Sunplus Technology Company Limited and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 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 September 30, 2017 and 2016 and the related consolidated statements of comprehensive income for the three months ended September 30, 2017 and 2016 and for the nine months ended September 30, 2017 and 2016, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 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 12 to the accompanying consolidated financial statements, the amounts based on the financial statements of some immaterial subsidiaries included in the consolidated financial statements were based on the subsidiaries' unreviewed financial statements. The total assets of these subsidiaries as of September 30, 2017 and 2016 were 43% (NT$5,816,527 thousand) and 38% (NT$5,472,206 thousand), respectively, of the Group's total consolidated assets, and the total liabilities were 44% (NT$1,331,786 thousand) and 46% (NT$1,723,874 thousand), respectively, of the Group's total consolidated liabilities. For the three months ended September 30, 2017 and 2016, the total comprehensive income of such subsidiaries of NT$58,335 thousand and their total comprehensive loss of NT$52,397 thousand, respectively, were 38% and (18)%, respectively, of the Group's total consolidated comprehensive income. For the nine months ended September 30, 2017 and 2016, these subsidiaries' total comprehensive loss of NT$23,468 thousand and NT$122,231 thousand, respectively, were (8)% and (123)%, respectively, of the Group's total consolidated comprehensive income. In addition, as disclosed in Note 12 to the accompanying consolidated financial statements, the carrying amounts of two associates as of September 30, 2017 and 2016 were NT$376,879 thousand and NT$324,352 thousand, respectively. For the three months ended September 30, 2017 and 2016, net investment gains from these two associates were NT$1,005 thousand and NT$8,571 thousand, respectively. For the nine months ended September 30, 2017 and 2016, net investment gains from these two associates were NT$90,077 thousand and NT$34,908 thousand, respectively. These investment amounts and other associates' information disclosed in Note 37 to the accompanying 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 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 Group's consolidated financial statements as of and for the nine months ended September 30, 2017 and 2016 for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard No. 1 "First-time Adoption of International Financial Reporting Standards" and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 8, 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)

	September 30, 2017 (Reviewed)		December 31, 2016 (Audited)		September 30, 2016 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 3,884,791	29	$ 4,803,495	33	$ 4,207,576	29
Financial assets at fair value through profit or loss - current (Note 7)	9,527	-	106,573	1	105,434	1
Available-for-sale financial assets - current (Note 8)	1,391,512	10	1,372,492	9	1,177,069	8
Notes and accounts receivable, net (Notes 10 and 34)	1,500,760	11	1,285,810	9	1,495,126	10
Other receivables (Note 34)	69,006	1	75,627	-	61,386	1
Inventories (Note 11)	1,050,035	8	858,390	6	975,801	7
Other financial assets (Notes 17 and 35)	294,867	2	147,547	1	302,560	2
Other current assets (Note 17)	132,135	1	142,208	1	110,173	1
Total current assets	8,332,633	62	8,792,142	60	8,435,125	59
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss - noncurrent (Note 7)	90,780	1	-	-	-	-
Available-for-sale financial assets - noncurrent, net of current portion (Note 8)	421,819	3	900,437	6	1,030,719	7
Financial assets carried at cost (Note 9)	568,889	4	689,261	5	567,912	4
Investments accounted for using the equity method (Note 13)	376,879	3	323,912	2	324,352	2
Property, plant and equipment (Notes 14 and 35)	2,172,752	16	2,265,910	16	2,291,079	16
Investment properties (Note 15)	1,147,138	8	1,218,904	8	1,260,575	9
Intangible assets (Note 16)	184,461	1	191,024	1	209,483	1
Deferred tax assets (Notes 4 and 26)	30,136	-	29,015	-	30,231	-
Other financial assets (Notes 17 and 35)	85,745	1	87,020	1	88,138	1
Other noncurrent assets (Note 17)	125,799	1	131,397	1	137,334	1
Total noncurrent assets	5,204,398	38	5,836,880	40	5,939,823	41
TOTAL	$ 13,537,031	100	$ 14,629,022	100	$ 14,374,948	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term bank borrowings (Note 18)	$ 784,210	6	$ 550,203	4	$ 675,414	5
Accounts payable (Note 19)	678,975	5	732,964	5	511,907	4
Current tax liabilities (Notes 4 and 26)	35,978	-	42,184	-	29,150	-
Provisions - current (Note 20)	13,444	-	12,334	-	12,803	-
Deferred revenue - current (Notes 21 and 29)	1,658	-	1,682	-	1,709	-
Current portion of long-term bank loans (Notes 18 and 35)	257,082	2	897,087	6	689,300	5
Other current liabilities (Note 21)	682,584	5	808,949	6	751,779	5
Total current liabilities	2,453,931	18	3,045,403	21	2,672,062	19
NONCURRENT LIABILITIES						
Long-term bank loans (Notes 18 and 35)	168,750	1	529,167	4	689,159	5
Deferred revenue - noncurrent, net of current portion (Notes 21 and 29)	65,060	-	67,264	-	68,799	-
Accrued pension liabilities (Notes 4 and 22)	96,420	1	98,266	1	90,337	1
Guarantee deposits (Note 31)	255,363	2	199,856	1	224,058	1
Other noncurrent liabilities	889	-	889	-	889	-
Total noncurrent liabilities	586,482	4	895,442	6	1,073,242	7
Total liabilities	3,040,413	22	3,940,845	27	3,745,304	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23 and 28)						
Share capital						
Common shares	5,919,949	44	5,919,949	40	5,919,949	41
Capital surplus	704,812	5	911,110	6	910,295	6
Retained earnings						
Legal reserve	1,900,505	14	1,890,531	13	1,890,531	13
Special reserve	22,995	-	21,927	-	21,927	-
Unappropriated earnings (accumulated deficit)	418,622	3	99,738	1	59,326	1
Total retained earnings	2,342,122	17	2,012,196	14	1,971,784	14
Other equity	25,608	-	244,400	2	253,661	2
Treasury shares (Note 35)	(63,401)	-	(63,401)	-	(63,401)	-
Total equity attributable to owners of the Company	8,929,090	66	9,024,254	62	8,992,288	63
NONCONTROLLING INTERESTS (Notes 12 and 23)	1,567,528	12	1,663,923	11	1,637,356	11
Total equity	10,496,618	78	10,688,177	73	10,629,644	74
TOTAL	$ 13,537,031	100	$ 14,629,022	100	$ 14,374,948	100

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

(With Deloitte & Touche review report dated November 8, 2017)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 24 and 34)	$ 1,848,861	100	$ 1,876,789	100	$ 5,157,072	100	$ 5,762,699	100
OPERATING COSTS (Notes 11 and 25)	1,113,014	60	1,117,960	60	3,104,057	60	3,321,051	58
GROSS PROFIT	735,847	40	758,829	40	2,053,015	40	2,441,648	42
OPERATING EXPENSES (Notes 25 and 34)								
Selling and marketing	84,286	5	95,421	5	240,761	5	279,327	5
General and administrative	154,119	8	156,711	8	433,181	8	520,755	9
Research and development	441,410	24	505,973	27	1,328,759	26	1,475,854	25
Total operating expenses	679,815	37	758,105	40	2,002,701	39	2,275,936	39
OTHER REVENUE AND EXPENSES	19	-	(8)	-	(2,053)	-	(489)	-
INCOME FROM OPERATIONS	56,051	3	716	-	48,261	1	165,223	3
NONOPERATING INCOME AND EXPENSES (Notes 25, 29 and 34)								
Other income	35,832	2	42,845	2	65,416	1	80,437	1
Other gains and losses	59,438	3	38,187	2	402,502	8	6,216	-
Finance costs	(5,008)	-	(10,995)	(1)	(19,763)	(1)	(29,271)	(1)
Share of profit of associates and joint venture (Note 13)	1,005	-	8,571	1	90,077	2	34,908	1
Total nonoperating income	91,267	5	78,608	4	538,232	10	92,290	1
PROFIT BEFORE INCOME TAX	147,318	8	79,324	4	586,493	11	257,513	4
INCOME TAX EXPENSE (Notes 4 and 26)	20,780	1	22,060	1	57,875	1	73,442	1
NET PROFIT FOR THE PERIOD	126,538	7	57,264	3	528,618	10	184,071	3
OTHER COMPREHENSIVE INCOME (LOSS)								
Item that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 23)	24,268	1	(72,727)	(4)	(58,523)	(1)	(142,142)	(2)
Unrealized (loss) gain on available-for-sale financial assets (Note 23)	(198)	-	311,314	17	(170,504)	(3)	66,585	1

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates and joint venture	4,444	-	(4,769)	-	4,037	-	(9,042)	-
Other comprehensive (loss) income for the period, net of income tax	28,514	1	233,818	13	(224,990)	(4)	(84,599)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 155,052	8	$ 291,082	16	$ 303,628	6	$ 99,472	2
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	$ 75,440	4	$ 41,122	2	$ 421,338	8	$ 66,798	1
Noncontrolling interests	51,098	3	16,142	1	107,280	2	117,273	2
	$ 126,538	7	$ 57,264	3	$ 528,618	10	$ 184,071	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	$ 100,857	5	$ 274,353	15	$ 202,546	4	$ (11,033)	-
Noncontrolling interests	54,195	3	16,729	1	101,082	2	110,505	2
	$ 155,052	8	$ 291,082	16	$ 303,628	6	$ 99,472	2
EARNINGS PER SHARE (New Taiwan dollars; Note 27)								
From continuing operations								
Basic	$ 0.13		$ 0.07		$ 0.72		$ 0.11	
Diluted	$ 0.13		$ 0.07		$ 0.72		$ 0.11	

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

(With Deloitte & Touche review report dated November 8, 2017) (Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' 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			Retained Earnings			Other Equity (Note 23)					
	Shares (Thousand)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares	Total	Noncontrolling Interests	Total Equity
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
Appropriation of the 2015 earnings												
Legal reserve	-	-	-	58,935	-	(58,935)	-	-	-	-	-	-
Special reserve	-	-	-	-	4,094	(4,094)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(526,875)	-	-	-	(526,875)	-	(526,875)
Difference between consideration and carrying amount of acquired or disposed of subsidiaries	-	-	9,810	-	-	-	-	-	-	9,810	-	9,810
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(12,794)	-	-	-	(12,794)	-	(12,794)
Net gain for the nine months ended September 30, 2016	-	-	-	-	-	66,798	-	-	-	66,798	117,273	184,071
Other comprehensive income (loss) for the nine months ended September 30, 2016, net of income tax	-	-	-	-	-	-	(146,312)	68,481	-	(77,831)	(6,768)	(84,599)
Total comprehensive income (loss) for the nine months ended September 30, 2016	-	-	-	-	-	66,798	(146,312)	68,481	-	(11,033)	110,505	99,472
Disposal of treasury shares	-	-	3,168	-	-	-	-	-	-	3,168	-	3,168
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(168,377)	(168,377)
BALANCE, SEPTEMBER 30, 2016	591,995	$ 5,919,949	$ 910,295	$ 1,890,531	$ 21,927	$ 59,326	$ (48,803)	$ 302,464	$ (63,401)	$ 8,992,288	$ 1,637,356	$ 10,629,644
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
Appropriation of the 2016 earnings												
Legal reserve	-	-	-	9,974	-	(9,974)	-	-	-	-	-	-
Special reserve	-	-	-	-	1,068	(1,068)	-	-	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(88,681)	-	-	-	(88,681)	-	(88,681)
Issuance of share dividends from capital surplus	-	-	(207,317)	-	-	-	-	-	-	(207,317)	-	(207,317)
Difference between consideration and carrying amount of acquired or disposed of subsidiaries	-	-	(761)	-	-	-	-	-	-	(761)	-	(761)
Changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	(2,731)	-	-	-	(2,731)	-	(2,731)
Net gain for the nine months ended September 30, 2017	-	-	-	-	-	421,338	-	-	-	421,338	107,280	528,618
Other comprehensive loss for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	-	(57,562)	(161,230)	-	(218,792)	(6,198)	(224,990)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	421,338	(57,562)	(161,230)	-	202,546	101,082	303,628
Disposal of treasury shares	-	-	1,780	-	-	-	-	-	-	1,780	-	1,780
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(197,477)	(197,477)
BALANCE, SEPTEMBER 30, 2017	591,995	$ 5,919,949	$ 704,812	$ 1,900,505	$ 22,995	$ 418,622	$ (119,624)	$ 145,232	$ (63,401)	$ 8,929,090	$ 1,567,528	$ 10,496,618

