

**Sunplus Technology Company Limited  
and Subsidiaries**

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

## **REPRESENTATION LETTER**

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

Very truly yours,

SUNPLUS TECHNOLOGY COMPANY LIMITED

By

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CHOU-CHIEH HUANG  
Chairman

February 27, 2009

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sunplus Technology Company Limited

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

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

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

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

February 27, 2009

Notice to Readers

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

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**DECEMBER 31, 2008 AND 2007**

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

ASSETS	2008		2007		2008		2007	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>								
Cash	\$ 3,476,092	20	\$ 3,162,998	15	\$ 2,422,610	14	\$ 1,951,478	9
Certificates of deposits - restricted (Note 24)	13,647	-	23,265	-	-	-	69,882	-
Financial assets at fair value through profit or loss - current (Notes 2 and 4)	2,189	-	112	-	845,460	5	2,198,489	11
Available-for-sale financial assets - current (Notes 2 and 8)	442,835	3	1,702,260	8	437,699	2	454,535	2
Notes and accounts receivable, net (Note 2)								
Related parties (Note 23)	645,101	4	1,035,771	5	-	-	5,392	-
Others (Note 5)	1,608,520	9	2,919,352	14	115,357	1	-	-
Other receivables (Note 23)	244,892	1	234,299	1	-	-	150,000	1
Inventories, net (Notes 2 and 6)	2,815,509	16	2,903,298	14	693,329	4	1,508,501	7
Deferred income tax - current (Notes 2 and 20)	360,760	2	224,193	1				
Other current assets	187,169	1	133,716	1	4,514,455	26	6,338,277	30
Total current assets	9,796,714	56	12,339,264	59				
<b>LONG-TERM INVESTMENTS</b>								
Equity-method investments (Notes 2 and 7)	1,927,312	11	1,255,508	6	3,575	-	183,002	1
Prepaid long-term investments	66,148	-	252,296	1	355,519	2	413,378	2
Financial assets at fair value through profit or loss - non-current (Notes 2 and 4)	162,122	1	167,676	1	538,134	3	596,380	3
Available-for-sale financial assets - non-current (Notes 2 and 8)	363,633	2	1,209,194	6				
Financial assets carried at cost (Notes 2 and 9)	688,205	4	715,098	3	5,052,589	29	6,934,657	33
Total long-term investments	3,207,420	18	3,599,772	17				
<b>PROPERTIES (Notes 2 and 10)</b>								
Cost								
Buildings	1,110,055	6	1,279,476	6	5,982,028	34	5,567,505	26
Auxiliary equipment	184,964	1	179,140	1				
Machinery and equipment	552,758	3	431,988	2	710,751	4	817,768	4
Testing equipment	728,077	4	737,392	4	68,645	-	60,171	-
Transportation equipment	9,364	-	10,806	-	808,162	5	675,978	3
Furniture and fixtures	279,112	2	294,213	1				
Leasehold improvements	86,438	1	71,406	-	2,333,642	13	2,127,492	10
Other equipment	31,030	-	18,403	-	-	-	17,260	-
Total cost	2,981,798	17	3,022,824	14	1,590,992	9	3,499,870	17
Less: Accumulated depreciation	1,384,485	8	1,157,683	5				
Prepayments and construction-in-progress	14,877	-	3,964	-	149,639	1	63,135	-
Net properties	1,612,190	9	1,869,105	9	(561,966)	(3)	185,415	1
INTANGIBLE ASSETS, NET (Notes 2 and 11)	1,632,022	9	1,924,581	9	(131,471)	(1)	(131,471)	-
<b>OTHER ASSETS</b>								
Rental assets (Note 2)	303,991	2	117,519	1	10,950,422	62	12,883,123	61
Deferred charges and others (Notes 2 and 12)	266,612	2	282,878	1	1,588,877	9	1,163,593	6
Deferred income tax - non-current (Notes 2 and 20)	772,939	4	848,254	4	12,539,299	71	14,046,716	67
Total other assets	1,343,542	8	1,248,651	6				
<b>TOTAL</b>	<u>\$ 17,591,888</u>	<u>100</u>	<u>\$ 20,981,373</u>	<u>100</u>	<u>\$ 17,591,888</u>	<u>100</u>	<u>\$ 20,981,373</u>	<u>100</u>

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

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2008 AND 2007

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

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

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**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

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

	Equity Attributable to Shareholders of the Parent										Others (Notes 2 and 18)		Total Shareholder's Equity			
	Capital Stock Issued and Outstanding (Note 17)		Capital Surplus (Notes 2 and 17)			Retained Earnings (Notes 2 and 17)			Cumulative Translation Adjustments	Unrealized Valuation Gain on Financial Assets	Treasury Stock	Minority Interest (Note 2)				
	Shares (Thousands)	Amount	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Long-term Investments	Merger	Total	Legal Reserve						Special Reserve	Unappropriated Earnings	Total
BALANCE, JANUARY 1, 2007	1,023,648	\$10,236,476	\$768,390	\$47,328	\$393,555	\$157,423	\$1,366,696	\$1,830,223	\$294,860	\$3,849,644	\$5,974,727	\$17,206	\$ (34,466)	\$ (176,566)	\$ 639,376	\$18,023,449
Cancellation of common shares	(511,436)	(5,114,357)	-	-	-	-	-	-	-	-	-	-	-	45,095	-	(5,069,262)
Appropriation of prior year's earnings:																
Legal reserve	-	-	-	-	-	-	-	297,269	-	(297,269)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(277,600)	277,600	-	-	-	-	-	-
Bonus to employees - stock	13,500	135,000	-	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(39,688)	(39,688)	-	-	-	-	(39,688)
Stock dividends - NT\$0.29822 per share	15,362	153,622	-	-	-	-	-	-	-	(153,622)	(153,622)	-	-	-	-	(15,000)
Cash dividends - NT\$3.97620 per share	-	-	-	-	-	-	-	-	-	(2,048,297)	(2,048,297)	-	-	-	-	(39,688)
Capital stock transferred from capital surplus	10,241	102,415	(102,415)	-	-	-	(102,415)	-	-	-	-	-	-	-	-	(2,048,297)
Issuance of shares upon exercise of employee stock options	5,435	54,349	151,793	-	-	-	151,793	-	-	-	-	-	-	-	-	206,142
Consolidated net income (loss) in 2007	-	-	-	-	-	-	-	-	-	2,061,502	2,061,502	-	-	-	(44,865)	2,016,637
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	45,929	-	-	4,095	50,024
Cash dividends received by subsidiaries from the Company	-	-	-	12,843	-	-	12,843	-	-	-	-	-	-	-	-	12,843
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	167,595	-	167,595	-	-	-	-	-	-	-	-	167,595
Adjustment of capital surplus - others	-	-	-	-	(42,595)	-	(42,595)	-	-	-	-	-	-	-	-	(42,595)
Adjustment for changes in shareholders' equities in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(12)	-	-	(12)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	219,893	-	148	220,041
Subsidiaries' distribution of cash dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,707)	(19,707)
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	705,079	705,079
BALANCE, DECEMBER 31, 2007	556,750	5,567,505	817,768	60,171	518,555	157,423	1,553,917	2,127,492	17,260	3,499,870	5,644,622	63,135	185,415	(131,471)	1,163,593	14,046,716
Appropriation of prior year's earnings:																
Legal reserve	-	-	-	-	-	-	-	206,150	-	(206,150)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	(17,260)	17,260	-	-	-	-	-	-
Bonus to employees - stock	13,500	135,000	-	-	-	-	-	-	-	(135,000)	(135,000)	-	-	-	-	(15,000)
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(23,090)	(23,090)	-	-	-	-	(23,090)
Stock dividends - NT\$0.29990 per share	16,665	166,637	-	-	-	-	-	-	-	(166,637)	(166,637)	-	-	-	-	(23,090)
Cash dividends - NT\$2.49920 per share	-	-	-	-	-	-	-	-	-	(1,388,644)	(1,388,644)	-	-	-	-	(1,388,644)
Capital stock transferred from capital surplus	11,109	111,092	(111,092)	-	-	-	(111,092)	-	-	-	-	-	-	-	-	-
Issuance of shares upon exercise of employee stock options	179	1,794	4,075	-	-	-	4,075	-	-	-	-	-	-	-	5,869	5,869
Consolidated net income in 2008	-	-	-	-	-	-	-	-	-	8,383	8,383	-	-	-	69,247	77,630
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	86,504	-	-	(7,888)	78,616
Cash dividends received by subsidiaries from the Company	-	-	-	8,474	-	-	8,474	-	-	-	-	-	-	-	-	8,474
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	134,100	-	134,100	-	-	-	-	-	-	-	339,417	473,517
Adjustment of capital surplus - others	-	-	-	-	(1,916)	-	(1,916)	-	-	-	-	-	-	-	-	(1,916)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(747,381)	-	863	(746,518)
Subsidiaries' distribution of cash dividends to minority interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,973)	(79,973)
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103,618	103,618
BALANCE, DECEMBER 31, 2008	598,203	5,982,028	870,751	668,645	650,739	157,423	1,587,538	2,333,642	17,260	1,590,992	3,924,634	149,639	156,966	(131,471)	1,588,877	12,530,299

