



2009

ANNUAL REPORT

凌陽科技股份有限公司九十八年年報

PLEASE READ FOLLOWING NOTICE BEFORE USING THIS REPORT

Readers are advised that the original version of the reports financial is in Chinese. If there is any conflict between these financial statements and the Chinese version or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

In addition, certain of our financial information have been published in accordance with requirements of the Republic of China Securities and Futures Commission and are presented in conformity with accounting principles generally accepted in the Republic of China. Readers should be cautioned that these accounting principles differ in many material respects from accounting principles generally accepted in other countries.

Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

The materials and information provided on this report have been issued by Sunplus and are posted solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any securities issued by us or otherwise.

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Please refer to London Stock Exchange official website for Sunplus' Market Price.
<http://www.londonstockexchange.com>

SUNPLUS WEBSITE

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I. LETTER TO SHAREHOLDERS

2009 Business Report

Financial Results

Sunplus revenue in 2009 totaled NT\$7,350 million with 21% year-on-year growth. The gross profits in 2009 were NT\$ 2,435 million with gross margin 33%. While and the R&D expense totaled NT\$1,363 million and the SG&A expenses were NT\$485 million, the operating net profits summed up NT\$586 million in 2009.

Including disposal gain of NT\$491 million, administrative and support service revenue of NT\$94 million, rental revenue of NT\$25 million, long-term investment loss of NT\$459 million by equity-method; Exchange loss of N\$52 million, interest expense of NT\$34 million and so on, the non-operating net profits totaled NT\$111 million.

The income before tax were NT\$698 million, and the net income after tax were NT\$382 million which the earning per share for 2009 was NT\$0.64.

Products and Technologies

Sunplus delivers IC solutions for multimedia home applications including DVD player, STB, LCD TV and digital TV. The R&D expense were 18% of total revenue in 2009, and meantime we will go on developing cutting-edge technologies and offering highly value-added SoC solutions including HD STB, HDTV and BD player IC for high definition applications.

Organization

Sunplus is mainly supported by the Home Entertainment Business Unit which includes the IC design center and system development center. The IC design engineers and system application engineers have been working closely to deliver the ICs with system solutions.

At the end of January 2010, there were 594 employees in Sunplus, including 425 R&D staff, which accounts for 72% of the total workforce. We will recruit the talents to sustain product R&D and market promotion by leveraging the available resources in the future.

Core Competing Advantage

Sunplus, with its R&D expertise and plentiful reusable IPs, has a good opportunity to win the market by differentiating product designs and optimizing cost structure. After reorganization, Sunplus and its IC design subsidiaries have been focusing on different IC applications for better flexibility and efficiency, meanwhile, Sunplus and its affiliates can be pulled together to grip the new customers and expand market shares because of the group synergies.

We also raises the entry barrier by involving the cutting-edge SoC design deeply, since the complicated SoC designs benefit the capable companies with economic scale like Sunplus. Furthermore, we have been working hard to deliver the total solutions with better cost-performance to our customers so they can save time and money to launch more end product applications. That also favors Sunplus to build up stronger relationship with our customers as well as to expand our market shares.

Competition, Relevant Regulations, and Global Economics

Today, Sunplus is quite successful and leading on home entertainment IC technologies, on the other hand, we have to face the competition from other top-tiers. In order to standing out, Sunplus has been accumulating abundant intellectual properties related to home entertainment technologies and developing the sales channels and strategic partnership with customers aggressively. In the meantime, the demands from home entertainment applications and emerging countries are growing enormously, that could benefit Sunplus for we have launched the wide-range home entertainment IC products.

From 2009, Sunplus will adopt the newly released “Statement of Financial Accounting Standards” No. 10, “Accounting for Inventory”, that the inventories should be evaluated by categories and marked down by market value. The adoption of mentioned accounting statement won’t impact Sunplus extremely for we are quite cautious with inventory management and has booked the reasonable provision for inventory losses quarterly.

Even though the worldwide economic fell due to sub-prime mortgage crisis since 2007, we have seen the pick-up in 2010 for the consumers are still looking for better living and there come more demands for digital broadcasting and high definition image quality products triggering by analog broadcasting switch-off. We have very promising opportunity since the customers shall select the quality products with better cost performance like Sunplus.

Outlook

Looking forward to 2010 with better visibility, we will keep on evaluating the business opportunities conservatively, allocating the available resources preciously, doing cost down aggressively and focusing on our core technologies in the gloom. Sunplus will carry on expanding our worldwide market shares of DVD, STB and TV, and launching new home entertainment IC products for HDTV, HD set-top-box, BD player for high definition resolutions. While the concept of “digital home” is becoming the ideal life style, those HD digital home applications could be the growth drivers to Sunplus for the coming years. Besides, we will review the long-term investments cautiously in order to improving the non-operating profits. In the end, Sunplus hope to offering the highly value-added IC with system solutions to our customers, as well as making the better return of equities to our valued shareholders.

We would like to thank you for the long-term support with our sincere wishes.

All the best,
Chairman & CEO,



II. COMPANY PROFILE

2.1 Foundation of Sunplus

Sunplus was founded in August 3rd 1990 in Hsinchu, Taiwan.

2.2 Milestones

Please refer to page 21 Section 4.1 for capitalization.

Please refer to page 149 Section 9.1 for Sunplus' affiliates.

Aug. 1990	Sunplus Technology was founded.
May. 1993	Obtained approval from the SIPA to move into Hsinchu Science Park.
Oct. 1993	Moved into Hsinchu Science Park.
Sep. 1994	Company started in-house wafer circuit probe testing.
Dec. 1995	Groundbreaking for the construction of Sunplus' office building, located in 19, Innovation First Road, Hsinchu Science Park.
Apr. 1996	Evaluated as "The most productive IC design company" by Hsinchu SIPA.
Jan. 1997	Grand opening of Sunplus' office building.
Sep. 1997	Sunplus Technology was IPO on the Over-The-Counter stock market.
Jan. 2000	Sunplus was listed on the main board of the Taiwan Stock Exchange (TSE).
Jun. 2000	Received certificate of ISO 9001 Quality Assessment by RWTUV.
Sep. 2000	Reorganized into three new business unit, Consumer center, Multimedia center, and production center; and the BOD appointed Mr. Yarn-Chen Chen as the president.
Dec. 2000	Received the "Distinguished Achieved Award" from Hsinchu SIPA.
Mar. 2001	Launched Global Depository Receipts on the London Stock Exchange.
Dec. 2001	Completed the Grandtech merger and announced the company's reorganization.
Jan. 2002	Established a subsidiary in Shanghai, China to provide better service to customers in Mainland.
Feb. 2002	Implemented ERP system successfully to enhance company's operating efficiency and competence.
Jun. 2002	Purchased a new office building (B-building) at Science Park.
Jul. 2002	Sponsored the new Innovation Park and Parking Lot at Science Park, Hsinchu.
Feb. 2003	Licensed 32-bit core IP from MIPS Technology for next-generation consumer electronic products.
Apr. 2003	Completed acquisition of Oak Optical Storage Business and spin-off a new venture, Sunext Technology to focus on next generation Blue Ray ODD controller.
May. 2003	Licensed MPEG-4 video compression technology from DivX Networks to create DivX certified IC solution for consumer electronic products.
Jun. 2003	Announced reorganization by altering the Product Business Unit Systems to Functional Business Unit Systems.
Jul. 2003	Licensed PanelLink DVI core IP from Silicon Image to develop dual-mode LCD controller solutions.
Aug. 2003	Aligned to joint-develop System-on-the-chips (SoC) solutions and deliver broad portfolio of digital media solutions with Silicon Image.
Aug. 2003	Established a new milestone for monthly sales over NT\$1 billion.
Dec. 2003	Won "Innovation Product Award 2003" and "R&D Performance Award 2003" from Hsinchu SIPA.
Dec. 2003	The net sales for 2003 reached NT11.1 billion as landmark.
Sep. 2004	Received certificate of ISO 14000 Quality Assessment.
Dec. 2004	MFP SoC with 4800dpi image quality won "Innovation Product Award 2004" from Hsinchu SIPA.
Dec. 2004	Won "R&D Performance Award 2004" from Hsinchu SIPA.
Jun. 2005	Announced the first 32-bit processor core S+core® with Sunplus-owned instruction set architecture
Jun. 2005	Launched USB2.0-to-Serial ATA bridge solution.
Aug. 2005	Announced the joint-development of the next-generation of optical mouse solution with Agilent Technology.
Aug. 2005	Applied MPEG-4 image controlling technology to the first IP cam with resolution up to 1M

pixel in the worldwide.

Aug. 2005 Completed the merger with the 3G team of information & communication research lab ITRI and started the development of 3G cellular communication ICs.

Sep. 2005 Established a new milestone of monthly sales up to NT\$1.899 billion as record high.

Oct. 2005 Mass-produced the PHS mobile baseband processor.

Nov. 2005 Announced the worldwide first DVD ICs certificated by DivX Ultra.

Dec. 2005 Announced reorganization by altering the Functional Business Unit System to Product Business Unit System and the resolved to spin off the LCD IC business. Mr. Chou-Chye Huang was appointed to CEO of Sunplus.

Mar. 2006 Completed the spin-off of the LCD IC business into Orise Technology Co., Ltd.

Dec. 2006 Completed the spin-off of Controller & Peripheral Business Unit into Sunplus Innovation Technology Inc.

Dec. 2006 Completed the spin-off of the Personal Entertainment Business Unit and Advanced Business Unit into Sunplus mMobile Inc.

Dec. 2006 Approved return of capital NT\$5.11 billion by shareholders' extraordinary general meeting.

Dec. 2006 Established a new record high with 2006 profit after tax, NT\$2.97 billion.

Feb. 2007 Licensed digital TV SoC IP to Silicon Image, Inc. with US\$40 million for license fee.

Mar. 2007 Completed the return of capital with outstanding shares afterward 512,953,665 shares

Apr. 2007 Sunplus mMobile, the subsidiary of Sunplus, spun-off its multimedia center into Sunplus mMedia Inc.

Oct. 2007 Established a new subsidiary, Sunplus Core Technology, with Sunplus S+core® team and ITRI PAC DSP team.

Dec. 2007 Highly integrated SoC SPG290 with interactive game and education function won the "Innovation Product Award 2007" from Hsinchu SIPA.

Dec. 2007 Received certificate of IECQ 080000 for hazardous substance process management.

Dec. 2007 Established a new subsidiary, Sunplus Prof-tek Technology, in Shenzhen

Jan. 2008 Established a new subsidiary, Sunmedia Technology, in Chengdu.

Mar. 2008 Licensed hyper-sensitization GPS technology from CORE Corporation.

Mar. 2008 Sunext licensed optical storage technology to Broadcom Corporation with license income up to US\$38million.

Mar. 2008 Launched first DTMB demodulator for China digital broadcasting TV system among Taiwanese IC design companies.

Apr. 2008 Established new subsidiary Sunplus APP Technology in Beijing, to follow up Sunplus University Program in China

Nov. 2008 Finished to buy-back Sunplus mMedia Inc. of 7,450 million shares

Jan. 2009 Presented Sunplus wide range of DTV IC solutions from entry-level to high-end at International CES 2009

Mar. 2009 Sunplus mMobile Inc. spun-off its Communication Center to HT mMobile Inc.

Mar. 2009 Joint-promoted with DTS next generation DVD SoC delivering the ultimate audio entertainment experience

May. 2009 Elected the 8th Board of Directors and Supervisors in AGM2009, the BOD re-elected Unanimously Mr. Chou-Chye Huang as Chairman

Oct. 2009 Transferred the buy-back 6,629,000 shares to employees

Oct. 2009 Spun off Sunplus mMedia's product lines: PC-Cam to Sunplus Innovation Technology Inc.; PMP/MP3/DPF to Generalplus Technology Inc.; DSC to new star-up.

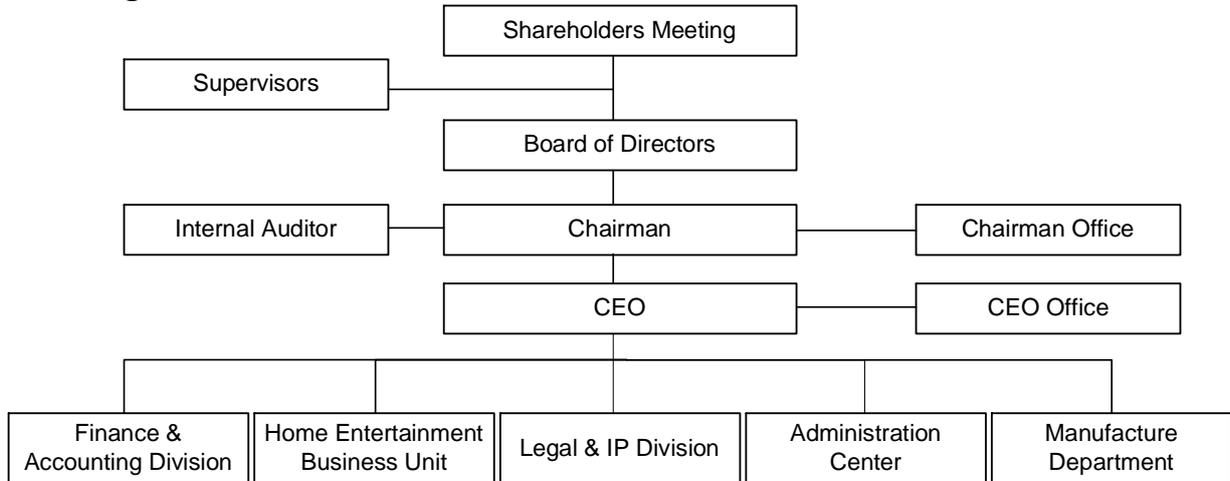
Oct. 2009 Reached NT\$898 million from its multimedia product monthly revenue, as a record high after re-grouping in 2006.

Dec. 2009 Started up iCatch Technology Inc. to take over the DSC business from Sunplus mMedia Inc.

III. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Department	Job Description
Chairman Office	(1) Engaging the strategic alliances (2) Planning and executing investment plans (3) Arranging Board of Directors Meetings
CEO Office	(1) Establishing company's operational strategies, and goals (2) Auditing and improving the operating performances (3) Communicating with investors/ public and media (4) Executing and managing the strategic alliances (5) Managing strategic investments
Internal Auditor	(1) Executing internal auditing plan as routine (2) Auditing subsidiaries regularly (3) Auditing special cases (4) Re-certification auditing of self-examination (5) Establishing the internal control system
Manufacture Department	(1) Testing the company IC products (2) Maintaining testing software and facility
Home Entertainment BU (HE)	(1) Developing world-class audio and video solutions (2) Managing sales channels and distributors and providing customer services (3) Marketing and expanding business worldwide (4) Conducting production, material control, International trading affairs (5) Developing and handling quality assurance system (6) Planning new products and engaging cutting-edge technologies
Administration Center	(1) Conducting general administration (2) Managing human resources and personnel (3) Establishing corporate information service to upgrade the productivity (4) Automating of business process to be more competitive (5) Consulting for management to making business decisions
Finance & Accounting Division	(1) Managing finance & accounting affairs (2) Arranging annual shareholders' meeting
Legal & IP Division	(1) Coordinating the legal and IP affairs (2) Controlling the project procedures and design documents (3) Conserving company confidential documents (4) Purchasing, maintaining librarianship (5) Conducting contracts & IP management

3.2 Directors, Supervisors, and Management

3.2.1 Directors & Supervisors

2010.04.16/Unit: shares

Title	Name	Date Elected	Initial Date Elected	Term of Office	Share holding When Elected		Current Shareholding		Spouse & Minor Shareholding		Educational Background	Positions Currently held in Other Companies (Note2)
					Amount	%	Amount	%	Amount	%		
Chairman & CEO	Chou-Chye Huang	2009.04.30	1990.07.09	3 years	92,737,817	15.54	92,737,817	15.54	1,370,993	0.23	M.S. Electrical Engineering, National Tsing Hua University	<p>Chairman: Russell Holdings Co., Ltd., Global Techplus Capital Inc., Techplus Capital (SAMOA), Ventureplus Group Inc., Ventureplus Mauritius Inc., Ventureplus Cayman Inc., Shanghai Sunplus, Sunplus HK, Sunplus Venture Capital, Lin Shih Investment, Weiying Investment, Sunplus Management Consulting, Giantplus Holding, Giantplus (SAMOA) Holding, KunShan Giantplus, Giantplus, Waveplus, Waveplus Holdings, Generalplus International (SAMOA), Sunplus Innovation Technology, Sunplus mMobile, Generalplus (Mauritius), Generalplus (Shenzhen), Sunext, Sunext Optoelectronics (Shanghai), Great Sun, Sunext (Mauritius), Orise, Sunplus mMedia, Shin-heng Investment, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Sunplus mMobile SAS, Sunplus mMobile Ltd., Sunplus mMobile holding, Bright Sunplus mMobile Inc., Great Prosperous Corp.</p> <p>Director: Jet Focus, Avl Technology, Spring Foundation of NCTU, Li-Shin Hosipital Research Foundation, Pan Wen Yuan Foundation, Taiwan Express, Sinocon Foundation, SIPP Technology, Shenzhen Giantplus Optoelec. Display, Kunshan Giantplus Optronics Display Technology</p> <p>Chairman & President: Sunplus Core, iCatch Technology</p>
Director	Wen-Shiung Jan	2009.04.30	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	MBA, International Business, National Taiwan University	<p>Chairman: Fine Ace Asset Management</p> <p>Director: Giantplus Technology, Nanjing Yunhai Special Metals</p> <p>Supervisor: Sintronic Technology Inc., Epileds Technologies, Inc.</p> <p>Independent Supervisor: Mildex Optical Inc. ;</p>
Director	Feng, Chu-Chien (Global View Co., Ltd., Representative of Legal Entity)	2009.04.30	1990.07.09	3 years	10,038,049	1.68	10,038,049	1.68	0	0.00	B.S. Electronics Engineering, National Chiao-Tung University	<p>Chairman: Global View (H.K) Co.,Ltd, View Electronic Technology (Kun Shan), Radiant Innovation Inc., Min Chung Technology Co., Ltd.</p> <p>Director: Beijing Golden Global View Computer Technology, Global View Holdings (SAMOA), Global View (Cayman), Ling Hong Zhi Ye Technology</p> <p>Supervisor: Giantplus Technology Co., Ltd., Waveplus Technology Co., Ltd</p>
Director	Kun-Fang Huang (Higherway Electronic Co., Ltd., Representative of Legal Entity)	2009.04.30	2009.04.30	3 years	69,906	0.01	69,906	0.01	0	0.00	M.S., Electrical Engineering in Industry Research, National Changhua University, Taiwan	<p>Director: Just Power Technology, Higher Way Software Design (Shenzhen), Honour International, Millennium Communication, Eco Power Source Inc.</p>
Independent Director	Po-Young Chu	2006.06.09	2006.06.09	3 years	1,736	0.00	1,736	0.00	2,895	0.00	PhD., Purdue University, USA	<p>Supervisor: Chilisin Electronics Corp.</p>
Independent Director	Che-Ho Wei	2009.04.30	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	Ph.D Electronic Engineering, University of Washington, Seattle, USA	<p>Director: ZyXEL Communications Corporation</p> <p>Independent Director: Genesis Photonics Inc., Zentel Electronics Corp.</p> <p>Supervisor: Arcadyan Technology Corporation</p>
Supervisor	De-Zhong Liu	2009.04.30	2009.04.30	3 years	13,045,795	2.19	13,045,795	2.19	2,006,943	0.34	MS, Communication Engineering, National Chiao-Tung University,	None
Supervisor	Pei-Yu Lee	2009.04.30	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	EMBA, National Chiao-Tung University, Taiwan	None
Supervisor	Wei-Min Lin	2009.04.30	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	Master, Accountancy, Ji-Nan University, China	None

Note 1: Please refer to the list of affiliate companies for the full names of other companies.

Note 2: None of the Company's directors and supervisors holds shares under others' names.

Note 3: None of the Company's directors and supervisors is within second-degree of consanguinity, such as a spouse or relative, to each other.

Note 4: The former independent director Mr. Shian-Hua Huang has resigned on 2009/11/30.