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

(With Deloitte & Touche review report dated November 8, 2017)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 586,493	$ 257,513
Adjustments for:		
Depreciation expenses	198,915	193,736
Amortization expenses	72,749	86,599
Bad-debt expenses	30,372	59,592
Net gain on fair value change of financial assets designated as at fair value through profit	(5,208)	(906)
Financial costs	19,763	29,271
Interest income	(16,171)	(15,528)
Dividend income	(16,823)	(25,632)
Compensation costs of employee share options	210	1,277
Share of profit of associates and joint ventures	(90,077)	(34,908)
Loss on disposal of property, plant and equipment	2,053	181
Loss on disposal of intangible assets	-	308
Loss on disposal of subsidiaries	-	9,434
Gain on disposal of investments	(566,962)	(152,422)
Impairment loss recognized on financial assets	152,387	80,420
Impairment loss recognized on non-financial assets	21,577	-
Net (gain) or loss on foreign currency exchange	(16,111)	26,091
Amortization of lease prepayments	2,076	2,273
Changes in operating assets and liabilities:		
Increase in financial assets held for trading	(87,985)	(81,526)
(Increase) decrease in trade receivables	(247,501)	28,865
Decrease (increase) in other receivables	8,112	(9,496)
(Increase) decrease in inventories	(191,645)	249,221
Increase in other current assets	(24,081)	(5,298)
Decrease in accounts payable	(54,925)	(154,650)
Increase (decrease) in provisions	1,110	(2,536)
Decrease in deferred revenue	(1,227)	(911)
(Decrease) increase in other current liabilities	(69,826)	55,129
Decrease in accrued pension liabilities	(1,846)	(8,088)
Cash (used in) generated from operations	(294,571)	588,009
Interest received	14,680	14,638
Dividends received	57,970	50,320
Interest paid	(21,017)	(29,959)
Income tax paid	(63,332)	(89,561)
Net cash (used in) generated from operating activities	(306,270)	533,447
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(1,315,003)	(1,221,836)
Proceeds from the sale of available-for-sale financial assets	2,286,986	1,627,025
Proceeds from the sale of debt investments with no active market	-	15,950
Purchase of financial assets measured at cost	(60,590)	(50,000)
Capital returned to the Company - liquidation of joint ventures	-	296,181
Proceeds from disposal of subsidiaries	-	18,859
Acquisition of property, plant and equipment	(89,691)	(129,744)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	**2016**
Proceeds from the disposal of property, plant and equipment	199	75
Increase in refundable deposits	(844)	(5,530)
Decrease in refundable deposits	2,804	-
Payments for intangible assets	(91,070)	(104,743)
Increase in other financial assets	(151,300)	(63,429)
Increase in other noncurrent assets	(55)	-
Payments for investment properties	(100)	-
Capital returned to the Company - financial assets carried at cost	-	1,423
Net cash generated from investing activities	581,336	384,231
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	233,977	30,189
Repayments of long-term borrowings	(1,002,723)	(512,100)
Proceeds from guarantee deposits received	93,672	45,254
Refund of guarantee deposits received	(33,092)	(20,578)
Dividends paid to owners of the Company	(294,218)	(526,875)
Dividends for noncontrolling interests	(200,179)	(191,451)
Decrease in noncontrolling interests	(1,000)	(40)
Net cash used in financing activities	(1,203,563)	(1,175,601)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	9,793	22,689
NET DECREASE IN CASH AND CASH EQUIVALENTS	(918,704)	(235,234)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,803,495	4,442,810
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,884,791	$ 4,207,576

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

(With Deloitte & Touche review report dated November 8, 2017) (Concluded)

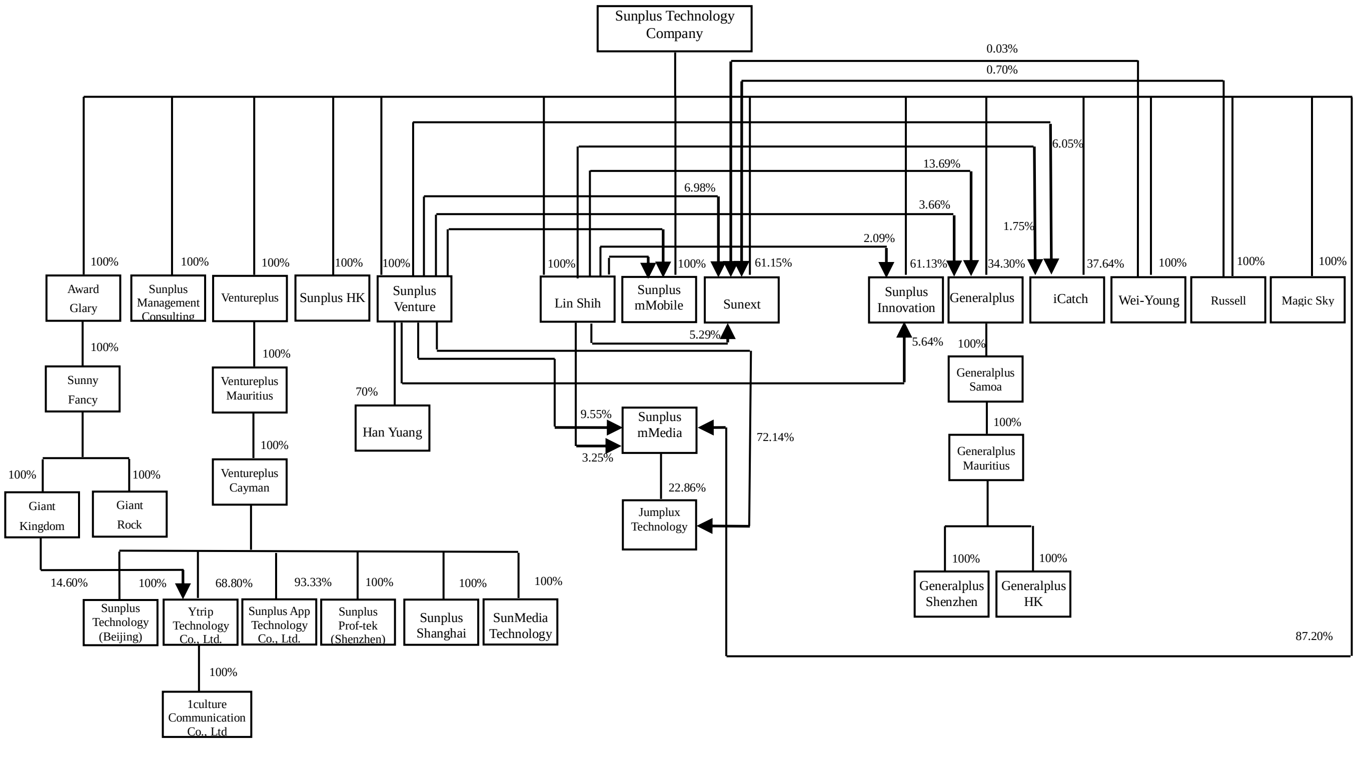
SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

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 displays, microcontrollers, multimedia, voice/music, and application-specific devices. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 23).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the "Group") as of September 30, 2017.



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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 8, 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)

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the 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 2 and Level 3, 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.

   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 is 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 is 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 should be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 “Related Party Disclosures” 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 to 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.

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” stipulates 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" clarifies 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.

6) Annual Improvements to IFRSs 2012-2014 Cycle

Several standards, including IFRS 5 "Noncurrent 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).

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.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2018

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	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
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
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.

1) 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.

The amendment to IFRS 12 clarified that when an entity's interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12. However, all other requirements in IFRS 12 apply to interests in entities classified as held for sale in accordance with IFRS 5. The Group will apply the aforementioned amendment retrospectively.

2) 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. The amendment will be applied to cash-settled share-based payment transactions that are unvested at January 1, 2018.

3) IFRS 9 “Financial Instruments” and related amendment

Recognition, measurement and impairment of financial assets

With regard 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 Group analyzed the facts and circumstances of its financial assets that exist at September 30, 2017 and performed a preliminary assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

a) Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be classified as at fair value through profit or loss. Besides, unlisted shares measured at cost will be measured at fair value instead;

b) Mutual funds classified as available-for-sale will be classified as at fair value through profit or loss because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments;

c) Debt investments classified as debt investments with no active market and measured at amortized cost will be classified as at fair value through profit or loss, because on initial recognition, the contractual cash flows that are not solely payments of principal and interest on the principal outstanding.

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. The loss allowance is required for financial assets measured at amortized cost, investments in debt instruments 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.

The Group has performed a preliminary assessment that the Group will apply the simplified approach to recognize lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to the debt instrument investments and the financial guarantee contracts, the Group will assess whether there has been a significant increase in the credit risk to determine whether to recognize 12-month or lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for financial assets.

4) 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.

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.

In assessing deferred tax asset, the Group currently assumes it will recover the asset at its carrying amount when estimating probable future taxable profit; the amendment will be applied retrospectively in 2018.

6) 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 will reclassify the property as necessary according to the amendments to reflect the conditions that exist at January 1, 2018. In addition, the Group will disclose the reclassified amounts in 2018 and the reclassified amounts of January 1, 2018 should be included in the reconciliation of the carrying amount of investment property. The Group will apply the amendments retrospectively without the use of hindsight.

7) 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 will apply IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the interpretation.

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.

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
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 16 "Leases"	January 1, 2019
IFRS 17"Insurance Contracts"	January 1, 2021
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

1) 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.

2) 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.

3) IFRIC 23 "Uncertainty Over Income Tax Treatments"

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

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

4) Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

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

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

When the amendments become effective, the Group shall apply the amendments retrospectively. However, the Group may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

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 preparation

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

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

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

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

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

c. Basis of consolidation

See Note 12, and Table 6 and Table 7 following these Notes to Consolidated Financial Statements for the detailed information of subsidiaries (including the percentage of ownership and main business).

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand	$ 8,802	$ 6,121	$ 6,015
Checking accounts and demand deposits	1,439,557	1,839,206	1,983,886
Cash equivalent deposits in banks	2,428,153	2,949,414	2,209,184
Repurchase agreements collateralized by bonds	8,279	8,754	8,491
	$ 3,884,791	$ 4,803,495	$ 4,207,576

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

	September 30, 2017	December 31, 2016	September 30, 2016
Bank balance	0.01%-1.55%	0.01%-8.00%	0.01%-2.9%
Repurchase agreement collateralized by bonds	1.00%	1.00%	1.00%

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

	September 30, 2017	December 31, 2016	September 30, 2016
Financial assets held for trading - current			
Non-derivative financial assets			
Corporate bonds of domestic listed shares	$ 9,527	$ 106,573	$ 105,434
Financial assets held for trading - noncurrent			
Non-derivative financial assets			
Corporate bonds of foreign non-listed shares	$ 90,780	$ -	$ -

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30, 2017	December 31, 2016	September 30, 2016
Current			
Domestic investments			
Mutual funds	$ 1,320,345	$ 1,329,829	$ 1,155,427
Quoted shares	71,167	42,663	21,642
	$ 1,391,512	$ 1,372,492	$ 1,177,069
Noncurrent			
Domestic investments			
Quoted shares	$ 421,819	$ 900,437	$ 1,030,719

The Group’s recognized impairment losses for the nine months ended September 30, 2016 were $0 and $72,920 thousand for the three months ended September 30, 2016.