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

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

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

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

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

(Continued)

# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2008 AND 2007

(In Thousands of New Taiwan Dollars)

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

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

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

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# SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

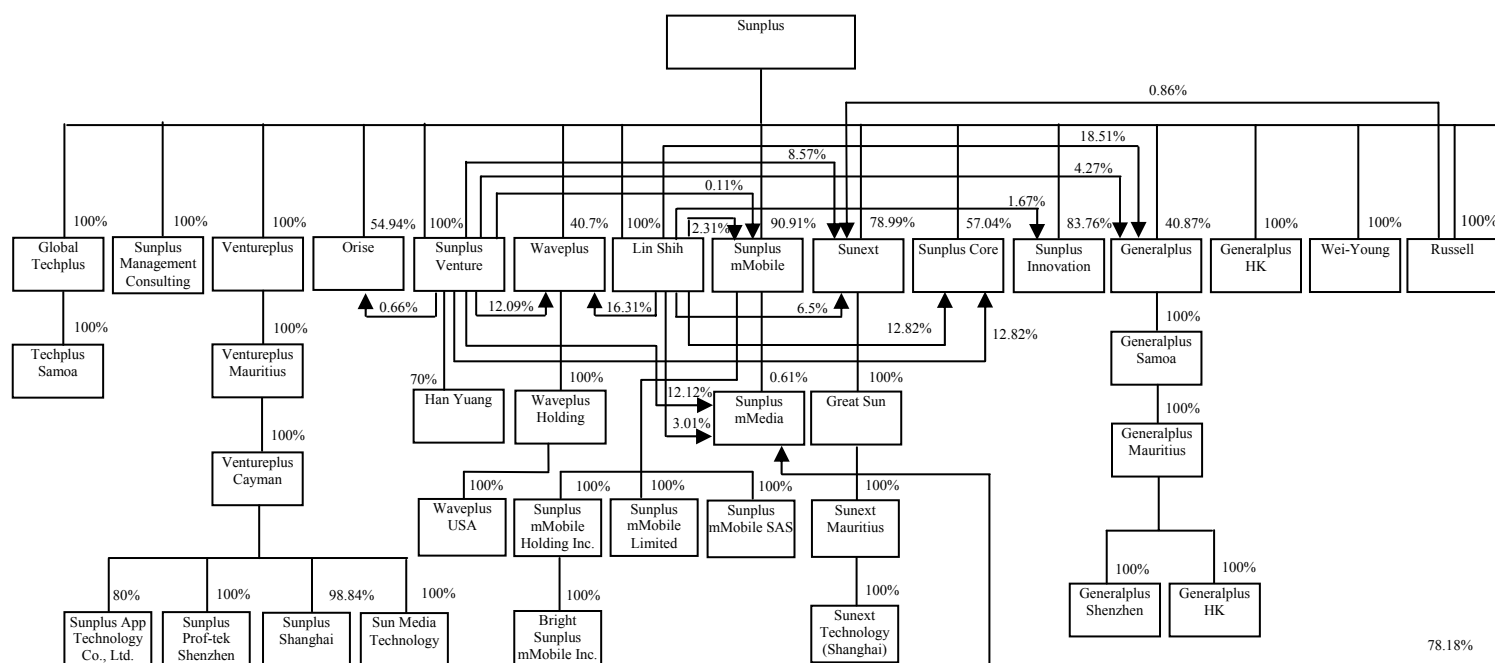
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

