Sunplus Technology Company Limited

Parent Company Only Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Sunplus Technology Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2017 and 2016, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2017 and 2016, and the parent company only financial performance and the parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Revenue recognition</u>

1. Integrated circuit chip sales accounted for 93% of the Company's total revenue and was material. For a detailed explanation of revenue, refer to Note 21 of the accompanying parent company only financial statements.

2. When the business department receives orders from customers, they will key sales orders into the system, and the system will automatically check the client's credit limits. The system will accept an order if the order amount is within the client's approved credit limit. For orders exceeding the respective client's approved credit limit, the system will earmark the order and disallow the business department from proceeding to shipment. The system will freeze the shipment application if there are any accounts receivable which are more than one month overdue, or if there are any accounts receivable which are within one month overdue and, furthermore, the accounts receivable exceed 10% of the client's approved credit limit. The business department must fill in the credit limit release form, which must be signed by the competent manager and finally released by the accounting department. After ensuring that the product in question is available for shipment, the warehousing department will proceed with packaging based on the product list from the business department, and then hand it over to the quality management department to proceed with inspection and the sign off. Following confirmation and verification by the quality management department, the goods will be shipped. The warehousing and transportation department will enter the execute order form into the system. The system will record the account receivable and revenue, and then automatically transfer it into the ledger.

3. Since the aforementioned process contains many manual steps, risk exists surrounding the authenticity of sales revenue.

4. We evaluated the variations in the approved credit limits of the Company's clients and the use of credit limit release orders. Based on sales accounts, we evaluated clients for whom a credit limit release order was used or for whom there was any variation in the approved credit limit during that year. We performed the following sampling and verification procedures to confirm the reality of revenue:

   1) Inspecting clients who had variations in their approved credit limits and confirming whether there was proper reason for the change and whether the competent supervisor for those clients used the appropriate credit limit release order.

   2) Inspecting the sales to clients to obtain the original orders, and confirming whether the sales orders which had been key into the system were approved by the competent supervisor.

   3) Inspecting the electronic orders for sales, comparing the Government Uniform Invoice and the commercial invoice to check the consistency of names and quantities of the sales orders, and inspecting the detailed accounts of shipment to verify that shipment occurred after acquiring approval by the competent supervisor.

   4) Verifying whether the price on the Government Uniform Invoice and the commercial invoice are consistent with the signed delivery order list and export declaration, and inspecting the terms of trades to make sure the rights, obligations, and risks have been truly transferred.

   5) Verifying the amounts of accounts receivable, certificates of remittance and counterparties are consistent with the recorded amount and counterparties and have been approved by the competent supervisor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2018

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Par Value)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,722,569	18	$ 1,957,745	19
Available-for-sale financial assets - current (Notes 4 and 7)	602,003	6	531,277	5
Accounts receivable, net (Notes 4, 5, 9 and 30)	200,733	2	350,206	3
Other receivables (Notes 23 and 30)	51,268	-	36,134	-
Inventories (Notes 4, 5 and 10)	276,908	3	257,230	2
Other financial assets (Notes 14 and 31)	59,520	1	64,500	1
Other current assets (Note 14)	29,734	-	70,305	1
Total current assets	2,942,735	30	3,267,397	31
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4 and 7)	74,435	1	773,289	7
Financial assets carried at cost (Notes 4 and 8)	201,923	2	300,623	3
Investments accounted for using the equity method (Notes 4, 5 and 11)	5,762,269	59	5,375,436	51
Property, plant and equipment (Notes 4, 5 , 12, 30 and 31)	682,943	7	722,145	7
Intangible assets (Notes 4, 5 and 13)	62,141	1	68,497	1
Deferred tax assets (Notes 4, 5 and 23)	2,485	-	2,485	-
Other financial assets (Notes 14 and 31)	6,100	-	6,100	-
Other noncurrent assets (Note 14)	8,000	-	8,058	-
Total noncurrent assets	6,800,296	70	7,256,633	69
TOTAL	$ 9,743,031	100	$ 10,524,030	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank borrowings (Note 15)	$ 59,520	1	$ 37,500	-
Account payable (Note 16)	136,811	1	144,804	1
Provisions - current (Notes 4 and 17)	7,300	-	9,154	-
Current portion of long-term bank loans (Notes 4, 15 and 31)	175,000	2	416,665	4
Other current liabilities (Notes 18 and 30)	226,187	2	290,800	3
Total current liabilities	604,818	6	898,923	8
NONCURRENT LIABILITIES				
Long-term bank loans, net of current portion (Notes 15 and 31)	100,000	1	529,167	5
Net defined benefit liabilities (Notes 4 and 19)	10,864	-	9,005	-
Guarantee deposits	61,113	1	62,681	1
Total noncurrent liabilities	171,977	2	600,853	6
Total liabilities	776,795	8	1,499,776	14
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital (Notes 4 and 20)				
Common shares	5,919,949	61	5,919,949	56
Capital surplus	835,241	9	911,110	9
Retained earnings				
Legal reserve	1,900,505	20	1,890,531	18
Special reserve	22,995	-	21,927	-
Unappropriated earnings (accumulated deficit)	413,209	4	99,738	1
Total retained earnings	2,336,709	24	2,012,196	19
Other equity	(62,262)	(1)	244,400	2
Treasury shares (Note 31)	(63,401)	(1)	(63,401)	-
Total equity	8,966,236	92	9,024,254	86
TOTAL	$ 9,743,031	100	$ 10,524,030	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4, 21 and 30)	$ 1,365,802	100	$ 1,904,224	100
OPERATING COSTS (Notes 10, 19 and 22)	892,547	65	1,136,511	60
GROSS PROFIT	473,255	35	767,713	40
OPERATING EXPENSES (Notes 19, 22 and 30)				
Selling and marketing	43,754	3	57,111	3
General and administrative	220,785	16	271,729	14
Research and development	482,210	36	518,039	27
Total operating expenses	746,749	55	846,879	44
LOSS FROM OPERATIONS	(273,494)	(20)	(79,166)	(4)
NONOPERATING INCOME AND EXPENSES (Notes 4, 11, 22, 25 and 30)				
Other income	39,506	3	50,086	3
Other gains and losses	424,700	31	48,150	2
Finance costs	(8,337)	(1)	(20,592)	(1)
Share of profit of associates and joint ventures	239,083	18	122,598	6
Total nonoperating income and expenses	694,952	51	200,242	10
PROFIT BEFORE INCOME TAX	421,458	31	121,076	6
INCOME TAX EXPENSE (Notes 4 and 23)	-	-	889	-
NET PROFIT FOR THE YEAR	421,458	31	120,187	6
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 19 and 20)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(4,088)	-	(3,886)	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for using equity method	(1,534)	-	(2,632)	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(42,119)	(3)	(5,231)	(1)
Unrealized loss on available-for-sale financial assets	(278,167)	(21)	111,333	6
Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method	13,624	1	(193,194)	(10)
Other comprehensive loss for the year, net of income tax	(312,284)	(23)	(93,610)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 109,174	8	$ 26,577	1
EARNINGS PER SHARE (New Taiwan dollars, Note 24)				
From continuing operations				
Basic	$ 0.72		$ 0.20	
Diluted	$ 0.72		$ 0.20	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Share Capital Issued and Outstanding			Retained Earnings			Other Equity			
	Share (Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares	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
Appropriation of the 2015 earnings										
Legal reserve	-	-	-	58,935	-	(58,935)	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(526,875)	-	-	-	(526,875)
Special reserve	-	-	-	-	4,094	(4,094)	-	-	-	-
Difference between share price and book value from disposal of subsidiaries	-	-	10,625	-	-	-	-	-	-	10,625
Changes of equity of subsidiaries	-	-	-	-	-	(19,253)	-	-	-	(19,253)
Net profit for the year ended December 31, 2016	-	-	-	-	-	120,187	-	-	-	120,187
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(6,518)	(159,571)	72,479	-	(93,610)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	113,669	(159,571)	72,479	-	26,577
Disposal of treasury shares	-	-	3,168	-	-	-	-	-	-	3,168
BALANCE, DECEMBER 31, 2016	591,995	5,919,949	911,110	1,890,531	21,927	99,738	(62,062)	306,462	(63,401)	9,024,254
Appropriation of the 2016 earnings										
Legal reserve	-	-	-	9,974	-	(9,974)	-	-	-	-
Cash dividends for common shares	-	-	-	-	-	(88,681)	-	-	-	(88,681)
Special reserve	-	-	-	-	1,068	(1,068)	-	-	-	-
Issuance of share dividends from capital surplus	-	-	(207,317)	-	-	-	-	-	-	(207,317)
Difference between share price and book value from disposal of subsidiaries, associates and joint ventures accounted for using the equity method	-	-	-	-	-	(18)	-	-	-	(18)
Difference between share price and book value from disposal of subsidiaries	-	-	129,668	-	-	-	-	-	-	129,668
Changes of equity of subsidiaries	-	-	-	-	-	(2,624)	-	-	-	(2,624)
Net profit for the year ended December 31, 2017	-	-	-	-	-	421,458	-	-	-	421,458
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(5,622)	(60,038)	(246,624)	-	(312,284)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	415,836	(60,038)	(246,624)	-	109,174
Disposal of treasury shares	-	-	1,780	-	-	-	-	-	-	1,780
BALANCE, DECEMBER 31, 2017	591,995	$ 5,919,949	$ 835,241	$ 1,900,505	$ 22,995	$ 413,209	$ (122,100)	$ 59,838	$ (63,401)	$ 8,966,236

