>	10

As of March 31, 2017, information about iCatch's 2013 option plan outstanding and exercisable options was as follows:

Exercise Price (NT\$)	Outstanding Options			Options Exercisable	
	Number Outstanding (Thousands)	Remaining Contractual Life (In Years)	Exercise Price (NT\$/Per Share)	Number Exercisable (Thousand)	Exercise Price (NT\$/Per Share)
\$10	<u>4,111</u>	2.45	\$10	<u>2,324</u>	\$ -

As of March 31, 2017, information about iCatch's 2013 option plan outstanding and exercisable options was as follows:

Exercise Price (NT\$)	Outstanding Options			Options Exercisable	
	Number Outstanding (Thousands)	Remaining Contractual Life (In Years)	Exercise Price (NT\$/Per Share)	Number Exercisable (Thousand)	Exercise Price (NT\$/Per Share)
\$10	<u>1,571</u>	3.35	\$10	<u>-</u>	\$ -

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	10
Expected volatility	31.89%	45.42%
Expected dividend yield	-	-
Expected life (years)	4.375	4.375
Risk-free interest rate	1.67%	1.59%

30. 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 a 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 three months ended March 31, 2017 and 2016 was \$412 thousand and \$460 thousand, respectively.

The Company, H.P.B. Optoelectronics Co., Ltd. and National Yunlin University of Science and Technology Department of Electronic Engineering cosigned a contract for the program for HD and 3D mobile panoramic, real-time correction assistance system with the Hsinchu Science Park Administration, MOST, in July 2015. The government grants will be distributed to those organizations based on the process of the program. The program will run from July 1, 2015 to June 30, 2016.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to leases of land with lease terms between 2 and 8 years. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

Sunplus

The Company leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2020, December 2021 and December 2034. The SBIPA has the right to adjust the annual lease amount. The amount was \$7,781 thousand at the period end. The Company had pledged \$6,100 thousand time deposits (classified as other non-current assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Up to 1 year	\$ 7,781	\$ 7,781	\$ 8,264
Over 1 year to 5 years	27,927	29,091	35,528
Over 5 years	<u>39,879</u>	<u>40,660</u>	<u>44,490</u>
	<u>\$ 75,587</u>	<u>\$ 77,532</u>	<u>\$ 85,282</u>

Sunplus Innovation

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

The future lease payables are as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Up to 1 year	\$ 5,489	\$ 5,489	\$ 5,459
Over 1 year to 5 years	<u>4,117</u>	<u>5,489</u>	<u>9,554</u>
	<u>\$ 9,606</u>	<u>\$ 10,978</u>	<u>\$ 15,013</u>
Refundable deposits	<u>\$ 910</u>	<u>\$ 910</u>	<u>\$ 910</u>

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 \$1,458 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:

	March 31, 2017	December 31, 2016	March 31, 2016
Up to 1 year	\$ 1,458	\$ 1,458	\$ 1,474
Over 1 year to 5 year	<u>4,010</u>	<u>4,374</u>	<u>5,528</u>
	<u>\$ 5,468</u>	<u>\$ 5,832</u>	<u>\$ 7,002</u>

iCatch Technology, Inc. ("iCatch")

iCatch lease offices from Siming Inc. and Siha Inc. under renewable agreements expiring in February 2017;

the lease payments in 2016 were \$2,093 thousand and \$1,390 thousand, respectively.

The future lease payments are as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Up to 1 year	\$ 3,193	\$ 3,483	\$ 3,483
Over 1 year to 5 years	<u>-</u>	<u>581</u>	<u>3,192</u>
	<u>\$ 3,193</u>	<u>\$ 4,064</u>	<u>\$ 6,675</u>
Refundable deposits	<u>\$ 521</u>	<u>\$ 521</u>	<u>\$ 521</u>

The Group as lessor

Sunplus Technology (Shanghai)

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

As of March 31, 2017, December 31, 2016 and March 31, 2016, deposits received under operating leases amounted to \$32,657 thousand, \$34,752 thousand and \$36,171 thousand, respectively.

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

	March 31, 2017	December 31, 2016	March 31, 2016
Up to 1 year	\$ 99,415	\$ 119,361	\$ 130,024
Over 1 year to 5 years	<u>51,108</u>	<u>62,163</u>	<u>130,949</u>
	<u>\$ 150,559</u>	<u>\$ 181,524</u>	<u>\$ 260,973</u>

SunMedia Technology

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

As of March 31, 2017, deposits received under operating leases amounted to \$6,611 thousand.

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

	March 31, 2017	December 31, 2016	March 31, 2016
Up to 1 year	\$ 81,071	\$ 84,934	\$ -
Over 1 to 5 years	420,005	346,718	-
Over 5 years	<u>726,423</u>	<u>875,572</u>	<u>-</u>
	<u>\$ 1,227,499</u>	<u>\$ 1,307,224</u>	<u>\$ -</u>

32. 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.