### 1. ORGANIZATION AND OPERATIONS

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

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

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



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

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

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

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

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

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

### **Principles of Consolidation**

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

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

Investor	Investee	% of Ownership as of December 31		Remark
		2008	2007	
Sunplus	Global Techplus	100.00	100.00	-
	Sunplus Management Consulting	100.00	100.00	-
	Ventureplus	100.00	100.00	-
	Orise	54.94	56.71	-
	Sunplus Venture	100.00	100.00	-
	Waveplus	40.70	43.41	Sunplus and the Subsidiaries held 69.10% ownership of Waveplus.
	Lin Shih	100.00	100.00	-
	Sunplus mMobile	90.91	90.91	-
	Sunext	78.99	15.75	As of December 31, 2007, Sunplus and the Subsidiaries held 57.41% ownership of Sunext.
	Sunplus Core	57.04	58.00	-
	Sunplus Innovation	83.76	90.91	-
	Generalplus	40.87	44.83	Sunplus and the Subsidiaries held 63.65% ownership of Generalplus.
	Sunplus HK	100.00	100.00	-
	Wei-Young Russell	100.00	100.00	-
Sunplus mMedia	78.18	-	As of December 31, 2007, Sunplus and the Subsidiaries held 87.47% ownership of Sunplus mMedia.	
Global Techplus	Techplus Samoa	100.00	100.00	-
Ventureplus	Ventureplus Mauritius	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	100.00	100.00	-
Ventureplus Cayman	Sunplus Shanghai	98.84	98.84	-
	Sunplus Prof-tek Shenzhen	100.00	100.00	Newly established.
	Sun Media Technology Co., Ltd.	100.00	-	Newly established.
	Sunplus App Technology Co., Ltd.	80.00	-	Newly established.
Sunplus Venture	Han Yuang	70.00	70.00	-
	Sunext	8.57	20.00	Sunplus and the Subsidiaries held 94.92% ownership of Sunext.
	Waveplus	12.90	12.90	Sunplus and the Subsidiaries held 69.10% ownership of Waveplus.
	Generalplus	4.27	4.68	Sunplus and the Subsidiaries held 63.65% ownership of Generalplus.
	Orise	0.66	0.67	Sunplus and the Subsidiaries held 55.60% ownership of Orise.
	Sunplus Core	12.82	21.00	Sunplus and the subsidiaries held 82.68% ownership of Sunplus Core.
	Sunplus mMobile	0.11	0.11	Sunplus and Subsidiaries held 93.33% ownership of Sunplus mMobile
	Sunplus mMedia	12.12	-	Sunplus and the Subsidiaries held 93.92% ownership of Sunplus mMedia.
Lin Shih	Generalplus	18.51	20.30	Sunplus and the Subsidiaries held 63.65% ownership of Generalplus.
	Sunext	6.50	21.66	Sunplus and the Subsidiaries held 94.92% ownership of Sunext.
	Waveplus	16.31	17.40	Sunplus and the Subsidiaries held 69.10% ownership of Waveplus.
	Sunplus Core	12.82	21.00	Sunplus and the subsidiaries held 82.68% ownership of Sunplus Core.
	Sunplus mMedia	3.01	1.48	Sunplus and Subsidiaries held 93.92% ownership of Sunplus mMedia.
	Sunplus mMobile	2.31	3.57	Sunplus and the Subsidiaries held 93.33% ownership of Sunplus mMobile.

(Continued)

Investor	Investee	% of Ownership as of December 31		Remark
		2008	2007	
	Sunplus Innovation	1.67	1.68	Sunplus and the Subsidiaries held 85.43% ownership of Sunplus Innovation.
Waveplus	Waveplus Holding	100.00	100.00	-
Waveplus Holding	Waveplus USA	100.00	100.00	-
Sunext	Great Sun	100.00	100.00	-
Great Sun	Sunext Mauritius	100.00	100.00	-
	Sunext USA	-	100.00	In February 2008, Great Sun disposed of Sunext USA; thus, Sunext ceased to be a consolidated entity from then on.
Sunext Mauritius	Sunext (Shanghai)	100.00	100.00	-
Sunplus mMobile	Sunplus mMedia	0.61	90.91	Sunplus and the subsidiaries held 93.92% ownership of Sunplus mMedia
	Sunplus mMobile Holding Inc.	100.00	-	Newly established.
	Sunplus mMobile SAS	100.00	-	Newly established.
	Sunplus mMobile Limited	100.00	-	Newly established.
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	100.00	-	Newly established.
Generalplus	Generalplus Samoa	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	100.00	100.00	-
	Generalplus HK	100.00	100.00	-
Russell	Sunext	0.86	-	Sunplus and the subsidiaries held 94.92% ownership of Sunext

(Concluded)

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

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

Significant accounting policies are summarized as follows:

#### **Current/Noncurrent Assets and Liabilities**

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

#### **Financial Assets/Liabilities at Fair Value Through Profit or Loss**

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

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

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

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

### **Revenue Recognition and Allowance for Doubtful Accounts**

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

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

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

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

### **Inventories**

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

### **Available-for-sale Financial Assets**

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

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

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

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

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

### **Financial Assets Carried at Cost**

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

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

### **Equity-method Investments**

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

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

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

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

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

## **Properties and Rental Assets**

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

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

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

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

## **Intangible Assets**

Intangible assets consist of technology license fees, patents, land grant, technological Know-how and software booked at the acquisition cost, which are amortized using the straight-line method over 1 to 15 years, 5 to 18 years, 50 years, 5 years, and 1 to 5 years, respectively.

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

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

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

## **Deferred Charges**

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

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

### **Stock-based Compensation**

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

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

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

### **Government Subsidies**

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

### **Pension Costs**

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

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

### **Treasury Stock**

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

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

## **Income Tax**

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

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

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

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

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

## **Foreign-currency Transactions**

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

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

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

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

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

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

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

## Reclassifications

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

### 3. ACCOUNTING CHANGES

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

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

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

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

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

- c. Accounting for Employee Stock Options

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

The Accounting Research and Development Foundation of the R.O.C. revised Statement of Financial Accounting Standards No. 10, “Accounting for Inventories” (SFAS No. 10) in November 2007, which requires inventories to be stated at the lower of cost or net realizable value item by item. Inventories are recorded by the specific identification method, first-in, first-out method or weighted average method. The last-in, first-out method is no longer permitted. The revised SFAS No. 10 should be applied to financial statements for the fiscal years beginning on or after January 1, 2009. Early adoption is permitted.

### 4. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

<b>December 31, 2007</b>	<b>Currency</b>	<b>Maturity</b>	<b>Contract Amount (in Thousand)</b>
Sell forward exchange contracts	US\$ to NT\$	November 16, 2007 - February 27, 2008	US\$ 32,500

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

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

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

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

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

## 5. NOTES AND ACCOUNTS RECEIVABLE - OTHERS

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

Allowance for doubtful accounts movement:

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

## 6. INVENTORIES

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

Allowance for losses movement:

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

## 7. EQUITY-METHOD INVESTMENTS

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

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

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

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

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

#### 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

#### 9. FINANCIAL ASSETS CARRIED AT COST

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

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

## 10. PROPERTIES

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

## 11. INTANGIBLE ASSETS, NET

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

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

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

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

## 12. DEFERRED CHARGES AND OTHERS

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

## 13. SHORT-TERM LOANS

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

## 14. COMMERCIAL PAPER PAYABLE

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

## 15. LONG-TERM LOANS

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

## 16. PENSION PLAN

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

Before the promulgation of the Act, the Company has had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension plan provides benefits based on the length of service and the average basic salary of the employee's final nine months of service. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan as the survivor entity. The Company recognized pension costs of \$11,885 thousand and \$11,812 thousand for the years ended December 31, 2008 and 2007, respectively.