3.2.2 Directors and Supervisors' Qualifications and Independence Analysis

2010.04.16

Name (Note 1)	With over 5 years of working experience and one of the following professional requirements			Independent Status (Note 2)										Numbers of other public companies concurrently serving as an independent director
	An instructor of higher position in a department of commerce, law, finance, accounting, or other departments related to the Company's business in a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the Company's business	With an experience in commerce, law, finance, accounting or other specialties necessary to the Company's business	1	2	3	4	5	6	7	8	9	10	
Chou-Chye Huang			✓				✓	✓		✓	✓	✓	✓	
Wen-Shiung Jan			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Feng, Chu-Chien (Global View Co., Ltd., Representative of Legal Entity)			✓				✓		✓	✓	✓	✓		
Kun-Fang Huang (Higherway Electronic Co., Ltd., Representative of Legal Entity)			✓			✓	✓	✓	✓	✓	✓	✓		
Po-Young Chu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Che-Ho Wei	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
De-Zhong Liu			✓			✓	✓	✓	✓	✓	✓	✓	✓	
Pei-Yu Lee.		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Wei-Min Lin		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Note 1: The amount of columns depends on the actual circumstance.

Note 2: "✓" indicates the director or supervisor meeting a criteria during its term of office and two years before being elected.

- (1) Not an employee of the Company or its affiliates.
- (2) Not a director or supervisor of the Company or its affiliates. (This does not apply, however, in case where the position is an independent director of the Company, its parent company, or a subsidiary in which the Company holds, directly or indirectly, more than 50% of shares.)
- (3) Not the shareholder (with its relatives or under others' names) who holds more than 1% shareholding of the total issued shares or ranked as the Top 10 shareholders.
- (4) Not a spouse, relative within the second-degree of consanguinity, or the lineal relative within the fifth-degree of consanguinity of any of the persons in the preceding three paragraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of the Company's issued shares or that holds shares ranked as Top 5 in holdings.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution, which has financial or business relationship with the Company.
- (7) Not a professional individual, owner, partner, director, supervisor, or officer (and a spouse thereof) of a sole proprietorship, partnership, company, or institution which provides commercial, legal, financial, accounting, and so on, services or consultation to the Company or to its affiliates.
- (8) Not a spouse or a relative within the second-degree of consanguinity to other directors of the Company.
- (9) Not been a person of any condition as defined in Article 30 of the Company Law.
- (10) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.3 Major Shareholders of Sunplus' Shareholders as Legal Entities

(A) Global View's Top 10 Shareholders

2010.04.16

Shareholder	Holding
Sunplus Technology	12.39%
Meng-Huei Lin	8.53%
HSBC as trustee for ING AG	7.99%
Jhieh-Yuan Chou	6.16%
HSBC as trustee for HSBC AG	4.09%
Citi bank as trustee for First Securities (HK)	3.12%
Kun-Ting Huang	2.82%
Sin-Lin Liao	2.60%
Sing-Fei Ma	2.02%
Yun-Long Hunag	1.98%

(B) Higher Way Top 10 Shareholders

2010.04.16

Shareholder	Holding
You,Ci-Jie	6.82%
Kun-Fang Huang	6.49%
Ji-Sheng Investment Ltd.	4.87%
Yu-Zhun Investment Ltd.	4.55%
Chen,Yu-Yan	4.15%
Chang,Qing-Chao	2.83%
Huang,nV-Na	2.10%
YaSiKe Investment Ltd.	1.80%
Lee,Fei-Yan	0.88%
You,Cheng-Qing	0.88%

3.2.4 Management Team

2010.04.16/Unit: shares

Title	Name	Effective Date	Current Shareholding		Spouse's & Minor's Shareholding		Educational Background	Positions Currently held in Other Companies
			Amount	%	Amount	%		
Chairman & CEO	Chou-Chye Huang	1990.07.09	92,737,817	15.54	1,370,993	0.23	M.S. Electrical Engineering, National Tsing Hua University	<p>Chairman: Sunplus, Russell Holdings Co., Ltd., Global Techplus Capital Inc., Techplus Capital (SAMOA), Ventureplus Group Inc., Ventureplus Mauritius Inc., Ventureplus Cayman Inc., Shanghai Sunplus, Sunplus HK, Sunplus Venture Capital, Lin Shih Investment, Weiying Investment, Sunplus Management Consulting, Giantplus Holding, Giantplus (SAMOA) Holding, KunShan Giantplus, Giantplus, Waveplus, Waveplus Holdings, Generalplus International (SAMOA), Sunplus Innovation Technology, Sunplus mMobile, Generalplus (Mauritius), Generalplus (Shenzhen), Sunext, Sunext Optoelectronics (Shanghai), Great Sun, Sunext (Mauritius), Orise, Sunplus mMedia, Shin-heng Investment, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Sunplus mMobile SAS, Sunplus mMobile Ltd., Sunplus mMobile holding, Bright Sunplus mMobile Inc., Great Prosperous Corp.</p> <p>Director: Jet Focus, Avl Technology, Spring Foundation of NCTU, Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Taiwan Express, Sinocon Foundation, SIPP Technology, Shenzhen Giantplus Optoelec. Display, Kunshan Giantplus Optronics Display Technology</p> <p>Chairman & President: Sunplus Core, iCatch Technology</p>
Vice President	Steven Huang	2004.05.07	642,810	0.11	9,240	0.00	EMBA, Technology & Innovation Management (TIM), National Chengchi University	None
Vice President	Wayne Shen	2005.12.01	1,068,458	0.18	120,935	0.02	EMBA, Technology Management, National Chiao-Tung University	Director: Sunplus Venture Capital, Sunplus mMobile, Sunext, LinShih Investment, Weiyoung Investment, Sunplus management consulting, Synerchip Co., Ltd
Vice President	Wei-Heng Sheng	2004.05.07	32,232	0.01	0	0.00	Bachelor, Law, Fu Jen Catholic University	Director: Synerchip Co., Ltd., Synerchip Technology Co., Ltd.
Vice President	Shiou-Leong Yu	2005.11.07	0	0.00	0	0.00	Ph.D. in Electrical Engineering, University of Pennsylvania, Philadelphia	None
Director of Finance & Accounting Division	Piper Hung	2007.11.05	50,000	0.01	0	0.00	Bachelor, Accounting, Tamkang University	None

Note1: Please refer to investment list for the full name of other companies.

Note2: None of the management holds the company shares under others' account.

Note3: None of management team, Board of Directors and Supervisors is second-degree of consanguinity relatives of above management

3.2.5 Remuneration to Directors, Supervisors, Presidents, and Vice Presidents
(A) Remuneration to Directors

Units: NT\$, shares

Title	Name (Note 1)	Remuneration to Directors									Remuneration to Directors who hold a Concurrent Post in the Company								(A)+(B)+(C)+(D) + (E)+(F)+(G)+(H) in 2009 Net Income (Note 11)	Remuneration from Long-term Investments Except Subsidiaries (Note 12)				
		Salary (A) (Note 2)		Pension (B)		Bonus from Profit Distribution (C) (Note 3)		Allowance (D) (Note 4)		(A)+(B)+(C)+(D) of 2009 Net Income (Note 11)		Salary, Bonus, etc. (E) (Note 5)		Pension (F)		Employee Bonus from Profit Distribution (G) (Note 6)					Stock Option (H) (Note 7)			
		Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Cash Bonus	Stock Bonus			Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	
Chairman	Chou-Chye Huang	60,000	60,000	0	0	0	0	48,000	51,000	0.028%	0.022%	6,369,893	6,369,893	0	0	0	0	0	0	0	0	1.70%	1.30%	0
Director	Wen-Shiung Jan																							
Director	Global View Feng, Chu-Chien, Representative of Legal Entity																							
Director	Higherway Electronic Kun-Fung Huang, Representative of Legal Entity																							
Independent Director	Po-Young Chu	637,500	637,500	0	0	0	0	198,000	201,000	0.22%	0.17%	2,157,100	2,157,100	0	0	0	0	0	0	0	0	0.78%	0.60%	0
Independent Director	Che-Ho Wei																							
Independent Director	Shian-Hua Huang (Note1)																							
Director	Yarn-Chen Chen (Note2)																							
Director	Bing-Huang Shih (Note)																							
Director	Ritek Corp. (Note2) Min-Sheng Lee, Representative of Legal Entity (Note2)																							

Note1: The former independent director Mr. Shian-Hua Huang has resigned on 2009/11/30.

Note2: Directors including Yarn-Chen Chen, Bing-Huang Shih, Ritek Corp. and Min-Sheng Lee are discharged because of ended term of office on 2009/05/11.

Remuneration to Directors	Numbers of Directors			
	(A)+(B)+(C)+(D)		(A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)	
	Sunplus (Note 9)	Consolidated Subsidiaries (Note 10)	Sunplus (Note 9)	Consolidated Subsidiaries (Note 10)
Under NT\$2,000,000	Chou-Chye Huang, Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Feng, Chu-Chien, Po-Young Chu, Che-Ho Wei, Shian-Hua Huang, Yarn-Chen Chen, Bing-Huang Shih, Ritek, Min-sheng Lee	Chou-Chye Huang, Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Feng, Chu-Chien, Po-Young Chu, Che-Ho Wei, Shian-Hua Huang, Yarn-Chen Chen, Bing-Huang Shih, Ritek, Min-Sheng Lee	Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Feng, Chu-Chien, Po-Young Chu, Che-Ho Wei, Shian-Hua Huang, Bing-Huang Shih, Ritek, Min-Sheng Lee	Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Feng, Chu-Chien, Po-Young Chu, Che-Ho Wei, Shian-Hua Huang, Bing-Huang Shih, Ritek, Min-sheng Lee
NT\$2,000,000~NT\$5,000,000			Yarn-Chen Chen	Yarn-Chen Chen
NT\$5,000,000~NT\$10,000,000			Chou-Chye Huang	Chou-Chye Huang

Note 1: Names of directors shall be disclosed separately (name of juridical-person shareholders and their representatives shall be disclosed separately), and the remuneration shall be disclosed in total amount. If a director concurrently serves as a president or vice president, his/her remuneration shall be disclosed accordingly in this table and table (C).

Note 2: It indicates the remuneration to directors, including salary, allowance, pension, bonus, rewards, and etc.) in the most recent fiscal year.

Note 3: It indicates the remuneration to directors from profit distribution in the most recent fiscal year according to the proposal submitted by BOD to shareholders' meeting for approval.

Note 4: It indicates the expenses generated from directors' business (including transportation fees, social activity fees, allowances, dormitories, company cars, and etc.) in the most recent fiscal year. If the Company provides a house, car/other transportation, or other allowances to directors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

Note 5: It indicates the salaries, allowances, pensions, severance pay, bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or

other employees). If the Company provides a house, car/other transportation, or other allowances to directors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

Note 6: It indicates the employee bonuses (including cash and stock) paid to directors who hold concurrently posts in the Company (including presidents, vice presidents, managers, or other employees). The amount of employee bonus according to the proposal of profit distribution submitted by BOD to shareholders' meeting for approval in the most recent fiscal year shall be disclosed. If there is no such proposal yet, the stock bonus may be calculated according to the stock bonus last year. The amount of stock bonus for public companies shall be calculated at fair value, which means the closing price on the balance sheet date. For private companies, the amount of stock bonus shall be calculated based on the net value on the last day in the fiscal year when the profit distributed.

Note 7: It indicates the employee stock options (excluding those has been executed) offered to the directors who concurrently hold posts in the Company (including presidents, vice presidents, managers, or other employees). The relevant information shall be disclosed in this table and table 15.

Note 8: The total amount remuneration paid to the Company's directors by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 9: It indicates the numbers of directors classified by the amount of their remuneration paid by Sunplus. The amount of remuneration paid to juridical-person shareholders shall be distributed equally to each representative, and then they shall also be classified according to the amount. If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".

Note 10: It indicates the numbers of directors classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of directors in each classification, the title of column shall be changed to "Names of Directors".

Note 11: It indicates the net income in the most recent fiscal year.

Note 12: a. Whether the Company's directors receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".

b. If "Yes", the amount of remuneration may be disclosed voluntarily and be included into column G and H; also, the title of the column shall be change to "All the Long-term Investments".

c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid by from other long-term investments except subsidiaries.

※The remuneration disclosed here shall not be applied for taxation purpose because those are calculated on a different basis.

(B) Remuneration to Supervisors

Unit: NT\$, shares

Title	Name (Note 1)	Remuneration to Supervisors								(A)+(B)+(C) +(D) of Net Income (Note 8)		Remuneration from Long-term Investments Except Subsidiaries (Note 9)
		Salary (A) (Note 2)		Pension (B)		Bonus from Profit Distribution (C) (Note 3)		Allowance (D) (Note 4)		Sunplus	Consolidated Subsidiaries (Note 5)	
		Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)			
Supervisor	De-Zhong Liu											
Supervisor	Pei-Yu Lee.											
Supervisor	Wei-Min Lin											
Supervisor	Global View Co., Ltd.	420,000	420,000	0	0	0	0	81,000	81,000	0.13%	0.10%	0
	Chu-Chien Feng (Global View Co., Ltd. Representative of Legal Entity)											

Note: Global View has discharged from Supervisor and has served as Director of Sunplus on May 11th 2009.

Remuneration to Supervisors	(A)+(B)+(C)	
	Sunplus (Note 6)	Consolidated Subsidiaries of Sunplus (D) (Note 7)
Under NT\$2,000,000		De-Zhong Liu, Pei-Yu Lee, Wei-Min Lin, Global View Co., Ltd., Chu-Chien Feng (Global View Co., Ltd. Representative of Legal Entity)

※The remuneration disclosed here shall not be applied for taxation purpose because those are calculated on a different basis.

Note 1: Names of supervisors, juridical-person shareholders and their representatives shall be disclosed separately, and the remuneration shall be disclosed in total amount.

Note 2: It indicates the remuneration to supervisors, including salary, allowance, pension, bonus, rewards, and etc., in the most recent fiscal year.

Note 3: It indicates the remuneration from profit distribution in the most recent fiscal year according to the proposal submitted by BOD to shareholders' meeting for approval.

Note 4: It indicates the expenses generated from supervisors' business (including transportation fees, social activity fees, allowances, dormitories, company cars, and etc.) in the most recent fiscal year. If the Company provides a house, car/other transportation, or other allowances to supervisors, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

Note 5: The total amount remuneration paid to the Company's supervisors by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 6: It indicates the numbers of supervisors classified by the amount of their remuneration paid by Sunplus. If the Company is willing to disclose the names of supervisors in each classification, the title of column shall be changed to "Names of Supervisors".

Note 7: It indicates the numbers of supervisors classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of supervisors in each classification, the title of column shall be changed to "Names of Supervisors".

Note 8: It indicates the net income in the most recent fiscal year.

Note 9: a. Whether the Company's supervisors receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".

b. If "Yes", the amount of remuneration may be disclosed voluntarily and be included into column D; also, the title of the column shall be change to "All the Long-term Investments".

c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid by from other long-term investments except subsidiaries.

(C) Remuneration to Management Team

Unit: NT\$, Shares

Title	Name (Note 1)	Salary (A) (Note 2)		Pension (B)		Reward, Allowance, etc. (C) (Note 3)		Bonus from Profit Distribution (D) (Note 4)				(A)+(B)+(C) +(D) on Net Income (Note 9)		Employee Stock Option (Note 5)		Remuneration from Long-term Investments Except Subsidiaries (Note 10)
		Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus		Consolidated Subsidiaries (Note 6)		Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus					
CEO	Chou-Chye Huang	6,369,893	6,369,893	0	0	0	0	0	0	0	0	1.67%	1.28%	0	0	0
Vice President	Steven Huang	15,326,187	15,326,187	498,900	498,900	0	0	0	0	0	0	4.15%	3.18%	0	0	0
Vice President	Wayne Shen															
Vice President	Siu-Leong Yu															
Vice President	Wei-Heng Sheng															
Vice President	Ho-Jung Ou, (Note)															
Vice President	Wen-Kuan Chen (Note)															
Vice President	Yin-Chi Yang (Note)															

Note: Oh-Jung Ou discharged on April 1st, 2009; Wen-Kuan Chen discharged on October 5th, 2009; Yin-Chi Yang discharged on January 8th, 2010.

Remuneration to Management	Name of Presidents and Vice Presidents	
	Sunplus (Note 7)	Consolidated Subsidiaries of Sunplus (D) (Note 8)
Under NT\$2,000,000	Oh-Jung Ou, Siu-Leong Yu	Oh-Jung Ou, Siu-Leong Yu
NT\$2,000,000~NT\$5,000,000	Steven Huang, Wayne Shen, Wei-Heng Sheng, Wen-Kuan Chen, Yin-Chi Yang	Steven Huang, Wayne Shen, Wei-Heng Sheng, Wen-Kuan Chen, Yin-Chi Yang
NT\$5,000,000~NT\$10,000,000	Chou-Chye Huang	Chou-Chye Huang

※The information regarding to those who hold positions equal to a president or vice president shall be disclosed.

※The remuneration disclosed here shall not be used for taxation purpose because those are calculated on a different basis.

Note 1: Names of presidents and vice presidents shall be disclosed separately, and the remuneration shall be disclosed in total amount. If a director concurrently serves as a president or vice president, his/her remuneration shall be disclosed accordingly in this table and table (A).

Note 2: It indicates the remuneration to presidents and vice presidents, including salary, allowance, pension, and severance pay) in the most recent fiscal year.

Note 3: It indicates the bonuses, rewards, transportation fees, social activity fees, dormitories, cars, and etc., to presidents and vice presidents. If the Company provides a house, car/other transportation, or other allowances to presidents and vice presidents, the relevant payments, calculated at actual cost or fair value, shall be disclosed. The remuneration paid to the company drivers shall be disclosed but not included in the remuneration to directors.

Note 4: It indicates the employee bonuses (including cash and stock) paid to presidents and vice presidents according to the proposal of profit distribution submitted by BOD to shareholders' meeting for approval in the most recent fiscal year. If there is no such proposal yet, the stock bonus may be calculated according to the stock bonus last year. The amount of stock bonus for public companies shall be calculated at fair value, which means the closing price on the balance sheet date. For private companies, the amount of stock bonus shall be calculated based on the net value on the last day in the fiscal year when the profit distributed. The term "Net Income" indicates the net income in the most recent fiscal year.

Note 5: It indicates the employee stock options (excluding those has been executed) offered to the presidents and vice presidents. The relevant information shall be disclosed in this table and table 15.

Note 6: The total amount remuneration paid to the Company's presidents and vice presidents by all the companies in the consolidated financial statements (including Sunplus) shall be disclosed.

Note 7: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by Sunplus. If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Names of Presidents and Vice Presidents".

Note 8: It indicates the numbers of presidents and vice presidents classified by the amount of their remuneration paid by all the companies in the consolidated financial statements (including Sunplus). If the Company is willing to disclose the names of presidents and vice presidents in each classification, the title of column shall be changed to "Presidents and Vice Presidents".

Note 9: It indicates the net income in the most recent fiscal year.

Note 10: a. Whether the Company's presidents and vice presidents receive remuneration from other long-term investments except subsidiaries shall be disclosed as "Yes" or "No".

b. If "Yes", the amount of remuneration paid by other long-term investments except subsidiaries may be disclosed voluntarily and included into column D; also, the title of the column shall be changed to "All the Long-term Investments".

c. The remuneration indicated here means the salaries, allowances, bonuses, and other relevant rewards paid to presidents and vice presidents who concurrently hold posts in other long-term investments except subsidiaries.

(D) Employee Bonus Granted to Management Team

There is no employee bonus from 2008 profit distribution.

3.2.6 Analysis for remuneration paid by all the companies in the consolidated financial statements (including Sunplus) to directors, supervisors, presidents and vice presidents as % net income in the most recent two years. Also, the relevant policy, standards and procedures, and the relation between remuneration and performance shall be stated.

The Board Meeting has decided not distribute the dividends, remuneration and bonus to employee in 2008 & 2009 due to the economic crisis. The remuneration is fair compared to peers and the compensations are based on the operation performance of company and individuals.