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations		
Income before income tax	$ 421,458	$ 121,076
Adjustments for:		
Depreciation expenses	45,365	70,570
Amortization expenses	32,582	29,140
Bad-debt expense	30,558	75,134
Financial costs	8,337	20,592
Interest income	(5,379)	(5,983)
Dividend income	(6,559)	(14,715)
Share of profit of subsidiaries, associates and joint ventures	(239,083)	(122,598)
Gain on disposal of available-for-sale financial assets	(516,435)	(108,956)
Loss on disposal of investments accounted for using the equity method	-	414
Impairment loss recognized on financial assets	96,567	94,268
Impairment loss recognized on non-financial assets	21,577	-
Realized gain on the transactions with subsidiaries	(404)	(827)
Net gain on foreign currency exchange	6,494	9,573
Changes in operating assets and liabilities:		
Increase in other receivables	(3,563)	(11,788)
Decrease in trade receivables	117,072	108,207
(Increase) decrease in inventories	(19,678)	188,123
Decrease (increase) in other current assets	40,071	(44,855)
(Decrease) increase in trade payables	(7,993)	24,380
Decrease in provisions	(1,854)	(165)
(Decrease) increase in other current liabilities	(55,517)	35,624
Decrease in defined benefit liabilities	(2,229)	(2,055)
	(38,613)	465,159
Interest received	5,422	5,974
Dividends received	353,024	332,908
Interest paid	(8,888)	(20,838)
Income tax paid	-	(1,251)
Net cash generated from operating activities	310,945	781,952
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	(275,420)	(167,029)
Proceeds of the sale of available-for-sale financial assets	1,128,917	731,634
Capital returned to the Company - financial assets carried at cost	3,183	1,423
Purchase of investments accounted for using the equity method	(393,281)	(31,695)
Capital returned to the Company - liquidation of joint ventures	-	13,583
Payments for property, plant and equipment	(14,568)	(54,797)
Proceeds of the disposal of property, plant and equipment	-	40
Payments for intangible assets	(48,365)	(28,483)
Purchase of financial assets measured at cost	-	(105,000)

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SUNPLUS TECHNOLOGY COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
(Increase) decrease in other assets - noncurrent	4,980	(64,500)
Decrease in refundable deposits	58	-
Net cash generated from investing activities	405,504	295,176
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short-term borrowings	22,020	37,500
Proceeds of long-term borrowings	-	200,000
Repayments of long-term borrowings	(670,832)	(611,250)
Proceeds from guarantee deposits received	48,146	12,132
Refunds of guarantee deposits received	(48,249)	(37,934)
Dividends paid to owners of the Company	(295,998)	(526,875)
Net cash used in financing activities	(944,913)	(926,427)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(6,712)	(2,321)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(235,176)	148,380
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,957,745	1,809,365
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,722,569	$ 1,957,745

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

1. GENERAL INFORMATION

Sunplus Technology Company Limited ("Sunplus" or the "Company") was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific devices. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 20).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors and authorized for issue on March 14, 2018.

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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") 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 a significant effect on the Company's accounting policies:

   1) 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 an 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 Company 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 Company has transaction. If the transaction or balance with a specific related party is 10% or more of the

Company'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 conditions after a business combination and the expected benefits at the acquisition date.

When the amendments are applied retrospectively from January 1, 2017, the disclosure of related party transactions is enhanced, refer to Note 30.

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
Amendments 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 IFRS 15 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 amendments to IAS 28 are 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 clarifies 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 company 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 Company will apply the aforementioned amendment retrospectively.

2) IFRS 9 “Financial Instruments” and related amendments

Classification, 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 Company’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 contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. 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 collecting contractual cash flows and selling 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 gains or losses 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 the above, all other financial assets are measured at fair value through profit or loss. However, the Company 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 Company analyzed the facts and circumstances of its financial assets that exist at December 31, temporarily, 2017 and performed the 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, or at fair value through other comprehensive income and the fair value gains or losses.

   Besides this, 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; and

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. A 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 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 Company 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 Company has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to debt instrument investments and financial guarantee contracts, the Company will assess whether there has been a significant increase in credit risk to determine whether to recognize 12-month or full-lifetime expected credit losses. In general, the Company anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Company elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2018**
Impact on assets, liabilities and equity			
Financial assets at fair value through profit or loss - current	$ -	$ 602,003	$ 602,003
Available-for-sale financial assets - current	602,003	(602,003)	-
Financial assets at fair value through profit or loss - noncurrent	-	186,286	186,286
Financial assets at fair value through other comprehensive income - noncurrent	-	98,687	98,687
Available-for-sale financial assets - noncurrent	74,435	(74,435)	-
Financial assets measured at cost - noncurrent	201,923	(201,923)	-
Investments accounted for using the equity method	5,762,269	(4,176)	5,758,093
Total effect on assets	$ 6,640,630	$ (4,439)	$ 6,645,069
Retained earnings	$ 2,336,709	$ 294,288	$ 2,630,997
Other equity	(26,262)	(289,849)	(352,111)
Total effect on equity	$ 2,274,447	$ 4,439	$ 2,278,886

3) IFRS 15 "Revenue from Contracts with Customers" and related amendments

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

When applying IFRS 15, the Company recognizes 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 Company satisfies a performance obligation.

In identifying performance obligations, IFRS 15 and the related amendments 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.

Currently, the estimate of allowances for sales returns which may occur in the year are recognized as provisions. Under IFRS 15, such provisions are recognized as other current liabilities. The anticipated impact on assets, liabilities and equity when retrospectively applying IFRS 15 as of January 1, 2018 is detailed below:

	December 31, 2017 Carrying Amount	**Adjustments Arising from Initial Application**	**January 1, 2018 Adjusted Carrying Amount**
Provisions - current	$ 7,300	$ (7,300)	$ -
Other current liabilities	226,187	7,300	233,487
Total effect on liabilities	$ 233,487	$ -	$ 233,487

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

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

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

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

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

The amendments clarify that the Company should transfer to, or from, investment property when, and only when, a property meets, or ceases to meet, the definition of investment property and there is evidence of a 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 evidence of a change in use is not limited to those illustrated in IAS 40.