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

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

### a. Components of net pension costs

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

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

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

c. Actuarial assumptions

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

## 17. PARENT'S SHAREHOLDERS' EQUITY

a. Capital stock

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

b. Employee stock option plan

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

Outstanding option rights were as follows:

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

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

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

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

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

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

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

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

c. Global depositary receipts (GDRs)

In March 2001, Sunplus issued 20,000 thousand units of Global Depositary Receipts (GDRs), representing 40,000 thousand common shares consisting of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2008, the outstanding 457 thousand units of GDRs represented 914 thousand common shares.

d. Capital surplus

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

e. Appropriation of earnings and dividends

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

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

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

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

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

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

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

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

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

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

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

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

## Unrealized Gain or Loss on Financial Instruments

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

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

## 18. TREASURY STOCK

(Units: Shares in Thousands)

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

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

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

## 19. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

## 20. INCOME TAX

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

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

b. Deferred income tax assets consisted of the following:

	<u>December 31</u>	
	<b>2008</b>	<b>2007</b>
Current:		
Loss carryforwards	\$ 81,166	\$ 92,047
Investment tax credits	416,021	207,172
Temporary differences	83,671	109,652
Deduct: Valuation allowance	<u>220,098</u>	<u>184,678</u>
	<u>\$ 360,760</u>	<u>\$ 224,193</u>
Noncurrent:		
Loss carryforwards	\$ 649,415	\$ 814,036
Investment tax credits	1,773,738	1,391,491
Temporary differences	26,674	21,742
Deduct: Valuation allowance	<u>1,676,888</u>	<u>1,379,015</u>
	<u>\$ 772,939</u>	<u>\$ 848,254</u>

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

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

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

(Continued)

<b>Regulatory Basis of Tax Credits</b>	<b>Items</b>	<b>Total Creditable Amounts</b>	<b>Remaining Creditable Amounts</b>	<b>Expiry Year</b>
Statute for Upgrading Industries	Personnel training expenditures	\$ 86	\$ 86	2009
		33	33	2010
		209	209	2011
		<u>140</u>	<u>140</u>	2012
		<u>\$ 468</u>	<u>\$ 468</u>	
Statute for Upgrading Industries	Investments in important technology-based enterprise	<u>\$ 2,030</u>	<u>\$ 2,030</u>	2010

(Concluded)

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

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

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

c. Integrated income tax information of Sunplus:

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

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

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

## 21. CONSOLIDATED EARNINGS PER SHARE

	<u>Amounts (Numerator)</u>		<u>Share (Denominator) (in Thousands)</u>	<u>EPS (Dollars)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>2008</u>					
Consolidated net income	<u>\$ 136,131</u>	<u>\$ 77,630</u>			
Consolidated basic EPS					
Income attributable to common shareholders of the parent	\$ 66,884	\$ 8,383	593,326	<u>\$ 0.11</u>	<u>\$ 0.01</u>
Effect of dilutive securities					
Stock options	<u>-</u>	<u>-</u>	<u>4</u>		
Consolidated diluted EPS					
Income attributable to common and potential common shareholders of the parent	<u>\$ 66,884</u>	<u>\$ 8,383</u>	<u>593,330</u>	<u>\$ 0.11</u>	<u>\$ 0.01</u>
<u>2007</u>					
Consolidated net income	<u>\$ 2,289,080</u>	<u>\$ 2,016,637</u>			
Consolidated basic EPS					
Income attributable to common shareholders of the parent	\$ 2,333,945	\$ 2,061,502	628,073	<u>\$ 3.72</u>	<u>\$ 3.28</u>
Effect of dilutive securities					
Stock options	<u>-</u>	<u>-</u>	<u>1,687</u>		
Consolidated diluted EPS					
Income attributable to common and potential common shareholders of the parent	<u>\$ 2,333,945</u>	<u>\$ 2,061,502</u>	<u>629,760</u>	<u>\$ 3.71</u>	<u>\$ 3.27</u>

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

## 22. FINANCIAL INSTRUMENTS

- a. Fair values of financial instruments were as follows:

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

- b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:
- 1) For cash, certificate of deposit - restricted, notes and accounts receivable, other receivables, short-term loans, commercial paper payable, notes and accounts payable, and bonus payable to employees and remuneration payable to directors and supervisors, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.
  - 2) Fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For those instruments not traded in active markets, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.
  - 3) Financial assets carried at cost had no quoted prices in an active market and their fair value could not be reliably measured.
  - 4) Fair value of long-term loans is estimated using the present value of future cash flows discounted by the interest rates the Company may obtain for similar loans (e.g., similar maturities). The fair values of the Company's long-term bank loans are also their carrying values because they bear floating interest rates.
- c. Gains recognized for the changes in fair value of financial instruments using valuation techniques were \$19,604 thousand and \$12,241 thousand for the years ended December 31, 2008 and 2007.
- d. As of December 31, 2008 and 2007, financial assets exposed to cash flow interest rate risk were \$1,702,007 thousand and \$1,217,112 thousand, respectively; financial assets exposed to fair value interest rate risk were \$1,930,847 thousand and \$1,681,022 thousand, respectively; As of December 31, 2008 and 2007; financial liabilities exposed to fair value interest rate risk were \$1,815,610 thousand and \$908,682 thousand, respectively, and financial liabilities exposed to cash flow interest rate risk were \$607,000 thousand and \$1,262,678 thousand, respectively.

e. Interest income arising from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2008 and 2007 were \$52,074 thousand and \$56,902 thousand, respectively; interest expense arising from the financial assets other than the financial assets at fair value through profit or loss for the years ended December 31, 2008 and 2007 were \$91,204 thousand and \$80,097 thousand, respectively.

f. Financial risks

1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks.

Fair values of inverse floaters are influenced by exchange rate fluctuations.

Fair values of held-for-trading and available-for-sale security investments are affected by fluctuations of quoted prices.

2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach the contracts, which are affected by such factors as the concentrations of counter parties, components of financial instruments, contract amounts, and the receivables on the contracts. Thus, contracts with positive fair values on the balance sheet date are evaluated for credit risk. As of December 31, 2008 and 2007, credit risks of the financial assets, except those approximate to their carrying values, were as follows:

	2008		2007	
	Carrying Amount	Credit Risk	Carrying Amount	Credit Risk
Held-for-trading financial assets				
Forward exchange contracts	\$ 2,189	\$ 2,189	\$ 112	\$ 112

3) Liquidity risk. Investments in inverse floaters and financial assets carried at cost do not have an active market. Thus, the liquidity risk of these investments is material. On the other hand, held-for-trading and available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets.

4) Cash flow interest rate risk. Partial short-term loans and long-term bank loans bear floating interest rates. Thus, the fluctuations of market interest rates will affect the Company's future cash flows.

### 23. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Global View Co., Ltd. ("Global View") - the supervisor of Sunplus and Waveplus.
- b. Giantplus Technology Co., Ltd. ("Giantplus") - equity -method investee.
- c. Kunshan Giantplus Optoelectronics Technology Co., Ltd. ("Kunshan Giantplus") - 100% indirect Subsidiary of Giantplus.
- d. Lin Shin Technology Co., Ltd. ("Lin Shin") - equity method indirect investee of Russell Holding Ltd.
- e. Synerchip Co., Ltd. ("Synerchip") - equity method investee of Russell Holding Ltd.
- f. Coolsand Technologies SARM ("Coolsand") - equity method indirect investee of Russell Holding Ltd.
- g. AU Optronics Corp. ("AUO") - the subsidiary of AUO is the director of Orise.