3.3 Corporate Governance Implementation

3.3.1 BOD Meeting Status

16 meetings were held in 2009 and the attendance of directors is as follow:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Chou-Chye Huang	16	0	100.00	2009/04/30 elected, 2009/05/11 on board
Director	Wen-Shiung Jan	7	1	77.78	2009/04/30 elected, 2009/05/11 on board
Director	Global View (Feng, Chu-Chien, Representative of Legal Entity)	8	1	88.89	2009/04/30 elected, 2009/05/11 on board
Director	Higherway (Hanson Huang, Representative of Legal Entity)	9	0	100.00	2009/04/30 elected, 2009/05/11 on board
Independent Director	Po-Young Chu	15	1	88.89	2009/04/30 elected, 2009/05/11 on board
Independent Director	Che-Ho Wei	7	2	77.78	2009/04/30 elected, 2009/05/11 on board
Independent Director	Shian-Hua Huang	6	1	66.67	2009/04/30 elected, 2009/05/11 on board, 2009/11/30 resigned
Director	Ritek Corp. (Min-Sheng Lee, Representative of Legal Entity)	0	0	0	Former Director 2009/04/30 elected, 2009/05/11 discharged
Director	Yarn-Chen Chen	7	0	100.00	Former Director
Director	Bin-Huang Shih	7	0	100.00	Former Director

Other information required to be disclosed: None

Note 1: The name of a legal entity shareholder and its representative shall be disclosed.

Note 2: (a) If a director or supervisor being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.
 (b) If there is a re-election before year-end, the new directors and supervisors along with the original ones shall be disclosed, and the date of directors and supervisors being elected shall be stated. The actual rate of attendance shall be calculated according to the meetings held when they are at posts.

3.3.2 Supervisors Participation in BOD

16 meetings were held in 2009 and the attendance of supervisors is as follow:

Title	Name	Attendance in Person	Attendance Rate (%)	Remarks
Supervisor	De-Zhong Liu	8	88.89	2009/04/30 elected, 2009/05/11 on board
Supervisor	Pei-Yu Lee	8	88.89	2009/04/30 elected, 2009/05/11 on board
Supervisor	Wei-Min Lin	8	88.89	2009/04/30 elected, 2009/05/11 on board
Supervisor	Global View Co., Ltd., (Feng, Chu-Chien, Representative of Legal Entity)	7	100.00	Turn-over: Shu, Wei-Ren 2009/02/20~2009/03/19

Other information required to be disclosed:

1. Composition and Responsibilities of Supervisors

- (1) Supervisors have attended internal management meetings often and audit the company operations and present the professional opinions independently.
- (2) Supervisors talk the company's internal auditors and CPAs directly and often.

2. The supervisors participated the listed board meeting without dissent to the resolutions by BOD.

Note 1: The name of a legal entity shareholder and its representative shall be disclosed.

Note 2: (a) If a supervisor being relieved of office before year end, it shall be notified as a remark. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

(b) If there is a re-election before year-end, the new supervisors along with the original ones shall be disclosed, and the date of supervisors being elected shall be stated. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

3.3.3 Corporate Governance Implementation as Required by Taiwan Financial Supervisory Commission

Item	Implementation Status	Reason of Non-Implementation
<p>1. Shareholding Structure & Shareholders' Rights</p> <p>(1) The way handling shareholders' suggestions or disputes</p> <p>(2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders</p> <p>(3) Risk management mechanism and fire wall between the Company and its affiliates</p>	<p>(1) Sunplus has designated specialists to handle shareholders' suggestions or disputes.</p> <p>(2) The information regarding major shareholders, directors, supervisors, and other important matters which might cause changes in holding, is disclosed periodically so that the Company could know well about major shareholders and the ultimate owners of them.</p> <p>(3) Sunplus has set relevant guidelines to manage risks concerning dealings and contact with affiliates.</p>	Not Applicable
<p>2. Composition and Responsibilities of the BOD</p> <p>(1) Independent directors</p> <p>(2) Regular evaluation of external auditors' independency</p>	<p>(1) Sunplus has two independent directors.</p> <p>(2) Auditors' independence is evaluated at the end of every year and the engagement of auditors would be submitted to BOD for approval.</p>	Not Applicable
<p>3. Communication channel with Stakeholders</p>	<p>Sunplus maintains good relations with banks, suppliers, and other relevant parties. Sunplus, with a principle of honesty, provides sufficient information about the Company's operations and defends the Company's lawful rights and interests.</p>	
<p>4. Information Disclosure</p> <p>(1) Establishment of corporate website to disclose information regarding the Company's financials, business, and corporate governance status</p> <p>(2) Other information disclosure channels (ex. English website, appointing responsible people to handle information collection and disclosure, appointing spokesman, webcasting investors conference)</p>	<p>Sunplus has established corporate website, managed by relevant departments, to disclose and collect information. Also, Sunplus announces financial results and corporate governance status, and releases company news after investor conferences quarterly.</p>	Not Applicable
<p>5. Operations of the Company's Nomination Committee, Compensation Committee, or Other Committees of BOD</p>	Not established yet	For the internal system is clear and BOD are professionals, plus independent directors, it's not necessary to set up those committees.
<p>6. If the Company has established corporate governance policies based on TSE "Corporate Governance Best Practice Principles", please describe discrepancy between the policies and their implementation.</p> <p>Sunplus does not establish other principles of corporate governance; all of our rules and procedures are based on laws and regulations stipulated by authorities in charge, and amended every year in response to inner/outer changes.</p>		

- | |
|--|
| <p>7. Other important information to facilitate better understanding of the Company's corporate governance (such as human rights, employee rights, employee wellness, community participation, social contribution, community service, investor relations, supplier relations, shareholders' rights, customer relations, the implementation of risk management policies and risk evaluation measures, the implementation of consumers/customers protection policies, and purchasing insurance for directors and supervisors.):</p> <p>1. Employee rights: The company has made and followed the internal management procedures regarding employee rights under the regulations of the Labor Standards Act and Gender Equality in Employment Act.</p> <p>2. Employee wellness: Please refer to the section of 6.5 Employees p.36 on this annual report.</p> <p>3. Investor relations: The company has set a investor relations professionals and disclose the operations and financials on the company website.</p> <p>4. Pursuing record of directors and supervisors: Please refer to Market Observation Post System http://mops.twse.com.tw</p> <p>5. Implementation of risk management policies and risk evaluation measures: Please refer to the section of 8.6 Risk Management p.147</p> <p>6. Purchasing insurance for directors and supervisors: Yes.</p> |
| <p>8. If the Company has a self corporate governance evaluation or has authorized any other professional organization to conduct such evaluation, the evaluation results, major deficiency or suggestion, and improvement are stated as follows: None</p> |

3.3.4 Please describe the Company's policy and implementation of social responsibilities (such as environment protection, community participation, contribution to community, social service, charity, consumer rights, human rights and other social responsibilities):

The Company takes corporate image seriously and realizes it could be destroyed in a second. Sunplus also take our long-term operation, employee wellness, shareholders' rights and interests as our most essential responsibilities. The Company will try hard for better growth and profits return in order to be dutiful for our social responsibilities.

3.3.5 Other Corporate Governance Policies: Not Applicable

3.3.6 Other Matters Needed to Improve the Company's Implementation of Corporate Governance: None

3.3.7 Internal Control System Execution Status and Information

(A) Statement of Internal Control System

Sunplus Technology Co., Ltd.
Statement of Internal Control System

Date: March 17th, 2010

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during January 1st – December 31st, 2009:

1. Sunplus is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of Board of Directors and management team. Sunplus has established such a system aimed at providing reasonable assurance regarding achievement of objectives in the following categories: (a) effectiveness and efficiency of operations (including profitability, performance, and protection of assets), (b) reliability of financial reporting, and (c) compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only reasonable assurance of accomplishment for the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment and circumstances. Nevertheless, Sunplus' internal control system contains self-monitoring mechanisms, and Sunplus takes corrective actions whenever a deficiency is identified.
3. Sunplus evaluates the design and operating effectiveness of our internal control system based on "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (a) control environment, (b) risk assessment, (c) control activities, (d) information and communication, and (e) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. Sunplus has evaluated the design and operating effectiveness of our internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Sunplus believe that, during the year 2009, our internal control system (including the supervision and management of subsidiaries), as well as our internal control to monitor the achievement of our objectives concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-stated objectives.
6. This statement is an integral part of Sunplus' annual report for the year 2009 and prospectus, and would be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Article 20, 32, 281, and 174 of the "Securities and Exchange Law".
7. This statement has been passed by the Board of Directors Meeting held on March 17th, 2010, with all six attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Sunplus Technology Co., Ltd.
Chairman & CEO, Chou-Chye Huang



(B) The Company's Internal Control System Audit Report by External Auditors: Not applicable

3.3.8 Regulatory Authorities' Legal Penalties to the Company, and the Company's Resulting Punishment on Its Employees: None

3.3.9 Major Resolutions by the Shareholders' Meetings and the Board of Directors Meetings

Date	Decision Maker	Case	Result
2009.03.31	Board Meeting	1. Personnel 2. Disposal investment: Orise	Approved as proposed without dissent.
2009.04.29	Board Meeting	1. Personnel	Approved as proposed without dissent.
2009.05.11	Board Meeting	1. Election of chairman 2. Approval of 1Q'09 consolidated financial statements	Approved as proposed without dissent.
2009.06.25	Board Meeting	1. 2nd Buy- back program	Approved as proposed without dissent.
2009.07.28	Board Meeting	1. Approval of 1H'09 financial statements	Approved as proposed without dissent.
2009.08.21	Board Meeting	1. Approval of 1H'09 consolidated financial statements	Approved as proposed without dissent.
2009.08.26	Board Meeting	1. 3rd Buy-back program 2. Investment: HT mMobile	Approved as proposed without dissent.
2009.10.06	Board Meeting	1. Buy-back transferred to employees 2. Personnel 3. Discussion of subsidiaries' product lines	Approved as proposed without dissent.
2009.10.28	Board Meeting	1. Approval of 3Q'09 financial statements	Approved as proposed without dissent.
2009.11.1	Board Meeting	1. Approval of 3Q'09 consolidated financial statements 2. Disposal investment: Orise	Approved as proposed without dissent. Except Chairman Chou-Chye Huang gave up voting due to conflict of interests, the other 6 directors approved as proposed with 1 dissent.
		3. Investment of Sunext: Give-up	
2009.12.30	Board Meeting	1. Personnel & Organization	Approved as proposed without dissent.
2010.01.07	Board Meeting	1. Personnel	Approved as proposed without dissent.
2010.02.10	Board Meeting	1. Approval of 2009 financial statements 2. Lifting ban against joining competitors 3. Discussion of 2009 shareholders' meeting	Approved as proposed without dissent.
2010.03.17	Board Meeting	1. Approval of 2009 consolidated financial statements. 2. Discussion of distribution of 2009 profits	Approved as proposed without dissent.

3.3.10 Content of Directors' or Shareholders' Dissent View on Record or in Writing Regarding Resolutions approved by BOD Meeting:

- (1) The BOD approved not to subscribe the stake of Sunext Capital raise by cash and the independent Director Po-Young Chu dissent from the Board's resolution.
- (2) The opinion from the dissent director: If the company doesn't subscribe the stake and lower shareholding of Sunext, the company could loss the control of Sunext y so that it could be the potential competitor on BD segment in the future.

3.3.11 Information Regarding the Relief and Resignation of Personnel Responsible for Preparing Financial Reports: None

3.4 Audit Fees

Audit Firm	Name of Auditor		Duration of auditing	Remarks
Deloitte & Touche	Allen Yeh	Hung-Wen Huang	2009.07.01~2009.12.31	Internal transference by audit firm
Deloitte & Touche	Hung-Peng Lin	Shu-Chieh Huang	2009.01.01~2009.06.30	

Amount (in NT\$ thousand)	Item	Audit fee	Non-audit fee*	Total
1.	NT\$ 4,000~6,000	4,390	1,209	5,599

*Note: including reimbursement and others non-audit fees.

3.5 Replacement of Auditors

3.5.1 Ex-auditors

Date discharged	September 1 st , 2009
Reason	Internal transference by the audit firm, Deloitte & Touche
Any different opinions than an unqualified opinion within recent 2 years	An unqualified review opinion in 1H'09 and 1H'08 for the un-audited/reviewed long-term investment's P&L An unqualified opinion thereon with an explanatory paragraph end of 2009/2008 for: 1. 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 since 2008. These bonuses were previously recorded as appropriations from earnings. 2. The Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 10 -"Inventories" from January 1st, 2009.
Any different opinions against issuer	None
Remarks	Not Applicable

3.5.2 Current Auditors

Audit Firm	Deloitte & Touche
Name of Auditor	Allen Yeh, Hung-Wen Huang
Date of Appointment	September 1 st 2009
Any different opinions against ex-auditors	None

3.5.3 Other Opinions different from Ex-auditor: None

3.6 Chairman, Presidents, and Managers in Charge of Finance and Accounting Who Held a Position in Sunplus' Independent Audit Firm or Its Affiliates during the Recent Year

None

3.7 Net Change in Shareholding and Net Changes in Shares Pledged by Directors, Supervisors, Management, and Shareholders with 10% Shareholding or More

3.7.1 Net Change in Shareholding and Net Changes in Shares Pledged by Directors, Supervisors, Management, and Shareholders with 10% Shareholding or More

Unit: Shares

Title	Name	2009		Ended of April 16 th , 2010	
		Shareholding Increased (decreased)	Shares Pledged (Released)	Shareholding Increased (decreased)	Shares Pledged (Released)
Chairman	Chou-Chye Huang				
Director	Wen-Shiung Jan (2009/05/11 aboard)				
Director	Global View (2009/05/11 aboard)		(2,804,150)		
Director	Higherway Electronic (2009/05/11 aboard)				
Independent Director	Po-Young Chu				
Director	Che-Ho Wei (2009/05/11 aboard)				
Supervisor	De-Zhong Liu (2009/05/11 aboard)				
Supervisor	Pei-Yu Lee (2009/05/11 aboard)				
Supervisor	Wei-Min Lin (2009/05/11 aboard)				
VP	Steven Huang	49,873			
VP	Wayne Shen	18,900		(40,000)	
VP	Wei-Heng Sheng (2009/05/11 aboard)	31,498			
VP	Shiou-Leong Yu (2009/12/31 aboard)				
Finance & Accounting Director	Piper Hung				
Director	Bing Huang Shih (2009/05/11 discharged)				
Director	Yarn-Chen Chen (2009/05/11 discharged)				
Director	Ritek Corp. (2009/05/11 aboard 2009/05/11 discharged)				
Independent Director	Shian-Hua Huang (2009/11/30 discharged)				
Supervisor	Global View Technology Co., Ltd. (2009/05/11 discharged)		(2,804,150)		
BU President	Oh-Jung Ou (2009/04/01 discharged)	(270,000)			
Executive VP	Wen-Kuan Chen (2009/10/05 discharged)	(77,502)			
CTO	Yin-Chi Yang (2009/05/11 aboard 2009/05/11 discharged)	38,823			

3.7.2 Stock Trade

Name (Note 1)	Transfer Reason	Transaction Date	Name of Counter Party	Nature of Relationship	Amount of Shares	Transaction Price
-	-	-	-	-	-	-

3.7.3 Shares Pledge with Related Parties

Name (Note1)	Reason of Pledge (Note2)	Date of Change	Name of Counter Party	Nature of Relationship	Amount of Shares	Percentage of Shareholding	Percentage of Shares Pledge	Transaction Price
-	-	-	-	-	-	-	-	-

Note1: Including Directors, supervisors, managers and shareholders holding more than 10%

Note2: reasons for shares pledged or released

3.8 Top 10 Shareholders & Related Parties

Name	Current Shareholding		Shareholding under Spouse & Minor		Shareholding under Others' Name		Relationship with related-parties	
	Amount of Shares	Holding %	Amount of Shares	Holding %	Amount of Shares	Holding %	Name	Relationship
Chou-Chye Huang	92,737,817	15.54%	1,370,993	0.23%	-	-	-	-
Yarn-Chen Chen	17,140,245	2.87%	1,582,160	0.27%	-	-	-	-
China Trust Bank in custody for Sunplus employee shareholding trust	13,271,074	2.22%	-	-	-	-	-	-
De-Zhong Liu	13,045,795	2.19%	2,006,943	0.34%	-	-	-	-
Global View Co., Ltd.	10,038,049	1.68%	-	-	-	-	Bin-Huang Shih	Global View's Board Director
Chu-Chien Feng (representative of Global View)	-	-	-	-	-	-	-	-
Jiang, Hua-Mei	9,495,000	1.59%	-	-	-	-	-	-
Chih-Hao King	9,389,160	1.57%	-	-	-	-	-	-
Wen-Qin Lee	7,232,756	1.21%	-	-	-	-	-	-
Bing Huang Shih	6,315,505	1.06%	1,696,085	0.28%	-	-	Global View	Board Director
Fortuna China Fund	5,000,000	0.84%	-	-	-	-	-	-

3.9 Long-term Investment Ownership

2010.3.31/Unit: thousand shares, %

Long-term Investments (Note)	Sunplus Investment		Shareholding of Director, Supervisor, Management or Subsidiary		Synthetic Shareholding	
	Amount of Shares	Holding %	Amount of Shares	Holding %	Amount of Shares	Holding %
Giantplus Technology	84,652	21	10,609	3	95,261	24
Waveplus Technology	1,302	41	1,208	37	2,510	78
Generalplus Technology	38,832	43	18,974	21	57,806	64
Sunext Technology	38,836	61	8,232	13	47,068	74
Orise Technology	57,290	42	865	1	58,155	43
Sunplus Core Technology	8,898	57	4,335	28	13,233	85
Sunplus mMobile Inc.	54,545	91	3,020	5	57,565	96
HTmMobile Inc.	37,261	29	14,581	11	51,842	40
Sunplus Innovation Technology	29,762	79	1,763	5	31,525	84
Sunplus mMeida Inc.	19,590	83	3,917	16	23,507	99
iCatch Technology Inc.	20,735	83	4,146	16	24,881	99
Ritek Corp.	5,000	-	1,667	-	6,667	-

Note: Except companies listed above, all other long-term investments are held by the parent company.