9. FINANCIAL ASSETS MEASURED AT COST

	September 30, 2017	December 31, 2016	September 30, 2016
Noncurrent			
Domestic unlisted common shares	$ 568,889	$ 689,261	$ 567,912
Classification according to financial asset measurement categories			
Classified as available for sale	$ 568,889	$ 689,261	$ 567,912

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 impairment losses for the above financial asset carried at cost for the nine months ended September 30, 2017 and 2016 were $152,387 thousand and $7,500 thousand, respectively, and $0 and $0 for the three months ended September 30, 2017 and 2016, respectively.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2017	December 31, 2016	September 30, 2016
Notes receivable	$ -	$ 165	$ -
Accounts receivable	1,609,437	1,363,852	1,557,636
Receivables from related parties	61	187	-
Allowance for doubtful accounts	(108,738)	(78,394)	(62,510)
	1,500,760	1,285,645	1,495,126
	$ 1,500,760	$ 1,285,810	$ 1,495,126

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 its allowance for the impairment for notes and trade receivables amounting to $1,809 thousand, $31,446 thousand and $68,772 thousand as of September 30, 2017, December 31, 2016 and September 30, 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 November 8, 2017, the amount collected on the above trade receivables from the period ended September 30, 2017 that were past due but not impaired was $1,809 thousand.

The aging of receivables was as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
0-60 days	$ 1,260,283	$ 1,099,673	$ 1,157,051
61-90 days	235,794	152,837	278,243
91-120 days	2,117	5,796	9,694
121-360 days	2,653	104,168	111,002
More than and including 361 days	108,651	1,565	1,646
Total	$ 1,609,498	$ 1,364,039	$ 1,557,636

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:

	September 30, 2017	December 31, 2016	September 30, 2016
Less than and including 60 days	$ 1,809	$ 2,412	$ 26,503
61-90 days	-	29,034	24,981
More than and including 91 days	-	-	17,288
Total	$ 1,809	$ 31,446	$ 68,772

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, 2016	$ 3,091	$ -	$ 3,091
Add: Impairment losses recognized on receivables	59,592	-	59,592
Foreign exchange translation gains	(173)	-	(173)
Balance at September 30, 2016	$ 62,510	$ -	$ 62,510
Balance at January 1, 2017	$ 78,394	$ -	$ 78,394
Add: Impairment losses recognized on receivables	30,372	-	30,372
Foreign exchange translation gains	(28)	-	(28)
Balance at September 30, 2017	$ 108,738	$ -	$ 108,738

11. INVENTORIES

	September 30, 2017	December 31, 2016	September 30, 2016
Finished goods	$ 351,416	$ 342,308	$ 371,261
Work in progress	422,447	350,483	409,531
Raw materials	276,172	165,599	195,009
	$ 1,050,035	$ 858,390	$ 975,801

The costs of inventories recognized as cost of goods sold for the nine months ended September 30, 2017 and 2016 were $3,029,867 thousand and $3,274,975 thousand, respectively, and $1,087,188 thousand and $1,091,271 thousand for the three months ended September 30, 2017 and 2016, respectively.

The costs of inventories recognized as costs of goods sold for the three months and the nine months ended September 30, 2107 and 2016 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Gains on inventory value recoveries (inventory losses)	$ (4,552)	$ 5,197	$ (2,114)	$ 27,002
Income from scrap sales	16	56	59	248
	$ (4,536)	$ 5,253	$ (2,055)	$ 27,250

12. SUBSIDIARIES

a. The subsidiaries included in the consolidated financial statements

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

			Percentage of Ownership (%)			
Name of Investor	Name of Investee	Main Businesses and Products	September 30, 2017	December 31, 2016	September 30, 2016	Note
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	61.13	61.41	61.82	-
	Generalplus Technology Inc. ("Generalplus")	Design of ICs	34.30	34.30	34.30	-
	iCatch Technology	Design of ICs	37.64	37.64	37.64	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.
	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	-

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Note
Ventureplus	Ventureplus Mauritius Inc.	Investment	100.00	100.00	100.00	-
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Investment	100.00	100.00	100.00	-
Ventureplus Cayman Inc.	Ytrip Technology	Web research and development	68.80	68.80	68.80	-
	Sunplus App Technology	Manufacturing and sale of computer software; provision of 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, provision of system integration services and rental	100.00	100.00	100.00	-
	Sunplus Technology (Shanghai)	Development and sale of computer software, provision of system integration services and rental	100.00	100.00	100.00	-
	SunMedia Technology	Development and sale of computer software, provision of system integration services and rental	100.00	100.00	100.00	-
	Sunplus Technology (Beijing)	Development and sale of computer software, provision of system integration services and rental	100.00	100.00	100.00	-
Ytrip Technology	1culture Communication	Development of systems	100.00	100.00	100.00	-
Sunplus Venture	Jumplux Technology	Design and sale of ICs	72.14	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	3.66	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	5.64	5.67	5.67	Sunplus and its subsidiaries had 68.86% 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.
Lin Shih	Generalplus Technology Inc.	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 and its subsidiaries had 74.15% equity in Sunext.
	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	2.09	2.10	2.10	Sunplus and its subsidiaries had 68.86% equity in Sunplus Innovation.
	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 a 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	Sunplus mMobile SAS was liquidated in 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 services	100.00	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	100.00	-
Wei-Young	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	22.86	Sunplus and its subsidiaries had 95.00% 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	14.60	Sunplus and its subsidiaries had 83.40% equity in Ytrip Technology.

(Concluded)

The financial statements as of and for the nine months ended September 30, 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

	The Voting Ratio of Noncontrolling Equity		
	September 30, 2017	**December 31, 2016**	**September 30, 2016**
Company name			
Generalplus Technology Inc.	48.35%	48.35%	48.35%

Refer to Table 6 for information on country of registration and principal business.

	Profits Attributed to Noncontrolling Interests				Noncontrolling Interests		
	Three Months Ended September 30		Nine Months Ended September 30				
Company name	**2017**	**2016**	**2017**	**2016**	**September 30, 2017**	**December 31, 2016**	**September 30, 2016**
Generalplus Technology Inc.	$ 46,318	$ 48,702	$ 135,067	$ 166,583	$ 1,008,418	$ 1,060,094	$ 1,032,680

The summarized financial information below represents amounts before intragroup eliminations.

	September 30, 2017	**December 31, 2016**	**September 30, 2016**
Current assets	$ 2,242,641	$ 2,195,024	$ 2,128,921
Noncurrent assets	701,018	733,352	739,159
Current liabilities	770,627	675,737	677,238
Noncurrent liabilities	115,738	88,475	85,102
Equity	$ 2,057,294	$ 2,164,164	$ 2,105,740
Equity attributable to:			
Owners of the Company	$ 1,048,876	$ 1,104,070	$ 1,073,060
Noncontrolling interests	1,008,418	1,060,094	1,032,680
	$ 2,057,294	$ 2,164,164	$ 2,105,740

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
Operating revenue	$ 836,579	$ 836,930	$ 2,450,312	$ 2,594,333
Net income	$ 95,791	$ 101,065	$ 280,449	$ 346,493
Other comprehensive income (loss)	6,498	(15,727)	(6,464)	(30,409)
Total other comprehensive income	$ 102,289	$ 85,338	$ 273,985	$ 316,084
Equity attributable to:				
Owners of the Company	$ 49,473	$ 52,363	$ 144,842	$ 179,910
Noncontrolling interests	46,318	48,702	135,607	166,583
	$ 95,791	$ 101,065	$ 280,449	$ 346,493

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
Total other comprehensive income attributable to:				
Owners of the Company	$ 52,828	$ 44,284	$ 141,504	$ 164,203
Noncontrolling interests	49,461	41,054	132,481	151,881
	$ 102,289	$ 85,338	$ 273,985	$ 316,084
Cash flows				
Cash flows from operating activities			$ (47,892)	$ 236,243
Cash flows used in investing activities			8,300	(106,865)
Cash flows from financing activities			(175,865)	(283,908)
Effect of exchange rate changes on the balance of cash held in foreign currencies			1,246	(4,736)
Net cash outflow			$ (214,211)	$ (149,794)
Dividends paid to:				
Noncontrolling interests				
Generalplus Technology Inc.			$ (184,157)	$ (160,405)

(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2017	December 31, 2016	September 30, 2016
Investments in associates	$ 376,879	$ 323,912	$ 324,352

a. Investments in associates

	September 30, 2017	December 31, 2016	September 30, 2016
Listed companies			
Global View Co., Ltd.	$ 376,879	$ 323,912	$ 324,352

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	September 30, 2017	December 31, 2016	September 30, 2016
Global View Co., Ltd.	13%	13%	13%

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	September 30, 2017	December 31, 2016	September 30, 2016
Global View, Co., Ltd.	$ 322,183	$ 311,896	$ 226,722

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. was liquidated on May 3, 2016. The Company recognized $9,434 thousand in losses on the disposal of the investment according to the estimated amount of surplus properties distributed less 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 nine months ended September 30, 2017 and 2016 were not reviewed.

14. PROPERTY, PLANT AND EQUIPMENT

	Nine Months Ended September 30, 2016									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress	Total
Cost										
Balance, beginning of period	$ 2,519,326	$ 221,075	$ 18,459	$ 502,632	$ 6,589	$ 252,178	$ 3,549	$ 23,727	$ 1,089,521	$ 4,637,056
Additions	-	4,136	232	66,839	950	10,350	532	372	4,401	87,812
Disposals	-	-	(185)	(7,089)	(1,680)	(2,008)	(2,486)	(20)	-	(13,468)
Effect of exchange rate changes	(78,304)	(7,112)	(827)	(3,622)	(339)	(10,279)	1,879	(894)	(32,822)	(132,320)
Reclassification	-	(19,197)	-	(16,205)	1,606	14,458	-	1,747	(1,061,100)	(1,078,691)
Balance, end of period	$ 2,441,022	$ 198,902	$ 17,679	$ 542,555	$ 7,126	$ 264,699	$ 3,474	$ 24,932	$ -	$ 3,500,389
Accumulated depreciation										
Balance, beginning of period	$ 353,964	$ 84,778	$ 16,432	$ 384,626	$ 4,074	$ 199,788	$ 2,583	$ 16,218	$ -	$ 1,062,463
Additions	45,514	17,575	1,170	77,714	660	19,654	2,516	2,439	-	167,242
Disposals	-	-	(171)	(7,043)	(1,512)	(1,980)	(2,486)	(20)	-	(13,212)
Effect of exchange rate changes	(4,507)	(1,284)	(814)	(3,805)	(132)	(7,421)	(251)	(467)	-	(18,681)
Reclassification	-	-	-	(8,307)	-	7,981	-	326	-	-
Balance, end of period	$ 394,971	$ 101,069	$ 16,617	$ 443,185	$ 3,090	$ 218,022	$ 2,362	$ 18,496	$ -	$ 1,197,812
Accumulated Impairment										
Balance, beginning and end of period	$ -	$ -	$ -	$ 11,498	$ -	$ -	$ -	$ -	$ -	$ 11,498
Net, end of period	$ 2,046,051	$ 97,833	$ 1,062	$ 87,872	$ 4,036	$ 46,677	$ 1,112	$ 6,436	$ -	$ 2,291,079