- h. AU Optronics (Labuan) Corporation (AUL) - the subsidiary of AUO
- i. NXP B.V., (NXP) - the director of Sunext. (Note)
- j. NXP Semiconductors Taiwan Ltd. (NXP Taiwan) - the subsidiary of NXP. (Note)
- k. Zhuang, Hui-zhen - a spouse of the president.
- l. Huang, Zhou-fu - a collateral relative by blood within two generations of the president.
- m. Others - please refer to Note 27 for related parties that do not have business transactions with the Company in the current period.

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

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

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

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

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

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

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

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

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

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

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

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

	<b>December 31</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Notes and accounts payable				
Giantplus	\$ 119	-	\$ -	-
NXP Taiwan	-	-	5,545	-
	<u>\$ 119</u>	<u>-</u>	<u>\$ 5,545</u>	<u>-</u>
Other current liabilities				
NXP	\$ -	-	\$ 54,641	4
AUO	-	-	219	-
	<u>\$ -</u>	<u>-</u>	<u>\$ 54,860</u>	<u>4</u>
Purchase of intangible assets				
Lin Shin	<u>\$ 25,281</u>	<u>6</u>	<u>\$ -</u>	<u>-</u>

Compensation of directors, supervisors and management personnel:

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

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

#### 24. PLEDGED OR MORTGAGED ASSETS

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

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

## 25. SIGNIFICANT LONG-TERM OPERATING LEASES

### Sunplus

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

Future annual minimum rentals under the leases are as follows:

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

### Orise

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

Future annual minimum rentals under the leases are as follows:

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

## 26. GAIN ON SETTLEMENT COMPENSATION

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

## 27. ADDITIONAL DISCLOSURES

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

- Endorsement/guarantee provided: Table 1 (attached)
- Marketable securities held: Table 2 (attached)
- Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached)

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

## 28. SEGMENT INFORMATION

- a. Industry information:

The Company only manufactures and sells value-added consumer integrated circuits.

- b. Geographic information:

In 2008 and 2007, 90% of the Company's revenue was generated in Taiwan and 90% of identifiable assets were located in Taiwan.

- c. Export sales:

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

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

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

**TABLE 1**

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**ENDORSEMENT/GUARANTEE PROVIDED  
YEAR ENDED DECEMBER 31, 2008**

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

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sunext Technology Co., Ltd.	79% Subsidiary	\$ 1,095,042 (Note 1)	\$ 760,000	\$ 630,000	\$ -	5.75%	\$ 2,190,084 (Note 2)
		Sunplus mMobile Inc.	91% Subsidiary	1,095,042 (Note 1)	577,293	577,293	-	5.27%	2,190,084 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% Indirect subsidiary	1,095,042 (Note 1)	329,825	306,000	-	2.79%	2,190,084 (Note 2)
		Sunplus mMedia Inc.	78% Subsidiary	1,095,042 (Note 1)	479,442	227,000	-	2.07%	2,190,084 (Note 2)
		Sunplus Innovation Technology Inc.	84% Subsidiary	1,095,042 (Note 1)	323,550	130,000	-	1.19%	2,190,084 (Note 2)
		Sunplus Core Technology Inc.	57% Subsidiary	1,095,042 (Note 1)	60,000	60,000	-	0.55%	2,190,084 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	1,095,042 (Note 1)	30,000	30,000	-	0.27%	2,190,084 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,095,042 (Note 1)	20,000	20,000	-	0.18%	2,190,084 (Note 2)
		Lin Shin Technology Co., Ltd.	Indirect equity-method investee	1,095,042 (Note 1)	10,000	10,000	-	0.09%	2,190,084 (Note 2)
1	Sunplus mMedia Inc.	Sunplus mMobile Inc.	Equity-method investee of Sunplus mMobile Inc.	127,362 (Note 3)	120,000	-	-	-	254,725 (Note 4)

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

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

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

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD  
YEAR ENDED DECEMBER 31, 2008

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

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

(Continued)

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus mMobile Holding	Sunplus mMobile Holding Inc.	Equity-method investee	Equity-method investments	2,580	\$ 2,156	100	\$ 2,156	Note 1
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	5	77	-	77	Note 5
	Ta Chong bond	-	Available-for-sale financial assets	1	7	-	7	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	1,674	24,148	-	24,148	Note 5
Sunplus mMobile Holding	Bright Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	2,515	US\$ 1 thousand	100	US\$ 1 thousand	Note 1
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	2,195	34,149	-	34,149	Note 5
Sunplus mMedia Inc.	Capital Income Fund	-	Available-for-sale financial assets	1,759	27,040	-	27,040	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	3,466	50,014	-	50,014	Note 5
	NITC Taiwan Bond Fund	-	Available-for-sale financial assets	1,081	15,729	-	15,729	Note 5
	Stock							
Lin Shih Investment Co., Ltd.	Goldkey Technology Corp.	Equity-method investee	Equity-method investments	1,866	18,198	13	18,198	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	522	6,709	16	6,709	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	6,499	8,500	7	8,500	Note 1
	Generaplus Technology Inc.	Equity-method investee	Equity-method investments	12,653	215,210	19	215,210	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	4,013	13	4,013	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	3,055	12,112	2	(3,683)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	2,483	31,457	3	31,457	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	452	6,619	2	6,619	Note 1
	Sunplus Technology Company Limited	Equity-method investee	Equity-method investments	3,560	46,814	1	46,814	Note 3
	Ability Enterprise Co., Ltd.	Parent company	Available-for-sale financial assets	5,120	105,480	1	105,480	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	3,608	-	3,608	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	667	6,666	1	6,666	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	199	1,022	-	1,022	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	1,933	27,346	8	27,346	Note 3
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	79,643	7	79,643	Note 2
	NCTU Spring Venture Capital Co., Ltd.	-	Financial assets carried at cost	2,000	-	6	-	Note 2
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	831	10,685	6	10,685	Note 2
	MaxEmil Photonics Corporation	-	Financial assets carried at cost	426	8,273	2	8,273	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	250	6,250	-	6,250	Note 2
	Glokie Technology Corp.	-	Financial assets carried at cost	2,300	23,000	14	23,000	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	6,000	13	6,000	Note 2
Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2	
Russell Holdings Limited	Stock							
	Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$ (350) thousand	44	US\$ (350) thousand	Note 6
	Synerchip Co., Ltd.	Equity-method investee	Equity-method investments	4,236	US\$ 667 thousand	25	US\$ 667 thousand	Note 1
Sunext Technology Co., Ltd.	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	855	US\$ 2,124 thousand	1	US\$ 34 thousand	Note 1

(Continued)