IV. Capital & Shares

4.1 Capitalization

Month/Year	Price (NT\$)	Authorized capital		Issued capital		Remark		
		Shares (Thousand shares)	Amount (NT\$M)	Shares (Thousand Shares)	Amount (NT\$M)	Funding (NT\$K)	Funding except cash	Note
08/1990	10	2,300	23	620	6.2	Cash Offering 6,200	None	Not IPO yet
08/1990	10	2,300	23	1,150	11.5	Cash Offering 5,300	None	Not IPO yet
03/1992	10	2,300	23	2,300	23	Cash Offering 11,500	None	Not IPO yet
12/1993	10	6,000	60	6,000	60	Cash Offering 20,900 Capitalization of Profits 16,100	None	Not IPO yet
09/1994	10	19,800	198	19,800	198	Cash Offering 60,000 Capitalization of Profits 78,000	None	Not IPO yet
06/1995	10	39,600	396	39,600	396	Capitalization of Profits 198,000	None	06/28/1995 SFC No. 37335
06/1996	10	64,360	643.6	64,360	643.6	Capitalization of Profits 247,600	None	06/26/1996 SFC No. 40155
06/1997	10	105,500	1,055	105,500	1,055	Capitalization of Profits 411,400	None	06/10/1997 SFC No.46641
06/1998	10	184,000	1,840	184,000	1,840	Capitalization of Profits 785,000	None	06/ 08/1998 SFC No.49408
06/1999	10	269,120	2,691.2	269,120	2,691.2	Capitalization of Profits 851,200	None	06/23/1999 SFC No.57760
06/2000	10	600,000	6,000	370,000	3,700	Capitalization of Profits 1,008,800	None	06/03/2000 SFC No.48003
09/2000	10	600,000	6,000	390,000	3,900	Cash Offering for GDR 200,000	None	09/18/2000 SFC No 72620
06/2001	10	700,000	7,000	534,000	5,340	Capitalization of Profits 1,440,000	None	06/27/2001 SFC No 40791
12/2001	10	700,000	7,000	544,742	5,447	Merger from Grandtech 10,742	None	12/12/2001 SFC No 173137
06/2002	10	1,000,000	10,000	694,950	6,949.5	Capitalization of Profits 957,334 And Capital Surplus 544,742	None	05/30/2002 SFC No.129546
07/2003	10	1,000,000	10,000	777,504	7,775.0	Capitalization of Profits 130,590 And Capital Surplus 694,950	None	05/22/2003 SFC No.0920122560
06/2004	10	1,000,000	10,000	875,254	8,752.5	Capitalization of Profits 355,500 And Capital Surplus 622,004	None	06/15/2004 SFC No.0930126644
07/2005	10	1,050,000	10,500	945,570	9,455.7	Capitalization of Profits 487,576 And Capital Surplus 175,051 Employee Stock Option 40,529	None	07/11/2005 FSC No. 0940127940 TSE No.09400288741
11/2005	10	1,050,000	10,500	948,147	9,481.5	Employee Stock Option 25,772	None	TSE No.09400340711
03/2006	10	1,050,000	10,500	948,730	9,487.3	Employee Stock Option 5,825	None	TSE No.09500052761
06/2006	10	1,050,000	10,500	949,784	9,497.8	Employee Stock Option 10,547	None	TSE No.09500116511
06/2006	10	1,200,000	12,000	1,021,358	10,213.6	Capitalization of Profits 508,844 And Capital Surplus 189,230 Employee Stock Option 17,660	None	FSC No.0950126238

Month/Year	Price (NT\$)	Authorized capital		Issued capital		Remark		
		Shares (Thousand shares)	Amount (NT\$M)	Shares (Thousand Shares)	Amount (NT\$M)	Funding (NT\$K)	Funding except cash	Note
11/2006	10	1,200,000	12,000	1,022,777	10,227.8	Employee Stock Option 14,195	None	TSE No.0950030505
01/2007	10	1,200,000	12,000	512,212	5,122.1	Capital Reduction 5,114,358 Employee Stock Option 8,703	None	FSC No.0950159014
03/2007	10	1,200,000	12,000	512,954	5,129.5	Employee Stock Option 7,418	None	TSE No.0960005441
09/2007	10	1,200,000	12,000	554,240	5,542.4	Capitalization of Profits 288,622 And Capital Surplus 102,415 Employee Stock Option 21,825	None	FSC No.0960038299
11/2007	10	1,200,000	12,000	556,051	5,560.5	Employee Stock Option 18,115	None	TSE No.0960037136
03/2008	10	1,200,000	12,000	556,750	5,567.5	Employee Stock Option 6,990	None	TSE No.09700075761
05/2008	10	1,200,000	12,000	556,893	5,568.9	Employee Stock Option 1,427	None	TSE No.09700142371
09/2008	10	1,200,000	12,000	598,203	5,982.0	Capitalization of Profits 301,637 And Capital Surplus 111,092 Employee Stock Option 368	None	FSC No.0970036239
02/2009	10	1,200,000	12,000	596,910	5,969.0	Treasury Stock write-off 12,929	None	TSE No.0980003591

2010.04.16/Unit: Shares

Type	Shares	Authorized Capital			Remark
		Issued Shares	Un-issued Shares	Total	
Common share		596,909,919	603,090,081	1,200,000,000	

Shelf Registration

Type	Shares Expected to Issue		Issued Shares		Objective and Expected Benefit of Issued Shares	Expected time of Un-issued Shares	Remark
	Total Shares	Amount	Amount	Price			
-	-	-	-	-	-	-	-

4.1.1 Composition of Shareholders

2010.04.16

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Retail investors	Total
Persons	3	6	136	119	58,079	58,343
Shares	455	37,654	51,176,012	50,882,004	494,813,794	596,909,919
Shareholding	0.00%	0.01%	8.57%	8.52%	82.90%	100.00%

4.1.2 Distribution Profile of Shareholder Ownership – Common Share

2010.04.16/Par Value per Share: \$NT10

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned	Holding %
1~999	19,758	4,488,250	0.75%
1,000~5,000	26,960	58,592,561	9.81%
5,001~10,000	5,797	42,909,645	7.19%
10,001~15,000	2,097	25,119,367	4.21%
15,001~20,000	1,045	19,031,509	3.19%
20,001~30,000	999	24,586,947	4.12%
30,001~40,000	433	15,125,441	2.53%
30,001~50,000	324	14,840,027	2.49%
50,001~100,000	504	35,318,380	5.92%
100,001~200,000	219	31,188,823	5.23%
200,001~400,000	107	29,115,814	4.88%
400,001~600,000	29	14,342,129	2.40%
600,001~800,000	12	8,243,820	1.38%
800,001~1,000,000	13	11,739,454	1.97%
Over 1,000,001	46	262,267,752	43.93%
Total	58,343	596,909,919	100.00%

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not applicable

4.1.4 Major Shareholders

2010.04.16

Name	Shareholding	Shares Owned	Holding %
Chou-Chye Huang		92,737,817	15.54%
Yarn-Chen Chen		17,140,245	2.87%
China Trust Bank in custody for Sunplus employee shareholding trust		13,271,074	2.22%
De-Zhong Liu		13,045,795	2.19%
Global View Co., Ltd.		10,038,049	1.68%
Jiang, Hua-Mei		9,495,000	1.59%
Chih-Hao King		9,389,160	1.57%
Wen-Qin Lee		7,232,756	1.21%
Bing Huang Shih		6,315,505	1.06%
Fortuna China Fund		5,000,000	0.84%

4.1.5 Net Worth, Earnings, Dividends, and Market Price per Share

Item	Year		2007	2008	Ended of March 31 st , 2010
Market Price	Highest		50.50	35.2	35.2
	Lowest		9.91	11.95	24.55
	Average		28.43	20.18	28.91
Net Worth	Before Distribution		18.31	20.63	20.98
	After Distribution		18.31	(Note 1)	(Note 1)
Earnings Per Share	Weighted Average Shares		593,326,431	591,750,039	593,349,923
	Earnings Per Share (Note 2)	Before Adjustment	0.01	0.64	0.52
		After Adjustment	0.01	(Note 1)	-
Dividends Per Share	Cash Dividends		-	(Note 1)	-
	Stock Dividends	From Retained Earnings	-	(Note 1)	-
		From Capital Surplus	-	(Note 1)	-
	Accumulated Undistributed Dividends		-	(Note 1)	-
Return on Investment	Price/Earnings Ratio (Note 3)		2,843.00	31.53	-
	Price/Dividend Ratio (Note 4)		-	(Note 1)	-
	Cash Dividends Yield Rate (Note 5)		-	(Note 1)	-

Note 1: Pending shareholders' approval

Note 2: Retroactively adjusted for stock dividends and stock bonus to employees

Note 3: Price/Earnings ratio=average market price/earnings per share

Note 4: Price/dividends ratio=Average market price/cash dividends per share

Note 5: Cash dividends yield rate=cash dividend per share/average market price per share

4.1.6 Dividend Policy

(A) Dividend policy in the "Article of Incorporation"

Our dividend policy is made according to regulations set forth in the "Company Law" and the "Article of Incorporation". The dividends can be in the form of cash or stock, which depends on the status of company's capital, financial structure, operational needs, retained earnings and industrial environment.

The dividend policy for this year will follow the aforementioned rules and maintain the policy of cash dividend with stock dividend, while cash part shall not be less than 10% of the total dividend.

(B) **Stock dividends:** The Board Meeting proposed not to distribute the profits of 2009

(C) **Expected Variation:** None

4.1.7 Impact to Profits and EPS Resulting from Dividend Distribution

Due to no official financial guidance for 2010, there is no related information to disclose.

4.1.8 Profits Distributed as Employee Bonus and Directors and Supervisors' Compensation

(A) Regulations Concerning Bonus to Employees, Directors, and Supervisors in the "Article of Incorporation"

The Company's "Articles of Incorporation" provides that Company appropriates earnings every year as follows: (1) legal reserve equivalent to 10% of the net income of the latest completed year less any accumulated deficit in prior years except the amount of legal reserve are over the capital, and (2) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than the deficit. In addition, any distribution of the remaining earnings will be made as follows: (i) up to 6% of the par value of the outstanding capital stock will first be paid/distributed as dividends, (ii) 1.5% and at least 1% of the remaining distributable earnings after (i) is

distributed as remuneration to directors and supervisors and as bonus to employees, respectively.

The balance of the current year net income after all the foregoing appropriations and distributions plus the accumulated balance of the un-appropriated prior years' earnings may be distributed as additional dividend. It is the Company's policy that cash dividends shall be at least 10% of total dividends paid/distributed. Stock dividend will be distributed in lieu of cash dividends when the minimum cash dividend distributable is less than NT\$0.5 per share.

A special reserve equivalent to the debit balance of any account shown in the shareholder equity section of the balance sheets, other than the deficit, is made from retained earnings pursuant to existing regulations promulgated by the ROC Securities and Futures Commission (SFC). The special reserve is adjusted accordingly based on the balance of such accounts at year-end.

(B) BOD Proposal to Distribute Profits as Bonus to Employees, Directors, and Supervisors

The Board Meeting proposed not to distribute the profits of 2009

(C) Bonus to Employees, Directors, and Supervisors Last Year

Approval by shareholders' meeting at April 30th, 2009, the company did not distribute the profits of 2008

4.1.9 Buyback Program:

2009/12/31

Execution of Buy-Back		
Date of the board of directors resolution	2 nd Buy-Back	3 rd Buy-Back
Purpose of the share repurchase	To transfer to employees	To transfer to employees
Scheduled period for the repurchase	2009/6/26~2009/8/25	2009/8/27~2009/9/26
Repurchase price range	NT\$11.5~NT\$17.5	NT\$13.5~NT\$17.5
Number of shares repurchased	6,629,000 shares	0
Total monetary amount of shares repurchased	NT\$114,385,338	0
Cumulative number of own shares held	6,629,000shares	-
Ratio of cumulative number of own shares held during the repurchase period to the total number of the Company's issued shares	0%	-

4.2 Issuance of Corporate Bonds

None

4.3 Preferred Shares

None

4.4 Issuance of GDR

2010.03.31

Item		Issuing Date	March 16, 2001
Issuing Date		March 16, 2001	
Issuance & Listing		London Stock Exchange Listed	
Total Amount		US\$191,400,000	
Offering Price per Unit		US\$9.57	
Issued Units		14,715,305.5	
Underlying Securities		Offering 20,000,000 new shares of common stock of par value NT\$10	
Common Shares Represented		29,474,455 Common Shares	
Rights and Obligations of GDR holders		Same as common share holders	
Trustee		NA	
Depository Bank		The Bank of New York	
Custodian Bank		International Commercial Bank of China	
GDRs Outstanding		274,934units	
Apportionment of the expenses for the issuance and maintenance		All fees and expenses related to issuance of GDRs were borne to the selling shareholders and Sunplus, while the maintenance expenses such as annual listing fees, information disclosure fees and other expenses were borne by Sunplus	
Terms and Conditions in the Deposit Agreement and Custody Agreement		-	
Closing price per GDRs	2009	Highest	US\$2.19
		Lowest	US\$0.73
		Average	US\$1.22
	Ended of March 31 st , 2010	Highest	US\$2.16
		Lowest	US\$1.59
		Average	US\$1.80

4.5 Employee Stock Options Plan

4.5.1 Issuance of Employee Stock Options and Its Impact to Shareholders Equity

2010.03.31

Employee Stock Option	Year 2007	
	1 st Grant	2 nd Grant
Approval Date by the Securities & Future Commission	September 11, 2007	
Issue (Grant) Date	November 13, 2007	December 28, 2007
Number of Shares Issued	19,908,840	6,299,902
Percentage of Issued Shares to Outstanding Common Shares	3.34%	1.06%
Option Duration	2009/11/13~2113/11/12	2009/12/28~2113/12/28
Source of Option Shares	New common shares	
Vesting Schedule	After 2 years, 100%	
Shares Exercised	0	0
Value of Shares Exercised (Note 1)	NA	NA
Shares Unexercised	16,487,644	6,299,902
Grant Price per Unexercised Shares	NT\$40.40	NT\$40.90
Percentage of Unexercised Shares to Outstanding Common Shares	2.76%	1.06%
Impact to Shareholders' Equity	Limited dilution to shareholders' equity	

4.5.2 Stock Option to Management Team and Top 10 Individual over NT\$30million (A) Stock option 1st Grant in 2007

2010.03.31

Title	Name	Amount of Options Granted	Percentage of Shares Exercisable to Outstanding Common Shares	Shares Unexercised			
				Amount (Shares)	Grant Price (NT\$)	Value of Shares Unexercised (NT\$K)	Percentage of Shares Unexercised to Outstanding Common Shares
VP	Steve Huang	599,936	0.10%	599,936	40.40	24,237,414	0.10%
VP	Wayne Shen						
Director of finance & accounting division	Piper Hung						

(B) Stock option 2nd Grant in 2007

2010.03.31

Title	Name	Amount of Options Granted	Percentage of Shares Exercisable to Outstanding Common Shares	Shares Unexercised			
				Amount (Shares)	Grant Price (NT\$)	Value of Shares Unexercised (NT\$K)	Percentage of Shares Unexercised to Outstanding Common Shares
VP	Steve Huang	269,971	0.05%	269,971	40.90	11,041,822	0.05%
VP	Wayne Shen						
Director of finance & accounting division	Piper Hung						

*Note: There isn't any execution of stock options by manager mentioned above.

4.6 Mergers and Acquisitions

Not applicable

V. Financial Plan & Implementation

Not Applicable

VI. Business Highlight

6.1 Business Activities

6.1.1 Business Scope

(A) Major Business

1. CC01080 Manufacturing of electronic component
2. I501010 Product Designing
3. F401010 International Trading
4. I301010 Software Design Services
5. I301020 Data Processing Services
6. R&D, Manufacturing, Testing, Selling of ICs
7. R&D, Manufacturing, Testing, Selling of ICs module
8. R&D, Selling of Application software
9. R&D, Selling of IPs
10. Trading Business and Agency Business of ICs

(B) Product Segments and Sales Amount

Product Categories	Sales of 2009	
	Amount (NT\$ thousand)	Percentage (%)
Multimedia IC	7,127,563	7,127,563
Others	222,037	222,037
Total	7,349,600	7,349,600

(C) Product Lines

1. Multimedia IC: IC solutions for multimedia home applications, such as DVD player, LCD TV, digital TV, pocket TV, and set-top-box.
2. Others: Including ASIC and intellectual properties.

(D) New Products

1. Blue-ray Disc player IC
2. Portable and Car DVD IC
3. HDMI DVD player IC
4. Highly-integrated digital TV solution
5. DVB-T STB IC
6. DVB-S STB IC
7. HD STB IC
8. HDTV LCD TV Controller
9. IPTV IC
10. 3D TV IC

6.1.2 Industry Overview

(A) Supply Chain

In the product development flow, Sunplus focuses on IC design, system design, wafer testing and sales services but out-sources most of the manufacturing including mask making, wafer fabrication, wafer sawing, packaging and final testing. The infrastructure of semiconductor industry in Taiwan is very efficient; we have foundries like TSMC, UMC, etc., and backend assembly and testing houses such ASE, SPIL and KYEC. Since those factories are located in Hsinchu Science Park or nearby, the "Cluster" effect could enable high production efficiency.

Our products are shipped to end customers through distributors, so the major customers of Sunplus are distributors. The end customers' manufactories are located in Taiwan, HK and Mainland China, and the end products after assembly are sold to North America and Europe, or other emerging countries per different applications.

(B) Market Trend and Competition

1. Multimedia IC: Our multimedia ICs are based on DSP and RISC hardware technologies. By collocating with different image processing and voice processing algorithm, these technologies can process complicated mathematic operations, which can be applied to applications like BD, DVD, set-top-box, LCD TV, digital TV, and etc. At present, our main competitors are Mediatek, Zoran, Morning-Star, ALi and Novatek.
2. Others: Sunplus also provides ASICs and IP products.

6.1.3 Technology and Development

(A) R&D expenditure in 2006 and 2007

Item	Year	NT\$K	
	2009	Ended March 31 st , 2010	
Expense	1,363,095	342,521	
Percentage to Revenue	18%	20%	

(B) R&D Accomplishment

1. DTMB set-up-box IC for set-top-box, DTV and pocket TV
2. DVB-Terrestrial technology for set-top-box, DTV and pocket TV
3. DVB-Satellite I technology for set-top-box, DTV and pocket TV
4. H.264/ MPEG2 decoding technology for set-top-box, DTV and pocket TV
5. MPEG2 decoding and servo control technology for DVD player SoC
6. MPEG4 decoding technology for DVD player
7. HDMI DVD player IC
8. JPEG decoding for Digital photo frame, DVD player, set-top-box, DTV and pocket TV
9. Vedio decoding technology for video player, TV game consoles, LCD TV, and DTV

6.1.4 Business Plan

Sunplus has been focusing on consumer IC design since start-up. After the re-grouping in 2006, our product lines are IC solutions and IPs mainly for multimedia home applications for the home entertainment IC market will be very potential and highly growing while the concept of “digital home” is getting an ideal and desired life style. The coming analog switch-off to digital broadcasting will boost the demand for IC solutions of digital TV, LCD TV, and set-top-box, which could be the next cash cows to Sunplus in the following years. As the long-term strategy, Sunplus will be working on the home entertainment IC market, developing multimedia SoCs and IPs. We will carry on providing total IC solutions to the customers with best cost performance to expand our worldwide market shares of DVD, STB, and TV. Besides, we will launch new home entertainment IC products for HDTV, HD set-top-box, BD player for high definition resolutions soon for those HD products of digital home applications could be the growth drivers to Sunplus in future. In the end, Sunplus targets to be the world's leading multimedia SoC provider.

6.2 Market Status

6.2.1 Market Analysis

(A) Market Analysis by Region

Area	2009	
	Amount (NT\$K)	Percentage (%)
Hong Kong	6,243,065	84.95
Taiwan	943,995	12.84
Others	162,540	2.21
Total	7,349,600	100.00

(B) Market Share

According to the statistics provided by TRI, the revenue of Taiwan IC design companies could reach NT\$385.9 billion, and Sunplus took around 1.9% market share with 2009 revenue of NT\$7,350 million.

(C) Demand and Growth

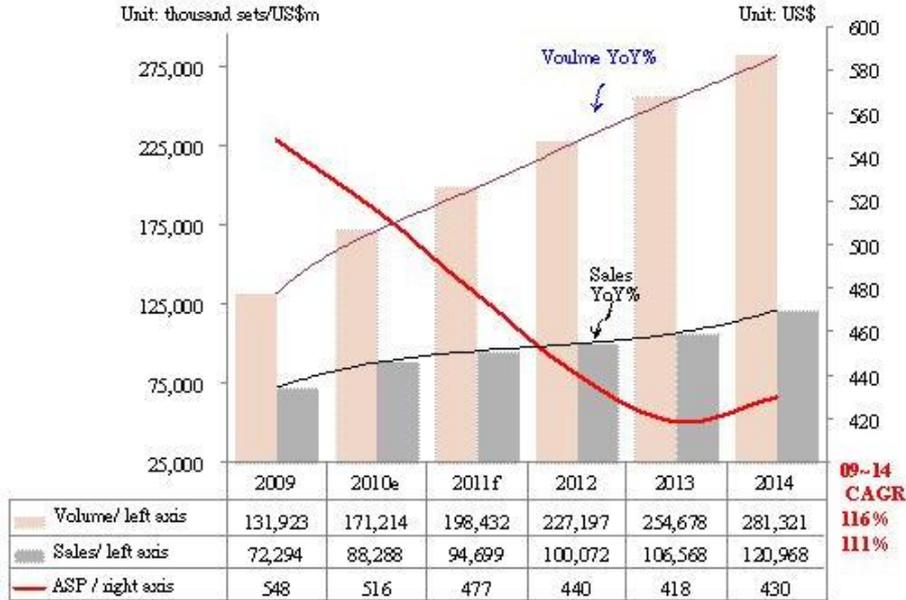
According to IEK IT IS Program, the Taiwan IC design industry could generate production value as NT\$450 billion with 16.4% year-on-year growth, meanwhile, TRI estimates the global IC design industry may have 12% yearly growth that Taiwan IC design could take 25% of worldwide market.

Because consumers are looking for better quality of life, digital broadcasting programs are more popular and the emerging technologies like 3DTV, LED TV, IPTV are getting affordable, those demands for high definition TV and BD player, HD STB are growing very fast. Display Search estimates that the TV shipment worldwide in 2010 will reach 228million sets while LCD TV dominates more than 180million sets, while iSuppli also forecasts that there will be 148 million STBs shipped in 2010.

Sunplus multimedia IC solutions are mainly applied to the home entertainment applications including DVD player, STB, LCD TV, DTV, etc. In addition to the developed countries like

North America and Europe, emerging countries such as China, India, Russia and South America are also very potential markets to Sunplus.