33. FINANCIAL INSTRUMENTS

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

	<u>March 31, 2017</u>		<u>December 31, 2016</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Financial assets carried at cost	\$ 570,994	\$ -	\$ 689,261	\$ -
Debt investments with no active market	-	-	-	-

	<u>March 31, 2016</u>	
	Carrying Amount	Fair Value
<u>Financial assets</u>		
Financial assets carried at cost	\$ 527,823	\$ -
Debt investments with no active market	15,389	-

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

1) Fair value hierarchy

March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	<u>\$ 7,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,960</u>
Available-for-sale financial assets				
Mutual funds	\$ 1,347,321	\$ -	\$ -	\$ 1,347,321
Securities listed in ROC	<u>666,491</u>	<u>-</u>	<u>-</u>	<u>666,491</u>
	<u>\$ 2,013,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,013,812</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	\$ <u>106,573</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>106,573</u>
Available-for-sale financial assets				
Mutual funds	\$ 1,329,829	\$ -	\$ -	\$ 1,329,829
Securities listed in ROC	<u>943,100</u>	<u>-</u>	<u>-</u>	<u>943,100</u>
	<u>\$ 2,272,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,272,929</u>

March 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	\$ <u>17,704</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>17,704</u>
Available-for-sale financial assets				
Mutual funds	\$ 1,176,337	\$ -	\$ -	\$ 1,176,337
Securities listed in ROC	<u>1,416,515</u>	<u>-</u>	<u>-</u>	<u>1,416,515</u>
	<u>\$ 2,592,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,592,852</u>

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

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

The fair value of financial instruments which has standard clause and will be transacted in active market is according to market value including public convertible bond, equity investment and mutual funds.

c. Categories of financial instruments

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Financial assets</u>			
Fair value through profit or loss (FVTPL)			
Held for trading	\$ 7,960	\$ 106,573	\$ 17,704
Loans and receivables (i)	5,170,260	6,247,008	5,571,034
Available-for-sale financial assets (ii)	2,584,806	2,962,190	3,120,675
<u>Financial liabilities</u>			
Measured at amortized cost (iii)	1,802,133	2,909,277	3,202,850

- 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, trade and other receivables, and other financial assets. 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.
- d. 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 36.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a US\$1.00 increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. US\$1.00 is 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. The number below indicates a decrease in post-tax loss/an increase in post-tax profit associated with New Taiwan dollars strengthen 1 dollar against the relevant currency.

	USD impact	
	Three Months Ended March 31	
	2017	2016
Profit or loss	\$ (13,060)	\$ (15,299)

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:

	March 31, 2017	December 31, 2016	March 31, 2016
Fair value interest rate risk			
Financial assets	\$ 2,858,971	\$ 3,149,092	\$ 2,505,878
Financial liabilities	129,206	176,756	257,071
Cash flow interest rate risk			
Financial assets	1,449,918	1,808,818	1,835,593
Financial liabilities	858,343	1,799,701	2,079,680

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 three months ended March 31, 2017 would increase/decrease by \$739 thousand and March 31, 2016 decrease/increase by \$305 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 three months ended March 31, 2017 and 2016 would have increased/decreased by \$20,138 thousand and \$25,929 thousand, respectively.

2) Credit risk

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

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

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

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

The Group's concentration of credit risk of 53%, 61.67% and 52% in total trade receivables as of March 31, 2017, December 31, 2016 and March 31, 2016, 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 March 31, 2017, March 31, 2016, 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.

March 31, 2017

	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
<u>Non-derivative financial liabilities</u>						
Non-interest bearing	-	\$ 205,746	\$ 434,282	\$ 28,116	\$ 33,291	\$ -
Variable interest rate liabilities	0.35-2.45	245	-	-	275,000	-
Fixed interest rate liabilities	0.9-3.51	-	18,198	111,008	7,884	129,508
		<u>\$ 205,991</u>	<u>\$ 452,480</u>	<u>\$ 139,124</u>	<u>\$ 316,175</u>	<u>\$ 129,508</u>

December 31, 2016

	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
<u>Non-derivative Financial liabilities</u>						
Noninterest bearing	-	\$ 309,511	\$ 538,459	\$ 552,687	\$ 32,001	\$ -
Variable interest rate liabilities	1.545-2.8039	117,232	96,528	720,743	915,954	-
Fixed interest rate liabilities	0.9-2.4	-	406	79,074	101,114	142,694
		<u>\$ 426,743</u>	<u>\$ 635,393</u>	<u>\$ 1,352,504</u>	<u>\$ 1,049,069</u>	<u>\$ 142,694</u>