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008			Note	
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)		Market Value or Net Asset Value
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$ 301 thousand	-	US\$ 301 thousand	Note 3
	InvStar Exceclusus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2
	OZ Optics Ltd.	-	Financial assets carried at cost	1,000	US\$ 250 thousand	8	US\$ 250 thousand	Note 2
	Aicent, Inc.	-	Financial assets carried at cost	1,000	US\$ 500 thousand	2	US\$ 500 thousand	Note 2
	Ortega InfoSystem, Inc.	-	Financial assets carried at cost	2,557	US\$ 500 thousand	-	US\$ 500 thousand	Note 2
	Asia B2B on line Inc.	-	Financial assets carried at cost	1,000	US\$ - thousand	3	US\$ - thousand	Note 2
	Asia Tech Taiwan Venture Fund	-	Financial assets carried at cost	-	US\$ 2,590 thousand	5	US\$ 2,590 thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ 500 thousand	1	US\$ 500 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 1,400 thousand	-	US\$ 1,400 thousand	Note 2
	Visualon Inc.	-	Financial assets carried at cost	377	US\$ 200 thousand	3	US\$ 200 thousand	Note 2
	Azalea Networks Inc.	-	Financial assets carried at cost	850	US\$ 1,150 thousand	2	US\$ 1,150 thousand	Note 2
Sumplus Venture Capital Co., Ltd.	<u>Stock</u> Joining Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,400	\$ -	39	\$ -	Note 1
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	387	4,973	12	4,973	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,571	11,169	9	11,169	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420	1,780	70	1,780	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	2,920	49,672	4	49,672	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	14,478	1	14,478	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	4,013	13	4,013	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	142	2,100	-	(175)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	10,000	109,845	12	109,845	Note 1
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,435	16,696	-	16,696	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	1,172	6,013	1	6,013	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,674	75,680	-	75,680	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	742	10,498	3	10,498	Note 3
	Elite Advanced Laser Corp.	-	Available-for-sale financial assets	166	1,663	-	1,663	Note 3
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 2
	Softchina Venture Capital Corp.	-	Financial assets carried at cost	407	-	8	-	Note 2
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 2
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 2
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,900	19,000	10	19,000	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,850	24,237	6	24,237	Note 2
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost	5,000	50,000	5	50,000	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,170	13,691	18	13,691	Note 2
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 2

(Continued)

Holding Company Name	Type and Issuer/Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2008				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	\$ 14,025	9	\$ 14,025	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	550	13,750	1	13,750	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	12,485	2	12,485	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	75,000	8	75,000	Note 2
	Capella Micro System, Inc.	-	Financial assets carried at cost	630	9,450	3	9,450	Note 2
	Smec Media & Entertainment Corp.	-	Financial assets carried at cost	2,000	6,667	7	6,667	Note 2
	VISCO Inc.	-	Financial assets carried at cost	2,130	22,365	5	22,365	Note 2
	Azalea Networks Inc	-	Financial assets carried at cost	280	12,923	1	12,923	Note 2
Generalplus Technology Inc.	Stock Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	3,090	11,174	100	11,174	Note 1
Generalplus International (Samoa) Inc.	Stock Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	3,090	US\$ 340 thousand	100	US\$ 340 thousand	Note 1
Generalplus (Mauritius) Inc.	Stock Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	-	US\$ 263 thousand	100	US\$ 263 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	-	US\$ 77 thousand	100	US\$ 77 thousand	Note 1
Sunext Technology Co., Ltd.	Stock Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,750	36,697	100	36,697	Note 1
Great Sun Corp.	Stock Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 119 thousand	100	US\$ 119 thousand	Note 1
Sunext (Mauritius) Inc.	Stock Sunext Technology (Shanghai) Co., Ltd.	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$ 118 thousand	100	US\$ 118 thousand	Note 1
Waveplus Technology Co., Ltd.	Stock Waveplus Holding Ltd.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	(51)	100	(51)	Note 6
Waveplus Holding Ltd.	Stock Waveplus Design, Inc.	Subsidiary of Waveplus Holding Ltd.	Equity-method investments	1,000	US\$ - thousand	100	US\$ - thousand	Note 1
Ventureplus Group Inc.	Stock Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	24,700	US\$ 13,068 thousand	100	US\$ 13,068 thousand	Note 1

(Continued)

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

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

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

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

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

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

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

Note 7: Includes deferred credits \$43 thousand.

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

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

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

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2008  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Name/Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal		Ending Balance					
			Units (Thousands)	Amount	Units (Thousands)	Amount	Units (Thousands)	Amount	Units (Thousands)	Amount (Note 1)				
Sunplus Technology Company Limited	Cathay Bond Fund Sunext Technology Co., Ltd.	Available-for-sale financial assets Equity-method investments	-	\$ -	10,549	\$ 125,000	10,549	\$ 125,238	-	\$ 238	-	\$ -		
			12,600	(98,717)	74,270	820,705	7,875	-	78,995	244,058	(Note 3)			
	Giantplus Technology Co., Ltd.	Equity-method investments	Equity-method investments	76,317	1,171,730	6,685	235,980	-	-	-	-	84,652	1,870,627	
				(Note 6)	(Note 5)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)	(Note 3)			
		JF TAIWAN Bond NITC Taiwan Bond Fund NITC Bond Fund Tashih Lueky Fund Polaris De-Bao Fund IBT 1699 Bond Fund ING Taiwan Select Bond Fund Prudential Financial Bond Fund Polaris De-Li Fund Harvatek Corp.	Available-for-sale financial assets	Available-for-sale financial assets	-	-	15,769	245,000	15,769	245,494	494	494	-	-
					-	-	26,860	386,000	26,860	386,737	737	737	-	-
					1,496	250,000	1,766	299,000	3,085	519,480	480	480	177	30,032
					30,224	315,000	31,961	334,000	62,186	649,000	1,356	1,356	-	-
					-	-	11,963	136,000	9,690	110,461	461	461	-	-
					-	-	30,308	384,000	30,308	384,000	3,007	3,007	-	-
					-	-	25,660	299,000	25,660	299,182	182	182	-	-
					-	-	10,146	152,000	10,146	152,563	563	563	-	-
					-	-	19,294	299,000	19,294	299,189	189	189	-	-
					4,896	37,489	-	-	4,896	202,883	-	-	-	-
(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)			
13,114	135,000	-	-	-	-	-	-	13,114	135,036	-	-			
64,500	752,579	-	-	-	-	-	-	64,500	708,757	-	-			
Orise Technology Co. Ltd.	Jih Sun Bond NITC Taiwan Bond Fund Fubon Chi-Hsiang Fund Tashih Lueky Fund Prudential Financial Bond Fund Capital Income Fund IBT 1699 Bond Fund Hua Nan Phoenix Bond Fund Yuanta Wan-Tai Bond Fund Yuanta Global Fixed Income Selection Fund Polaris De-Li Fund ING Taiwan Bond Fund	Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets	5,031	69,606	49,227	685,667	51,206	713,794	1,375	1,375	3,052	42,904		
			6,731	96,369	43,559	628,798	50,290	726,875	1,729	1,729	-	-		
	6,334	78,703	26,094	352,612	32,428	432,249	951	951	-	-	-	-		
	1,731	18,046	18,409	193,174	20,140	211,886	671	671	-	-	-	-		
	6,956	103,256	35,656	533,020	38,789	580,020	1,269	1,269	3,823	57,673	-	-		
	-	-	10,006	152,595	10,006	153,095	500	500	-	-	-	-		
	5,166	65,080	11,894	151,259	17,060	217,089	765	765	-	-	-	-		
	-	-	12,300	190,130	12,300	190,480	350	350	-	-	-	-		
	-	-	9,644	138,104	9,644	138,412	308	308	-	-	-	-		
	10,068	157,799	4,077	64,000	14,145	222,247	485	485	-	-	-	-		
	-	-	19,576	302,359	19,576	302,359	645	645	-	-	-	-		
	1,834	28,078	10,255	157,503	12,089	185,945	370	370	-	-	-	-		
	Generalplus Technology Inc.	Polaris De-Bao Fund Polaris De-Li Fund Ta Chong Bond PCA Wall Pool Fund	Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets Available-for-sale financial assets	-	-	14,326	162,000	14,326	162,620	620	620	-	-	
				-	-	14,006	216,000	14,006	216,618	618	618	-	-	
-				-	9,609	128,700	9,609	129,042	342	342	-	-		
-				-	13,067	167,700	13,067	168,155	455	455	-	-		
Sunplus Venture Capital Co., Ltd.	Taiwan Nano Electro-Optical Technology Co., Ltd. Sunplus mMedia Inc.	Available-for-sale financial assets Equity-method investments	3,994	46,595	-	-	3,994	128,206	81,611	81,611	-	-		
			(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	
10,000	116,679	-	-	-	-	-	-	10,000	109,845	-	-			
Sunplus mMedia Inc.	Ta Chong Bond Prudential Financial Bond Fund	Available-for-sale financial assets Available-for-sale financial assets	19,442	257,316	-	-	19,442	258,137	821	821	-	-		
			2,668	39,604	4,175	62,500	6,843	102,907	907	907	-	-		
Great Sun Corp.	Stock Sunext Design, Inc.	Equity-method investments	1,000	US\$ 932 thousand	-	-	1,000	US\$ 9,881 thousand	US\$ 40 thousand	US\$ 9,841 thousand	-	-		
			-	-	-	-	-	-	-	-	-	-	-	