	Nine Months Ended September 30, 2017									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress	Total
Cost										
Balance, beginning of period	$ 2,420,928	$ 202,883	$ 16,161	$ 581,209	$ 7,020	$ 260,976	$ 3,284	$ 21,278	$ 25	$ 3,513,764
Additions	-	12,275	1,143	46,920	1,262	9,164	640	12	501	71,917
Disposals	-	-	(2,342)	(13,410)	(221)	(8,995)	(506)	-	-	(25,474)
Effect of exchange rate changes	(17,208)	(1,845)	218	(34,884)	(587)	(1,897)	(539)	(163)	2	(56,903)
Reclassification	-	-	-	25	-	-	-	-	(25)	-
Balance, end of period	$ 2,403,720	$ 213,313	$ 15,180	$ 579,860	$ 7,474	$ 259,248	$ 2,879	$ 21,127	$ 503	$ 3,503,304
Accumulated depreciation										
Balance, beginning of period	$ 404,240	$ 95,601	$ 15,329	$ 480,895	$ 3,282	$ 216,976	$ 2,269	$ 17,764	$ -	$ 1,236,356
Depreciation expenses	39,668	18,825	838	66,901	655	17,398	323	838	-	145,446
Disposals	-	-	(2,266)	(12,758)	(216)	(7,476)	(506)	-	-	(23,222)
Effect of exchange rate changes	(730)	(1,897)	(548)	(34,284)	(495)	(1,481)	(69)	(22)	-	(39,526)
Balance, end of period	$ 443,178	$ 112,529	$ 13,353	$ 500,754	$ 3,226	$ 225,417	$ 2,017	$ 18,580	$ -	$ 1,319,054
Accumulated impairment										
Balance, beginning and end of period	$ -	$ -	$ -	$ 11,498	$ -	$ -	$ -	$ -	$ -	$ 11,498
Net, beginning and end of period	$ 2,016,688	$ 107,282	$ 832	$ 88,816	$ 3,738	$ 44,000	$ 1,015	$ 3,514	$ 25	$ 2,265,910
Net, end of period	$ 1,960,542	$ 100,784	$ 1,827	$ 67,608	$ 4,248	$ 33,831	$ 862	$ 2,547	$ 503	$ 2,172,752

The above items of property, plant and equipment are 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.

15. INVESTMENT PROPERTIES

Cost

Balance at January 1, 2016	$ 450,839
Reclassification	1,078,637
Effect of exchange rate differences	(61,091)
Balance at September 30, 2016	$ 1,468,385

Accumulated depreciation

Balance at January 1, 2016	$ (193,769)
Depreciation expense	(26,494)
Effect of exchange rate differences	12,453
Balance at September 30, 2016	$ (207,810)
Net end of period	$ 1,260,575

Cost

Balance at January 1, 2017	$ 1,444,993
Additions	100
Effect of exchange rate differences	(20,925)
Balance at September 30, 2017	$ 1,424,168

Accumulated depreciation

Balance at January 1, 2017	$ (226,089)
Depreciation expense	(53,469)
Effect of exchange rate differences	2,528
Balance at September 30, 2017	$ (277,030)
Net, beginning and end of period	$ 1,218,904
Net end of period	$ 1,147,138

The investment properties held by the Group are 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 of June 30 and December 31, 2016 by Sichuan Wuyue, a joint property assessment limited liability company. The valuation was determined by the Benefit Approach and the replacement cost method; the important assumptions in the valuation were as follows:

	December 31, 2016	**September 30, 2016**
Fair value	$ 1,063,006	$ 1,081,139
Discount rate	6%	-
Residual income ratio	-	100%

The investment properties were valued by independent valuators; the Company determined that the fair values reported as of December 31, 2016 were still valid as of September 30, 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 Benefit Approach and the replacement cost method in 2016 and 2015; the important assumptions in the valuation were as follows:

	December 31	
	2016	**2015**
Fair value	$ 2,189,700	$ 389,809
Discount rate	5.65%	-
Residual income ratio	-	83.33%

The investment properties were valued by independent valuators; the Company determined that the fair values reported as of December 31, 2016 and 2015 were still valid as of September 30, 2017 and 2016, respectively.

The rental incomes were $161,288 thousand and $143,867 thousand for the nine months ended September 30, 2017 and 2016, respectively, and $56,388 thousand and $56,926 thousand for the three months ended September 30, 2017 and 2016, respectively.

16. INTANGIBLE ASSETS

	For the Nine Months Ended September 30, 2016					
	Technology License Fees	**Software**	**Patents**	**Goodwill**	**Technological Know-how**	**Total**
Cost						
Balance at January 1	$ 680,811	$ 373,349	$ 114,229	$ 30,596	$ 2,460	$ 1,201,445
Additions	66,328	37,786	-	-	-	104,114
Decreases	-	(7,913)	-	-	-	(7,913)
Effect of exchange rate differences	(25)	(2,378)	-	-	-	(2,403)
Balance at September 30	$ 747,114	$ 400,844	$ 114,229	$ 30,596	$ 2,460	$ 1,295,243
Accumulated amortization						
Balance at January 1	$ 484,734	$ 337,281	$ 72,353	$ -	$ 2,460	$ 896,828
Amortization expense	54,989	26,557	5,053	-	-	86,599
Decreases	-	(7,605)	-	-	-	(7,605)
Effect of exchange rate differences	(3)	(1,195)	-	-	-	(1,198)
Balance at September 30	$ 539,720	$ 355,038	$ 77,406	$ -	$ 2,460	$ 974,624
Accumulated amortization						
Balance at January 1 and September 30	$ 111,136	$ -	$ -	$ -	$ -	$ 111,136
Net, end of the period	$ 96,258	$ 45,806	$ 36,823	$ 30,596	$ -	$ 209,483

	Nine Months Ended September 30, 2017					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 716,741	$ 393,456	$ 114,229	$ 30,596	$ 2,460	$ 1,257,482
Additions	67,528	20,559	-	-	-	88,087
Decreases	(4,505)	(65,035)	-	-	(3,882)	(73,422)
Reclassified	44,922	(45,193)	271	-	-	-
Effect of exchange rate differences	295	(1,087)	9	-	1,422	639
Balance at September 30	$ 824,981	$ 302,700	$ 114,509	$ 30,596	$ -	$ 1,272,786
Accumulated amortization						
Balance at January 1	$ 527,506	$ 346,265	$ 79,091	$ -	$ 2,460	$ 955,322
Amortization expense	47,348	23,024	2,377	-	-	72,749
Decreases	(4,505)	(65,035)	-	-	(3,882)	(73,422)
Reclassified	36,268	(36,252)	34	-	-	50
Effect of exchange rate differences	50	(560)	1	-	1,422	913
Balance at September 30	$ 606,667	$ 267,442	$ 81,503	$ -	$ -	$ 955,612
Accumulated deficit						
Balance at January 1	$ 111,136	$ -	$ -	$ -	$ -	$ 111,136
Addition	-	-	21,577	-	-	21,577
Balance at September 30	$ 111,136	$ -	$ 21,577	$ -	$ -	$ 132,713
Net, beginning and end of period	$ 78,099	$ 47,191	$ 35,138	$ 30,596	$ -	$ 191,024
Net, end of the period	$ 107,178	$ 35,258	$ 11,429	$ 30,596	$ -	$ 184,461

The Company recognized impairment loss on the above intangible assets; the amounts of the impairment loss were $0 for the three months ended September 30, 2017 and $21,577 thousand for the nine months ended September 30, 2017.

These intangible assets are 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

17. OTHER ASSETS

	September 30, 2017	December 31, 2016	September 30, 2016
Current			
Other financial assets			
Pledged time deposits (a)	$ 294,867	$ 147,547	$ 302,560
Other assets			
Prepayments for EDA tools	$ 39,115	$ 29,985	$ 36,525
Finance lease payables (c)	2,805	2,846	2,892
Prepayments for technical authorization	-	35,683	-
Others	90,215	73,694	70,756
	$ 132,135	$ 142,208	$ 110,173
Noncurrent			
Other financial assets			
Pledged time deposits (a)	$ 12,929	$ 13,148	$ 13,050
Time deposits (b)	72,816	73,872	75,088
	$ 85,745	$ 87,020	$ 88,138
Other assets			
Finance lease payables (c)	$ 107,486	$ 111,179	$ 113,733
Refundable deposits	6,244	8,204	11,025
Others	12,069	12,014	12,576
	$ 125,799	$ 131,397	$ 137,334

a. Refer to Notes 31 and 35 for information on pledged time deposits.

b. Generalplus Shenzhen invested RMB16,000 thousand in long-term certificates of deposit with the bank in August 2016 (for durations of two to three years). The interest rates for such certificates of deposit are at fixed rates.

c. The amounts of the Group’s finance lease payables for land grants in China as of September 30, 2017, December 31, 2016 and September 30, 2016 were $110,291 thousand, $114,025 thousand and $116,625 thousand, respectively.

18. LOANS

Short-term borrowings

	September 30, 2017	December 31, 2016	September 30, 2016
Unsecured borrowings			
Bank loans	$ 784,210	$ 550,203	$ 675,414

The weighted average effective interest rates for bank loans as of September 30, 2017, December 31, 2016 and September 30, 2016 were 1.71%-2.86%, 1.10%-2.40% and 1.30%-2.33% per annum, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	September 30, 2017	December 31, 2016	September 30, 2016
Floating rate borrowings					
Unsecured bank borrowings	2019.11.10	Repayable semiannually from November 2016	$ 200,000	$ 200,000	$ -
Secured bank borrowings	2017.10.14	Repayable from October 2017	150,832	160,140	156,385
Unsecured bank borrowings	2019.2.14	Repayable quarterly from February 2014	75,000	75,000	93,750
Unsecured bank borrowings	2018.2.10	Repayable quarterly from August 2015; repaid in March 2017 in advance	-	437,500	500,000
Secured bank borrowings	2017.1.10	Repayable from January 2017	-	160,141	156,385
Secured bank borrowings	2017.12.18	Repayable from December 2017; repaid in March 2017 in advance	-	160,141	156,385
Unsecured bank borrowings	2018.1.27	Repayable quarterly from July 2015; repaid in March 2017 in advance	-	155,556	177,778
Secured bank borrowings	2017.3.16	Repayable semiannually from March 2012	-	77,776	77,776
Unsecured bank borrowings	2017.6.27	Repayable semiannually from June 2014	-	-	60,000
			425,832	1,426,254	1,378,459
Less: Current portions			257,082	897,087	689,300
Long-term borrowings			$ 168,750	$ 529,167	$ 689,159

The effective borrowing rates as of September 30, 2017, December 31, 2016 and September 30, 2016 were 1.55%-1.71%, 1.55%-2.80% and 1.545%-2.6%, 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. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group was in compliance with these financial ratio requirements.

19. TRADE PAYABLES

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts payable			
Payables - operating	$ 678,975	$ 732,964	$ 511,907

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.

20. PROVISIONS

	September 30, 2017	December 31, 2016	September 30, 2016
Customer returns and rebates	$ 13,444	$ 12,334	$ 12,803

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.