The Company will reclassify property as necessary according to the amendments to reflect the conditions that exist at January 1, 2018. In addition, the Company 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 Company will apply the amendments retrospectively without the use of hindsight.

6) 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 Company 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 parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

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

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

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

The amendments stipulate that, when 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 over 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 Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the parent company only balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the parent company only statements of comprehensive income, the Company should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the parent company only statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the 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 Company as lessor.

When IFRS 16 becomes effective, the Company 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 Company should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Company 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 Company shall apply the amendments retrospectively. However, the Company 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 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 Company shall apply the amendments retrospectively. However, the Company 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.

6) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendment shall be applied prospectively.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis for Preparation

The Company financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values.

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

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

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

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

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

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

Assets and liabilities that are not classified as current are classified as noncurrent.

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investments accounted for using the equity method

1) Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

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

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

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

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

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

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

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

2) Investments in associates and jointly controlled entities

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

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

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

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

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

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

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

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

g. Property, plant and equipment

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

i. Impairment of tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Available-for-sale financial assets

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

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

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

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

ii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments and financial liabilities

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

a) Equity instruments

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

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

b) Financial liabilities

i. Subsequent measurement

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

ii. Derecognition of financial liabilities

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

k. Provisions

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

l. Revenue recognition

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

Sale of goods

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

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

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

3) The amount of revenue can be measured reliably;

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

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

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

Dividend and interest income

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

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

m. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

n. Government grants

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

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

o. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

p. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

For the year ended December 31, 2017 and 2016, the Company recognized impairment losses on intangible assets of $21,577 thousand and $0, respectively.

b. Estimated impairment of trade receivables

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

As of December 31, 2017 and 2016, the carrying amount of trade receivables was $200,733 thousand and $350,206 thousand, respectively (after deducting allowance of $107,257 thousand and $76,699 thousand, respectively).

c. Income taxes

As of December 31, 2017 and 2016, no deferred tax asset has been recognized on tax losses of $2,283,236 thousand and $2,283,236 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

d. Write-down of inventory

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

e. Impairment of investment in the associate

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	**2016**
Cash on hand	$ 479	$ 418
Checking accounts and demand deposits	724,090	804,827
Cash equivalent deposits in banks	998,000	1,152,500
	$ 1,722,569	$ 1,957,745

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

	December 31	
	2017	**2016**
Bank balance	0.01%-0.63%	0.01%-0.63%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
Current		
Domestic investments		
Mutual funds	$ 602,003	$ 531,277
Noncurrent		
Domestic investments		
Mutual funds	$ 74,435	$ -
Quoted shares	-	773,289
	$ 74,435	$ 773,289

For the year ended December 31, 2016, the Company recognized impairment losses of $71,740, respectively.

8. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2017	2016
Noncurrent		
Domestic unlisted common shares	$ 201,923	$ 300,623
Classification according to financial asset measurement categories		
Classified as available for sale	$ 201,923	$ 300,623

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

The Company believed that the above financial asset carried at cost had impairment losses of $96,567 and $22,528 as of December 31, 2017 and 2016, respectively.

9. ACCOUNTS RECEIVABLE, NET

	December 31	
	2017	2016
Accounts receivable	$ 303,243	$ 424,590
Receivable from related parties	4,747	2,315
Allowance for doubtful accounts	(107,257)	(76,699)
	$ 200,733	$ 350,206

Accounts receivable

The average credit period on sales of goods was 30 to 60 days without interest. In determining the recoverability of a trade receivable, the Company 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 Company had not recognized an allowance for impairment for notes and trade receivables amounting to $0 and $29,034 thousand as of December 31, 2017 and 2016, respectively, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Company to the counter-party.

The aging of receivables was as follows:

	December 31	
	2017	**2016**
0-60 days	$ 184,337	$ 282,096
61-90 days	16,396	38,688
91-120 days	-	388
121-360 days	-	104,168
More than and including 361 days	107,257	1,565
Total	$ 307,990	$ 426,905

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:

	December 31	
	2017	**2016**
More than and including 90 days	$ -	$ 29,034

The above aging schedule was based on the past-due date from end of 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	$ 1,565	$ -	$ 1,565
Add: Impairment losses recognized on receivable	75,134	-	75,134
Balance at December 31, 2016	$ 76,699	$ -	$ 76,699
Balance at January 1, 2017	$ 76,699	$ -	$ 76,699
Add: Impairment losses recognized on receivable	30,558	-	30,558
Balance at December 31, 2017	$ 107,257	$ -	$ 107,257

10. INVENTORIES

	December 31	
	2017	2016
Finished goods	$ 126,860	$ 100,741
Work in progress	130,703	145,971
Raw materials	19,345	10,518
	$ 276,908	$ 257,230

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 were $892,547 thousand and $1,136,511 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2017 and 2016 were as follows:

	Years Ended December 31	
	2017	2016
Gains on inventory value recoveries	$ 14,308	$ 68,198
Income from scrap sales	69	287
	$ 14,377	$ 68,485

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in subsidiaries	$ 5,382,918	$ 5,051,524
Investments in associates	379,351	323,912
	$ 5,762,269	$ 5,375,436

a. Investments in subsidiaries

	December 31	
	2017	2016
Listed companies		
Generalplus Technology Corp.	$ 723,246	$ 731,737
Non-listed Company		
Ventureplus Group Inc.	1,489,741	1,456,206
Sunplus Venture Capital Co., Ltd.	915,693	846,259
Lin Shih Investment Co., Ltd.	799,259	794,315
Rusell Holdings Limited	520,859	288,020
Sunplus Innovation Technology	481,414	524,574
iCatch Technology Inc.	170,748	197,578
Sunext Technology Co., Ltd.	115,593	116,471
Magic Sky Limited	89,418	221

(Continued)

	December 31	
	2017	**2016**
Sunplus mMobile Inc.	30,202	30,440
Sunplus mMedia Inc.	24,886	45,130
Wei-Young Investment Inc.	17,870	16,517
Sunplus Management Consulting	3,951	4,011
Sunplus Technology (H.K.)	38	45
	$ 5,382,918	$ 5,051,524
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)		
Award Glory Ltd.	$ 12,990	$ 11,236

(Concluded)

Except for Sunplus Management Consulting, the investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2017 and 2016 were based on the subsidiaries' financial statements audited by the Company's auditors for the same reporting periods as those of the Company. Refer to Note 33 for the detail list of investments in subsidiaries.

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

	December 31	
	2017	**2016**
Listed companies		
Generalplus Technology Corp.	34%	34%
Non-listed Company		
Ventureplus Group Inc.	100%	100%
Sunplus Venture Capital Co., Ltd.	100%	100%
Lin Shih Investment Co., Ltd.	100%	100%
Rusell Holdings Limited	61%	100%
Sunplus Innovation Technology	100%	61%
iCatch Technology Inc.	38%	38%
Sunext Technology Co., Ltd.	61%	61%
Magic Sky Limited	100%	100%
Sunplus mMobile Inc.	100%	100%
Sunplus mMedia Inc.	100%	87%
Wei-Young Investment Inc.	100%	-
Sunplus Management Consulting	100%	100%
Sunplus Technology (H.K.)	100%	100%
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)		
Award Glory Ltd.	100%	100%

b. Investments in associates

	December 31	
	2017	**2016**
Listed companies		
Global View Co., Ltd.	$ 379,351	$ 323,912

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

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2017**	**2016**
Global View Co., Ltd.	13%	13%

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

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

	December 31	
	2017	**2016**
Global View Co., Ltd.	$ 392,134	$ 311,896

All the associates are accounted for using the equity method.

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

	December 31	
	2017	**2016**
Total assets	$ 2,062,675	$ 1,640,940
Total liabilities	$ 129,672	$ 132,352

	Years Ended December 31	
	2017	**2016**
Revenue	$ 188,461	$ 219,613
Profit for the period	$ 53,596	$ 69,013
Comprehensive income	$ 739,555	$ 73,316
Share of profits of associates accounted for using the equity method	$ 91,044	$ 20,068

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

c. 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. could not develop new products. Thus, in their meeting on January 25, 2016, the shareholders approved a resolution to shut down the business of this investee.