March 31, 2016

	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
<u>Non-derivative financial liabilities</u>						
Non-interest bearing	-	\$ 209,184	\$ 530,010	\$ 608,780	\$ 51,365	\$ -
Variable interest rate liabilities	1.705-2.79	994	78,750	463,473	878,959	-
Fixed interest rate liabilities	0.8-2.33	3	311,272	273,063	-	139,719
		<u>\$ 210,181</u>	<u>\$ 920,032</u>	<u>\$ 1,345,313</u>	<u>\$ 930,324</u>	<u>\$ 139,719</u>

b) Financing facilities

	March 31, 2017	December 31, 2016	March 31, 2016
Unsecured bank overdraft facility			
Amount used	\$ 874,708	\$ 1,865,538	\$ 2,084,717
Amount unused	<u>4,192,908</u>	<u>4,463,984</u>	<u>3,920,215</u>
	<u>\$ 5,067,616</u>	<u>\$ 6,329,522</u>	<u>\$ 6,004,932</u>

34. TRANSACTIONS WITH RELATED PARTIES

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

a. Name and relationship of related parties

<u>Name</u>	<u>Relationship with the Group</u>
Global View Co., Ltd.	Associates
Beijing Golden Global View Co., Ltd.	Associates
S2-TEK INC.	Joint ventures

b. Sales of goods

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2017	2016
Sales	Associates	\$ 145	\$ -
	Joint ventures	<u>-</u>	<u>219</u>
		<u>\$ 145</u>	<u>\$ 219</u>

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

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

Account Item	Related Parties Types	March 31, 2017	December 31, 2016	March 31, 2016
Trade receivables	Associates	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ -</u>
Other receivables	Joint ventures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236</u>

There were no guarantees on outstanding receivables from related parties.

d. Other transactions with related parties

Account Item	Related Parties Types	For the Three Months Ended March 31	
		2017	2016
Operating expenses	Associates	<u>\$ 1,261</u>	<u>\$ -</u>
Nonoperating income and expenses	Joint ventures	<u>\$ -</u>	<u>\$ 1,808</u>

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.

e. Compensation of key management personnel

	For the Three Months Ended March 31	
	2017	2016
Short-term employee benefits	\$ 15,396	\$ 14,553
Post-employment benefits	<u>337</u>	<u>908</u>
	<u>\$ 15,733</u>	<u>\$ 15,461</u>

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

35. PLEDGED OR MORTGAGED ASSETS

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

	March 31, 2017	December 31, 2016	March 31, 2016
Buildings, net	\$ 649,089	\$ 653,940	\$ 668,701
Pledged time deposits (classified as other assets, including current and noncurrent)	308,293	160,695	257,105
Subsidiary's holding of Sunplus' shares	<u>41,290</u>	<u>38,413</u>	<u>44,336</u>
	<u>\$ 998,672</u>	<u>\$ 853,048</u>	<u>\$ 970,142</u>

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

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

March 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 54,079	30.330	\$ 1,640,216
HKD	13,800	3.904	53,875
CNY	2,361	4.407	10,405
JPY	949	0.271	257
GBP	3	37.820	113
EUR	2	32.430	65
Nonmonetary items			
USD	637	30.249	19,272
EUR	510	30.179	15,391

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 41,019	30.330	\$ 1,244,106
JPY	1,176	0.271	319
CNY	891	4.407	3,927
EUR	22	32.43	713
			(Concluded)

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,750	32.250	\$ 1,636,688
HKD	13,836	4.158	57,530
CNY	4,045	4.617	18,676
JPY	768	0.265	204
GBP	3	39.610	119
EUR	2	33.900	68
Nonmonetary items			
USD	1,000	32.250	32,250
USD	637	30.249	19,272
EUR	510	30.179	15,391

Financial liabilities

Monetary items			
USD	55,914	32.250	1,803,227
CNY	2,764	4.617	12,761
EUR	22	33.90	746

March 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 61,455	32.185	\$ 1,977,929
CNY	17,977	4.972	89,382
JPY	444	0.286	127
HKD	174	4.150	722
GBP	3	46.170	139
EUR	2	36.510	73
Nonmonetary items			
USD	1,131	32.185	36,401
EUR	510	36.510	18,620
			(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 46,156	32.185	\$ 1,485,531
CNY	4,442	4.972	22,086
HKD	5	4.150	21
			(Concluded)

The foreign currency exchange loss and gain (realized and unrealized) were amounted to \$39,037 thousand and \$15,618 thousand for the three months ended March 31, 2017 and 2016, respectively. Due to the diversity of the functional currencies of the Group, it is unable to disclose foreign currency with significant influence.

37. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required for the Group and its investees by the Securities and Futures Bureau:
 - 1) Financings provided: Table 1 (attached)
 - 2) Endorsement/guarantee provided: Table 2 (attached)
 - 3) Marketable securities held: Table 3 (attached)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
 - 5) Intercompany relationships and significant intercompany transactions: Table 5 (attached)
 - 6) Information on investee: Table 6 (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 7)
 - 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 8)
 - 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 receipt of services.

Except for Tables 1 to 8, there's no further information about other significant transactions.

38. 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 three months ended March 31, 2017 and 2016 are shown in the accompanying consolidated income statements, and the assets by segment as of March 31, 2017 and 2016 are shown in the accompanying consolidated balance sheets.

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
THREE MONTHS ENDED MARCH 31, 2017
(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	\$ 113,158	\$ 113,158	2.27%-2.28%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 145,616 (Note 8)	\$ 291,232 (Note 8)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Prof-tek Technology (Shenzhen)	Receivables from related parties	Yes	14,985	9,990	9,990	1.80%	Note 1	-	Note 3	-	-	-	304,904 (Note 10)	304,904 (Note 10)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	19,980	14,985	14,985	1.80%	Note 1	-	Note 4	-	-	-	25,409 (Note 9)	50,817 (Note 9)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Technology (Beijing)	Receivables from related parties	Yes	28,836	28,836	14,985	1.80%	Note 1	-	Note 5	-	-	-	304,904 (Note 10)	304,904 (Note 10)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	211,761	156,816	119,880	1.80%	Note 1	-	Note 6	-	-	-	304,904 (Note 10)	304,904 (Note 10)
3	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	193,250	193,250	193,250	1.35%	Note 1	-	Note 7	-	-	-	458,825 (Note 11)	458,825 (Note 11)

- 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: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus Prof-tek Technology (Shenzhen).
- Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus APP Technology.
- Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus Technology (Beijing).
- Note 6: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.
- Note 7: Russell Holdings Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.
- Note 8: 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 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 Company’s parent company. The total amounts of all guarantees issued and the individual amounts of the guarantee should not exceed 60% of Sunplus Technology (Shanghai) Co., Ltd.’s net equity as of the latest financial statements; in addition, the guarantee period should not exceed two years.
- Note 11: The foreign company has voting shares that are directly and indirectly wholly owned by the Company’s parent company. The total amounts of all guarantees issued and the individual amounts of the guarantee should not exceed 80% of Russell Holdings Ltd.’s net equity as of the latest financial statements; in addition, the guarantee period should not exceed two years.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
THREE MONTHS ENDED MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Gua rantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited (“Sunplus”)	Ventureplus Cayman Inc.	3 (Note 4)	\$ 908,535 (Note 5)	\$ 161,400	\$ 160,075	\$ 160,075	\$ -	1.76	\$ 1,817,069 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	908,535 (Note 5)	912,580	555,905	482,075	-	6.12	1,817,069 (Note 6)	Yes	No	Yes
		Jumplux Technology Co., Ltd.	3 (Note 4)	908,535 (Note 5)	35,000	35,000	35,000	-	0.39	1,817,069 (Note 6)	Yes	No	No
		Ytrip Technology Co., Ltd.	3 (Note 4)	908,535 (Note 5)	128,940	128,940	128,940	64,400	1.42	1,817,069 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	908,535 (Note 5)	10,000	10,000	10,000	-	0.11	1,817,069 (Note 6)	Yes	No	No
1 (Note2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	344,119 (Note 7)	159,300	159,300	159,300	159,300	27.78	344,119 (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