21. OTHER LIABILITIES

	September 30, 2017	December 31, 2016	September 30, 2016
Current			
Other payables			
Salaries or bonuses	$ 282,524	$ 338,785	$ 355,058
Compensation due to directors and supervisors	119,639	100,673	59,577
Receipt in advance	59,121	71,683	103,398
Commissions payable	39,363	19,944	21,759
Payable for royalties	33,751	54,790	45,380
Labor/health insurance	28,602	27,208	26,903
Payables for purchases of equipment	2,542	20,316	8,327
Others	117,042	175,550	131,377
	$ 682,584	$ 808,949	$ 751,779
Deferred revenue			
Arising from government grants (Note 29)	$ 1,658	$ 1,682	$ 1,709
Noncurrent			
Arising from government grants (Note 29)	$ 65,060	$ 67,264	$ 68,799

22. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans were $1,760 thousand and $1,882 thousand as of the nine months ended September 30, 2017 and 2016, respectively, and $572 thousand and $618 thousand as of the three months ended September 30, 2017 and 2016, respectively, and were calculated using the respective annual, actuarially determined pension cost discount rate as of December 31, 2016 and 2015.

23. EQUITY

a. Share capital

1) Common shares

	September 30, 2017	December 31, 2016	September 30, 2016
Number of shares authorized (in thousands)	1,200,000	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000	$ 12,000,000
Number of shares issued and fully paid (in thousands)	591,995	591,995	591,995
Shares issued	$ 5,919,949	$ 5,919,949	$ 5,919,949

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.

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of September 30, 2017, the outstanding 175 thousand units of GDRs represented 350 thousand common shares.

b. Capital surplus

	September 30, 2017	December 31, 2016	September 30, 2016
Used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)			
Arising from the issuance of common shares	$ 496,059	$ 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	9,864	10,625	9,810
Used to offset a deficit only			
From treasury share transactions	41,466	39,686	39,686
	$ 704,812	$ 911,110	$ 910,295

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.

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, 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 the 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 of directors and supervisors before and after the amendment, refer to Note 25, under "Employee benefits expense".

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 reversals of 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 approved in the shareholders' meeting on June 13, 2017 and 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 dividends	88,681	526,875	$ 0.1498	$ 0.89

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

d. Special reserves

	For the Nine Months Ended September 30	
	2017	2016
Beginning at January 1	$ 21,927	$ 17,833
Appropriations in respect of		
Others (subsidiary' holding of Sunplus' shares)	1,068	4,094
Balance at September 30	$ 22,995	$ 21,927

e. Other equity items

1) Foreign currency translation reserve:

	For the Nine Months Ended September 30	
	2017	2016
Balance at January 1	$ (62,062)	$ 97,509
Exchange differences on translating foreign operations	(55,277)	(137,158)
Share of exchange differences of associates accounted for using equity method	(2,285)	(9,154)
Balance at September 30	$ (119,624)	$ (48,803)

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

	For the Nine Months Ended September 30	
	2017	2016
Balance at January 1	$ 306,462	$ 233,983
Changes in fair value of available-for-sale financial assets	397,559	145,427
Cumulative loss reclassified to profit or loss upon disposal of available-for-sale financial assets	(565,111)	(149,978)
Reclassified adjustments to profit or loss on impairment of available-for-sale financial assets	-	72,920
Share of unrealized gain on revaluations available-for-sale financial assets of associates accounted for using equity method	6,322	112
Balance at September 30	$ 145,232	$ (302,464)

f. Noncontrolling interests

	For the Nine Months Ended September 30	
	2017	2016
Balance at January 1	$ 1,663,923	$ 1,695,228
Attributable to noncontrolling interests:		
Share of profit for the year	107,280	117,273
Exchange differences on translating foreign operations	(3,246)	(4,984)
Unrealized losses on available-for-sale financial assets	(2,952)	(1,784)
Associate's distribution of dividends	(200,179)	(191,451)
Partial disposal of subsidiaries	-	9,043
Noncontrolling interests - restricted shares options held by subsidiaries' employees	143	547
Noncontrolling interests relating to outstanding vested shares options held by the employees of subsidiaries	67	730
Others	2,492	12,754
Balance at September 30	$ 1,567,528	$ 1,637,356

g. Treasury shares

Purpose of Buyback	Shares Transferred to Employees (In Thousands of Shares)	Shares Held by Subsidiaries (In Thousands of Shares)	Total (In Thousands of Shares)
Number of shares as of January 1, 2016	-	3,560	3,560
Decrease	-	-	-
Number of shares as September 30, 2016	-	3,560	3,560
Number of shares as of January 1, 2017	-	3,560	3,560
Decrease	-	-	-
Number of shares as September 30, 2017	-	3,560	3,560

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

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
September 30, 2017			
Lin Shin Investment Co., Ltd.	3,560	$ 63,401	$ 58,028
December 31, 2016			
Lin Shin Investment Co., Ltd.	3,560	$ 63,401	$ 40,406
September 30, 2016			
Lin Shin Investment Co., Ltd.	3,560	$ 63,401	$ 41,118

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.

24. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Revenue from ICs	$ 1,746,898	$ 1,769,918	$ 4,882,781	$ 5,431,650
Rental income from property	56,388	56,926	161,288	143,867
Others	45,575	49,945	113,003	187,182
	$ 1,848,861	$ 1,876,789	$ 5,157,072	$ 5,762,699

25. NET PROFIT

Net profit included the following items:

Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Dividend income	$ 16,425	$ 24,760	$ 16,823	$ 25,632
Interest income	5,284	2,274	16,171	15,528
Others	14,123	15,811	32,422	39,277
	$ 35,832	$ 42,845	$ 65,416	$ 80,437

Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Gain on disposal of investments	$ 39,954	$ 66,936	$ 566,962	$ 142,988
Net gain or loss on financial assets designated as at FVTPL	17,987	(31,443)	(712)	(64,709)
Net foreign exchange gains (loss)	-	884	5,208	906
Loss on reversal of impairment loss on financial assets	-	-	(152,387)	(80,420)
Loss on reversal of impairment loss on non-financial assets	-	-	(21,577)	-
Other	1,497	1,810	5,008	7,451
	$ 59,438	$ 38,187	$ 402,502	$ 6,216

Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Interest on bank loans	$ 4,784	$ 10,886	$ 19,171	$ 28,886
Other finance costs	224	129	592	385
Interest on bank loans	$ 5,008	$ 10,995	$ 19,763	$ 29,271

Information on capitalized interest is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Capitalized interest	$ -	$ -	$ -	$ 4,127
Capitalization rate	-	2.69%	-	2.69%

Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Property, plant and equipment	$ 47,289	$ 54,571	$ 145,446	$ 167,242
Investment property	17,980	18,054	53,469	26,494
Intangible assets	23,040	30,763	72,749	86,599
	$ 88,309	$ 103,388	$ 271,664	$ 280,335
An analysis of depreciation by function				
Operating costs	$ 6,557	$ 20,078	$ 45,892	$ 32,864
Operating expenses	58,712	54,547	153,023	160,872
	$ 65,269	$ 74,625	$ 198,915	$ 193,736
An analysis of amortization by function				
Operating costs	$ 129	$ 225	$ 499	$ 687
Selling and marketing expenses	23	28	78	69
General and administrative expenses	1,602	3,730	5,240	10,439
Research and development expenses	21,286	26,780	66,932	75,404
	$ 23,040	$ 30,763	$ 72,749	$ 86,599

Operating expenses directly related to investment properties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Direct operating expenses from investment properties that generated rental income	$ 19,517	$ 19,977	$ 57,192	$ 33,891
Direct operating expenses from investment properties that did not generate rental income	55,685	158,478	163,066	194,495
	$ 75,202	$ 178,455	$ 220,258	$ 228,386

Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Short-term benefits	$ 442,355	$ 439,525	$ 1,354,592	$ 1,503,888
Post-employment benefits				
Defined contribution plans	13,618	13,914	40,953	41,572
Defined benefit plans	572	618	1,760	1,882
	14,190	14,532	42,713	43,454
Share-based payments				
Equity-settled	19	900	210	1,277
Other employee benefits	5,433	6,227	14,089	16,222
Total employee benefits expense	$ 461,997	$ 461,184	$ 1,411,604	$ 1,564,841
An analysis of employee benefits expense by function				
Operating costs	$ 63,672	$ 39,211	$ 189,436	$ 169,852
Operating expenses	398,325	419,888	1,222,168	1,394,989
	$ 461,997	$ 459,099	$ 1,411,604	$ 1,564,841

The Company resolved amendments to its Articles of Incorporation to distribute employees' compensation and remuneration directors and supervisors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the nine months ended September 30, 2017 and 2016, respectively, were as follows:

Accrual rate

	For the Nine Months Ended September 30	
	2017	2016
Employees' compensation	1.00%	1.00%
Remuneration of directors and supervisors	1.50%	1.50%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Employees' compensation	$ 773	$ 422	$ 4,321	$ 694
Remuneration of directors and supervisors	$ 1,160	$ 635	$ 6,482	$ 1,042

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the 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
Employees' compensation	$ 1,242	$ -	$ 6,089	$ -
Remuneration of directors and supervisors	1,863	-	9,133	-

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

Information on the employees' compensation and remuneration of directors and supervisors 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 September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Exchange rate gains	$ 5,558	$ 43,608	$ 138,250	$ 99,316
Exchange rate losses	12,429	(75,051)	(138,962)	(164,025)
	$ 17,987	$ (31,443)	$ (712)	$ (64,709)

26. INCOME TAXES

Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
Current tax				
In respect of the current period	$ 19,743	$ 13,945	$ 60,091	$ 58,505
Adjustments for prior periods	-	(590)	(1,334)	4,547
Others	239	14	239	1,136
	19,982	13,369	58,996	64,188
Deferred tax				
In respect of the current period	798	8,691	(1,121)	9,254
Income tax expense recognized in profit or loss	$ 20,780	$ 22,060	$ 57,875	$ 73,442

Integrated income tax

	September 30, 2017	December 31, 2016	September 30, 2016
Unappropriated earnings			
Generated before January 1, 1998	$ -	$ -	$ -
Generated on and after January 1, 1998	418,622	99,738	59,326
	$ 418,622	$ 99,738	$ 59,326
Shareholder - imputation credits account	$ 243,531	$ 243,091	$ 243,091

	For the Year Ended December 31	
	2016	**2015**
Creditable ratio for distribution of earnings	21.19%	20.91%

Under the Income Tax Law, for the distribution of earnings generated on and after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company is calculated based on the creditable ratio as of the date of the dividends distribution. The actual imputation credit allocated to shareholders of the Company is based on the balance of the imputation credit account as of the date of the dividends distribution. Therefore, the expected creditable ratio for the 2016 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to shareholders.

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

Project	Tax Exemption Period
<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 Generalplus, 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.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
Basic gain per share	$ 0.13	$ 0.07	$ 0.72	$ 0.11
Diluted earnings per share	$ 0.13	$ 0.07	$ 0.72	$ 0.11

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

<u>Net profit for the period</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	**2016**	**2017**	**2016**
Profit for the period attributable to owners of the Company	$ 75,440	$ 41,122	$ 421,338	$ 66,798
Effect of potentially dilutive common shares:				
Bonuses issued to employees	-	-	-	-
Earnings used in the computation of diluted earnings per share from continuing operations	$ 75,440	$ 41,122	$ 421,338	$ 66,798

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Weighted average number of common shares used in the computation of basic earnings per shares	588,435	588,435	588,435	588,435
Effect of dilutive potential common shares:				
Bonuses issued to employees	265	60	293	202
Weighted average number of common shares used in the computation of diluted earnings per share	588,700	588,495	588,728	588,637

The Company can settle bonuses or remuneration of employees in cash or shares. If the Company decides to use shares in settling the entire amount of the bonuses 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.

28. 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, 2013.

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 shares were issued and granted on August 15, 2013, with a fair value of $8.7699.