SZ-Tech Inc. was liquidated on May 3, 2016. The Company recognized $414 thousand in loss on disposal of the investment according to the estimated amount of surplus properties distributed less the book value of the investment.

12. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2016					
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Total
Cost						
Balance, beginning of year	$ 969,205	$ 53,922	$ 2,474	$ 136,562	$ 23,850	$ 1,186,013
Additions	-	4,890	-	38,477	4,451	47,818
Disposals	-	(11,491)	(1,306)	(3,767)	(750)	(17,314)
Balance, end of year	969,205	47,321	1,168	171,272	27,551	1,216,517
Accumulated depreciation and impairment						
Balance, beginning of year	283,499	36,162	1,480	113,125	6,810	441,076
Depreciation expense	19,721	4,862	396	40,106	5,485	70,570
Disposals	-	(11,491)	(1,306)	(3,727)	(750)	(17,274)
Balance, end of year	303,220	29,533	570	149,504	11,545	494,372
Net, end of year	$ 665,985	$ 17,788	$ 598	$ 21,768	$ 16,006	$ 722,145

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

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

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

Refer to Note 31 for the carrying amounts of property, plant and equipment that had been pledged by the Company to secure borrowings.

13. INTANGIBLE ASSETS

	Year Ended December 31, 2016			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 211,281	$ 23,023	$ 97,099	$ 331,403
Additions	24,166	5,729	-	29,895
Decrease	-	(8,993)	-	(8,993)
Balance at December 31	235,447	19,759	97,099	352,305
Accumulated amortization				
Balance at January 1	71,324	12,423	68,778	152,525
Amortization expense	15,105	8,640	5,395	29,140
Decrease	-	(8,993)	-	(8,993)
Balance at December 31	86,429	12,070	74,173	172,672
Accumulated deficit				
Balance at January 1	111,136	-	-	111,136
Additions	-	-	-	-
Balance at December 31	111,136	-	-	111,136
Carrying amounts at December 31, 2016	$ 37,882	$ 7,689	$ 22,926	$ 68,497

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

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

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

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

14. OTHER ASSETS

	December 31	
	2017	**2016**
Current		
Other financial assets		
Pledged time deposits (a)	$ 59,520	$ 64,500
Other assets		
Prepayments for EDA tools	$ 18,986	$ 22,615
Prepaid royalty	5,627	5,990
Prepayments for technical authorization	-	35,683
Others	5,121	6,017
	$ 29,734	$ 70,305
Noncurrent		
Other financial assets		
Pledged time deposits (a)	$ 6,100	$ 6,100
Other assets		
Refundable deposits	$ 200	$ 258
Others	7,800	7,800
	$ 8,000	$ 8,058

a. Refer to Notes 27 and 31 for information on pledged time deposits.

15. LOANS

a. Short-term borrowings

	December 31	
	2017	**2016**
Unsecured borrowings		
Bank loans	$ 59,520	$ 37,500

The weighted average effective interest rate on the bank loans as of December 31, 2017 and 2016 were 2.65% and 1.10%.

b. Long-term borrowings

The borrowings of the Company were as follows:

	December 31	
	2017	2016
Loans on credit	$ 275,000	$ 868,056
Secured borrowings	-	77,776
	275,000	945,832
Less: Current portion	175,000	416,665
Long-term borrowings - noncurrent	$ 100,000	$ 529,167

The effective rate borrowings as of December 31 2017 and 2016 were 1.545%-1.925%, and 1.545%-1.850%.

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 in 2016. 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 December 31, 2016, the Company was in compliance with these financial ratio requirements.

16. ACCOUNTS AND NOTES PAYABLE

	December 31	
	2017	2016
Accounts payable		
Payable - operating	$ 136,811	$ 144,804

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

17. PROVISIONS

	December 31	
	2017	2016
Customer returns and rebates	$ 7,300	$ 9,154

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.

18. OTHER LIABILITIES

	December 31	
	2017	2016
Current		
Other liabilities		
Salaries or bonuses	$ 112,458	$ 109,694
Payable for royalties	38,501	54,280
Credit balances on the carrying values of long-term investments	12,990	11,236
Compensation due to directors	10,807	3,105
Labor/health insurance	7,302	7,983
Payable on machinery and equipment	2,028	10,433
Others	42,101	94,069
	$ 226,187	$ 290,800

19. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Defined benefit plans

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

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

	December 31	
	2017	2016
Present value of funded defined benefit obligation	$ 165,832	$ 159,999
Fair value of plan assets	(154,968)	(150,994)
Net defined benefit liabilities	$ 10,864	$ 9,005

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

	Present Value of Funded Defined Benefit Obligation	Fair Value of Plan Assets	Net Liabilities (Assets) Arising from Defined Benefit Obligation
Balance at January 1, 2016	$ 156,963	$ 149,789	$ 7,174
Service cost			
Current service cost	581	-	581
Interest expense	2,747	2,647	100
Recognized in profit or loss	3,328	2,647	681
Remeasurement			
Return on plan assets	-	(1,250)	1,250
Actuarial (gain) loss-changes in financial assumptions	3,478	-	3,478
Adjustment on actuarial (gain) loss-experience adjustment	(842)	-	(842)
Recognized in other comprehensive income	2,636	(1,250)	3,886
Contributions from employer	-	2,736	(2,736)
Disposals	(2,928)	(2,928)	-
Balance at December 31, 2016	$ 159,999	$ 150,994	$ 9,005
Balance at January 1, 2017	$ 159,999	$ 150,994	$ 9,005
Service cost			
Current service cost	573	-	573
Interest expense	2,560	2,438	122
Recognized in profit or loss	3,133	2,438	695
Remeasurement			
Return on plan assets	-	(1,388)	(1,388)
Actuarial (gain) loss-changes in financial assumptions	4,553	-	4,553
Adjustment on actuarial (gain) loss-experience adjustment	(1,853)	-	(1,853)
Recognized in other comprehensive income	2,700	(1,388)	4,088
Contributions from employer	-	2,924	(2,924)
Balance at December 31, 2017	$ 165,832	$ 154,968	$ 10,864

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

	For the Year Ended December 31	
	2017	2016
Operating costs	$ 186	$ 188
Selling and marketing expenses	5	6
General and administrative expenses	221	219
Research and development expenses	283	268
	$ 695	$ 681

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

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

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

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

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

	December 31	
	2017	**2016**
Discount rate(s)	1.40%	1.60%
Expected rate(s) of salary increase	4.00%	4.00%
Resignation rate	0%-28%	0%-28%

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

	December 31	
	2017	**2016**
Discount rate(s)		
0.25% increase	$ (5,666)	$ (5,744)
0.25% decrease	$ 5,924	$ 6,013
Expected rate(s) of salary increase		
1% increase	$ 24,545	$ 25,004
1% decrease	$ (21,012)	$ (21,284)

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

	December 31	
	2017	**2016**
The expected contributions to the plan for the next year	$ 2,923	$ 2,734
The average duration of the defined benefit obligation	16 years	17 years

20. EQUITY

a. Share capital

1) Common shares:

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

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

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

2) Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of December 31, 2017, the outstanding 175 thousand units of GDRs represented 350 thousand common shares.

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of 2017 and 2016 for each component of capital surplus was as follows:

	December 31	
	2017	2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
From the issuance of common shares	$ 496,059	$ 703,376
From the acquisition of a subsidiary	157,423	157,423
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	140,293	10,625
May be used to offset a deficit only		
From treasury share transactions	41,466	39,686
	$ 835,241	$ 911,110

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

c. Retained earnings and dividend policy

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

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

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

Under the regulations promulgated, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from unappropriated retained earnings. For the policies on distribution of employees' compensation and remuneration to directors before and after amendment, refer to Note 22-f.