2009~2014 WW LCD TV sales & volume



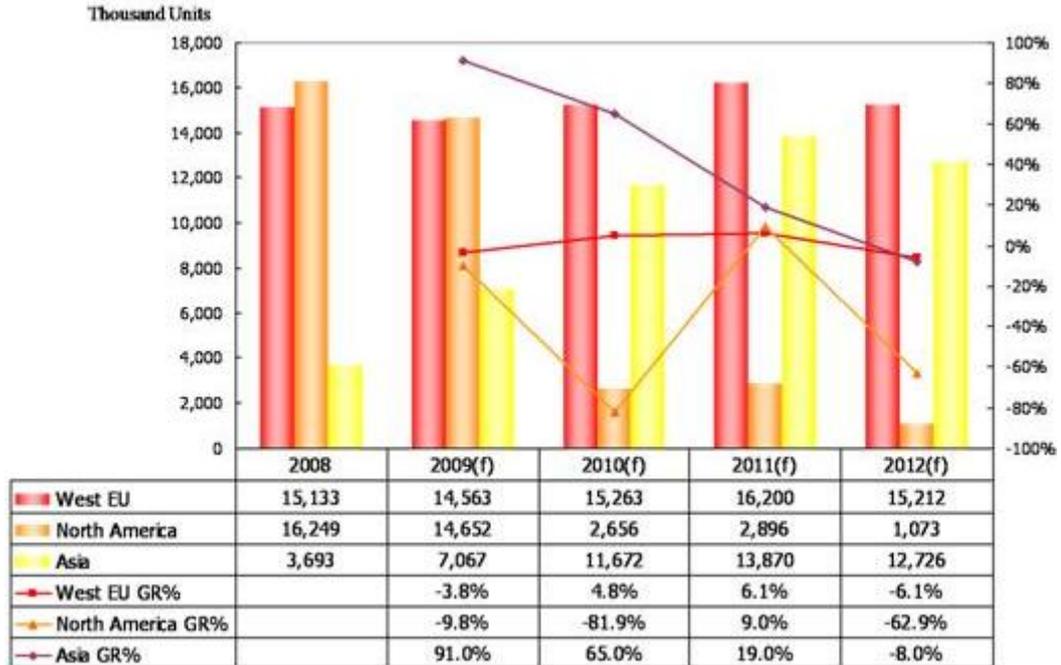
Source: MIC, December 2009

WW LCD TV shipment 2007~2012



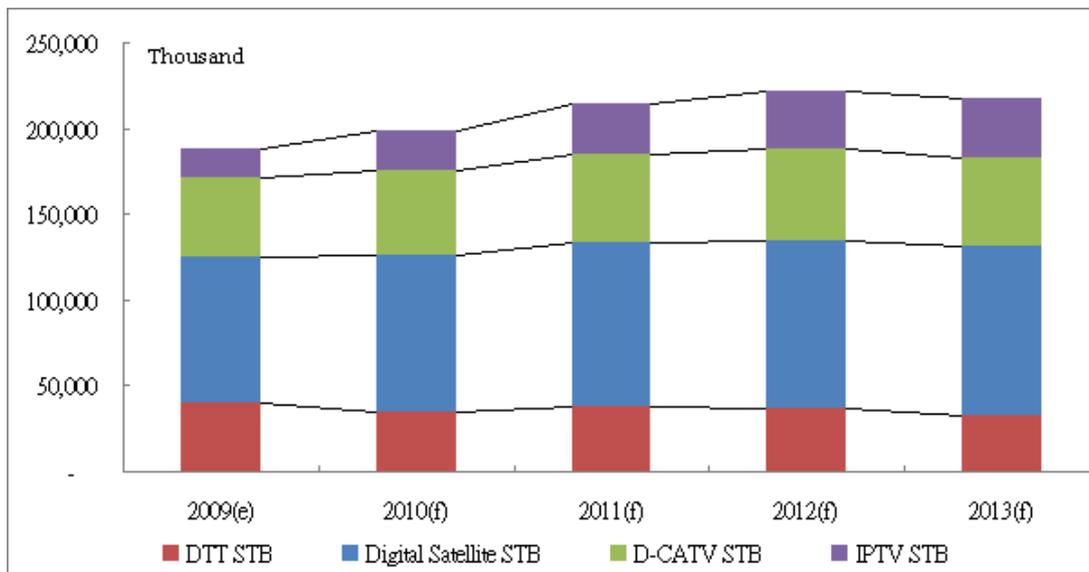
Source: Topology, December 2009

T-STB shipment 2008-2012 by area



Note: not including total T-STB market, Source: MIC, November 2009

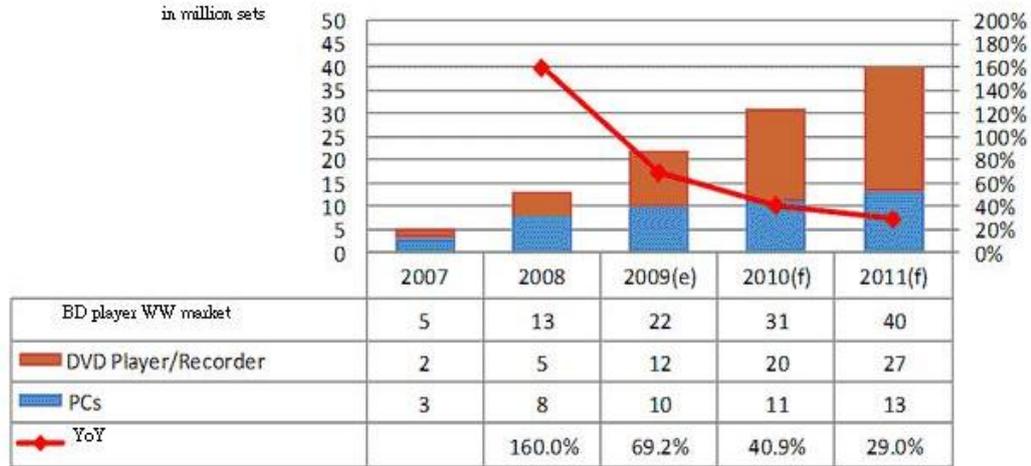
Worldwide Digital TV STB Shipment Volume by Product Mix, 2009 - 2013					
	2009(e)	2010(f)	2011(f)	2012(f)	2013(f)
DTT SB	40,313	34,813	37,892	36,264	32,487
Digital Satellite STB	84,572	91,601	95,559	98,195	98,859
D-CATV STB	46,200	49,500	51,900	53,500	51,895
IPTV STB	16,550	22,600	28,504	33,920	33,897
Total	187,635	198,514	213,855	221,879	217,138



Note: D-CATV STB doesn't include DTA; IP STB includes Hybride STB(IP+T/C/S)

Source: MIC, October 2009

BD player/recorder WW market



Source: IC insights, ITRI IEK August 2009

(D) Competition and Business Strategy

1. Competition Analysis

(a) Accumulation and impartation of the experience of the R&D team

Eight engineers established Sunplus in 1990. They are the center of Sunplus management team. Each of them has accumulated almost twenty years of experience in new product development, technology management, and marketing. The invaluable experience has been deliberately passed on to the next generation of engineers. This continuity in the conveyance of experience has resulted in fewer complaints from customers and more rapid professional growth in our new employees. Consequently, the labor turn over rate remains relatively low compared to other IC design houses. End of March 2010, Sunplus has totaled 355 patents in Taiwan, 286 patents in P.R.C., 207 patents in U.S.A.

(b) Focus on high-level consumer IC market, enlarge the distance from competitors

Since the IC market is extremely competitive and stagnation is an ever-present trap, we keep on bringing in a large number of R&D resources to develop new high-level consumer products and widening the distance between us and other competitors. Meanwhile, Sunplus' numerous product lines give us a tremendous advantage over our competitors. We are the kind of customer that prized by most wafer foundries because our wafer demand does not fluctuate when a few products are eliminated. Due to our steady stream orders to our wafer suppliers, we enjoy more consistent wafer supply during peak seasons over our competitors. This also allows us to keep our wafer costs at a competitive rate.

(c) Strategic cooperation with upper stream and down stream factories

In recent years, Sunplus has increased cooperation between our upper stream and down stream factories. We believe that this new strategic and more dynamic cooperation relationship will bring positive contributions to our production and marketing in the long term.

(d) Maintain long-term and stable cooperative relationship with customers

Consumer electronic products rely on IC to raise their added-on value; consequently the manufacturers and brand-names choose their IC suppliers with extreme caution by evaluating their product specification, features, delivery term, yield rate, and sales service. IC design houses have to work in coordination with customers to build up long-term relationship and facilitate the cooperation. Sunplus is always devoted itself to cutting-edge technology development and have accumulated IC design expertise. We also adopted distributors as expanding sales channels to reach more customers with strongly support and best service. Till today, we have sustained a strong relationship with a lot of end-product manufacturers worldwide.

2. Advantages

- (a) Sunplus offers high value-added products to enable customer to win the market.
- (b) The revolution of semiconductor process technology accelerates the popularity of consumer electronic products.
- (c) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.
- (d) Sunplus has strong IC design capability to meet customers' requirements for time to market and costs reduction.
- (e) Sunplus has built up long-term relationship with wafer foundries due to our steady demand for wafers, and therefore we can get stable supply and lower prices from wafer foundries.

3. Disadvantages

- (a) The competition is getting fiercer since IC design industry enjoys high profits.
- (b) Product life cycles are becoming shorter and shorter.
- (c) SoC design and integration of features and functions, which developing products costs are a lot more than before, has become the trend of IC design.

4. Business Strategy

- (a) Developing new and high value-added products.
- (b) Process migration to make per wafer productivity higher and drive cost down.
- (c) Expanding strategic partnership with clients to create win-win situation.
- (d) Collaboration with partners to broaden IP licensing sources.

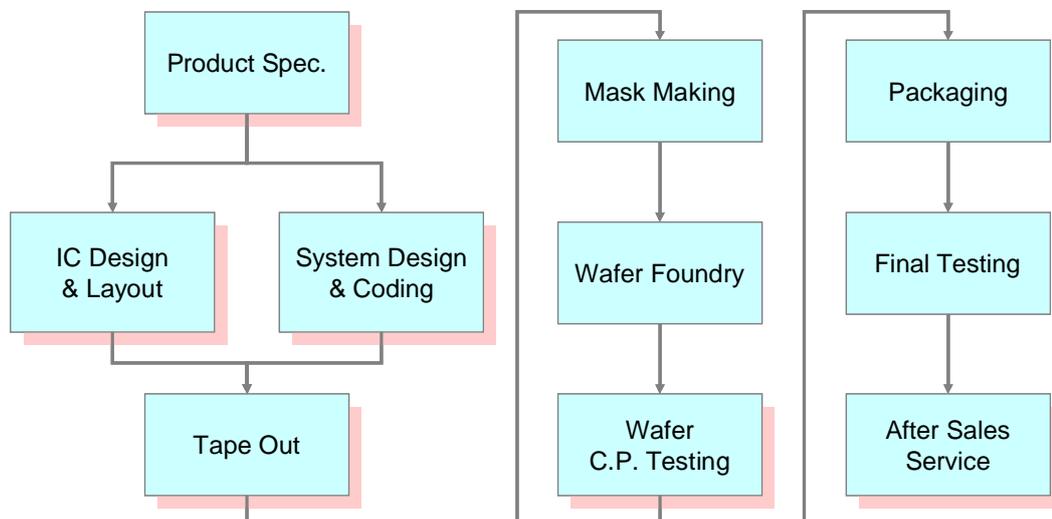
6.2.2 Product Applications and Development Flow

(A) Product Applications

Multimedia IC: IC solutions for DVD player, LCD TV, digital TV, set-top-box, and other multimedia home applications.

Others: ASICs and IP products.

(B) IC Development Flow



In the product development flow, Sunplus focuses on IC design, system design, wafer testing and sales services but out-sources most aspects of the manufacturing including mask making, wafer fabrication, wafer sawing, packaging, and final testing.

6.2.3 Major Suppliers

The major materials are wafers. Sunplus' main foundry contractors are local or overseas wafer manufacturers, such as TSMC. Wafer supplements are sufficient and stable.

6.2.4 Major Customers and Suppliers in the Recent Two Years

(A) Major Customers

NT\$K

2008				2009				End of March 31, 2010			
Customer	Sales Amount	% of Total Sales	Relation with Sunplus	Customer	Sales Amount	% of Total Sales	Relation with Sunplus	Customer	Sales Amount	% of Total Sales	Relation with Sunplus
A	1,672,714	27.45	No	A	2,269,016	30.87	No	A	483,656	29.05	No
B	1,417,376	23.26	No	B	1,845,278	25.11	No	B	440,727	26.47	No
C	209,837	3.44	No	C	755,900	10.29	No	C	236,497	14.20	No
Others	2,793,252	45.85		Others	2,479,406	33.73		Others	504,150	30.28	
Net sales	6,093,179	100.00		Net sales	7,349,600	100.00		Net sales	1,665,030	100.00	

(B) Major Supplier

NT\$K

2007			2008		
Supplier	Purchasing Value	% of Total Purchasing	Supplier	Purchasing Value	% of Total Purchasing
A	2,439,671	78	A	1,629,147	65
B	527,781	17	B	840,009	33

2008				2009				End of March 31, 2010			
Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus
A	1,629,147	65.87	No	A	2,159,137	64.99	No	A	539,152	65.99	No
B	840,009	33.97	No	B	1,134,775	34.14	No	B	267,803	32.78	No
Others	4,076	0.16		Others	28,344	0.87		Others	10,009	1.23	
Net purchase	2,473,232	100.00		Net purchase	3,322,256	100.00		Net purchase	816,964	100.00	

6.2.5 Production

Unit: Thousand pcs; NT\$K

Product	Year	2008			2009		
		Capacity	Output	Value	Capacity	Output	Value
Major Products							
Multimedia IC		-	102,086	4,573,992	-	127,351	5,129,079
Others		-	343	24,309	-	857	27,815
Total		-	102,429	4,598,301	-	128,208	5,156,894

Note: Sunplus out-sourced production to wafer foundries, so there is no capacity limitation.

6.2.6 Sales

Unit: Thousand pcs; NT\$K

Product	Year	2008				2009			
		Local		Export		Local		Export	
		Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Multimedia IC		4,629	583,374	79,067	4,689,287	6,261	810,421	111,524	6,317,142
Others		361	297,973	696	522,545	112	133,574	746	88,463
Total		4,990	881,347	79,763	5,211,832	6,373	943,995	112,270	6,405,605

6.3 Personnel Structure

Year		2008	2009	End of March 31, 2010
Workforce Structure by Job Function	R&D	396	419	432
	Production	75	71	72
	Administration	105	99	97
	Total	576	589	601
Average Age		33.1	33.7	33.8
Average Years Served		4.3	4.9	4.9
Workforce Structure by Education Degree	Ph.D.	2.8%	2.9%	2.8%
	Master	64.9%	65.0%	66.2%
	Bachelor	22.6%	20.0%	21.5%
	Other Higher Education	6.7%	7.3%	6.2%
	High School	3.0%	4.8%	3.3%
	Total	100.0%	100.0%	100.0%

6.4 Environmental Protection & Expenditures

6.4.1 Environmental Protection

Sunplus does not violate any EPA regulation regarding pollutants and environmental protection. Sunplus works hard for environmental sustainability with ISO-14001 and IECQ080000 certified.

6.4.2 Working Environment

- (A) To allocate sole-duty organization and employees to execute the matters concern to environment security and sanitation management according to Laws.
- (B) To examine the working environment regularly to maintain the security of environment and equipments.
- (C) To review the working environment and set up related devices with a standard higher than regulation.
- (D) To hold the physical examination for new employees and the regular health examination for employees on the job with higher perception than laws.

6.5 Employees

6.5.1 Employee Welfare

We strive to provide a clean and supportive environment for our employees. We established an Employee Welfare Committee to operate welfare activities including emergency aid, educational grants, book purchase subsidies, social club activities and overseas trips. We also comply with the Labor Standards Law to conduct labor insurance and retirement system programs, and participation with the National Health Insurance plan according to the National Health Insurance Act. Moreover, we also handle group insurance and insurance for family dependants to ensure security for our employees.

6.5.2 Pension Plan

Sunplus has a pension plan for all regular employees, which provides benefits according to the Labor Standard Law. The Company makes monthly contributions, equal to 2% of salaries, to the pension fund, which is administered by a pension fund monitoring committee. The contributions are deposited in the committee's name in the Central Trust of China. Since July 1, 2005, employees who choose Labor Pension Act Implementation Rules of the Labor Pension, the Company makes monthly contributions, equal to 6% of salaries to the personal pension fund of Bureau of Labor Insurance.

6.5.3 Other Affairs

Sunplus have smooth commutation channels with employees. Employees could address their opinions to management team directly. All operations are base on the Labor Standard Law. Sunplus' labor relations are outstanding. We are proud to say that there has not been a single loss resulting from a labor dispute since the establishment of the company.

6.5.4 Training

The Company provides 205 person-times of external professional training courses & 67cours for internal training. (Skipped the list of course)

6.5.5 Loss from Controversy between Labor and Management

None

6.6 Important Contracts

Contract	Counter Party	Term	Content	Restriction
Lease of Land	Hsinchu Science Park Administration	1995/8/01-2021/12/31	Lease of Land	Self-use
IP Licensing	Silicon Image Inc.	2007/2/05~	Licensing DTV IPs to Silicon image (license fee US\$40m in total)	NA

VII. Financial Statements

7.1 Condensed Financial Statement and Auditors' Opinions

7.1.1 Condensed Balance Sheet

NT\$K

Item		Year					
		2005	2006	2007	2008	2009	End of March 31, 2010
Current Assets		12,545,989	10,317,882	4,315,996	2,837,092	6,227,432	5,658,665
Long-term Investment		4,647,317	7,044,292	8,189,460	7,445,768	8,161,338	8,532,612
Fixed Assets		1,561,258	1,307,777	940,134	836,326	843,627	825,793
Intangible Assets		1,044,784	1,004,058	841,899	551,787	318,756	275,462
Other Assets		572,650	751,258	1,380,877	1,260,233	849,309	848,461
Total Assets		20,371,998	20,425,267	15,668,366	12,931,206	16,400,462	16,140,993
Current Liabilities	Before Distribution	3,749,300	2,587,433	2,472,048	1,731,341	2,592,439	2,654,872
	After Distribution	5,691,112	4,690,418	3,898,782	1,731,341	Note3	Note3
Long-term Liabilities		0	0	0	0	1,257,500	728,000
Other Liabilities		633,679	453,761	313,195	249,443	239,953	235,425
Total Liabilities	Before Distribution	4,382,979	3,041,194	2,785,243	1,980,784	4,089,892	3,618,297
	After Distribution	6,324,791	5,144,179	4,211,977	1,980,784	Note3	Note3
Capital Stock		9,487,296	10,236,476	5,567,505	5,982,028	5,969,099	5,969,099
Capital Surplus		1,520,461	1,366,696	1,553,917	1,587,558	1,871,301	1,884,848
Retain Earnings	Before Distribution	5,452,688	5,974,727	5,644,622	3,924,634	4,306,149	4,614,853
	After Distribution	3,002,032	3,583,120	3,916,251	3,924,634	Note3	Note3
Unrealized Gain (Loss) on Financial Merchandise (Note 2)		(285,085)	(34,466)	185,415	(561,966)	116,449	18,560
Cumulative translation adjustments		(9,775)	17,206	63,135	149,639	110,973	98,737
Unrealized Net Loss on the Costs of Pensions		0	0	0	0	0	0
Total Equity	Before Distribution	15,989,019	17,384,073	12,883,123	10,950,422	12,310,570	12,522,696
	After Distribution	14,047,207	15,281,088	11,456,389	10,950,422	Note3	Note3

Note1: Figures are audited for the past-5 years

Note2: The statements after 2006 are followed Taiwan GAAP Article-34/36

Note3: Profits have not been distributed yet

Note4: Figures of 1Q'10 are audited

7.1.2 Condensed Income Statement

NT\$K

Item	Year						End of March 31, 2010
	2005	2006	2007	2008	2009		
Net Sales	18,781,122	17,076,426	9,214,059	6,093,179	7,349,600	1,665,030	
Gross Profit	6,120,397	5,727,373	3,912,226	2,357,964	2,434,607	607,608	
Income from Operation	2,584,005	2,175,746	1,606,196	516,709	586,440	133,738	
Non-operating Income (Gain)	196,783	1,216,492	1,108,159	727,781	665,689	257,373	
Non-operating Expense (Loss)	403,094	272,655	417,873	1,084,466	554,466	43,920	
Income From Operations of Continued Segments-Before Tax	2,377,694	3,119,583	2,296,482	160,024	697,663	347,191	
Income From Operations of Continued Segments-After Tax	2,398,355	3,005,304	2,061,502	8,383	381,515	308,704	
Income From Operations of Discontinued Segments	0	0	0	0	0	0	
Extraordinary Gain (Loss)	0	0	0	0	0	0	
Cumulative Effect of Changes in Accounting Principles	0	(32,609)	0	0	0	0	
Net Income	2,398,355	2,972,695	2,061,502	8,383	381,515	308,704	
EPS	2.56	2.94	3.53	0.01	0.64	0.52	
Adjusted EPS	2.53	2.92	3.52	0.01	0.64	0.52	