(Continued)

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

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

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

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

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

Note 5: Includes stock dividends.

Note 6: Offset of deficit against capital.

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED

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

DECEMBER 31, 2008

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

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

Note 1: Issuance of common stock for cash.

Note 2: The selling prices were negotiated.

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

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2008**

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

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

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED**

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL YEAR ENDED DECEMBER 31, 2008

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

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

## SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES  
 YEAR ENDED DECEMBER 31, 2008  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Shares (Thousands)	Balance as of December 31, 2008	Carrying Value	Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2008	December 31, 2007						
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Tofen Chen, Miaoli, Taiwan	Manufacture of TN/STN LCDs and LCD modules	\$ 881,314	\$ 881,314	84,652	\$ 1,870,627	\$ 307,601	\$ 57,999	Investee	
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	816,719	834,092	72,090	1,245,799	265,446	146,333	Subsidiary	
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	752,579	-	64,500	708,757	(364,758)	(28,867)	Subsidiary	
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	624,889	91,518	91,518	Subsidiary	
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	607,241	36,358	27,884	Subsidiary	
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	146,000	146,000	27,942	475,292	189,683	78,265	Subsidiary	
	Ventureplus Group Inc.	Belize	Investment	US\$ 24,700	US\$ 19,250	24,700	428,478	(125,214)	(125,214)	Subsidiary	
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760	US\$ 19,260	14,760	419,813	(55,098)	(58,672)	Subsidiary	
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	308,000	308,000	22,660	392,361	65,882	57,835	Subsidiary	
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	946,705	796,000	78,995	244,058	61,338	43,617	Subsidiary	
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	105,470	56,000	8,898	17,857	(123,362)	(63,001)	Subsidiary	
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	16,742	(3,649)	(2,813)	Subsidiary	
	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	25,541	32,836	1,702	16,584	34,980	4,145	Investee	
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200	US\$ 200	200	7,852	1,486	1,486	Subsidiary	
Lin Shih Investment Co., Ltd.	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	14,000	14,000	1,400	5,167	191	191	Subsidiary	
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075	HK\$ 11,075	11,075	4,817	8,864	8,864	Subsidiary	
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	4,194	(30)	(30)	Subsidiary	
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,680,000	1,680,000	120,000	(141,111)	(1,274,350)	(1,169,111)	Subsidiary	
	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	18,402	26,400	1,866	18,198	34,980	4,547	Investee	
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	6,499	8,500	61,338	4,140	Subsidiary	
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	91,726	91,726	522	6,709	(3,649)	(1,127)	Subsidiary	
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	4,013	(123,362)	(18,751)	Subsidiary	
	SunPlus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	42,770	65,898	3,055	12,112	(1,274,350)	(35,044)	Subsidiary	
	SunPlus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	34,755	17,147	2,483	31,457	(364,758)	(6,310)	Subsidiary	
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	6,234	5,684	452	6,619	65,882	1,065	Subsidiary	
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	65,000	65,000	12,653	215,210	189,683	35,446	Subsidiary	
	Sunplus Venture Capital Co., Ltd.	Joing Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	51,000	51,000	3,400	-	-	-	Investee
		Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	360,000	8,571	11,169	61,338	5,373	Subsidiary
Han Young Technology Co., Ltd.		Taipei, Taiwan	Design of ICs	4,200	4,200	420	1,780	-	-	Subsidiary	
Waveplus Technology Co., Ltd.		Hsinchu, Taiwan	Design and sale of ICs	76,016	76,016	387	4,973	(3,649)	(836)	Subsidiary	
Orise Technology Co., Ltd.		Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	14,478	265,446	1,723	Subsidiary	
Sunplus Core Technology Co., Ltd.		Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	4,013	(123,362)	(18,751)	Subsidiary	
Generalplus Technology Inc.		Hsinchu, Taiwan	Design of ICs	15,000	15,000	2,920	49,672	189,683	8,168	Subsidiary	
SunPlus mMobile Inc.		Hsinchu, Taiwan	Design of ICs	1,988	1,988	142	2,100	(1,274,350)	(1,402)	Subsidiary	
Sunplus mMedia Inc.		Hsinchu, Taiwan	Design of ICs	116,679	-	10,000	109,845	(364,758)	(4,487)	Subsidiary	
Jet Focus Limited		Cayman Islands, British West Indies	Investment	US\$ 6,050	US\$ 6,050	4,794	US\$ (350)	US\$ (618)	US\$ -	Investee	
Synerchip Co., Ltd.		Mauritius	Investment	US\$ 3,070	US\$ 2,070	4,236	US\$ 667	US\$ (4,930)	US\$ (1,458)	Investee	
Sunext Technology Co., Ltd.		Hsinchu, Taiwan	Design and sale of ICs	US\$ 2,119	US\$ -	855	US\$ 2,124	61,338	US\$ 8	Subsidiary	