In their meeting on April 18, 2014, the shareholders of SITI approved the second 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 were issued and granted on April 18, 2014, with a 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 nine months ended September 30, 2017 and 2016 was as follows:

	Number of Restricted Shares (In Thousands)	
	2017	**2016**
Balance at January 1	234	844
Vested	(234)	(575)
Retired	-	(27)
Balance at September 30	-	242

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 are any changes of common shares after granted date, option exercise price will be adjusted.

The remuneration cost amounted to $67 thousand and $0 for the nine months ended September 30, 2017 and 2016, respectively, and $19 thousand and $0 for the three months ended September 30, 2017 and 2016, respectively.

Information about the iCatch's outstanding options for the nine months ended September 30, 2017 and 2016 was as follows:

	2017		**2016**	
	Number of Options (In Thousands)	**Weighted-Average Exercise Price (NT$)**	**Number of Options (In Thousands)**	**Weighted-Average Exercise Price (NT$)**
Balance at January 1	5,743	$ 10	6,199	$ 10
Retired	(193)	10	(78)	10
Options granted	-	-	(99)	-
Balance at September 30	5,550	10	6,022	10
Balance at January 1 and September 30	3,981		2,236	

As of September 30, 2017, information about iCatch's 2013 option plan outstanding and exercisable options was as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Exercise price (NT$/share)	$ 10	$ 10	$ 10
Remaining contractual life	1.95 years	2.7 years	2.95 years

As of September 30, 2017, information about iCatch's 2013 option plan outstanding and exercisable options was as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Exercise price (NT$/share)	$ 10	$ 10	$ 10
Remaining contractual life	2.85 years	3.6 years	3.85 years

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%

29. 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 amounted to $1,227 thousand and $1,344 thousand for the nine months ended September 30, 2017 and 2016, respectively, and $413 thousand and $433 thousand for the three months ended September 30, 2017 and 2016, 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 September 30, 2016.

30. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

In April 2016, the Group disposed of 0.1% of its interest in Generalplus Limited, reducing its controlling interest from 52.04% to 51.94%.

In August 2016, the Group disposed of 0.29% of its interest in Generalplus Limited, reducing its controlling interest from 51.94% to 51.65%.

In June 2017, the Group subscribed for additional new shares of Jumplux Technology Limited at a percentage different from its existing ownership percentage, and increased its controlling interest from 94.29% to 95.00%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over these subsidiaries.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to leases of land with lease terms between 2 and 20 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 the Science-Based Industrial Park Administration (the "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 $7,615 thousand at the period end. The Company had pledged $6,100 thousand in time deposits (classified as other noncurrent assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 1 year	$ 7,615	$ 7,781	$ 8,080
Over 1 year to 5 years	24,995	29,091	30,742
Over 5 years	37,212	40,660	43,748
	$ 69,822	$ 77,532	$ 82,570

Sunplus Innovation

Sunplus Innovation leases office space from the SBIPA under renewable agreements expiring in December 2018. The SBIPA has the right to adjust the annual lease amount of $5,489 thousand.

The future lease payables are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 1 year	$ 5,489	$ 5,489	$ 5,489
Over 1 year to 5 years	1,372	5,489	6,862
	$ 6,861	$ 10,978	$ 12,351
Refundable deposits	$ 910	$ 910	$ 910

Generalplus

Generalplus leases land from the SBIPA 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 other noncurrent assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 1 year	$ 1,458	$ 1,458	$ 1,474
Over 1 year to 5 year	3,281	4,374	4,791
	$ 4,739	$ 5,832	$ 6,265

iCatch Technology, Inc. ("iCatch")

iCatch leases offices from Siming Inc. and Siha Inc. under renewable agreements expiring in February 2017; the lease payments to each entity in 2016 were $2,093 thousand and $1,390 thousand, respectively.

The future lease payments are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 1 year	$ 1,451	$ 3,483	$ 3,484
Over 1 year to 5 years	-	581	1,451
	$ 1,451	$ 4,064	$ 4,934
Refundable deposits	$ 521	$ 521	$ 521

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 September 30, 2017, December 31, 2016 and September 30, 2016, deposits received under operating leases amounted to $34,550 thousand, $34,752 thousand and $34,957 thousand, respectively.

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

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 1 year	$ 93,478	$ 119,361	$ 116,855
Over 1 year to 5 years	38,148	62,163	86,927
	$ 131,626	$ 181,524	$ 203,782

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 September 30, 2017, December 31, 2016 and September 30, 2016, deposits received under operating leases amounted to $6,827 thousand, $6,926 thousand and $7,040 thousand, respectively.

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

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 1 year	$ 83,720	$ 84,934	$ 86,332
Over 1 to 5 years	324,130	346,718	351,834
Over 5 years	817,897	875,572	912,159
	$ 1,225,747	$ 1,307,224	$ 1,350,325

32. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern 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 Company.

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

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments 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.

September 30, 2017

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets carried at cost	$ 568,889	$ -	$ -	$ -	$ -

December 31, 2016

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets carried at cost	$ 689,261	$ -	$ -	$ -	$ -

September 30, 2016

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Debt investments with no active market	$ 567,912	$ -	$ -	$ -	$ -
Financial assets carried at cost		-	-	-	-

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

1) Fair value hierarchy

September 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 9,527	$ -	$ -	$ 9,527
Unlisted debt securities - other countries	-	90,780	-	90,780
	$ 9,527	$ 90,780	$ -	$ 100,307
Available-for-sale financial assets				
Mutual funds	$ 1,320,345	$ -	$ -	$ 1,320,345
Securities listed in ROC	492,986	-	-	492,986
	$ 1,813,331	$ -	$ -	$ 1,813,331

December 31, 2016

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

September 30, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 105,434	$ -	$ -	$ 105,434
Available-for-sale financial assets				
Mutual funds	$ 1,155,427	$ -	$ -	$ 1,155,427
Securities listed in ROC	1,052,361	-	-	1,052,361
	$ 2,207,788	$ -	$ -	$ 2,207,788

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

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted debt securities - other countries	Based on the observable market, comparable industries are selected according to the economic situation and industrial characteristics, and fair value is calculated by adopting a value multiplier highly relevant to the underlying instrument.

c. Categories of financial instruments

	September 30, 2017	December 31, 2016	September 30, 2016
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 100,307	$ 106,573	$ 105,434
Loans and receivables (i)	5,841,413	6,247,008	5,850,201
Available-for-sale financial assets (ii)	2,382,220	2,962,190	2,775,700
Financial liabilities			
Measured at amortized cost (iii)	2,144,380	2,909,277	2,789,838

i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, refundable deposits, 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 receivables, 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 foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function reports 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 are detailed in the attached tables referenced in Note 37.

Sensitivity analysis

The Group was mainly exposed to the USD and RMB.

The following table details the Group's sensitivity to a 1 dollar increase and decrease in the New Taiwan dollar (i.e. the functional currency) against the relevant foreign currencies. A 1 dollar sensitivity 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. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1 dollar against the relevant currency and vice versa.

	USD Impact	
	For the Nine Months Ended September 30	
	2017	**2016**
Profit or loss	$ (35,623)	$ (20,954)

	RMB Impact For the Nine Months Ended September 30	
	2017	2016
Profit or loss	$ (14,022)	$ (3,787)

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:

	September 30, 2017	December 31, 2016	September 30, 2016
Fair value interest rate risk			
Financial assets	$ 2,817,044	$ 3,149,092	$ 2,559,734
Financial liabilities	532,162	176,756	347,022
Cash flow interest rate risk			
Financial assets	1,439,399	1,808,818	1,956,952
Financial liabilities	677,880	1,799,701	1,706,851

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative 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. A 0.125% basis point 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 points and all other variables held constant, the Group's post-tax profit for the nine months ended September 30, 2017 and 2016 would increase/decrease by $952 thousand and $313 thousand, respectively.

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 analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting period.

Had equity prices been 1% higher/lower, post-tax profit for the nine months ended September 30, 2017 and 2016 would have increased/decreased by $18,133 thousand and $22,078 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a 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 the 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 is 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 61%, 62% and 55% in total trade receivables as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively, was related to the Group's 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 September 30, 2017, September 30, 2016, the Group had available unutilized overdraft and financing facilities as below.

a) Liquidity and interest risk rate tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed upon repayment periods. The tables were 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.

September 30, 2017

	On Demand or Less than 1 Month	1 to 3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 223,347	$ 442,878	$ 3,643	$ 45,412	$ -
Variable interest rate liabilities	233	127,092	-	275,000	-
Fixed interest rate liabilities	181,873	207,664	4,842	-	179,715
	$ 405,453	$ 777,634	$ 8,485	$ 302,412	$ 179,715

December 31, 2016

	On Demand or Less than 1 Month	1 to 3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Noninterest bearing	$ 309,511	$ 538,459	$ 552,687	$ 32,001	$ -
Variable interest rate liabilities	117,232	96,528	720,743	915,954	-
Fixed interest rate liabilities	-	406	79,074	101,114	142,694
	$ 426,743	$ 635,393	$ 1,352,504	$ 1,049,069	$ 142,694

September 30, 2016

	On Demand or Less than 1 Month	1 to 3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 285,782	$ 369,646	$ 16,461	$ 42,828	$ -
Variable interest rate liabilities	660	144,722	607,116	689,159	-
Fixed interest rate liabilities	20,000	421,208	172,023	-	156,172
	$ 306,442	$ 935,576	$ 795,600	$ 731,987	$ 156,172

b) Financing facilities

	September 30, 2017	December 31, 2016	September 30, 2016
Unsecured bank overdraft facility			
Amount used	$ 1,043,231	$ 1,865,538	$ 1,900,147
Amount unused	3,868,847	4,463,984	4,226,157
	$ 4,912,078	$ 6,329,522	$ 6,126,304

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries were 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

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

b. Sales of goods

Account Item	Related Party Type	For the Three Months Ended September 30 2017	For the Three Months Ended September 30 2016	For the Nine Months Ended September 30 2017	For the Nine Months Ended September 30 2016
Sales	Associates	$ 58	$ -	$ 203	$ 174
	Joint ventures	-	-	-	219
		$ 58	$ -	$ 203	$ 393

Sales prices to related parties are based on costs and market prices. The sales terms to related parties were similar to those with external customers.