Note1: Figures are audited for the past-5 years

Note2: Figures of 1Q'10 are audited

7.1.3 Auditors' Opinions

Year	CPA	Audit Opinion
2005	Hung-Peng Lin, Hung-Wen Huang	An unqualified opinion
2006	Hung-Wen Huang, Shu-Chieh Huang	An unqualified opinion with expletory
2007	Hung-Wen Huang, Shu-Chieh Huang	An unqualified opinion
2008	Hung-Peng Lin, Shu-Chieh Huang	An unqualified opinion with expletory
2009	Allen Yeh, Hung-Wen Huang	An unqualified opinion with expletory

7.2 Financial Analysis

7.2.1 Financial Analysis (Standalone)

Item		Year	2005	2006	2007	2008	2009	End of March 31, 2010	
Capital Structure Analysis	Debts ratio (%)		21.51	14.89	17.78	15.32	24.94	22.42	
	Long-term fund to fixed assets (%)		1,007.21	1,329.28	1,370.35	1,309.35	1,608.3	1,604.6	
Liquidity Analysis	Current ratio (%)		334.62	398.77	174.59	163.87	240.22	213.14	
	Quick ratio (%)		243.74	327.00	121.29	100.11	205.98	173.51	
	Times interest earned (times)		401.76	191.28	140.63	8.20	21.45	53.83	
Operating Performance Analysis	Average collection turnover (times)		5.80	6.81	6.17	6.12	7.42	4.87	
	Average collection days		63	54	59	60	49	75	
	Average inventory turnover (times)		4.10	5.02	4.05	3.69	5.89	4.93	
	Average payment turnover (times)		5.34	5.25	5.36	5.85	8.38	5.01	
	Average inventory turnover days		89	73	90	99	62	74	
	Fixed assets turnover (times)		11.83	13.06	9.8	7.29	8.71	8.07	
	Total assets turnover (times)		0.92	0.84	0.59	0.47	0.45	0.41	
Profitability Analysis	Return on total assets (%)		12.49	14.63	11.49	0.18	2.78	1.93	
	Return on stockholders' equity (%)		15.35	17.81	13.62	0.07	3.28	2.49	
	% to Paid-in capital	Operating income		27.24	21.25	28.85	8.64	9.82	2.24
		Profit before tax		25.06	30.48	41.25	2.68	11.69	5.82
	Profit after tax to net sales (%)		12.77	17.41	22.37	0.14	5.19	18.54	
	Earnings per share (NT\$)		2.56	2.94	3.53	0.01	0.64	0.52	
	EPS after dilution		2.53	2.92	3.52	0.01	0.64	0.52	
Cash Flow	Cash flow ratio (%)		116.80	161.20	103.20	120.99	35.9	9.63	
	Cash flow adequacy ratio (%)		121.83	111.58	110.94	129.07	167.84	160.25	
	Cash flow reinvestment ratio (%)		15.84	11.87	3.58	5.81	6.27	1.76	
Leverage	Operating leverage		1.80	2.06	2.05	4.05	3.73	3.66	
	Financial leverage		1.00	1.00	1.00	1.04	1.06	1.05	

Variation Analysis

1. Debts ratio is getting higher because of new increasing long-term loans.
2. Long-term fund to fixed assets are getting higher because of new increasing long-term loans.
3. Current ratio and Quick ratio are getting higher because of more added AR.
4. Times interest earned increased because of higher profits in 2009.
5. Average collection turnover are getting better because of higher sales revenues in 2009.
6. Average inventory turnover are getting better due to increased cost and less inventories.
7. Average payment turnover increased because of higher operating cost
8. Return on total assets & return on stockholders' equity are getting better because of more profits in 2009.
9. Profit after tax to net sales and Profit before tax to Paid-in capital increased because of more operating profits and less non-operating losses in 2009.
10. EPS and EPS after dilution increased due to more net profits in 2009.
11. Cash flow ratio decreased because of more AR, less cash-flow in from operating, and increased current liabilities.
12. Cash flow adequacy ratio increased due to no distribution of profits in 2008/2009

(A) Capital Structure Analysis

- (1) Debts ratio
- (2) Long term fund to fixed assets

$$= \text{Total Liabilities/Total Assets}$$

$$= (\text{Shareholders equity} + \text{Long term Liabilities})/\text{Net Properties}$$

(B) Liquidity Analysis

- (1) Current Ratio
- (2) Quick Ratio
- (3) Times Interest Earned

$$= \text{Current Assets/Current Liabilities}$$

$$= (\text{Current Assets} - \text{Inventories} - \text{Prepaid Expenses})/\text{Current Liabilities}$$

$$= \text{Earnings before Interest and Taxes/Interest Expenses}$$

(C) Operating Performance Analysis

- (1) Average Turnover Collection Turnover
- (2) Average Turnover Collection Days
- (3) Average Inventory Turnover
- (4) Average Inventory Turnover Days
- (5) Average Payment Turnover
- (6) Fixed Assets Turnover
- (7) Total Assets Turnover

$$= \text{Net Sales/Average Trade Receivables}$$

$$= 365/\text{Receivables Turnover rate}$$

$$= \text{Cost of Sales/Average Inventory}$$

$$= 365/\text{Average Inventory Turnover}$$

$$= \text{Cost of Sales/average Trade Payables}$$

$$= \text{Net sales/Net Properties}$$

$$= \text{Net Sales/Total Assets}$$

(D) Profitability Analysis

- (1) Return on Total Assets
- (2) Return Ratio on Stockholders' Equity
- (3) Profit after Tax to Net Sales
- (4) Earnings Per Shares

$$= \{\text{Net Income} + \text{Interest Expense} \cdot (1 - \text{Effective tax rate})\} / \text{Average Total Assets}$$

$$= \text{Net Income/Average Stockholders' Equity}$$

$$= \text{Net Income/Net Sales}$$

$$= (\text{Net Income} - \text{Preferred Stock Dividend}) / \text{Weighted Average Number of Shares Outstanding}$$

(E) Cash Flow

- (1) Cash Flow Rate
- (2) Cash Flow Adequacy Ratio
- (3) Cash flow reinvestment ratio

$$= \text{Net Cash Provided by Operating Activities/Current Liabilities}$$

$$= \text{Five-Year Cash from Sum of Operations} / (\text{Five-Year capital expenditure} + \text{inventory increase} + \text{cash dividend})$$

$$= (\text{Net operation cash Flow} - \text{cash dividend}) / (\text{Fixed Assets} + \text{Long-term Investment} + \text{Other assets} + \text{working capital})$$

(F) Leverage

- (1) Operating Leverage
- (2) Financial Leverage

$$= (\text{Net Sales} - \text{Operating expenses} \& \text{cost}) / \text{Operating Benefit}$$

$$= \text{Operating Benefit} / (\text{Operating benefit} - \text{Interest cost})$$

7.2.2 Financial Analysis (Consolidated)

Item		Year	Recent 5years					
		2005	2006	2007	2008	2009		
Capital Structure Analysis	Debts ratio (%)		32.86	27.01	33.05	28.72	31.76	
	Long-term fund to fixed assets (%)		368.62	763.97	751.52	777.78	1,185.03	
Liquidity Analysis	Current ratio (%)		243.55	287.46	194.68	217.01	255.15	
	Quick ratio (%)		178.37	212.95	142.86	142.5	216.20	
	Times interest earned (times)		30.79	34.76	29.58	2.49	12.89	
Operating Performance Analysis	Average collection turnover (times)		6.41	5.77	5.07	5.21	7.68	
	Average collection days		57	64	72	70.06	47.52	
	Average inventory turnover (times)		5.28	4.82	3.86	3.9	5.90	
	Average payment turnover (times)		5.95	5.04	5.14	7.34	11.92	
	Average inventory turnover days		70	76	95	93.59	61.86	
	Fixed assets turnover (times)		6.24	12.06	10.76	10.03	14.56	
Profitability Analysis	Total assets turnover (times)		1.01	1.11	0.96	0.92	0.93	
	Return on total assets (%)		11.25	12.28	9.09	0.76	3.04	
	Return on stockholders' equity (%)		15.74	18.49	12.58	0.58	3.88	
	% to Paid-in capital	Operating income		29.10	24.17	26.62	-10.77	8.58
		Profit before tax		26.13	31.69	41.12	2.28	15.31
	Profit after tax to net sales (%)		9.08	11.24	10.03	0.48	2.78	
	Earnings per share (NT\$)		2.56	2.94	3.28	0.01	0.64	
EPS after dilution		2.53	2.92	3.27	0.01	0.64		
Cash Flow	Cash flow ratio (%)		69.30	73.20	48.90	18.07	46.25	
	Cash flow adequacy ratio (%)		124.25	134.33	133	125.3	124.87	
	Cash flow reinvestment ratio (%)		15.26	11.93	6.64	Note1	11.29	
Leverage	Operating leverage		2.10	2.48	3.39	Note2	8.73	
	Financial leverage		1	1	1	Note2	1	

Variation Analysis 2009 vs.2008

1. Long-term fund to fixed assets are getting higher because of new increasing long-term loans.
2. Quick ratio increased due to less current liability in 2009.
3. Times interest earned increased because of more Earnings before Interest and Taxes in 2009
4. Average collection turnover and Fixed assets turnover increased because of more net sales in 2009
5. Average inventory turnover and Average payment turnover increased because of more cost of good sold
6. Return on total assets and Return on stockholders' equity increased because of more earning after tax
7. Operating income/ Profit before tax to Paid-in capital, Profit after tax to net sales, EPS and EPS after dilution increased because of more earning before tax in 2009
8. Cash flow ratio and Cash flow reinvestment ratio increased because of more cash flow in from operating
9. Operating leverage increased because of more operating profits in 2009

Note1: Figures not listed because cash flow in from operating activities are less than cash dividends.

Note2: Figures not listed due to operating losses.

7.3 Supervisor's Report

Supervisor's Report

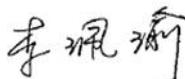
Sunplus' Board has submitted the 2009 business report, financial statements, and the proposal for allocation 2009 profits. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. I, Sunplus' supervisor, have reviewed the 2009 business report, financial statements, and the proposal for allocation 2009 profits, and verify that they comply with the Company Law and relevant regulations. According to Article 219 of the Company Law, I hereby submit this report.

To Sunplus 2010 Annual General Shareholders' Meeting

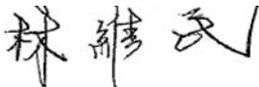
Sunplus Technology Co., Ltd.
Supervisor,



Liu, De-Zhong



Lee, Pei-Yu



Lin, Wei-Min

March 26, 2010

7.4 Financial Statement & Independent Auditors' Report

Independent Auditors' Report

Financial Statements for the Years Ended December 31, 2009 and 2008 and Independent Auditors' Report

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited as of December 31, 2009 and 2008, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

As disclosed in Note 3 to the accompanying financial statements, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 10 - "Inventories" beginning January 1, 2009. In addition, 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 SFAS No. 39 - "Share-based Payment" to account for employee stock options.

We have also audited the consolidated financial statements of Sunplus Technology Company Limited and subsidiaries as of and for the years ended December 31, 2009 and 2008 and have issued an unqualified opinion thereon with an explanatory paragraph in each of our reports dated February 9, 2010 and February 27, 2009, respectively.

February 9, 2010

Notice to Readers

The accompanying 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 financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying 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 financial statements shall prevail.

SUNPLUS TECHNOLOGY COMPANY LIMITED
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2009		2008		LIABILITIES AND SHAREHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 1,579,825	10	\$ 914,057	7	Short-term loans (Note 14)	\$ -	-	\$ 647,600	5
Available-for-sale financial assets - current (Notes 2 and 6)	2,015,063	12	191,094	2	Accounts payable	867,748	5	307,210	2
Notes and accounts receivable, net (Notes 2, 7 and 23)	1,503,781	9	476,287	4	Income tax payable (Notes 2 and 20)	244,497	2	365,454	3
Other receivables (Note 23)	241,265	2	151,890	1	Long-term bank loans - current portion (Notes 15 and 24)	532,500	3	-	-
Inventories (Notes 2 and 8)	776,845	5	896,749	7	Deferred royalty income (Notes 2, 12 and 23)	11,956	-	12,428	-
Deferred income tax assets (Notes 2 and 20)	73,107	-	166,159	1	Accrued expenses (Note 23)	268,057	2	232,225	2
Other current assets	37,546	-	40,856	-	Other current liabilities (Notes 2 and 9)	667,681	4	166,424	1
Total current assets	6,227,432	38	2,837,092	22	Total current liabilities	2,592,439	16	1,731,341	13
LONG-TERM INVESTMENTS					LONG-TERM DEBT, NET OF CURRENT PORTION (Notes 15 and 24)	1,257,500	8	-	-
Equity-method investments (Notes 2, 9 and 24)	7,844,428	48	7,090,528	55	OTHER LIABILITIES				
Financial assets at fair value through profit or loss (Notes 2 and 5)	-	-	162,122	1	Deferred income (Notes 2 and 23)	31,832	-	37,995	-
Available-for-sale financial assets (Notes 2 and 6)	281,354	2	157,562	1	Accrued pension liability (Notes 2 and 16)	57,201	-	60,395	1
Financial assets carried at cost (Notes 2 and 10)	35,556	-	35,556	1	Guarantee deposits	150,920	1	151,053	1
Total long-term investments	8,161,338	50	7,445,768	58	Total other liabilities	239,953	1	249,443	2
PROPERTIES (Notes 2, 11 and 24)					Total liabilities	4,089,892	25	1,980,784	15
Cost					SHAREHOLDERS' EQUITY (Notes 2, 17 and 18)				
Buildings	795,683	5	688,983	5	Capital stock - NT\$10.00 par value				
Auxiliary equipment	186,364	1	184,963	2	Authorized - 1,200,000 thousand shares				
Machinery and equipment	430,326	3	414,508	3	Issued and outstanding - 596,910 thousand shares in 2009 and 598,203 thousand shares in 2008	5,969,099	36	5,982,028	46
Testing equipment	368,458	2	373,482	3	Capital surplus				
Transportation equipment	2,463	-	2,463	-	Additional paid-in capital - share issuance in excess of par	709,215	4	710,751	5
Furniture and fixtures	99,928	-	123,058	1	Treasury stock transactions	68,357	1	68,645	1
Leasehold improvements	89	-	459	-	Merger and others	1,093,729	7	808,162	6
Total cost	1,883,311	11	1,787,916	14	Retained earnings				
Less: Accumulated depreciation	1,039,684	6	951,590	8	Legal reserve	2,334,480	14	2,333,642	18
Net properties	843,627	5	836,326	6	Special reserve	428,914	3	-	-
INTANGIBLE ASSETS, NET (Notes 2 and 12)	318,756	2	551,787	4	Unappropriated earnings	1,542,755	9	1,590,992	13
OTHER ASSETS					Other				
Rental assets, net (Notes 2 and 24)	154,010	1	251,118	2	Cumulative translation adjustments	110,973	1	149,639	1
Deferred charges and others (Notes 2 and 13)	161,315	1	252,208	2	Unrealized gain (loss) on financial assets	116,449	1	(561,966)	(4)
Deferred income tax assets (Notes 2 and 20)	533,984	3	756,907	6	Treasury stock (at cost) - 3,560 thousand shares in 2009 and 4,853 thousand shares in 2008	(63,401)	(1)	(131,471)	(1)
Total other assets	849,309	5	1,260,233	10	Total shareholders' equity	12,310,570	75	10,950,422	85
TOTAL	\$16,400,462	100	\$12,931,206	100	TOTAL	\$16,400,462	100	\$12,931,206	100

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated February 9, 2010)

SUNPLUS TECHNOLOGY COMPANY LIMITED
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2009		2008	
	Amount	%	Amount	%
GROSS SALES	\$ 7,560,980		\$ 6,433,010	
SALES RETURNS AND ALLOWANCES	211,380		339,831	
NET SALES (Notes 2, 12 and 23)	7,349,600	100	6,093,179	100
COST OF SALES (Notes 3, 8 and 19)	4,925,424	67	3,788,265	62
REALIZED (UNREALIZED) INTERCOMPANY GAIN, NET (Note 2)	10,431	-	(45,096)	(1)
GROSS PROFIT	2,434,607	33	2,259,818	37
OPERATING EXPENSES (Notes 19 and 23)				
Marketing	218,185	3	92,528	1
General and administrative	266,887	4	216,042	4
Research and development	1,363,095	18	1,532,685	25
Total operating expenses	1,848,167	25	1,841,255	30
OPERATING INCOME	586,440	8	418,563	7
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	490,560	7	246,094	4
Administrative and support service revenue (Note 23)	94,287	1	127,919	2
Rental revenue (Note 23)	25,109	-	37,908	1
Dividend income (Note 2)	8,886	-	33,646	1
Valuation gain on financial assets, net (Notes 2 and 5)	6,528	-	27,889	-
Interest income	5,968	-	17,824	-
Guarantee deposit default	2,243	-	67,193	1
Reconciliation compensation (Note 26)	-	-	97,529	2
Exchange gain, net (Note 2)	-	-	5,095	-
Others (Notes 2 and 23)	32,108	1	44,830	1
Total nonoperating income and gains	665,689	9	705,927	12
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by the equity-method, net (Notes 2 and 9)	459,383	6	929,571	15
Exchange loss, net (Note 2)	52,155	1	-	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
Interest expense	\$ 34,112	1	\$ 22,239	1
Valuation loss on financial liabilities, net (Notes 2 and 5)	-	-	960	-
Others (Note 2)	<u>8,816</u>	-	<u>11,696</u>	-
Total nonoperating expenses and losses	<u>554,466</u>	<u>8</u>	<u>964,466</u>	<u>16</u>
INCOME BEFORE INCOME TAX	697,663	9	160,024	3
INCOME TAX EXPENSE (Notes 2 and 20)	<u>316,148</u>	<u>4</u>	<u>151,641</u>	<u>3</u>
NET INCOME	<u>\$ 381,515</u>	<u>5</u>	<u>\$ 8,383</u>	<u>-</u>
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 1.18</u>	<u>\$ 0.64</u>	<u>\$ 0.27</u>	<u>\$ 0.01</u>
Diluted	<u>\$ 1.18</u>	<u>\$ 0.64</u>	<u>\$ 0.27</u>	<u>\$ 0.01</u>

The pro forma net income and earnings per share (EPS) on the assumption that the stock of parent company held by its subsidiary is treated as an investment and not as treasury stock are as follows (Note 18):

	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET INCOME	<u>\$ 697,663</u>	<u>\$ 381,515</u>	<u>\$ 168,498</u>	<u>\$ 16,857</u>
BASIC EPS				
Based on weighted-average shares Outstanding - 595,310 thousand shares in 2009 and 596,886 thousand shares in 2008	<u>\$ 1.17</u>	<u>\$ 0.64</u>	<u>\$ 0.28</u>	<u>\$ 0.03</u>
DILUTED EPS				
Based on weighted-average shares Outstanding - 595,310 thousand shares in 2009 and 596,890 thousand shares in 2008	<u>\$ 1.17</u>	<u>\$ 0.64</u>	<u>\$ 0.28</u>	<u>\$ 0.03</u>