MARCH 31, 2017

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

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	<u>Fund</u>							
	Nomura Taiwan Money Market	-	Available-for-sale financial assets	616	\$ 9,972	-	\$ 9,972	Note 3
	Mega RMB Money Market	-	Available-for-sale financial assets	466	22,614	-	22,614	Note 3
	FSITC RMB Money Market	-	Available-for-sale financial assets	5,387	49,681	-	49,681	Note 3
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	679	10,194	-	10,194	Note 3
	Yuanta AUD Money Market	-	Available-for-sale financial assets	2,000	19,554	-	19,554	Note 3
	Taishin China-US Money Market	-	Available-for-sale financial assets	3,000	28,983	-	28,983	Note 3
	Yuanta Emerging Asia USD Bond	-	Available-for-sale financial assets	1,000	10,008	-	10,008	Note 3
	Yuanta RMB Money Market CNY	-	Available-for-sale financial assets	470	22,573	-	22,573	Note 3
	Yuanta Global USD Corporate Bond TWD	-	Available-for-sale financial assets	2,000	18,761	-	18,761	Note 3
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	164,011	-	164,011	Note 3
	PineBridge Preferred Secritis Inc	-	Available-for-sale financial assets	500	4,960	-	4,960	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,675	-	30,675	Note 3
	Yuanta USD Money Market USD	-	Available-for-sale financial assets	100	30,511	-	30,511	Note 3
	KGI Economic Moat Fund	-	Available-for-sale financial assets	500	5,520	-	5,520	Note 3
	Yuanta Emerging Indonesia Opp Bd	-	Available-for-sale financial assets	500	5,479	-	5,479	Note 3
	Jih Sun Money Market	-	Available-for-sale financial assets	3,420	50,210	-	50,210	Note 3
	Prudential Financial RMB Money Mkt TWD	-	Available-for-sale financial assets	5,810	53,857	-	53,857	Note 2
	<u>Stock</u>							
	FocalTech Inc.	-	Available-for-sale financial assets	8,007	323,865	2	323,865	Note 2
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	24,005	-	24,005	Note 2
	<u>Fund</u>							
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	213	2,133	11	2,133	Note 1
	Network Capital Global Fund	-	Financial assets carried at cost	380	3,800	7	3,800	Note 1
	Availin Inc.	-	Financial assets carried at cost	9,039	132,997	17	132,997	Note 1
	Trinknight Capital Corporation	-	Financial assets carried at cost	10,500	105,000	5	105,000	Note 1
	Broadcom Corporation	-	Financial assets carried at cost	4	-	-	-	Note 1
Lin Shih Investment Co., Ltd.	CTBC Global Silver Age Income	-	Available-for-sale financial assets	1,000	9,950	-	9,950	Note 3
	Yuanta Great China TMT TWD Acc	-	Available-for-sale financial assets	3,133	30,856	-	30,856	Note 3
	KGI High Sharpe Global Bal TWD ACC	-	Available-for-sale financial assets	15	145	-	145	Note 3
	Yuanta China Balance Fund	-	Available-for-sale financial assets	213	2,806	-	2,806	Note 3
	Yuanta New ASEAN Balanced TWD	-	Available-for-sale financial assets	2,000	18,980	-	18,980	Note 3
	Fubon SSE	-	Available-for-sale financial assets	340	9,098	-	9,098	Note 3
	Fubon SZSE	-	Available-for-sale financial assets	920	8,639	-	8,639	Note 3
	AP Memory Technology Co., Ltd.	-	Available-for-sale financial assets	40	3,440	-	3,440	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Innolux Corporation	-	Available-for-sale financial assets	1,000	\$ 12,550	-	\$ 12,550	Note 2
	Asolid Technology Co., Ltd.	-	Available-for-sale financial assets	31	1,549	-	1,549	Note 2
	Ruentex Material Co., Ltd.	-	Available-for-sale financial assets	20	418	-	418	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	1,153	32,286	-	32,286	Note 2
	Wafer works Corporation	-	Available-for-sale financial assets	2,443	52,647	-	52,647	Note 2
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,434	101,883	2	101,883	Note 2
	Sunplus Technology Co., Ltd.	Parent Company	Available-for-sale financial assets	3,560	43,432	1	43,432	Notes 2 and 4
	Everlight Electronics Co., Ltd.-CB	-	Financial assets at fair value through profit or loss - current	80	7,960	-	7,960	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 1
	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	1,920	4	1,920	Note 1
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	-	-	-	Note 1
	Chain Sea Information Integration Co., Ltd.	-	Financial assets carried at cost	69	1,121	-	1,121	Note 1