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 from the 2016 and 2015 earnings were approved at the shareholders' meetings in June 2017 and on June 13, 2016, respectively. The appropriations, including dividends, were as follows:

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

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

The appropriations of earnings, the bonuses for employees, and the remuneration of directors for 2016 are subject to resolution in the shareholders' meeting to be held on March 14, 2018.

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 41,321	
Special reserve	44,284	
Cash dividend	327,551	$ 0.5533

The Company's board of directors also proposed in the shareholders' meeting on March 14, 2018 to issue cash dividends from capital surplus of $86,846 thousand.

The appropriation of earnings for 2017 are subject to resolution in the shareholders' meeting to be held on June 11, 2018.

d. Special reserve

	For the Year Ended December 31	
	2017	2016
Beginning at January 1	$ 21,927	$ 17,833
Appropriations in respect of		
Others (subsidiaries' holding of Sunplus' shares)	1,068	4,094
Balance at December 31	$ 22,995	$ 21,927

e. Other equity items

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

	Years Ended December 31	
	2017	2016
Balance at January 1	$ (62,062)	$ 97,509
Exchange differences on translating foreign operations	(60,038)	(159,571)
Balance at December 31	$ (122,100)	$ (62,602)

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

	Years Ended December 31	
	2017	2016
Balance at January 1	$ 306,462	$ 233,983
Changes in fair value of available-for-sale financial assets	262,308	109,205
Cumulative loss reclassified to profit or loss upon disposal of available-for-sale financial assets	(515,385)	(108,423)
Reclassification adjustments to profit or loss on impairment of available-for-sale financial assets	-	71,740
Share of unrealized gain on revaluation of jointly controlled entities accounted for using the equity method	6,453	(43)
Balance at December 31	$ 59,838	$ 306,462

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

f. Noncontrolling interests

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
Number of shares as of January 1, 2016	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2016	-	3,560	3,560
Number of shares as of January 1, 2017	-	3,560	3,560
Decrease	-	-	-
Number of shares as December 31, 2017	-	3,560	3,560

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

	Number of Shares Held (In Thousand)	Carrying Amount	Market Price
December 31, 2017			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 58,384
December 31, 2016			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,406

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

21. REVENUE

	Years Ended December 31	
	2017	2016
Revenue from IC	$ 1,272,853	$ 1,793,520
Other	92,949	110,704
	$ 1,365,802	$ 1,904,224

22. NET PROFIT

Net profit included the following items:

a. Other income

	Years Ended December 31 2017	2016
Dividend income	$ 6,559	$ 14,715
Interest income	5,379	5,983
Grand income	-	2,468
Others	27,568	26,920
	$ 39,506	$ 50,086

b. Other gains and losses

	Years Ended December 31 2017	2016
Gain on disposal of investment	$ 516,435	$ 108,956
Service income of management support	38,649	39,016
Loss on disposal of investment accounted for using equity method	-	(414)
Impairment loss on available-for-sale financial assets	-	(71,740)
Net foreign exchange loss	(12,240)	(5,140)
Net loss on non-financial assets	(21,577)	-
Impairment loss on financial assets carried at cost	(96,567)	(22,528)
	$ 424,700	$ 48,150

c. Finance costs

	Years Ended December 31 2017	2016
Interest on bank loans	$ 7,558	$ 19,782
Other financial costs	779	810
	$ 8,337	$ 20,592

d. Depreciation and amortization

	Years Ended December 31 2017	2016
Property, plant and equipment	$ 45,365	$ 70,570
Intangible assets	35,582	29,140
	$ 77,947	$ 99,710

(Continued)

	Years Ended December 31	
	2017	2016
An analysis of depreciation by function		
Operating costs	$ 4,858	$ 4,565
Operating expenses	40,507	66,005
	$ 45,365	$ 70,570
An analysis of amortization by function		
Operating costs	$ 483	$ 736
Selling expenses	6	2
Administrative expenses	4,392	6,242
Research and development expenses	27,701	22,160
	$ 35,582	$ 29,140

(Concluded)

e. Employee benefit expense

	Years Ended December 31	
	2017	2016
Short-term benefits	$ 484,103	$ 502,698
Post-employment benefits		
Defined contribution plans	18,959	20,724
Defined benefit plans	695	681
Other employee benefits	2,232	3,145
Total employee benefit expense	$ 505,989	$ 527,248
An analysis of employee benefit expense by function		
Operating costs	$ 79,790	$ 83,406
Operating expenses	426,199	443,842
	$ 505,989	$ 527,248

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2017 and 2016, which have been approved by the Company's board of directors on March 14, 2018 and March 15, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	2016
Employees' compensation	1.0%	1.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31			
	2017		2016	
	Cash	Shares	Cash	Shares
Employees' compensation	$ 4,323	$ -	$ 1,242	$ -
Remuneration of directors	6,484	-	1,863	-

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

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

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on exchange rate changes

	Years Ended December 31	
	2017	2016
Exchange rate gains	$ 23,910	$ 53,188
Exchange rate losses	(36,150)	(58,328)
	$ (12,240)	$ (5,140)

23. INCOME TAXES

a. Income tax recognized in profit or loss

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

	Years Ended December 31	
	2017	2016
Current tax		
Current period	$ -	$ 889
Deferred tax		
Current period	-	-
Income tax expense recognized in profit or loss	$ -	$ 889

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

	Years Ended December 31	
	2017	2016
Profit before tax	$ 421,458	$ 121,076
Income tax expense at the 17% statutory rate	$ 71,648	$ 20,583
Tax effect of adjusting items:		
Nondeductible expenses	(130,105)	(42,189)
Temporary differences	18,802	9,042
Tax-exempt income	(40)	(67)
Current income tax expense	(39,695)	(12,631)
Unrecognized (loss carryforwards) investment credit	39,695	12,631
Foreign income tax expense	-	889
Income tax benefit (expense) recognized in profit or loss	$ -	$ 889

The applicable tax rate used above is the corporate tax rate of 17% payable by the Company.

In February 2018, it was announced that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets recognized as at December 31, 2017 are expected to be adjusted and increase by $439 thousand in 2018.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences of the 2017 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31	
	2017	2016
Current tax assets		
Tax refund receivable (classified as other receivables)	$ 3,073	$ 3,073

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

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

For the year ended December 31, 2016

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Accrued absences compensation	$ (1,869)	$ 1,869	$ -
Depreciation expense	3,852	(959)	2,893
Unrealized loss on inventories	(49)	49	-
Exchange losses (gains)	76	(89)	(13)
Others	475	(870)	(395)
	$ 2,485	$ -	$ 2,485

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

	December 31	
	2017	2016
Loss carryforwards		
Expiry in 2019	$ 190,618	$ 190,618
Expiry in 2020	211,457	211,457
Expiry in 2021	322,509	322,509
Expiry in 2022	394,894	394,894
Expiry in 2023	1,163,758	1,163,758
	$ 2,283,236	$ 2,283,336
Deductible temporary differences	$ 432,827	$ 344,402

e. Unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2017:

Unused Amount	Expiry Year
$ 190,618	2019
211,457	2020
322,509	2021
394,894	2022
1,163,758	2023
$ 2,283,236	

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

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

f. Integrated income tax

	December 31	
	2017	2016
Unappropriated earnings		
Generated before January 1, 1998	$ -	$ -
Generated on and after January 1, 1998	-	99,738
	$	$ 99,738
	(Note)	
Shareholder-imputed credits account	$ -	$ 243,091
	(Note)	

	For the Year Ended December 31	
	2017	2016
Creditable ratio for distribution of earnings	(Note)	21.19%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

g. Income tax assessments

The income tax returns of the Company before 2013 had been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2017	2016
Basic gain per share	$ 0.72	$ 0.20
Diluted earnings per share	$ 0.72	$ 0.20