The accompanying notes are an integral part of the financial statements.
(With Deloitte & Touche audit report dated February 9, 2010)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Capital Stock Issued and Outstanding (Note 17)		Capital Surplus (Notes 2, 17 and 18)					Retained Earnings (Note 17)				Others (Notes 2, 17 and 18)		Treasury Stock	Total Shareholders' Equity
	Shares (Thousands)	Amount	Additional Paid-in Capital in Excess of Par	Treasury Stock	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Unrealized Valuation (Loss) Gain on Financial Assets		
BALANCE, JANUARY 1, 2008	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)	\$12,883,123
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)	-	-	-	-
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)	-	-	-	-
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
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	134,100	-	134,100	-	-	-	-	-	-	-	134,100
Adjustment of capital surplus - others	-	-	-	-	(1,916)	-	(1,916)	-	-	-	-	-	-	-	(1,916)
Net income in 2008	-	-	-	-	-	-	-	-	-	8,383	8,383	-	-	-	8,383
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	86,504	-	-	86,504
Cash dividends received by subsidiaries from the Company	-	-	-	8,474	-	-	8,474	-	-	-	-	-	-	-	8,474
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(468,807)	-	(468,807)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(278,574)	-	(278,574)
BALANCE, DECEMBER 31, 2008	598,203	5,982,028	710,751	68,645	650,739	157,423	1,587,558	2,333,642	-	1,590,992	3,924,634	149,639	(561,966)	(131,471)	10,950,422
Retirement of treasury stock	(1,293)	(12,929)	(1,536)	(53,605)	-	-	(55,141)	-	-	-	-	-	-	68,070	-
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(114,385)	(114,385)
Treasury stock assigned to employees	-	-	-	53,317	-	-	53,317	-	-	-	-	-	-	114,385	167,702
Appropriation of prior year's earnings:															
Legal reserve	-	-	-	-	-	-	-	838	-	(838)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	428,914	(428,914)	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	313,909	-	313,909	-	-	-	-	-	-	-	313,909
Adjustment of capital surplus - others	-	-	-	-	(28,342)	-	(28,342)	-	-	-	-	-	-	-	(28,342)
Net income in 2009	-	-	-	-	-	-	-	-	-	381,515	381,515	-	-	-	381,515
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(38,666)	-	-	(38,666)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	552,910	-	552,910
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	125,505	-	125,505
BALANCE, DECEMBER 31, 2009	596,910	\$5,969,099	\$ 709,215	\$ 68,357	\$ 936,306	\$ 157,423	\$1,871,301	\$2,334,480	\$ 428,914	\$ 1,542,755	\$4,306,149	\$ 110,973	\$ 116,449	\$(63,401)	\$ 12,310,570

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

(With Deloitte & Touche audit report dated February 9, 2010)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 381,515	\$ 8,383
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	564,527	730,003
Loss (gain) on disposal of properties and deferred charges	327	(167)
Valuation gain on financial assets, net	(6,528)	(24,584)
Investment loss recognized by the equity-method, net	459,383	929,571
Cash dividends received from equity-method investees	149,997	236,037
Gain on disposal of investments, net	(490,560)	(246,094)
Cumulative translation adjustments of capital returned by equity-method investees	-	1,262
Unrealized (realized) intercompany gain, net	(10,431)	45,096
Unrealized (realized) royalty income	4,066	(20,919)
Deferred income tax	315,975	68,720
Cost of assigning treasury stock to employees	53,317	-
Accrued pension liability	(3,194)	(2,554)
Net changes in operating assets and liabilities		
Held-for-trading financial instruments	-	(2,222)
Notes and accounts receivable	(1,027,494)	1,037,165
Other receivables	(59,280)	88,230
Inventories	119,904	207,252
Other current assets	3,310	29,264
Accounts payable	560,538	(647,674)
Income tax payable	(120,957)	(71,796)
Accrued expenses	35,832	(263,511)
Other current liabilities	536	(6,669)
Net cash provided by operating activities	<u>930,783</u>	<u>2,094,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of:		
Financial assets at fair value through profit or loss	168,650	30,840
Equity-method investments	646,141	93,085
Available-for-sale financial assets	553,830	3,645,023
Properties and deferred charges	2,274	1,402
Proceeds of capital return by investee	8,511	157,101
Acquisition of:		
Equity-method investments	(245,605)	(1,126,958)
Available-for-sale financial assets	(2,374,000)	(2,987,000)
Properties	(50,134)	(80,618)
Increase in deferred charges and others	(96,006)	(172,577)
Increase in intangible assets	(20,943)	(53,084)
Net cash used in investing activities	<u>(1,407,282)</u>	<u>(492,786)</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	\$ (647,600)	\$ 147,600
Decrease in guarantee deposits	(133)	(95,970)
Increase in long-term debt	2,050,000	-
Decrease in long-term debt	(260,000)	-
Cash paid for acquisition of treasury stock	(114,385)	-
Cost of assigning treasury stock to employees	114,385	-
Remuneration paid to directors and supervisors	-	(38,090)
Cash dividends	-	(1,388,644)
Proceeds of the exercise of stock options	-	<u>5,869</u>
Net cash provided by (used in) financing activities	<u>1,142,267</u>	<u>(1,369,235)</u>
NET INCREASE IN CASH	665,768	232,772
CASH, BEGINNING OF YEAR	<u>914,057</u>	<u>681,285</u>
CASH, END OF YEAR	<u>\$1,579,825</u>	<u>\$914,057</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$121,130</u>	<u>\$128,468</u>
Interest paid	<u>\$35,376</u>	<u>\$17,634</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of rental assets into properties	<u>\$97,108</u>	<u>\$11,242</u>
Reclassification of credit balance on carrying value of long-term investments into other current liabilities	<u>\$514,137</u>	<u>\$38,030</u>
Reclassification of properties into deferred charges and others	<u>\$ -</u>	<u>\$46,399</u>
Current portion of long-term debts	<u>\$532,500</u>	<u>\$ -</u>
PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of properties	\$(36,448)	\$(82,479)
Increase (decrease) in payables to contractors and equipment suppliers	(13,686)	1,861
Cash paid	<u>\$(50,134)</u>	<u>\$(80,618)</u>
Disposal of equity-method investments	\$676,236	\$93,085
Increase in receivables from disposal of equity-method investments	(30,095)	-
	<u>\$646,141</u>	<u>\$93,085</u>

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

(With Deloitte & Touche audit report dated February 9, 2010)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

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

1. ORGANIZATION AND OPERATIONS

Sunplus Technology Company Limited (the "Company") was established in August 1990 and moved into the Hsinchu Science-Based Industrial Park in October 1993. It researches, develops, designs, tests, and sells high-quality, high value-added consumer integrated circuits (ICs). Its products are based on core technology in such areas as multimedia audio/video, single-chip microcontroller and digital signal processor. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia and application specific.

The Company's shares have been listed on the Taiwan Stock Exchange since January 2000. Some of the Company's shares have been issued in the form of Global Depository Receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 17).

As of December 31, 2009 and 2008, the Company had 589 and 576 employees, respectively.

2. SUMMARY OF 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, the Business Accounting Law, Guidelines Governing Business Accounting 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 and deferred charges, impairment loss on assets, pension expenses and the bonuses to employees, directors and supervisors. Actual results could differ from these estimates.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If inconsistencies arise between the English version and the original Chinese version or if differences arise in the interpretation between the two versions, the Chinese version of financial statements shall prevail.

Significant accounting policies are summarized as follows:

Current/Noncurrent Assets and Liabilities

Current assets are cash (unrestricted) and other assets primarily held for trading purposes or to be realized, consumed or sold within one year from the balance sheet date. All other assets such as properties and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Financial Assets/Liabilities at Fair Value Through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Company recognizes a financial asset or a financial liability on its balance sheet when the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly as gain or loss in the year in which they

arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized as gain or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

The fair values of those instruments without quoted market prices in an active market are 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.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and listed stocks. Investments classified as available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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 on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. The difference between the initial cost of a debt instrument and its maturity amount is amortized using the effective interest method, with the amortized interest recognized as gain or loss.

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.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity.

Revenue Recognition

Revenue from sales of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts agreed between the Company and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

Allowance for Doubtful Accounts and Allowance for Sales Returns and Discounts

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.

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, and related costs are deducted from cost of sales.

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise. Before January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value meant replacement cost for raw materials, and net realizable value for work in process and finished goods. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard costs and adjusted to approximate weighted-average cost on the balance sheet date.

Financial Assets Carried at Cost

Investments in equity instrument with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same as that for dividends on available-for-sale financial assets.

An impairment loss is recognized when there is objective evidence that an asset is impaired. A reversal of this impairment loss is disallowed.

Equity-method Investments

Investments in which the Company holds 20% or more of the investees voting shares or exercises significant influence over the operating and financial policy decisions are accounted for by the equity method. Pursuant to the revised Statement of Financial Accounting Standards, the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually.

When the Company's share in losses of an investee over which the Company has control exceeds its investment in the investee, unless the other shareholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Company has to bear all of the losses in excess of the capital contributed by shareholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Company to the extent of the excess losses previously borne by the Company. If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is charged to earnings.

On the balance sheet date, the Company evaluates investments for any impairment. An impairment loss is recognized and charged to current income if the investment carrying amount as of the balance sheet date exceeds the expected recoverable amount. For those investees over which the Company has significant influence, the assessment of impairment is based on carrying value. For those investees over which the Company holds a controlling interest, the assessment of impairment is based on an estimation of the value in use of the cash-generating units of the consolidated investees.

Cash dividends are recognized on the ex-dividend date, which are treated as a reduction of investment cost. Stock dividends are not recognized as an increase in investment but are recorded as an increase in the number of shares.

If an investee issues additional shares and the Company subscribes for these shares at a percentage different from its current equity, the resulting increase is credited to capital surplus. If a decrease results, the decrease is debited to capital surplus. But if capital surplus is not enough for debiting purposes, the decrease is debited to unappropriated 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; however, if the Company has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in

proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company holds a controlling interest, gains or losses on sales between equity method investees are deferred in proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred in proportion of 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 and improvements are capitalized, while maintenance and repairs are expensed currently.

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 provided on a straight-line basis over estimated useful lives as follows: buildings - 7 to 55 years; auxiliary equipment - 3 to 10 years; machinery and equipment - 4 to 5 years; testing equipment - 2 to 4 years; transportation equipment - 4 to 6 years; furniture and fixtures - 2 to 11 years; leasehold improvements - 3 years; and rental assets - 7 to 55 years. Properties and rental assets still in use beyond their initially estimated useful lives are further depreciated over their newly estimated useful lives.

The related cost and accumulated depreciation of properties and rental assets are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the assets is included in nonoperating gains or losses in the period of disposal.

Intangible Assets

Intangible assets consist of technology license fees and patents, which are initially recorded at cost and are amortized on a straight-line basic over 1 to 15 years and 5 to 18 years, respectively.

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.

If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If an impairment loss subsequently reverses, the carrying amount of the asset is increased accordingly, but 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 5 years, using the straight-line method.

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

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

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

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 - "Share-based Payment." 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.

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. The Company did not grant or revise stock options for year 2009.

Bonuses to Employees, Directors and Supervisors

The ARDF issued Interpretation 2007-052 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.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. The Company accounts for its stock held by its subsidiaries as treasury stock. The recorded cost of these treasury stocks 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 treasury - stock transactions.

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 the Company 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.

The ARDF issued Interpretation 2007-266, which requires companies applying the Black-Scholes model to evaluate the service cost incurred when assigning treasury stock to employees as incentives.

Income Tax

The Company applies the inter-period tax allocations methods. Under these methods, deferred income taxes are recognized for the tax effects of deductible temporary differences, loss carryforward and unused tax credits. Valuation allowance 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 income 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 purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures are recognized in the current period.

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

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

The Company adopt consolidation income tax filing with Sunplus mMobile 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

Nonderivative 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 financial statements as of and for the year ended December 31, 2008 have been reclassified to conform to the presentation of financial statements as of and for the year ended December 31, 2009.

3. ACCOUNTING CHANGES

- a. Accounting for Bonuses to Employees, Directors and Supervisors
In March 2007, the Accounting Research and Development Foundation (ARDF) of the R.O.C. issued Interpretation 2007-052 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. This accounting change had no impact on the Company's net income for the year ended December 31, 2008.
- b. 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 net income for the year ended December 31, 2008.
- c. Accounting for Inventories
Effective January 1, 2009, the Company adopted the newly revised SFAS No. 10 - "Accounting for Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as cost of sales in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. The adoption resulted in decrease of \$36,425 thousand in net income and decrease of \$0.06 in net income per share for the year ended December 31, 2009. The Company also reclassified the nonoperating loss of \$120,000 thousand and nonoperating income of \$21,854 thousand in 2008 to the cost of goods sold for the year ended December 31, 2008.

4. CASH

	<u>December 31</u>	
	2009	2008
Savings accounts	\$ 265,047	\$ 464,333
Time deposits	1,312,850	448,000
Checking accounts	910	964
Cash on hand	<u>1,018</u>	<u>760</u>
	<u>\$ 1,579,825</u>	<u>\$ 914,057</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The company did not enter into derivative contracts during the year ended December 31, 2009.

The Company entered into derivative contracts in 2008 to hedge the effect of exchange rate fluctuations on net foreign currency-denominated assets and liabilities. The strategy is to hedge against most of the market price risks to which the Company is exposed.

The Company had no outstanding forward exchange contracts as of December 31, 2008.

Net gains arising from financial instruments held for trading were \$2,344 thousand in 2008.

Financial instruments designated at fair value through profit or loss were as follows:

	Principal Amount (In Thousands)	Carrying Amount	Maturity
<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 (Note)

Note: In April 2009, the Company had met the criteria to redeemed the time deposits with floating interest rates indexed to LIBOR rates.

Net gains arising from financial assets designated at fair value through profit or loss were \$6,528 thousand and \$25,286 thousand for the years ended December 31, 2009 and 2008, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	2009	2008
Open-end funds	\$ 2,015,063	\$ 191,094
Domestic quoted stocks	<u>281,354</u>	<u>157,562</u>
	2,296,417	348,656
Deduct: Current portion	<u>2,015,063</u>	<u>191,094</u>
	<u>\$ 281,354</u>	<u>\$ 157,562</u>

7. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2009	2008
Notes and accounts receivable - other	\$ 1,574,023	\$ 549,051
Notes and accounts receivable - related parties	<u>11,670</u>	<u>19,148</u>
	1,585,693	568,199
Deduct: Allowance for doubtful accounts	56,912	56,912
Allowance for sales returns and discounts	<u>25,000</u>	<u>35,000</u>
	<u>\$ 1,503,781</u>	<u>\$ 476,287</u>

Movements of the allowance for doubtful receivables were as follows:

	<u>Years Ended December 31</u>	
	2009	2008
Balance, beginning of year	\$ 56,912	\$ 78,193
Deduct: Amounts written off	<u>-</u>	<u>21,281</u>
Balance, end of year	<u>\$ 56,912</u>	<u>\$ 56,912</u>

Movements of the allowance for sales returns and discounts were as follows:

	<u>Years Ended December 31</u>	
	2009	2008
Balance, beginning of year	\$ 35,000	\$ -
Add: Provision for sales returns and discounts	-	35,000
Deduct: Reversal of provision for sales returns and discounts	<u>10,000</u>	<u>-</u>
Balance, end of year	<u>\$ 25,000</u>	<u>\$ 35,000</u>

8. INVENTORIES

	<u>December 31</u>	
	2009	2008
Finished goods and merchandise	\$ 302,285	\$ 281,217
Work-in-process	353,593	284,104
Raw materials	<u>120,967</u>	<u>331,428</u>
	<u>\$ 776,845</u>	<u>\$ 896,749</u>

As of December 31, 2009 and 2008, the allowance for inventory devaluation was \$151,088 thousand and \$99,324 thousand, respectively.

As of December 31, 2009 and 2008, the costs of inventories recognized as cost of goods sold were \$4,925,424 thousand and \$3,788,265 thousand, respectively. For the years ended December 31, 2009 and 2008, these inventory costs included the followings:

	<u>Years Ended December 31</u>	
	2009	2008
Inventory write-downs	\$ 160,000	\$ 12,000
Compensation income	(15,196)	(10,110)
Income from scrap sales	<u>(9,384)</u>	<u>(11,744)</u>
	<u>\$ 135,420</u>	<u>\$ 98,146</u>

9. EQUITY-METHOD INVESTMENTS

	December 31			
	2009		2008	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Giantplus Technology Co., Ltd.	\$ 1,774,129	21	\$ 1,870,627	21
Orise Technology Co., Ltd.	1,119,384	45	1,245,799	55
Lin Shih Investment Co., Ltd.	944,771	100	607,241	100
Sunplus Venture Capital Co., Ltd.	870,703	100	624,889	100
Generalplus Technology Inc.	680,779	45	475,292	41
Sunext Technology Co., Ltd.	557,098	64	244,058	79
Sunplus Innovation Technology Inc.	505,171	81	392,361	84
Ventureplus Group Inc.	501,021	100	428,478	100
Russell Holdings Limited	420,632	100	419,813	100
HT mMobile Inc.	214,182	30	-	-
iCatch Technology, Inc.	209,447	83	-	-
Waveplus Technology Co., Ltd.	20,911	41	16,742	41
Wei-Young Investment Inc.	10,047	100	5,167	100
Global Techplus Capital Inc.	7,382	100	7,852	100
Sunplus Technology (H.K.) Co., Ltd.	4,626	100	4,817	100
Sunplus Management Consulting Inc.	4,145	100	4,194	100
Sunplus Core Technology Co., Ltd.	-	-	17,857	57

	December 31			
	2009		2008	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Sunplus mMedia Inc.	\$ -	-	\$ 708,757	78
Goldkey Technology Corp.	-	-	16,584	12
	<u>\$ 7,844,428</u>		<u>\$ 7,090,528</u>	
Credit balance on carrying value of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$ 581,110	91	\$ 141,111	91
Sunplus Core technology Co., Ltd.	66,748	57	-	-
Sunplus mMedia Inc.	<u>7,390</u>	83	<u>-</u>	-
	<u>\$ 655,248</u>		<u>\$ 141,111</u>	

As of December 31, 2008, the Company and its subsidiaries collectively owned 25% of Goldkey Technology Corp., Ltd. Thus, this investment was accounted for by the equity method. In March 2009, the Company and its subsidiaries sold the shares of Goldkey Technology Corp.

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to goodwill for the year ended December 31, 2009 were as follows:

	December 31, 2009		
	Balance, Beginning of Year	Increase	Balance, End of Year
Goodwill	<u>\$ 155,506</u>	<u>\$ 12,656</u>	<u>\$ 168,162</u>

The Company obtained shares of Sunplus mMedia Inc. in November 2008 in which Sunplus mMobile Inc. had invested by equity method.

In their meeting on March 10, 2009, the shareholder's meeting of Sunplus mMobile Inc.(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. SmM's shareholders of Sunplus mMobile will own HT mMobile in the same proportion of their ownership of SmM. Thus, the Company obtained 91% of HT mMobile. As of December 31, 2009, the Company owned 30% of HT mMobile.

In their meeting on November 4, 2009, the shareholder's meeting of Sunplus mMedia Inc ("mMedia") approved the spin-off of its product line of PC Cam with a carrying value of \$135,352 thousand and product lines of MP3, PMP and DPF with a carrying value of \$218,442 thousand to Sunplus Innovation Technology Inc. and Generalplus Technology Inc., respectively. In addition, mMedia spun off its product line of DSC with a carrying value of \$250,000 thousand and also decreased its capital to establish a company, iCatch Technology, Inc. ("iCatch").

The shareholder's meeting of mMedia also approved the reduction of capital, the shareholders of mMedia received the shares of Sunplus Innovation Technology Inc. and Generalplus Technology Inc. at the percentage the same as those of their respective percentage of ownership of Sunplus mMedia.

The consolidated financial statements as of and for the years ended December 31, 2009 and 2008 had included all subsidiaries.