	Ortery Technologies, Inc.	-	Financial assets carried at cost	103	-	1	-	Note 1
Russell Holdings Limited	<u>Stock</u>							
	King Yuan Electronics Co., Ltd.	-	Financial assets carried at cost	2,306	63,651 (US\$ 2,099)	-	63,651 (US\$ 2,099)	Note 3
	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
	Asia Tech Taiwan Venture, L.P.	-	Financial assets carried at cost	-	-	5	-	Note 1
	Ortega InfoSystem, Inc.	-	Financial assets carried at cost	2,557	-	-	-	Note 1
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	-	-	-	Note 1
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	-	1	-	Note 1
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	-	15	-	Note 1
	Synerchip Inc.	-	Financial assets carried at cost	6,452	-	12	-	Note 1
Sunplus Venture Capital Co., Ltd.	<u>Stock</u>							
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	3,360	40,041	-	40,041	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	1,793	50,197	-	50,197	Note 2
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	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
	Simple Act Inc.	-	Financial assets carried at cost	1,900	-	10	-	Note 1
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,386	16,215	4	16,215	Note 1
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 1
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,042	11,220	10	11,220	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	-	-	-	Note 1
	Genius Vision Digital	-	Financial assets carried at cost	750	2,400	5	2,400	Note 1
	Touch Screen Glass Technology Co., Ltd.	-	Financial assets carried at cost	4,500	34,784	18	34,784	Note 1
	Ortery Technologies, Inc.	-	Financial assets carried at cost	68	-	1	-	Note 1
	Taiwan Environmental Scientific Co., Ltd.	-	Financial assets carried at cost	981	27,900	3	27,900	Note 1
	Dawning Leading Technology Inc.	-	Financial assets carried at cost	3,101	42,000	1	42,000	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Qun-Xin Venture Capital	-	Financial assets carried at cost	3,000	\$ 30,000	6	\$ 30,000	Note 1
	Grand Fortune Venture Capital Co., Ltd	-	Financial assets carried at cost	5,000	50,000	7	50,000	Note 1
	TIEF fund I LP	-	Financial assets carried at cost	-	46,958	7	46,958	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	Gf Money Market Fund	-	Available-for-sale financial assets	14,130	62,273 (RMB\$ 14,130)	-	62,273 (RMB\$ 14,130)	Note 3
	GF Money Market Fund B	-	Available-for-sale financial assets	9,800	43,189 (RMB\$ 9,800)	-	43,189 (RMB\$ 9,800)	Note 3
	Chongqing Chong You Information Technology Co., Ltd.	-	Financial assets carried at cost	-	-	3	-	Note 1
Generalplus Technology Inc.	Jih Sun Money Market	-	Available-for-sale financial assets	3,011	44,210	-	44,210	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,513	25,074	-	25,074	Note 3
	Prudential Financial Return	-	Available-for-sale financial assets	6,458	99,774	-	99,774	Note 3
	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	3,933	40,276	-	40,276	Note 3
	Yuanta De-Li Money Market Fund	-	Available-for-sale financial assets	1,243	20,098	-	20,098	Note 3
	Allianz Gbl Investors Taiwan Money Mkt	-	Available-for-sale financial assets	5,801	72,049	-	72,049	Note 3
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	986	10,097	-	10,097	Note 3
Sunplus Innovation Technology Inc.	<u>Fund</u>							
	Fuh Hwa You Li Money Market	-	Available-for-sale financial assets	2,253	30,125	-	30,125	Note 3
	Mega Diamond Money Market	-	Available-for-sale financial assets	810	10,067	-	10,067	Note 3
	Fubon Chi-Hsiang Money Market	-	Available-for-sale financial assets	1,930	30,028	-	30,028	Note 3
	Yuanta USD Money Market TWD	-	Available-for-sale financial assets	11,091	102,782	-	102,782	Note 3
	Yuanta RMB Money Market TWD	-	Available-for-sale financial assets	916	9,059	-	9,059	Note 3
	Yuanta USD Money Market USD	-	Available-for-sale financial assets	299	90,543	-	90,543	Note 3
	<u>Stock</u>							
	Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,391	10	15,391	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	4,122	9	4,122	Note 1
	Point Grab Ltd.	-	Financial assets carried at cost	182	15,150	2	15,150	Note 1