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

Account Item	Related Party Type	September 30, 2017	December 31, 2016	September 30, 2016
Trade receivables	Associates	$ 61	$ 187	$ -

The outstanding receivables from related parties were secured. For the nine months ended September 30, 2017 and 2016, no impairment loss was recognized for receivables from related parties.

d. Other transactions with related parties

Account Item	Related Party Type	September 30, 2016	December 31, 2015	September 30, 2015
Refundable deposits	Associates	$ 887	$ -	$ -

Account Item	Related Party Type	For the Three Months Ended September 30 2017	For the Three Months Ended September 30 2016	For the Nine Months Ended September 30 2017	For the Nine Months Ended September 30 2016
Operating expenses	Associates	$ 1,262	$ -	$ 3,751	$ -
Nonoperating income and expenses	Joint ventures	$ -	$ -	$ -	$ 1,808

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

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

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

e. Compensation of key management personnel

	For the Three Months Ended September 30 2017	For the Three Months Ended September 30 2016	For the Nine Months Ended September 30 2017	For the Nine Months Ended September 30 2016
Short-term employee benefits	$20,329	$38,730	$45,132	$62,583
Post-employment benefits	431	311	1,102	866
	$20,760	$39,041	$46,234	$63,449

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

35. PLEDGED OR MORTGAGED ASSETS

Certain assets pledged or mortgaged as collateral for long-term bank loans, endorsement guarantees, commercial paper payables and accounts payable, and import duties were as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Buildings, net	$ 639,389	$ 653,940	$ 658,790
Pledged time deposits (classified as other assets, including current and noncurrent)	307,796	160,695	315,610
Subsidiary's holding of Sunplus' shares	-	38,413	39,090
	$ 947,185	$ 853,048	$ 1,013,490

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

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 69,172	30.260	$ 2,093,145
CNY	15,870	4.551	72,224
HKD	13,853	3.873	53,653
JPY	684	0.269	184
GBP	3	40.560	122
EUR	2	35.750	72
Nonmonetary items			
USD	640	30.260	19,366
USD	383	30.570	11,708
EUR	510	30.179	15,391
Financial liabilities			
Monetary items			
USD	33,549	30.260	1,015,193
CNY	1,848	4.551	8,410
JPY	697	0.269	187

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
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

September 30, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 68,385	31.360	$ 2,144,554
HKD	14,140	4.044	57,182
CNY	5,507	4.693	25,844
JPY	504	0.311	157
GBP	3	40.630	122
EUR	2	35.080	70
Nonmonetary items			
USD	1,000	32.750	32,750
USD	881	30.388	26,772
CHF	510	30.179	15,391
Financial liabilities			
Monetary items			
USD	47,431	31.360	1,487,436
CNY	1,720	4.693	8,072

The foreign currency exchange loss and gain (realized and unrealized) amounted to losses of $(712) thousand and $(64,709) thousand for the nine months ended September 30, 2017 and 2016, respectively, and a gain of $17,987 thousand and a loss of $(31,443) thousand for the three months ended September 30, 2017 and 2016, respectively. Due to the diversity of the Group’s functional currencies, it is unable to disclose foreign currency exchange gains and losses in currencies other than those 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 is 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 sales 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 consolidated financial statements. That is, the revenue by sub-segment and operating results for the nine months ended September 30, 2017 and 2016 are shown in the accompanying consolidated income statements, and the assets by segment as of September 30, 2017 and 2016 are shown in the accompanying consolidated balance sheets.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
NINE MONTHS ENDED SEPTEMBER 30, 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	$ -	$ -	-	Note 1	$ -	Note 2	$ -	-	$ -	$ 145,616 (Note 9)	$ 291,232 (Note 9)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Prof-tek Technology (Shenzhen)	Receivables from related parties	Yes	14,985	-	-	1.8%	Note 1	-	Note 3	-	-	-	304,904 (Note 10)	304,904 (Note 10)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus Technology (Beijing)	Receivables from related parties	Yes	28,836	4,617	4,617	1.8%	Note 1	-	Note 4	-	-	-	304,904 (Note 10)	304,904 (Note 10)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sunplus APP Technology	Receivables from related parties	Yes	24,219	13,851	13,851	1.8%	Note 1	-	Note 5	-	-	-	25,409 (Note 11)	50,817 (Note 11)
2	Sunplus Technology (Shanghai) Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	211,761	138,510	138,510	1.8%	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	306,092	271,613	271,613	1.7%	Note 1	-	Note 7	-	-	-	458,825 (Note 12)	458,825 (Note 12)
4	Sunplus Venture Capital Co., Ltd.	Sun Media Technology Co., Ltd.	Receivables from related parties	Yes	169,491	169,491	169,491	1.5%	Note 1	-	Note 8	-	-	-	332,715 (Note 13)	332,175 (Note 13)

Note 1: Short-term financing.

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

Note 3: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus Prof-tek Technology (Shenzhen).

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

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

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 Company's parent company. The total amount of all guarantees issued should not exceed 20% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements, and the individual amount of each guarantee should not exceed 10% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements; in addition, each guarantee's period should not exceed two years.

Note 9: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The aggregate amount should not exceed 20% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements, and the individual amount of each guarantee should not exceed 10% of Ventureplus Cayman Inc.'s net equity based on its latest financial statements.

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

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

Note 12: The foreign company has voting shares that are directly and indirectly wholly owned by the Company's parent company. The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 80% of Russell Holdings Ltd.'s net equity as of its latest financial statements; in addition, each guarantee's period should not exceed two years.

Note 13: The total amount of all guarantees issued and the individual amount of each guarantee should not exceed 40% of Sunplus Venture Capital Co., Ltd.'s net equity as of its latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
NINE MONTHS ENDED SEPTEMBER 30, 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/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note 1)	Sunplus Technology Company Limited (“Sunplus”)	Ventureplus Cayman Inc.	3 (Note 4)	$ 892,909 (Note 5)	$ 161,400	$ 160,075	$ 160,075	$ -	1.79	$ 1,785,818 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	892,909 (Note 5)	912,580	387,405	235,180	-	4.34	1,785,818 (Note 6)	Yes	No	Yes
		Jumplux Technology Co., Ltd.	3 (Note 4)	892,909 (Note 5)	35,000	-	-	-	-	1,785,818 (Note 6)	Yes	No	No
		Ytrip Technology Co., Ltd.	3 (Note 4)	892,909 (Note 5)	246,980	121,780	121,780	60,890	1.36	1,785,818 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	892,909 (Note 5)	20,000	10,000	10,000	-	0.11	1,785,818 (Note 6)	Yes	No	No
1 (Note 2)	Russell Holdings Ltd.	Sun Media Technology Co., Ltd.	3 (Note 4)	344,119 (Note 7)	316,025	316,025	159,300	159,300	55.10	344,119 (Note 7)	No	No	Yes

Note 1: Issuer.

Note 2: Investee.

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 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	September 30, 2017				Note
				Shares or Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Fund							
	Nomura Taiwan Money Market	-	Available-for-sale financial assets	616	$ 9,990	-	$ 9,990	Note 3
	Mega RMB Money Market	-	Available-for-sale financial assets	466	23,783	-	23,783	Note 3
	FSITC RMB Money Market	-	Available-for-sale financial assets	5,387	52,270	-	52,270	Note 3
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	679	10,211	-	10,211	Note 3
	Yuanta AUD Money Market	-	Available-for-sale financial assets	2,000	20,067	-	20,067	Note 3
	Taishin China-US Money Market	-	Available-for-sale financial assets	3,000	29,516	-	29,516	Note 3
	Yuanta Emerging Asia USD Bond	-	Available-for-sale financial assets	1,000	10,115	-	10,115	Note 3
	Yuanta RMB Money Market CNY	-	Available-for-sale financial assets	470	23,688	-	23,688	Note 3
	Yuanta Global USD Corporate Bond TWD	-	Available-for-sale financial assets	2,000	19,263	-	19,263	Note 3
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	164,323	-	164,323	Note 3
	PineBridge Preferred Securities Inc.	-	Available-for-sale financial assets	2,946	30,198	-	30,198	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,728	-	30,728	Note 3
	Yuanta USD Money Market USD	-	Available-for-sale financial assets	100	30,612	-	30,612	Note 3
	KGI Economic Moat Fund	-	Available-for-sale financial assets	500	6,020	-	6,020	Note 3
	Yuanta Emerging Indonesia Opp Bd	-	Available-for-sale financial assets	500	5,677	-	5,677	Note 3
	Jih Sun Money Market	-	Available-for-sale financial assets	3,420	50,310	-	50,310	Note 3
	Yuanta De-Bac Money Market	-	Available-for-sale financial assets	4,188	50,002	-	50,002	Note 3
	Prudential Financial RMB Money Market TWD	-	Available-for-sale financial assets	5,810	56,592	-	56,592	Note 3
	Share							
	FocalTech Inc.	Corporate director	Available-for-sale financial assets	8,007	289,037	3	289,037	Note 2
	United Microelectronics Corp.	-	Available-for-sale financial assets	568	8,514	-	8,514	Note 2
	Fund							
	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	105,051	17	105,051	Note 1
	Triknight 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	10,440	-	10,440	Note 3
	Yuanta Great China TMT TWD Acc	-	Available-for-sale financial assets	3,133	37,184	-	37,184	Note 3
	KGI High Sharpe Global Bal TWD ACC	-	Available-for-sale financial assets	15	154	-	154	Note 3
	Yuanta China Balance Fund	-	Available-for-sale financial assets	213	3,038	-	3,038	Note 3
	Yuanta New ASEAN Balanced TWD	-	Available-for-sale financial assets	2,000	19,140	-	19,140	Note 3
	Fubon SSE	-	Available-for-sale financial assets	340	10,584	-	10,584	Note 3
	Fubon SZSE	-	Available-for-sale financial assets	920	10,267	-	10,267	Note 3
	Black Rock TWD Money Market Fund	-	Available-for-sale financial assets	5,037	65,018	-	65,018	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	September 30, 2017				Note
				Shares or Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Asolid Technology Co., Ltd.	-	Available-for-sale financial assets	124	$ 4,744	-	$ 4,744	Note 2
	Ruentex Material Co., Ltd.	-	Available-for-sale financial assets	20	339	-	339	Note 2
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	100	29,500	-	29,500	Note 2
	UPC Technology Co., Ltd.	-	Available-for-sale financial assets	2,265	36,584	-	36,584	Note 2
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,434	116,554	2	116,554	Note 2
	Sunplus Technology Co., Ltd.	Parent company	Available-for-sale financial assets	3,560	58,028	1	58,028	Note 2
	Everlight Electronics Co., Ltd.-CB	-	Financial assets at fair value through profit or loss - current	80	8,004	-	8,004	Note 2
	Laster Tech Corporation Ltd.-CB	-	Financial assets at fair value through profit or loss - current	15	1,523	-	1,523	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>Share</u>							
	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>Share</u>							
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	3,360	40,111	-	40,111	Note 3
	Taiwan Environment Scientific Co., Ltd.	-	Available-for-sale financial assets	176	7,714	-	7,714	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	-	-	-	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
	Raynergy Tek Inc.	-	Financial assets carried at cost	4,500	34,785	17	34,785	Note 1
	Ortery Technologies, Inc.	-	Financial assets carried at cost	68	-	1	-	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	September 30, 2017				Note
				Shares or Units (Thousands)	Carrying Amount	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
	Intudo ventures I LP	-	Financial assets carried at cost	-	15,730	12	15,730	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF Money Market Fund	-	Available-for-sale financial assets	16,450	75,791 (RMB 16,654)	-	75,791 (RMB 16,654)	Note 3
	Chongquing CYIT Communication Technology Co., Ltd.	-	Financial assets carried at cost	-	-	3	-	Note 1
	Ready Sun Investment Group Fund	-	Financial assets carried at cost	-	45,510 (RMB 10,000)	16	45,510 (RMB 10,000)	Note 1
Generalplus Technology Inc.	Jih Sun Money Market	-	Available-for-sale financial assets	2,719	40,004	-	40,004	Note 3
	Franklin Templeton SinoAm Money Market	-	Available-for-sale financial assets	11,743	120,504	-	120,504	Note 3
	Yuanta De-Li Money Market Fund	-	Available-for-sale financial assets	629	10,180	-	10,180	Note 3
iCatch Technology Inc.	Franklin Templeton SinoAm Money Market	-	Available-for-sale financial assets	986	10,117	-	10,117	Note 3
Sunplus Innovation Technology Inc.	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	810	10,086	-	10,086	Note 3
	Yuanta USD Money Market TWD	-	Available-for-sale financial assets	14,304	133,263	-	133,263	Note 3
	Yuanta RMB Money Market TWD	-	Available-for-sale financial assets	916	9,515	-	9,515	Note 3
	Yuanta USD Money Market USD	-	Available-for-sale financial assets	299	91,584	-	91,584	Note 3
	Share							
	Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,392	10	15,392	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	4,121	9	4,121	Note 1
	Point Grab Ltd.	-	Financial assets carried at cost	182	7,650	2	7,650	Note 1
Magic Sky Limited	GTA Co., Ltd.-CB	-	Financial assets at fair value through profit or loss - current	-	90,780 (US$ 3,000)	-	90,780 (US$ 3,000)	Note 2

Note 1: The market value was based on carrying amount as of September 30, 2017.