(Continued)

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

(Concluded)

## SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA  
YEAR ENDED DECEMBER 31, 2008

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

Sumplus (Nature of Relationship: 0)

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

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

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

(Continued)

Generalplus Technology (Nature of Relationship: 1)

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

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

Sunext Technology (Nature of Relationship: 2)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2008	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2008	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2008	Accumulated Inward Remittance of Earnings as of December 31, 2008
					Outflow	Inflow					
Sunext Technology (Shanghai)	Design of magnetic disc and software	US\$750 thousand	Indirect	US\$750 thousand	\$ -	\$ -	US\$750 thousand	100%	US\$(106) thousand	US\$118 thousand	\$ -

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

**SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

**YEARS ENDED DECEMBER 31, 2008 and 2007**

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

**1. FOR THE YEAR ENDED DECEMBER 31, 2008**

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

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
			Financial Statements Account Item	Amount	Terms	
Sunplus Technology Co., Ltd.	Sunplus mMedia Inc.	1	Sales	\$ 59,323	Note 1	0.36%
			Nonoperating income and gains	82,908	Notes 2 and 4	0.50%
			Notes and accounts receivables	5,059	Note 1	0.03%
			Other receivables	5,596	Note 3	0.03%
Sunplus Technology Co., Ltd. (Shanghai)	Sunplus Technology Co., Ltd. (Shanghai)	2	Marketing Expenses	16,974	Note 2	0.10%
			Marketing expenses	4,604	Note 2	0.03%
			Marketing expenses	2,505	Note 2	0.02%
			Notes and accounts receivables	2	Note 3	-
Sunext Technology Co., Ltd.	Sunext Technology (Shanghai)	3	Marketing expenses	49,037	Note 2	0.30%
			Research and development	13,269	Note 2	0.08%
Orise Technology Co., Ltd.	Sunplus Prof-tek Co., Ltd.	3	Other receivable	712	Note 3	-
			Nonoperating income and gains	2,151	Note 4	0.01%
			Marketing expenses	3,784	Note 2	0.02%
			Marketing expenses	13,391	Note 2	0.08%
			Marketing expenses	4,224	Note 2	0.03%
			Marketing expenses	18,567	Note 2	0.11%
			Research and development	37,428	Note 2	0.23%
			Marketing expenses	24,373	Note 2	0.15%
			Sales	41,233	Note 1	0.25%
			Nonoperating income and gains	52	Note 1	-
Sunplus Innovation Technology Inc.	Generalplus Technology Corp.	3	Nonoperating income and gains	404	Note 1	-
			Marketing expenses	6,118	Note 2	0.04%
Sunplus Core Technology Co., Ltd.	Sunplus Technology (Shanghai) Co., Ltd.	3	Other current liabilities	1,968	Note 3	0.01%
			Research and development	6,169	Note 2	0.04%
			Other current liabilities	6,337	Note 3	0.04%
			Marketing Expenses	11,454	Note 2	0.07%
Generalplus Technology Corp.	Orise Technology Co., Ltd.	3	Other current liabilities	112	Note 3	-
			Sales	592	Note 1	-
			Intangible assets	97,619	Note 2	0.55%
Sunplus Technology Co., Ltd. (H.K.)	Sunplus mMedia Inc.	3	Purchase	12,186	Note 1	0.07%
			Notes and accounts payable	12,186	Note 1	0.07%
			Other current assets	114	-	-
Sunplus mMobile SAS	Bright Sunplus mMobile Inc.	3	Sales	61,429	Note 1	0.37%
Sunplus Technology (Shanghai) Co., Ltd.	Generalplus Technology Corp. (Shenzhen)	3	Notes and accounts receivables	4,567	Note 3	0.03%
			Sales	11,570	Note 2	0.07%

(Continued)

2. FOR THE YEAR ENDED DECEMBER 31, 2007

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Technology Co., Ltd.	Orise Technology Co., Ltd.	1	Sales	\$ 59,084	Note 1	0.29%
			Nonoperating income and gains	14,892	Note 2	0.07%
			Deferred royalty income	2,381	-	0.01%
			Other receivables	3,355	Note 1	0.02%
	Generalplus Technology Inc.	1	Notes and accounts receivables	11,554	Note 1	0.06%
			Sales	47,290	Note 1	0.24%
			Other receivables	499	Note 1	-
	Waveplus Technology Co., Ltd.	1	Nonoperating income and gains	10,350	Note 2	0.05%
			Notes and accounts receivables	4,152	Note 1	0.02%
			Sales	6,623	Note 1	0.03%
			Sales	22,184	Note 1	0.11%
	Sunext Technology Co., Ltd.	1	Nonoperating income and gains	8,329	Notes 2 and 4	0.04%
			Marketing expenses	387	Note 2	-
			Other receivables	4,546	Note 1	0.02%
Deferred royalty income			22,917	-	0.11%	
Sunplus Core Technology Co., Ltd.	1	Other receivables	1,255	Note 1	0.11%	
		Notes and accounts payables	3,621	Note 3	0.02%	
		Nonoperating income and gains	4,695	Notes 2 and 4	0.02%	
		Research and development	4,349	Note 2	0.02%	
Sunplus mMobile	1	Sales	8,267	Note 1	0.04%	
		Nonoperating income and gains	136,348	Notes 2 and 4	0.68%	
		General and administrative	84	Note 2	-	
		Research and development	515	Note 2	-	
Sunplus Innovation Technology Inc.	1	Notes and accounts receivables	9	Note 1	-	
		Other receivables	7,407	Note 1	0.04%	
		Sales	24,954	Note 1	0.12%	
		Nonoperating income and gains	16,963	Notes 2 and 4	0.08%	
Sunplus mMedia Inc.	2	General and administrative	82	Note 2	-	
		Research and development	3	Note 2	-	
		Notes and accounts receivables	803	Note 1	-	
		Other receivables	1,708	Note 1	0.01%	
Sunext Design Inc.	3	Sales	26,306	Note 1	0.13%	
		Notes and accounts receivables	3,572	Note 1	0.02%	
		Other receivables	13,500	Note 1	0.06%	
		Nonoperating income and gains	129,751	Notes 2 and 4	0.65%	
Sunext Technology (Shanghai)	3	Expenses payables	29,111	Note 3	0.14%	
		Research and development	140,214	Note 2	0.70%	
			Other receivables	712	Note 3	-

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Orise Technology Co., Ltd.	Sunplus mMedia Inc.	3	Notes and accounts payables	\$ 47	Note 3	-
			Manufacturing expenses	48	Note 2	-
Sunplus mMobile Inc.	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	6,093	Note 2	0.03%
	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	6,845	Note 2	0.03%
	Sunplus mMedia Inc.	3	Other receivables	150	Note 1	-
Sunplus mMedia Inc.	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	5,035	Note 2	0.03%

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

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

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

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

Note 5: 1 - from parent company to subsidiary.

2 - from parent company to indirect subsidiary.

3 - between subsidiaries.

(Concluded)