Note 1: The market value was based on carrying value as of March 31, 2017.

Note 2: The Market value was based on the closing price as of March 31, 2017.

Note 3: The market value was based on the net asset value of fund as of March 31, 2017.

Note 4: As of March 31, 2017, 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 \$41,290 thousand had not been pledged or mortgaged.

Note 5: The exchange rate was based on the exchange rate as of March 31, 2017.

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTH ENDED MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Unit (Thousands)	Amount	Unit (Thousands)	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Tatung Company	Available-for-sale financial assets	-	-	46,094	\$ 439,741 (Note 1)	-	\$ -	46,094	\$ 702,307 (Note 2)	\$ 235,542	\$ 466,765	-	\$ -

Note 1: The amount was include the unrealized gains and losses of available-for-sale financial assets.

Note 2: The price includes the amount of the deducted and sold shares.

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

THREE MONTHS ENDED MARCH 31, 2017

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

Company Name	Counterparty	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd. ("parent company")	Generalplus Technology Corp.	1	Sales Nonoperating income and gains Notes and accounts receivable	\$ 879 4 532	Note 1 Note 2 Note 1	0.06% - -
	Sunext Technology Co., Ltd.	1	Sales Nonoperating income and gains Notes and accounts receivable Other receivables	125 2,737 82 913	Note 1 Notes 2 and 4 Note 1 Note 3	0.01% 0.19% - 0.01%
	Sunplus Innovation Technology Inc.	1	Sales Nonoperating income and gains Notes and accounts receivable Other receivables	106 955 74 316	Note 1 Note 2 Note 1 Note 3	0.01% 0.06% - -
	iCatch Technology, Inc.	1	Sales Nonoperating income and gains Notes and accounts receivable Other receivables	1,872 3,770 1,454 1,253	Note 1 Notes 2 and 4 Note 1 Note 3	0.13% 0.25% 0.01% 0.01%
	Jumplux Technology Co., Ltd.	1	Sales Nonoperating income and gains Notes and accounts receivable Other receivables	1,742 2,881 605 974	Note 1 Notes 2 and 4 Note 1 Note 3	0.12% 0.19% - 0.01%
	Sunplus Innovation Technology Inc.	2	Accrued expense	583	Note 3	-
			Marketing expenses	590	Note 2	0.04%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Accrued expense	2,923	Note 3	0.02%
			Marketing expenses	2,954	Note 2	0.20%
	Generalplus Technology Corp.	2	Marketing expense	2,359	Note 2	0.16%
			Other accrued expense	2,307	Note 3	0.02%
	Generalplus Technology (Shenzhen) corp.	2	Research and development	21,166	Note 2	1.43%
			Other accrued expense	37,558	Note 3	0.28%
	iCatch Technology, Inc.	2	Accrued expenses	6,436	Note 2	%
			Marketing expenses	6,542	Note 3	%
	Sunplus Technology (Beijing)	2	Research and development	272	Note 3	-
			Accrued expenses	53	Note 2	-
Sunext Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Accrued expenses	954	Note 3	0.01%
			Research and development expense	757	Note 2	0.05%
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other receivables	105,768	Note 3	0.80%
			Nonoperating income and gains	390	Note 2	0.03%
			Prepaid expense	4,407	Note 3	0.03%

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other receivables	\$ 8,814	Note 3	0.07%
			Nonoperating income and gains	53	Note 2	-
	Sunplus App Technology	2	Other receivables	13,221	Note 3	0.10%
			Nonoperating income and gains	58	Note 2	-
	Sunplus Technology (Beijing)	2	Other receivables	13,221	Note 3	0.10%
			Accrued expenses	4,737	Note 3	0.04%
			Research and development expense	2,888	Note 2	0.20%
			Interest revenue	58	Note 2	-
Jumplux Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Other accrued expense	1,082	Note 3	0.01%
			Research and development expense	291	Note 2	0.02%
VENTUREPLUS CAYMAN INC.	SunMedia Technology Co., Ltd.	2	Other receivables	106,560	Note 3	0.80%
			Nonoperating income and gains	468	Note 2	0.03%
Russell Holdings Limited	SunMedia Technology Co., Ltd.	2	Other receivables	182,098	Note 1	1.37%
			Nonoperating income and gains	121	Note 2	0.01%

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 6

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2017	December 31, 2016	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	\$ 2,420,696 (US\$ 74,305 RMB\$ 37,900)	\$ 2,420,696 (US\$ 74,305 RMB\$ 37,900)	-	100	\$ 1,372,037	\$ (18,265)	\$ (18,265)	Subsidiary
	Award Glory Ltd.	Belize	Investment	23,415 (US\$ 772)	23,415 (US\$ 772)	-	100	(11,946)	(1,269)	(1,269)	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Design and sale of ICs	315,658	315,658	8,229	13	403,555	649,829	84,885	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	855,566	9,734	9,734	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	742,072	51,327	17,605	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	796,966	(37,054)	(37,054)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	315,450	61	520,621	5,753	3,533	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	729,740 (US\$ 24,060)	447,671 (US\$ 14,760)	-	100	521,835	(30,248)	(30,248)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	187,251	(27,652)	(10,408)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,836	61	118,617	3,510	2,146	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	357,565	17,441	87	42,884	(2,575)	(2,246)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,004	(7)	(7)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	43,237 (HK\$ 11,075)	43,237 (HK\$ 11,075)	11,075	100	34	(9)	(9)	Subsidiary
	Magic Sky Limited	Samoa	Investment	208,064 (US\$ 6,860)	205,031 (US\$ 6,760)	-	100	1,724	(1,555)	(1,555)	Subsidiary (Note 1)
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	30,370	(69)	(69)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	18,262	3,591	3,591	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	297,600	51,327	7,025	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	10,301	3,510	186	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	15,578	5,753	121	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	8,821	(27,652)	(484)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	6,112	(2,575)	(85)	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	49,099	49,099	3,983	4	92,580	51,327	1,879	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design and sales of IC	100,000	100,000	10,000	71	39,355	(10,418)	(7,442)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	49,071	5,753	326	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	6	30,481	(27,652)	(1,672)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	13,527	3,510	245	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	10	2,699	(2,575)	(246)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	64,269 (US\$ 2,119)	64,269 (US\$ 2,119)	442	1	1,350 (US\$ 44)	3,510	24 (US\$ 1)	Subsidiary
Wei-Young Investment Inc.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	-	54	3,510	1	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,420,696 (USD 74,305 RMB 37,900)	2,420,696 (USD 74,305 RMB 37,900)	-	100	1,372,017	(18,264)	(18,264)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,420,696 (USD 74,305 RMB 37,900)	2,420,696 (USD 74,305 RMB 37,900)	-	100	1,372,996	(18,262)	(18,262)	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	579,000 (US\$ 19,090)	579,000 (US\$ 19,090)	19,090	100	452,168	1,083	1,083	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	579,000 (US\$ 19,090)	579,000 (US\$ 19,090)	19,090	100	452,165	1,083	1,083	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2017	December 31, 2016	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	11,829 (US\$ 390)	11,829 (US\$ 390)	390	100	4,524	(126)	(126)	Subsidiary
Sunplus mMedia Inc.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design and sales of IC	32,000	32,000	3,200	23	12,594	(10,418)	(2,381)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	23,415 (US\$ 772)	23,415 (US\$ 772)	-	100	(11,946)	(1,269)	(1,269)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,415 (US\$ 772)	23,415 (US\$ 772)	-	100	(11,946)	(1,269)	(1,269)	Subsidiary
	Giant Rock Inc.	Anguilla	Investment	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	Subsidiary