Note 2: The market value was based on the closing price as of September 30, 2017.

Note 3: The market value was based on the net asset value of the fund as of September 30, 2017.

Note 4: The exchange rate was based on the exchange rate as of September 30, 2017.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTH ENDED SEPTEMBER 30, 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	
					Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Shares/Units (Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares/Units (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 included the unrealized gains and losses of available-for-sale financial assets.

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
NINE MONTHS ENDED SEPTEMBER 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Counterparty	Flow of Transaction (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd. (the "Company")	Generalplus Technology Inc.	1	Sales	$ 3,331	Note 1	0.06%
			Nonoperating income and gains	16	Note 2	-
			Notes and trade receivables	735	Note 1	0.01%
	Sunext Technology Co., Ltd.	1	Sales	773	Note 1	0.01%
			Nonoperating income and gains	8,206	Notes 2 and 4	0.16%
			Notes and trade receivables	120	Note 1	-
			Other receivables	1,858	Note 3	0.01%
	Sunplus Innovation Technology Inc.	1	Sales	318	Note 1	0.01%
			Nonoperating income and gains	3,200	Note 2	0.06%
			Notes and trade receivables	74	Note 1	-
			Other receivables	318	Note 3	-
	iCatch Technology, Inc.	1	Sales	10,825	Note 1	0.21%
			Nonoperating income and gains	11,366	Note 3	0.22%
			Notes and trade receivables	3,298	Note 1	0.02%
			Other receivables	2,586	Note 3	0.02%
	Jumplux Technology Co., Ltd.	1	Sales	7,160	Note 1	0.14%
			Nonoperating income and gains	8,659	Notes 2 and 4	0.17%
			Notes and trade receivables	802	Note 1	0.01%
			Other receivables	1,923	Note 3	0.01%
	Sunplus mMedia Inc.	1	Nonoperating income and gains	449	Notes 2 and 4	0.01%
			Other receivables	457	Note 3	-
	Lin Shih Investment Co., Ltd.	1	Other receivables	142,800	Note 3	1.05%
	Wei-Young Investment Inc.	1	Other receivables	433	Note 3	-
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Accrued expenses	749	Note 3	0.01%
			Marketing expenses	1,986	Note 2	0.04%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Accrued expenses	6,678	Note 3	0.05%
			Marketing expenses	15,046	Note 2	0.29%
Generalplus Technology Inc.	Generalplus Technology (Hong Kong) Inc.	2	Marketing expenses	10,100	Note 2	0.20%
			Other accrued expenses	2,226	Note 3	0.02%
	Generalplus Technology (Shenzhen) Inc.	2	Research and development expenses	64,214	Note 2	1.25%
			Other accrued expenses	48,090	Note 3	0.36%
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Accrued expenses	7,951	Note 3	0.06%
			Marketing expenses	21,307	Note 2	0.41%
	Sunplus Technology (Beijing)	2	Accrued expenses	1,675	Note 3	0.01%
			Research and development expenses	1,416	Note 2	0.03%
	Sun Media Technology Co., Ltd.	2	Accrued expenses	3,055	Note 3	0.02%
			Marketing expenses	8,486	Note 2	0.16%

(Continued)

Company Name	Counterparty	Flow of Transaction (Note 5)	Intercompany Transactions			
			Financial Statement Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunext Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Accrued expenses	$ 892	Note 3	0.01%
			Research and development expenses	995	Note 2	0.02%
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	2	Other receivables	136,530	Note 3	1.01%
			Nonoperating income and gains	1,486	Note 2	0.03%
			Prepaid expenses	4,551	Note 3	0.03%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Nonoperating income and gains	76	Note 2	-
	Sunplus App Technology	2	Other receivables	13,653	Note 3	0.10%
			Nonoperating income and gains	174	Note 2	-
	Sunplus Technology (Beijing)	2	Other receivables	4,551	Note 3	0.03%
			Other payables	5,118	Note 3	0.04%
			Research and development expenses	7,877	Note 2	0.15%
			Nonoperating income and gains	156	Note 2	-
Jumplux Technology Co., Ltd.	Sunplus Technology (Beijing)	2	Other accrued expenses	363	Note 3	-
			Research and development expenses	641	Note 2	0.01%
Sunplus Venture	Sun Media Technology Co., Ltd.	2	Nonoperating income and gains	1,168	Note 2	0.02%
			Other receivables	169,603	Note 3	1.25%
VENTUREPLUS CAYMAN INC.	SunMedia Technology Co., Ltd.	2	Nonoperating income and gains	857	Note 2	0.02%
Russell Holdings Limited	SunMedia Technology Co., Ltd.	2	Other receivables	257,367	Note 3	1.90%
			Nonoperating income and gains	2,227	Note 2	0.04%
SunMedia Technology Co., Ltd.	Sunplus App Technology	2	Research and development expenses	534	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 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, thus, were not comparable to market terms. The transactions between the Company and the counterparty were at normal terms.

Note 5: The directional flow of the transactions are indicated by the following numerals:
1 - From parent company to subsidiary.
2 - Between subsidiaries.

(Concluded)

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
SEPTEMBER 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2017	December 31, 2016	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,420,952 (US$ 74,305 RMB 37,900)	$ 2,420,952 (US$ 74,305 RMB 37,900)	-	100	$ 1,482,156	$ 46,455	$ 46,455	Subsidiary
	Award Glory Ltd.	Belize	Investment	23,361 (US$ 772)	23,361 (US$ 772)	-	100	(13,221)	(2,122)	(2,122)	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Design and sale of ICs	315,658	315,658	8,229	13	376,879	685,575	90,077	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	785,480	68,576	66,796	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	695,179	280,449	96,195	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	808,398	(11,350)	(11,350)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	485,398	1,716	1,051	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	728,056 (US$ 24,060)	446,638 (US$ 14,760)	24,060	100	528,417	(24,143)	(24,143)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	181,485	(43,396)	(16,334)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,836	61	120,777	7,042	4,306	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	357,565	17,441	87	33,224	(13,654)	(11,906)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,952	(60)	(60)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	42,893 (HK$ 11,075)	42,893 (HK$ 11,075)	11,075	100	39	(4)	(4)	Subsidiary
	Magic Sky Limited	Samoa	Investment	301,390 (US$ 9,960)	204,558 (US$ 6,760)	-	100	92,967	(4,114)	(4,114)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	30,296	(143)	(143)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	17,925	3,687	3,687	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	278,863	280,449	38,382	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	10,488	7,042	373	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	14,375	1,716	36	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	8,546	(43,396)	(760)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,752	(13,654)	(444)	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	49,099	49,099	3,983	4	87,569	280,449	10,265	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design and sales of ICs	101,000	100,000	10,100	72	10,285	(51,260)	(36,752)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	45,819	1,716	97	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	6	29,533	(43,396)	(2,625)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	13,773	7,042	491	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	10	1,642	(13,654)	(1,303)	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	64,120 (US$ 2,119)	64,120 (US$ 2,119)	442	1	1,374 (US$ 45)	7,042	49 (US$ 2)	Subsidiary
Wei-Young Investment Inc.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	0.03	55	7,042	2	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,420,952 (US$ 74,305 RMB 37,900)	2,420,952 (US$ 74,305 RMB 37,900)	-	100	1,482,136	46,457	46,457	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,420,952 (US$ 74,305 RMB 37,900)	2,420,952 (US$ 74,305 RMB 37,900)	-	100	1,482,114	46,458	46,458	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	577,663 (US$ 19,090)	577,663 (US$ 19,090)	19,090	100	471,494	5,798	5,798	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	577,663 (US$ 19,090)	577,663 (US$ 19,090)	19,090	100	471,492	5,798	5,798	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2017	December 31, 2016	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,801 (US$ 390)	$ 11,801 (US$ 390)	-	100	$ 6,799	$ 2,194	$ 2,194	Subsidiary
Sunplus mMedia Inc.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design and sales of ICs	32,000	32,000	3,200	23	3,259	(51,260)	(11,717)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	23,361 (US$ 772)	23,361 (US$ 772)	-	100	(13,221)	(2,122)	(2,122)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	23,361 (US$ 772)	23,361 (US$ 772)	-	100	(13,221)	(2,122)	(2,122)	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 September 30, 2017.

Note 2: As of September 30, 2017, the establishment registration was completed, but capital was not invested yet.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2017	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Amount as of September 30, 2017	Accumulated Inward Remittance of Earnings as of September 30, 2017
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, provision of system integration services and rental of buildings	$ 520,472 (US$ 17,200)	Note 1	$ 534,240 (US$ 17,655)	$ -	$ -	$ 534,240 (US$ 17,655)	100%	$ 26,799	$ 26,799 (Note 2)	$ 527,472	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, provision of system integration services and rental of buildings	97,885 (US$ 32,250)	Note 1	97,885 (US$ 32,250)	-	-	97,885 (US$ 32,250)	100%	24,757	24,757 (Note 2)	826,691	-
Sun Media Technology Co., Ltd.	Development of computer software, provision of system integration services and rental of buildings	605,200 (US$ 20,000)	Note 1	605,200 (US$ 20,000)	-	-	605,200 (US$ 20,000)	100%	32,805	32,805 (Note 3)	176,743	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, provision of system integration services and information management and education	68,265 (RMB 15,000)	Note 1	63,242 (US$ 586 RMB 10,000)	-	-	63,242 (US$ 586 RMB 10,000)	93%	(27,460)	(25,629) (Note 3)	(27,690)	-
Ytrip Technology Co., Ltd.	Provision of computer system integration services, supply of general advertising and other information services	155,872 (RMB 34,250)	Note 1	136,058 (US$ 4,511)	-	-	136,058 (US$ 4,511)	83%	(14,343)	(11,962) (Note 3)	(77,180)	-
Sunplus Technology (Beijing)	Development of computer software, provision of system integration services and building rental	122,877 (RMB 27,000)	Note 1	122,877 (RMB 27,000)	-	-	122,877 (RMB 27,000)	100%	(2,010)	(2,010) (Note 3)	47,136	-
1culture Communication Co., Ltd.	Development of systems	14,791 (RMB 3,250)	Note 4	14,791 (RMB 3,250)	-	-	14,791 (RMB 3,250)	100%	1,085 (RMB 241)	1,085 (RMB 241) (Note 3)	1,036 (RMB 228)	-

Accumulated Investment in Mainland China as of September 30, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,437,948 (US$ 75,002 and RMB 37,000)	$ 2,568,002 (US$ 75,540 and RMB 62,000)	$ 5,357,454

(Continued)

Generalplus Technology Inc. (Nature of Relationship: Parent company to subsidiary)

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 September 30, 2017	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 3)	Carrying Amount as of September 30, 2017	Accumulated Inward Remittance of Earnings as of September 30, 2017
					Outflow	Inflow						
Generalplus Shenzhen	Provision of data processing services	$ 565,862 (US$ 18,700)	Note 1	$ 565,862 (US$ 18,700)	$ -	$ -	$ 565,862 (US$ 18,700)	100%	$ 3,604	$ 3,604	$ 464,674	$ -

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 565,862 (US$ 18,700)	$ 565,862 (US$ 18,700)	$ 1,234,376

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 investee's reviewed financial statements for the same period.

Note 3: Based on the investee's unreviewed financial statements for 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 September 30, 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
NINE MONTHS ENDED SEPTEMBER 30, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Research and Development Expenses		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with Market Transactions	Ending Balance	%		
Generalplus Technology (Shenzhen) Inc.	Development and processing services	$ 64,214	16.79	Based on contract	Based on contract	Not comparable with market transactions	$ 48,090	95.46	$ -	NA