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

Net profit for the year

	Years Ended December 31	
	2017	2016
Profit for the year attributable to owners of the Company	$ 421,458	$ 120,187
Effect of potentially dilutive common shares		
Bonuses for employees	-	-
Earnings used in the computation of diluted EPS from continuing operations	$ 421,458	$ 120,187

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

	Years Ended December 31	
	2017	**2016**
Weighted average number of common shares used in the computation of basic earnings per shares	$ 588,435	$ 588,435
Effect of dilutive potential common shares:		
Employee bonuses	284	215
Weighted average number of common shares used in the computation of diluted earnings per share	$ 588,719	$ 588,650

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

25. GOVERNMENT GRANTS

The Company, H.P.B. Optoelectronics Co., Ltd. and National Yunlin University Science and Technology Department of Electronic Engineering signed the contract of “The program of HD and 3D mobile panoramic assist system with real time correction” 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 duration is from July 1, 2015 to June 30, 2016. As of December 31, 2017 and 2016, the government grants received amounted to $2,468 thousand and were classified as nonoperating income and gains.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTEREST

For details about the partial disposal of Generalplus Technology Inc. and Jumplux Technology, refer to Note 30 to the Company’s consolidated financial statements for the year ended December 31, 2017.

27. OPERATING LEASE ARRANGEMENTS

The Company as lessee

Operating leases relate to leases of land with lease terms between 20 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Company does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

The Company leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2020, December 2021 and December 2034. The SBIPA has the right to adjust the annual lease amount. The amount was $8,259 thousand for the period ended. The Company had pledged $6,100 thousand time deposits (classified as other non-current financial assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31	
	2017	2016
Up to 1 year	$ 8,259	$ 7,781
Over 1 year to 5 years	23,855	29,091
Over 5 years	39,901	40,660
	$ 72,015	$ 77,532

28. CAPITAL MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

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

December 31, 2017

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets carried at cost	$ 201,923	$ -	$ -	$ -	$ -

December 31, 2016

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets carried at cost	$ 300,623	$ -	$ -	$ -	$ -

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

1) Fair value hierarchy

December 31, 2017

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

December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 531,277	$ -	$ -	$ 531,277
Securities listed in ROC	773,289	-	-	773,289
	$ 1,304,566	$ -	$ -	$ 1,304,566

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

c. Categories of financial instruments

	December 31, 2017	December 31, 2016
Financial assets		
Loans and receivables (i)	$ 2,040,390	$ 2,414,943
Available-for-sale financial assets (ii)	878,361	1,605,189
Financial liabilities		
Measured at amortized cost (iii)	532,444	1,190,817

(i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, refundable deposit and trade and other receivables.

(ii) The balance included the carrying amount of available - for - sale financial assets measured at cost.

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

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

Sensitivity analysis

The Company was mainly exposed to the USD and RMB.

The following table details the Company’s sensitivity to a US$1.00 and RMB1.00 increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. US$1.00 and RMB1.00 is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars strengthen 1 dollar against the relevant currency.

	USD Impact	
	Years Ended December 31	
	2017	**2016**
Profit or loss	$ (4,995)	$ (12,404)

	RMB Impact	
	Years Ended December 31	
	2017	**2016**
Profit or loss	$ (1,069)	$ (1,149)

b) Interest rate risk

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

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

	December 31	
	2017	**2016**
Fair value interest rate risk		
Financial assets	$ 1,063,620	$ 1,223,100
Financial liabilities	59,520	37,500
Cash flow interest rate risk		
Financial assets	723,936	804,673
Financial liabilities	275,000	945,832

Sensitivity analysis

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

Had interest rates increased/decreased by 0.125% and all other variables held constant, the Company's post-tax profit for the years ended December 31, 2017 and 2016 would decrease/increase by $561 thousand and $176 thousand, respectively.

c) Other price risk

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

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

Had equity prices been 1% higher/lower, post-tax profit for the years ended December 31, 2017 and 2016 would have increased/decreased by $6,764 thousand and $13,046 thousand, respectively.

2) Credit risk

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

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

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

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

The Company's concentration of credit risk of 87% and 87% in total trade receivables as of December 31, 2017 and 2016, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2017 and 2016, the Company had available unutilized overdraft and financing facilities refer to the following instruction.

a) Liquidity and interest risk rate tables

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

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Noninterest bearing	$ -	$ 182,837	$ -	$ -	$ -
Variable interest rate liabilities	246	-	175,000	100,000	-
Fixed interest rate liabilities	59,533	-	-	-	61,746
	$ 59,779	$ 182,837	$ 175,000	$ 100,000	$ 61,746

December 31, 2016

	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Non-derivative financial liabilities					
Noninterest bearing	$ -	$ 285,584	$ -	$ -	$ -
Variable interest rate liabilities	788	162,498	254,167	529,167	-
Fixed interest rate liabilities	37,521	-	-	-	63,145
	$ 38,309	$ 448,802	$ 254,167	$ 529,167	$ 63,145

b) Financing facilities

	December 31 2017	2016
Unsecured bank overdraft facility		
Amount used	$ 334,520	$ 945,832
Amount unused	2,733,280	2,446,440
	$ 3,067,800	$ 3,392,272

30. TRANSACTIONS WITH RELATED PARTIES

a. Name and relationship of related parties

Name	Relationship with the Company
Global View Co., Ltd.	Associates
Beijing Golden Global View Co., Ltd.	Associates
S2-TEK INC.	Joint ventures (Note)

Note: S2-TEK INC. was liquidated in May 3, 2016.

b. Sales of goods

Account Items	Related Parties Types	For the Year Ended December 31 2017	2016
Sales of goods	Subsidiaries	$ 29,031	$ 24,220
	Joint ventures	-	219
		$ 29,031	$ 24,439

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

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

Account Item	Related Party	December 31 2017	December 31 2016
Trade receivables	Subsidiaries	$ 4,747	$ 2,315
Other receivable	Subsidiaries	$ 7,884	$ 6,883

There were no guarantees on outstanding receivables from related parties. For the years ended December 31, 2017 and 2016, no impairment loss was recognized for trade receivables from related parties.

d. Property, plant and equipment disposed of

Related Party	Proceeds of the Disposal of Assets		Gain on Disposal of Assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Subsidiaries	$ -	$ 40	$ -	$ -

e. Other transactions with related parties

Account Item	Related Parties Types	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Operating expenses	Subsidiaries	$ -	$ 1,332
Nonoperating income and expenses	Subsidiaries	$ 43,542	$ 39,774
	Joint ventures	-	1,808
		$ 43,542	$ 41,582

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

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

f. Compensation of key management personnel

	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Short-term employee benefits	$ 14,072	$ 20,989
Post-employment benefits	269	269
	$ 14,341	$ 21,258

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

31. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2017	**2016**
Buildings, net	$ 634,538	$ 653,940
Pledged time deposits (classified to other financial assets, including current and noncurrent)	65,620	70,600
	$ 700,158	$ 724,540

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

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

December 31, 2017

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

December 31, 2016

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 16,183	32.250	$ 521,902
HKD	13,699	4.158	56,960
CNY	1,158	4.617	5,346
JPY	74	0.276	20
GBP	3	39.610	119
Nonmonetary items subsidiaries accounted for using equity method			
USD	8,938	32.250	288,251
HKD	11	4.158	46
Financial liabilities			
Monetary items			
USD	3,779	32.250	121,873
EUR	22	33.900	746
CNY	9	4.617	42

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

	2017		2016	
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
USD	29.760 (USD:NTD)	$ (1,831)	32.250 (USD:NTD)	$ (456)
HKD	3.807 (HKD:NTD)	(1,039)	4.158 (HKD:NTD)	1,039
		$ (2,870)		$ 583

33. ADDITIONAL DISCLOSURES

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

1) Financings provided: Table 1 (attached)

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

3) Marketable securities held: Table 3 (attached)

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

5) Information on investee: Table 5 (attached)

b. Information on investments in mainland China

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

Except for Table 1 to Table 6, there’s no further information about other significant transactions.