Note 1: The initial exchange rate was based on the exchange rate as of March 31, 2017.

Note 2: As of March 31, 2017, the establishment registration was completed, but capital was not invested yet.

(Concluded)

TABLE 7

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
THREE MONTHS ENDED MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2017	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Value as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, system integration services and building rental	\$ 521,676 (US\$ 17,200)	Note 1	\$ 521,676 (US\$ 17,200)	\$ -	\$ -	\$ 521,676 (US\$ 17,200)	100%	\$ 9,339	\$ 9,339 (Note 2)	\$ 494,167	\$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, system integration services and building rental	978,143 (US\$ 32,250)	Note 1	978,143 (US\$ 32,250)	-	-	978,143 (US\$ 32,250)	100%	5,174	5,174 (Note 2)	781,331	-
Sun Media Technology Co., Ltd.	Development of computer software and system integration services	606,600 (US\$ 20,000)	Note 1	606,600 (US\$ 20,000)	-	-	606,600 (US\$ 20,000)	100%	(14,044)	(14,044) (Note 3)	124,964	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	66,105 (RMB\$ 15,000)	Note 1	61,843 (US\$ 586 RMB\$ 10,000)	-	-	61,843 (US\$ 586 RMB\$ 10,000)	93%	(9,236)	(9,236) (Note 3)	(10,666)	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	150,940 (RMB\$ 34,250)	Note 1	136,819 (US\$ 4,511)	-	-	136,819 (US\$ 4,511)	83%	(7,140)	(7,140) (Note 3)	(69,950)	-
Sunplus Technology (Beijing)	Development of computer software, system integration services and building rental	118,989 (RMB\$ 27,000)	Note 1	118,989 (RMB\$ 27,000)	-	-	118,989 (RMB\$ 27,000)	100%	(3,836)	(3,836) (Note 3)	43,846	-
Iculture Communication Co., Ltd.	Development system	14,323 (RMB\$ 3,250)	Note 4	14,323 (RMB\$ 3,250)	-	-	14,323 (RMB\$ 3,250)	100%	607 (RMB\$ 134)	607 (RMB\$ 134) (Note 3)	533 (RMB\$ 121)	-

Accumulated Investment in Mainland China as of March 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$ 2,437,870 (US\$ 75,002 RMB\$ 37,000)	\$ 2,520,292 (US\$ 75,540 RMB\$ 52,000)	\$ 5,451,207

(Continued)

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2017	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 3)	Carrying Value as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Generalplus Shenzhen	Data processing service	\$ 567,171 (US\$ 18,700)	Note 1	\$ 567,171 (US\$ 18,700)	\$ -	\$ -	\$ 567,171 (US\$ 18,700)	100%	\$ 1,209	\$ 1,209	\$ 447,622	\$ -

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
\$ 567,171 (US\$ 18,700)	\$ 567,171 (US\$ 18,700)	\$ 1,316,519

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: Based on the reviewed financial statement of investee in the same period.

Note 3: Based on the financial statement which had not been reviewed in the same period.

Note 4: Ytrip Technology Co., Ltd. indirectly invested in a company located in mainland China.

Note 5: The initial exchange rate was based on the exchange rate as of March 31, 2017.

(Concluded)

TABLE 8

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
THREE MONTHS ENDED MARCH 31, 2017
(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	\$ 21,166	18.82	Based on contract	Based on contract	Not comparable with market transactions	\$ 37,558	93	\$ -	NA