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Ventureplus Cayman Inc.	Sun Media Technology Co., Ltd.	Other receivables	Yes	$ 113,558	$ -	$ -	-	Note 1	$ -	Note 2	$ -	-	$ -	$ 148,970 (Note 9)	$ 297,940 (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	-	-	-	310,937 (Note 10)	310,937 (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	-	-	-	310,937 (Note 10)	310,937 (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	-	-	-	25,911 (Note 11)	51,823 (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	-	-	-	310,937 (Note 10)	310,937 (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	-	-	-	416,688 (Note 12)	416,688 (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	-	-	-	366,277 (Note 13)	366,277 (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: Sunplus Venture Capital provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 9: 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 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.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/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 (Note1)	Sunplus Technology Company Limited (“Sunplus”)	Ventureplus Cayman Inc.	3 (Note 4)	$ 896,624 (Note 5)	$ 161,400	$ 160,075	$ 160,075	$ -	1.79	$1,793,247 (Note 6)	Yes	No	No
		Sun Media Technology Co., Ltd.	3 (Note 4)	896,624 (Note 5)	912,580	226,055	226,055	-	2.52	1,793,247 (Note 6)	Yes	No	Yes
		Jumplux Technology Co., Ltd.	3 (Note 4)	896,264 (Note 5)	35,000	-	-	-	-	1,793,247 (Note 6)	Yes	No	No
		Ytrip Technology Co., Ltd.	3 (Note 4)	896,624 (Note 5)	246,980	121,780	121,780	60,890	1.36	1,793,247 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2 (Note 3)	896,624 (Note 5)	20,000	10,000	10,000	-	0.11	1,793,247 (Note 6)	Yes	No	No
1 (Note2)	RUSSELL HOLDINGS LTD.	Sun Media Technology Co., Ltd.	3 (Note 4)	312,516 (Note 7)	316,025	316,025	159,300	159,300	55.1	312,516 (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.

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 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	$ 10,000	-	$ 10,000	Note 3
	Yuanta De-Bac Money Market	-	Available-for-sale financial assets	4,188	50,048	-	50,048	Note 3
	FSITC RMB Money Market	-	Available-for-sale financial assets	5,387	52,832	-	52,832	Note 3
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	164,508	-	164,508	Note 3
	Yuanta AUD Money Market	-	Available-for-sale financial assets	2,000	19,644	-	19,644	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,757	-	30,757	Note 3
	Yuanta USDMoney Market TWD	-	Available-for-sale financial assets	1,083	9,956	-	9,956	Note 3
	Jih Sun Money Market	-	Available-for-sale financial assets	3,420	56,363	-	56,363	Note 3
	Mega RMB Money Market	-	Available-for-sale financial assets	466	24,059	-	24,059	Note 3
	Taishin China-US Money Market	-	Available-for-sale financial assets	3,000	29,519	-	29,519	Note 3
	Yuanta RMB Money Market CNY	-	Available-for-sale financial assets	470	23,945	-	23,945	Note 3
	Yuanta Global USD Corporate Bond	-	Available-for-sale financial assets	2,000	19,120	-	19,120	Note 3
	PineBridge Preferred Securities Inc.	-	Available-for-sale financial assets	2,946	29,786	-	29,786	Note 3
	Yuanta USD Money Market USD	-	Available-for-sale financial assets	100	30,204	-	30,204	Note 3
	Prudential Financial RMB Money Market TWD	-	Available-for-sale financial assets	5,810	57,262	-	57,262	Note 3
	保安長益 1 號基金	-	Available-for-sale financial assets	2	59,520	-	59,520	Note 3
	Yuanta Emerging Indonesia and India 4 years Bond Fund	-	Available-for-sale financial assets	1,500	14,915	-	14,915	Note 3
	Share							
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	-		-		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	93,123	17	93,123	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.	Fubon SSE	-	Available-for-sale financial assets	780	24,976	-	24,976	Note 3
	Fubon SZSE	-	Available-for-sale financial assets	2,180	25,135	-	25,135	Note 3
	CTBC Global iSport Fund	-	Available-for-sale financial assets	1,000	9,990	-	9,990	Note 3
	Paradigm Pion Money Market Fund	-	Available-for-sale financial assets	870	10,001	-	10,001	Note 3
	Advanced Semiconductor Engineering, Inc.	-	Available-for-sale financial assets	2,200	83,930	-	83,930	Note 2
	Taiwan Mask Corp.	-	Available-for-sale financial assets	1,301	23,418	-	23,418	Note 2
	Ruentex Material Co., Ltd.	-	Available-for-sale financial assets	20	350	-	350	Note 2
	Asolid Technology Co., Ltd.	-	Available-for-sale financial assets	134	5,179	-	5,179	Note 2
	Croup Up Industrial Co., Ltd.	-	Available-for-sale financial assets	45	2,881	-	2,881	Note 2
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,434	108,132	2	108,132	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Sunplus Technology Co., Ltd.	Parent company	Available-for-sale financial assets	3,560	$ 58,384	1	$ 58,384	Note 2
	Everlight Electronics Co., Ltd.-CB	-	Financial assets at fair value through profit or loss - current	80	7,984	-	7,984	Note 2
	Laster Tech Corporation Ltd.-CB	-	Financial assets at fair value through profit or loss - current	15	1,484	-	1,484	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 1
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	-	4	-	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	Share							
	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
	Ortega InfoSystem, Inc.	-	Financial assets carried at cost	2,557	-	-	-	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
	Asia Tech Taiwan Venture, L.P.		Financial assets carried at cost	-	-	5	-	Note 1
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	-	-	-	Note 1
Sunplus Venture Capital Co., Ltd.	Share							
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	3,360	40,149	-	40,149	Note 3
	Fubon Financial Holding Co., Ltd.	-	Available-for-sale financial assets	1,100	56,277	-	56,277	Note 2
	Cathay Financial Holding Co., Ltd.	-	Available-for-sale financial assets	1,075	57,513	-	57,513	Note 2
	China Development Financial Holding Co., Ltd.	-	Available-for-sale financial assets	5,789	58,758	-	58,758	Note 2
	Taiwan Mask Corp.	-	Available-for-sale financial assets	1,308	23,544	-	23,544	Note 2
	Black Rock TwD Money Market Fund	-	Available-for-sale financial assets	7,745	100,020	-	100,020	Note 2
	Cathay China A50	-	Available-for-sale financial assets	1,201	25,473	-	25,473	Note 2
	Taiwan Environment Scientific Co., Ltd.	-	Available-for-sale financial assets	176	6,696	-	6,696	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
	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	17,487	1	17,487	Note 1
	Qun-Kin 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	-	46,957	7	46,957	Note 1
	Intudo Ventures I LP	-	Financial assets carried at cost	-	15,730	12	15,730	Note 1
	CDIB Capital Growth Partners L.P.	-	Financial assets carried at cost	-	28,752	-	28,752	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares or Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology (Shanghai) Co., Ltd.	GF Money Market Fund	-	Available-for-sale financial assets	16,645	$ 76,778 (RMB 16,819)	-	$ 76,778 (RMB 16,819)	Note 3
	GF Every Day The Red Haired Type Money Market Fund	-	Available-for-sale financial assets	1,000	4,585 (RMB 1,004)	-	4,585 (RMB 1,004)	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	-	45,650 (RMB 10,000)	16	45,650 (RMB 10,000)	Note 1
Generalplus Technology Inc.	Jih Sun Money Market	-	Available-for-sale financial assets	1,361	20,040	-	20,040	Note 3
	Franklin Templeton SinoAm Money Market	-	Available-for-sale financial assets	11,743	120,638	-	120,638	Note 3
	Yuanta De-Li Money Market Fund	-	Available-for-sale financial assets	629	10,190	-	10,190	Note 3
iCatch Technology Inc.	Franklin Templeton SinoAm Money Market	-	Available-for-sale financial assets	986	10,128	-	10,128	Note 3
Sunplus Innovation Technology Inc.	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	810	10,097	-	10,097	Note 3
	Yuanta USD Money Market TWD	-	Available-for-sale financial assets	14,304	131,473	-	131,473	Note 3
	Yuanta RMB Money Market	-	Available-for-sale financial assets	916	9,642	-	9,642	Note 3
	Yuanta USD Money Market USD	-	Available-for-sale financial assets	299	90,363	-	90,363	Note 3
	Share							
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	4,122	9	4,122	Note 1
	Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,391	10	15,391	Note 1
	Point Grab Ltd.	-	Financial assets carried at cost	182	-	2	-	Note 1
Magic Sky Limited	GTA Co., Ltd.-CB	-	Financial assets at fair value through profit or loss - current	-	89,280 (US$ 3,000)	-	89,280 (US$ 3,000)	Note 2

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

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

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

Note 4: The exchange rate was based on the exchange rate as of December 31, 2017.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					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

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Sunplus Technology Company Limited	Ventureplus Group Inc.	Belize	Investment	$ 2,384,330 (US$ 74,305 RMB 37,900)	$ 2,384,330 (US$ 74,305 RMB 37,900)	-	100	$ 1,489,741	$ 48,687	$ 48,687	Subsidiary
	Award Glory Ltd.	Belize	Investment	22,975 (US$ 772)	22,975 (US$ 772)	-	100	(12,990)	(1,850)	(1,850)	Subsidiary
	GLOBAL VIEW CO., LTD.	Hsinchu, Taiwan	Design and sale of ICs	315,658	315,658	8,229	13	379,351	721,835	91,044	Investee
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	799,259	93,520	91,740	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	723,246	359,245	123,223	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	915,693	(39,688)	(39,688)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	481,414	(2,045)	(1,252)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies	Investment	728,056 (US$ 24,060)	446,638 (US$ 14,760)	24,060	100	520,859	(22,973)	(22,973)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	170,748	(70,461)	(26,521)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	924,730	924,730	38,836	61	115,593	(719)	(439)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	357,565	357,565	17,441	87	24,886	(23,012)	(20,067)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	3,951	(60)	(60)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	42,163 (HK$ 11,075)	42,163 (HK$ 11,075)	11,075	100	38	(4)	(4)	Subsidiary
	Magic Sky Limited	Samoa	Investment	296,410 (US$ 9,960)	210,178 (US$ 6,760)	-	100	89,418	(6,151)	(6,151)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,596,792	2,596,792	16,240	100	30,202	(238)	(238)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	17,870	3,632	3,632	Subsidiary
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	290,049	359,245	49,165	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	10,039	(719)	(38)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	14,239	(2,045)	(43)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	8,043	(70,461)	(1,234)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,408	19,408	650	3	5,441	(23,012)	(748)	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	-	49,099	49,099	-	-	359,245	10,411	Subsidiary
	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design and sales of ICs	101,000	100,000	10,100	72	3,537	(59,728)	(42,891)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,388	57,388	2,904	6	45,451	(2,045)	(116)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	33,439	33,439	3,332	6	27,797	(70,461)	(4,262)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	13,182	(719)	(50)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	10	729	(23,012)	(2,197)	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	63,061 (US$ 2,119)	63,061 (US$ 2,119)	442	1	44	(719)	-	Subsidiary
Wei-Young Investment Inc.	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	0.03	53	(719)	-	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	2,384,330 (US$ 74,305 RMB 37,900)	2,384,330 (US$ 74,305 RMB 37,900)	-	100	1,489,722	48,690	48,688	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	2,384,330 (US$ 74,305 RMB 37,900)	2,384,3302 (US$ 74,305 RMB 37,900)	-	100	1,496,190	9,154	48,690	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	568,118 (US$ 19,090)	568,118 (US$ 19,090)	19,090	100	476,192	9,154	9,154	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	568,118 (US$ 19,090)	568,118 (US$ 19,090)	19,090	100	476,170	5,798	9,154	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Shares (Thousands)	Percentage of Ownership (%)	Carrying Amount			
Generalplus (Mauritius) Inc.	Generalplus Technology (Hong Kong) Inc.	Hong Kong	Sales	$ 11,606 (US$ 390)	$ 11,606 (US$ 390)	-	100	$ 5,579	$ 1,076	$ 1,076	Subsidiary
Sunplus mMedia Inc.	Jumplux Technology Co., Ltd.	Hsinchu, Taiwan	Design and sales of ICs	32,000	32,000	3,200	23	1,123	(59,728)	(13,652)	Subsidiary
Award Glory Ltd.	Sunny Fancy Ltd.	Seychelles	Investment	22,975 (US$ 772)	22,975 (US$ 772)	-	100	(12,990)	(1,850)	(1,850)	Subsidiary
Sunny Fancy Ltd.	Giant Kingdom Ltd.	Seychelles	Investment	22,975 (US$ 772)	22,975 (US$ 772)	-	100	(12,990)	(1,850)	(1,850)	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 LIMITED

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss (Note 2)	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earnings as of December 31, 2017
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Development of computer software, provision of system integration services and rental of buildings	$ 511,872 (US$ 17,200)	Note 1	$ 525,413 (US$ 17,655)	$ -	$ -	$ 525,413 (US$ 17,655)	100%	$ 15,192	$ 15,192	$ 518,228	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development of computer software, provision of system integration services and rental of buildings	959,760 (US$ 32,250)	Note 1	959,760 (US$ 32,250)	-	-	959,760 (US$ 32,250)	100%	32,990	32,990	837,492	-
Sun Media Technology Co., Ltd.	Development of computer software, provision of system integration services and rental of buildings	595,200 (US$ 20,000)	Note 1	595,200 (US$ 20,000)	-	-	595,200 (US$ 20,000)	100%	40,937	40,937	185,442	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software, provision of system integration services and information management and education	68,475 (RMB 15,000)	Note 1	63,089 (US$ 586 RMB 10,000)	-	-	63,089 (US$ 586 RMB 10,000)	93%	(32,369)	(32,369)	(32,372)	-
Ytrip Technology Co., Ltd.	Provision of computer system integration services, supply of general advertising and other information services	156,351 (RMB 34,250)	Note 1	134,247 (US$ 4,511)	-	-	134,247 (US$ 4,511)	83%	(12,448)	(10,382)	(75,833)	-
Sunplus Technology (Beijing)	Development of computer software, provision of system integration services and building rental	123,255 (RMB 27,000)	Note 1	123,255 (RMB 27,000)	-	-	123,255 (RMB 27,000)	100%	(1,269)	(1,269)	48,024	-
1culture Communication Co., Ltd.	Development of systems	14,836 (RMB 3,250)	Note 3	-	-	-	-	100%	162 (RMB 38)	135 (RMB 38)	114 (RMB 25)	-
Xiamen xm-plus	Development of computer software, provision of system integration services	9,130 (RMB 2,000)	Note 4	-	-	-	-	100%	(12,307) (RMB 2,704)	(12,307) (RMB 2,704)	(3,214) (RMB 704)	-

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$ 2,400,964 (US$ 75,002 and RMB 37,000)	$ 2,531,100 (US$ 75,540 and RMB 62,000)	$ 5,379,742

(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 December 31, 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 December 31, 2017
					Outflow	Inflow						
Generalplus Shenzhen	Provision of data processing services	$ 556,512 (US$ 18,700)	Note 1	$ 556,512 (US$ 18,700)	$ -	$ -	$ 556,512 (US$ 18,700)	100%	$ 8,078	$ 8,078	$ 470,591	$ -

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$ 556,512 (US$ 18,700)	$ 556,512 (US$ 18,700)	$ 1,283,416

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

Note 4: Sunplus Technology (Shanghai) 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)