The financial statements used as basis for calculating the carrying values of the equity-method investments and the related investment gains and losses in 2009 and 2008 had all been audited, except those of Global Techplus Inc. and Sunplus Management Consulting Inc.. The Company's management believed that had the financial statements of these two investees been audited, there would have been no material effect on the Company's financial statements. The investment incomes (losses) of investees were as follows:

	Years Ended December 31	
	2009	2008
Giantplus Technology Co., Ltd.	\$ (80,621)	\$ 57,999
Orise Technology Co., Ltd.	154,599	146,333
Lin Shih Investment Co., Ltd.	69,689	27,884
Sunplus Venture Capital Co., Ltd.	3,126	91,518
Generalplus Technology Inc.	89,550	78,265
Sunext Technology Co., Ltd.	214,210	43,617
Sunplus Innovation Technology Inc.	18,805	57,835
Ventureplus Group Inc.	79,184	(125,214)
Russell Holdings Limited	(29,275)	(58,672)
HT mMobile Inc.	(365,299)	-
iCatch Technology, Inc.	2,102	-
Waveplus Technology Co., Ltd.	4,015	(2,813)
Wei-Young Investment Inc.	187	191
Global Techplus Capital Inc.	(285)	1,486
Sunplus Technology (H.K.) Co., Ltd.	(75)	8,864
Sunplus Management Consulting Inc.	(49)	(30)
Sunplus Core Technology Co., Ltd.	(84,605)	(63,001)

Sunplus mMedia Inc.	(270,042)	(28,867)
Goldkey Technology Corp.	312	4,145
Sunplus mMobile Inc.	<u>(264,911)</u>	<u>(1,169,111)</u>
	<u>\$ (459,383)</u>	<u>\$ (929,571)</u>

Fair values of listed equity-method investments calculated at their closing prices as of December 31, 2009 and 2008 were as follows:

	<u>December 31</u>	
	2009	2008
Orise Technology Co., Ltd.	\$ 4,822,866	\$ 1,665,279
Giantplus Technology Co., Ltd.	<u>1,790,387</u>	<u>888,845</u>
	<u>\$ 6,613,253</u>	<u>\$ 2,554,124</u>

10. FINANCIAL ASSETS CARRIED AT COST

	<u>December 31</u>	
	2009	2008
Unlisted domestic stocks	<u>\$ 35,556</u>	<u>\$ 35,556</u>

The above investments had no quoted prices in an active market and their fair value could not be reliably measured. Thus, they were carried at cost.

11. PROPERTIES

Year Ended December 31, 2009

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>								
Balance, beginning of year	\$ 688,983	\$184,963	\$414,508	\$373,482	\$ 2,463	\$ 123,058	\$459	\$1,787,916
Increase	-	2,884	25,491	7,015	-	1,058	-	36,448
Decrease	-	1,483	9,673	12,039	-	24,188	370	47,753
Reclassification	<u>106,700</u>	-	-	-	-	-	-	<u>106,700</u>
Balance, end of year	<u>795,683</u>	<u>186,364</u>	<u>430,326</u>	<u>368,458</u>	<u>2,463</u>	<u>99,928</u>	<u>89</u>	<u>1,883,311</u>
<u>Accumulated depreciation</u>								
Balance, beginning of year	113,447	141,393	316,522	276,980	2,186	100,636	426	951,590
Depreciation	15,246	9,053	43,065	41,104	138	10,202	7	118,815
Decrease	-	1,409	9,384	10,531	-	23,560	345	45,229
Reclassification	<u>14,508</u>	-	-	-	-	-	-	<u>14,508</u>
Balance, end of year	<u>143,201</u>	<u>149,037</u>	<u>350,203</u>	<u>307,553</u>	<u>2,324</u>	<u>87,278</u>	<u>88</u>	<u>1,039,684</u>
Balance, end of year, net	<u>\$652,482</u>	<u>\$ 37,327</u>	<u>\$ 80,123</u>	<u>\$ 60,905</u>	<u>\$ 139</u>	<u>\$ 12,560</u>	<u>\$ 1</u>	<u>\$843,627</u>

Note: For the assets mortgaged or pledged, please refer to Note 24.

Year Ended December 31, 2008

	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>								
Balance, beginning of year	\$688,983	\$179,140	\$378,667	\$402,639	\$ 5,573	\$128,706	\$ 459	\$1,784,167
Increase	-	5,823	35,948	37,933	-	2,775	-	82,479
Decrease	-	-	107	6,522	3,110	5,213	-	14,952
Reclassification	-	-	-	(60,568)	-	(3,210)	-	(63,778)
Balance, end of year	<u>688,983</u>	<u>184,963</u>	<u>414,508</u>	<u>373,482</u>	<u>2,463</u>	<u>123,058</u>	<u>459</u>	<u>1,787,916</u>
<u>Accumulated depreciation</u>								
Balance, beginning of year	104,528	127,925	262,980	249,336	5,101	93,769	394	844,033
Depreciation	20,161	13,468	53,645	49,348	195	13,075	32	149,924
Decrease	-	-	103	5,515	3,110	5,018	-	13,746
Reclassification	<u>(11,242)</u>	-	-	(16,189)	-	(1,190)	-	<u>(28,621)</u>
Balance, end of year	<u>113,447</u>	<u>141,393</u>	<u>316,522</u>	<u>276,980</u>	<u>2,186</u>	<u>100,636</u>	<u>426</u>	<u>951,590</u>
Balance, end of year, net	<u>\$575,536</u>	<u>\$ 43,570</u>	<u>\$ 97,986</u>	<u>\$ 96,502</u>	<u>\$ 277</u>	<u>\$ 22,422</u>	<u>\$ 33</u>	<u>\$836,326</u>

12. INTANGIBLE ASSETS

	Year Ended December 31, 2009		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of year	\$ 2,629,091	\$ 97,849	\$ 2,726,940
Increase	20,943	-	20,943
Decrease	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Balance, end of year	<u>2,648,034</u>	<u>97,849</u>	<u>2,745,883</u>
<u>Accumulated amortization</u>			
Balance, beginning of year	2,143,411	31,742	2,175,153
Amortization expense	248,555	5,419	253,974
Decrease	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Balance, end of year	<u>2,389,966</u>	<u>37,161</u>	<u>2,427,127</u>
	<u>\$ 258,068</u>	<u>\$ 60,688</u>	<u>\$ 318,756</u>

	Year Ended December 31, 2008		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of year	\$ 2,576,007	\$ 97,849	\$ 2,673,856
Increase	<u>53,084</u>	<u>-</u>	<u>53,084</u>
Balance, end of year	<u>2,629,091</u>	<u>97,849</u>	<u>2,726,940</u>
<u>Accumulated amortization</u>			
Balance, beginning of year	1,805,759	26,198	1,831,957
Amortization expense	<u>337,652</u>	<u>5,544</u>	<u>343,196</u>
Balance, end of year	<u>2,143,411</u>	<u>31,742</u>	<u>2,175,153</u>
	<u>\$ 485,680</u>	<u>\$ 66,107</u>	<u>\$ 551,787</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 to buy the rights on video processing technology to develop DTV products.

The Company also authorized Sunext Technology Co., Ltd.(equity-method investee) to research, design and manufacture products using Oak's technology in exchange for royalty income (shown under "gross sales" in the income statements and as "deferred royalty income" in the balance sheets).

13. DEFERRED CHARGES AND OTHERS

	December 31	
	2009	2008
Software and system design, net	\$ 152,352	\$ 242,946
Golf club membership fees	7,800	7,800
Refundable deposits	<u>1,163</u>	<u>1,462</u>
	<u>\$ 161,315</u>	<u>\$ 252,208</u>

14. SHORT-TERM LOANS

December 31,
2008

Working capital loans - US\$4,500 thousand; annual interest rate from 1.81%- 3.24% in 2008

\$ 647,600

15. LONG-TERM DEBT

December 31,
2009

Medium - to long-term credit bank loans:

Repayable quarterly from February 2010 to February 2012 in installments; annual floating-rate interest - 1.4232% in 2009

\$ 820,000

Repayable semi-annually from February 2009 to February 2012 in installments; annual floating-rate interest - 2.2100% in 2009

120,000

Repayable quarterly from April 2010 to April 2012 in installments; annual floating-rate interest 1.4232% in 2009

30,000

Medium - to long-term secured loans:

Repayable semi-annually from March 2010 to March 2014 in installments; annual floating-rate interest - 1.805% in 2009

700,000

Repayable semi-annually from February 2009 to February 2012 in installments; annual floating-rate interest - 2.2100% in 2009

120,000

1,790,000

Deduct: Current portion

532,500

\$ 1,257,500

Based on the loan contracts, the Company provided buildings and shares of Giantplus Technology Co., Ltd. and Orise Technology Co., Ltd. as collaterals for the above loans (Note 24). The loan contracts contain financial covenants which require the Company to maintain certain financial ratios (debt ratio, current ratio, times interest-earned ratio and financing provided) on the basis of semi-annual and annual consolidated financial statements. However, the violation of the limitation on the ratios is not deemed to be the violation of the contracts. The financial ratios of consolidated financial statements for the year ended December 31, 2009 had met the requirement of loan contracts.

16. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Such pension costs were \$29,401 thousand and \$30,192 thousand for the years ended December 31, 2009 and 2008, 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 year 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 \$2,257 thousand and \$3,643 thousand for the years ended December 31, 2009 and 2008, respectively.

Defined benefit pension fund balances were \$111,551 thousand and \$103,810 thousand as of December 31, 2009 and 2008, respectively.

Other information on the defined benefit pension plan is as follows:

a. Components of net pension costs

	<u>Years Ended December 31</u>	
	2009	2008
Service costs	\$ 2,284	\$ 2,713
Interest costs	3,295	4,060
Projected return on plan assets	(2,728)	(2,990)
Amortization	<u>(594)</u>	<u>(140)</u>
Net pension costs	<u>\$ 2,257</u>	<u>\$ 3,643</u>

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

	<u>December 31</u>	
	2009	2008
Benefit obligation		
Vested benefit obligation	\$ -	\$ -
Non-vested benefit obligation	<u>54,932</u>	<u>47,466</u>
Accumulated benefit obligation	54,932	47,466
Additional benefits based on future salaries	<u>89,033</u>	<u>84,322</u>
Projected benefit obligation	143,965	131,788
Fair value of plan assets	<u>(112,270)</u>	<u>(106,100)</u>
Funded status	31,695	25,688
Unrecognized net transition obligation	(1,856)	(2,347)
Unrecognized net gain	<u>27,362</u>	<u>37,054</u>
Accrued pension liability	<u>\$ 57,201</u>	<u>\$ 60,395</u>
Vested benefit	<u>\$ -</u>	<u>\$ -</u>

	<u>Years Ended December 31</u>	
	2009	2008
c. Actuarial assumptions		
Discount rate used in determining present values	2.00%	2.50%
Future salary increase rate	5.50%	6.00%
Expected rate of return on plan assets	2.00%	2.50%

17. SHAREHOLDERS' EQUITY

a. 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 Company'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 Company's common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of December 31, 2009.

Outstanding option rights were as follows:

	2003 Option Plan			
	2009		2008	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	5,082	\$40.31	5,154	\$47.07
Options issued	-	-	243	40.34
Options exercised	-	-	(179)	32.70
Options canceled	<u>(5,082)</u>	-	<u>(136)</u>	-
Ending outstanding balance	<u>-</u>		<u>5,082</u>	

	2007 Option Plan			
	2009		2008	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	24,646	\$40.52	25,000	\$47.58
Options granted	-	-	-	-
Options issued	-	-	1,209	40.52
Options canceled	<u>(1,788)</u>	-	<u>(1,563)</u>	-
Ending outstanding balance	<u>22,858</u>		<u>24,646</u>	

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

As of December 31, 2009, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	2007 Option Plan					
	Options Outstanding			Options Exercisable		
	Number of Options (In Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	
\$ 40.40	16,558	3.87	\$40.40	-	\$40.40	
40.90	6,300	3.99	40.90	-	40.90	

The pro forma information for the years ended December 31, 2009 and 2008 assuming employee stock options granted before December 31, 2007 were accounted for under SFAS No. 39 is as follows:

	Years Ended December 31	
	2009	2008
Net income (loss)		
Net income as reported	<u>\$ 381,515</u>	<u>\$ 8,383</u>
Pro forma net income (loss)	<u>\$ 192,295</u>	<u>\$ (253,942)</u>
Earnings (loss) per share (E/LPS; in New Taiwan dollars)		
Basic EPS as reported	<u>\$ 0.64</u>	<u>\$ 0.01</u>
Pro forma basic E/LPS	<u>\$ 0.32</u>	<u>\$ (0.43)</u>
Diluted EPS as reported	<u>\$ 0.64</u>	<u>\$ 0.01</u>
Pro forma diluted E/LPS	<u>\$ 0.32</u>	<u>\$ (0.43)</u>

- b. Global depositary receipts
In March 2001, the Company 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, 2009, the outstanding 275 thousand units of GDRs represented 550 thousand common shares.
- c. Capital surplus
Under ROC regulations, capital surplus can only be used to offset deficit. However, the capital surplus from shares issued in excess of par (including the stock issued for new capital and mergers and surplus arising from treasury stocks transactions) may be appropriated as stock dividends, which are limited to a certain percentage of the Company's paid-in-capital. Also, the capital surplus from long-term investments may not be used for any purpose.
- d. Appropriation of earnings and dividends
The Company's 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.

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 Company should estimate the bonus to employees and remuneration to directors and supervisors based on related laws and past experience. However, to retain the working capital, the bonus to employees and remuneration to directors and supervisors is zero for the year ended December 31, 2009. And for the year ended December 31, 2008, based on the Company's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. Thus, the Company did not accrue any bonus and remuneration expenses. Material differences between earlier estimates of bonuses and remuneration and the amounts subsequently proposed by the Board of Directors are adjusted for in the current year. 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 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.

The appropriations of the 2008 and 2007 earnings were approved at the shareholders' meetings (which is corresponding to Board Of Directors meeting) on April 30, 2009 and June 13, 2008, respectively. The appropriations, including dividends, were as follows:

	For Fiscal Year 2008		For Fiscal Year 2007	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 838		\$ 206,150	
Special reserve	428,914		(17,260)	
Bonus to employees - stock	-		135,000	
Bonus to employees - cash	-		15,000	
Remuneration of directors and supervisors	-		23,090	
Stock dividends	-	\$ -	166,637	\$0.29990
Cash dividends	-	-	<u>1,388,644</u>	2.49920
	<u>\$ 429,752</u>		<u>\$ 1,917,261</u>	

The appropriation of earnings can be accessed online through the Market Observation Post System on the website of Taiwan Stock Exchange.

Unrealized gain or loss on financial instruments

For the years ended December 31, 2009 and 2008, the movements of unrealized gain or loss on financial instruments were as follows:

	Available-for-sale Financial Assets	Equity-method Investments	Total
<u>Year ended December 31, 2009</u>			
Balance, beginning of year	\$ (438,577)	\$ (123,389)	\$ (561,966)
Recognized in shareholders' equity	<u>125,505</u>	<u>552,910</u>	<u>678,415</u>
Balance, end of year	<u>\$ (313,072)</u>	<u>\$ 429,521</u>	<u>\$ 116,449</u>
<u>Year ended December 31, 2008</u>			
Balance, beginning of year	\$ (160,003)	\$ 345,418	\$ 185,415
Sales for the year	(122,842)	-	(122,842)
Recognized in shareholders' equity	<u>(155,732)</u>	<u>(468,807)</u>	<u>(624,539)</u>
Balance, end of year	<u>\$ (438,577)</u>	<u>\$ (123,389)</u>	<u>\$ (561,966)</u>

18. TREASURY STOCK (COMMON STOCK)

Purpose of Purchase	(Units: Shares in Thousands)			
	Beginning Shares	Increase	Decrease	Ending Shares
<u>2009</u>				
Company stocks held by subsidiaries	3,560	-	-	3,560
For subsequent transfer to employees	<u>1,293</u>	<u>6,629</u>	<u>(7,922)</u>	<u>-</u>
	<u>4,853</u>	<u>6,629</u>	<u>(7,922)</u>	<u>3,560</u>
<u>2008</u>				
Company stocks 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>

Starting from January 2002, the Company accounted for its issued shares amounting to \$95,605 thousand held by a subsidiary, Lin Shih Investment Co., Ltd. as treasury stock. As of December 31, 2009 and 2008, the book values of these stocks were \$63,401 thousand and \$63,401 thousand, and the market values of these stocks were \$124,422 thousand and \$46,814 thousand, respectively.

Under the Securities and Exchange Act, the Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The Company had retired all the treasury stock on February 19, 2009 and had completed the related registration of the change in the number of its issued shares. On June 25, 2009, the Board of Directors approved a share buyback plan to repurchase the Company's common shares up to 20,000 thousand shares between June 26, 2009 and August 25, 2009, with the buyback price ranging from NT\$11.50 to NT\$17.50. As of December 31, 2009, the Company had bought back 6,629 thousand shares for \$114,385 thousand. On October 6, 2009, the Board of Directors approved to assign the 6,629 thousand shares of treasury stock to employees. The subsidiaries holding treasury stock; 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					
	2009			2008		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 72,285	\$ 765,093	\$ 837,378	\$ 56,733	\$ 600,046	\$ 656,779
Labor/health insurance	4,430	34,364	38,794	4,458	34,297	38,755
Pension	3,328	28,330	31,658	3,645	30,190	33,835
Welfare benefit	1,977	13,112	15,089	1,970	12,294	14,264
Meal	<u>1,595</u>	<u>10,165</u>	<u>11,760</u>	<u>1,714</u>	<u>10,634</u>	<u>12,348</u>
	<u>\$ 83,615</u>	<u>\$ 851,064</u>	<u>\$ 934,679</u>	<u>\$ 68,520</u>	<u>\$ 687,461</u>	<u>\$ 755,981</u>
Depreciation	<u>\$ 46,717</u>	<u>\$ 72,098</u>	<u>\$ 118,815</u>	<u>\$ 57,853</u>	<u>\$ 86,451</u>	<u>\$ 144,304</u>
Amortization	<u>\$ 1,943</u>	<u>\$ 438,853</u>	<u>\$ 440,796</u>	<u>\$ 6,638</u>	<u>\$ 573,441</u>	<u>\$ 580,079</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:

	2009	2008
Income tax expense on income before income tax at statutory rate	\$ 174,406	\$ 39,996
Tax effects of adjustments:		
Permanent differences	(321,359)	155,250
Temporary differences	6,261	18,218
Tax effects of consolidation income tax filing	<u>(68,235)</u>	<u>(203,660)</u>
Income tax expense before tax credits	<u>\$ (208,927)</u>	<u>\$ 9,804</u>

- b. Income tax expense consisted of the following:

	2009	2008
Income tax expense before tax credits	\$ -	\$ 9,804
Net change in deferred income tax assets	315,975	68,720
Adjustment of prior years' income tax expense	173	54,676
Additional income tax under the Alternative Minimum Tax Act	<u>-</u>	<u>18,441</u>
	<u>\$ 316,148</u>	<u>\$ 151,641</u>

- c. Deferred income tax assets were as follows:

	December 31	
	2009	2008
Current:		
Investment tax credits	\$ 414,927	\$ 299,193
Temporary differences	1,528	7,947
Deduct: Valuation allowance	<u>343,348</u>	<u>140,981</u>
	<u>\$ 73,107</u>	<u>\$ 166,159</u>
Noncurrent:		
Investment tax credits	\$ 726,969	\$ 939,119
Loss carryforwards	167,134	-
Temporary differences	9,636	17,063
Deduct: Valuation allowance	<u>369,755</u>	<u>199,275</u>
	<u>\$ 533,984</u>	<u>\$ 756,907</u>

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Company recalculated its deferred income tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a deferred income tax expense.

As of December 31, 2009, loss carryforwards and investment tax credits were as follows (recorded as deferred tax assets) :

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 3,606	\$ -	2009
		<u>1,005</u>	<u>1,005</u>	2011
		<u>\$ 4,611</u>	<u>\$ 1,005</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 295,551	\$ -	2009
		414,927	414,927	2010
		257,812	257,812	2011
		264,711	264,711	2012
		<u>203,441</u>	<u>203,441</u>	2013
		<u>\$ 1,436,442</u>	<u>\$ 1,140,891</u>	
Income Tax Law	Loss carryforwards	<u>\$ 167,134</u>	<u>\$ 167,134</u>	2019

d. The profits generated from the following expansion and construction projects are exempt from income tax:

Project	Tax Exemption Period
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

The tax returns through 2005 have been assessed by the tax authorities. The Company disagreed with the tax authorities' assessment of its 2003, 2004 and 2005 tax returns and thus applied for an administrative remedy of these returns. Nevertheless, the Company has made a provision for the income tax assessed by the tax authorities for conservatism purposes.

e. Integrated income tax information is as follows:

	December 31	
	2009	2008
Shareholders' imputation credit account	<u>\$ 189,896</u>	<u>\$ 74,942</u>
Unappropriated earnings until 1997	<u>\$ 452,310</u>	<u>\$ 452,310</u>

The expected and actual creditable tax ratios for the 2009 and 2008 earnings were 17.41% and 6.77%, respectively

The ratio for 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 2009 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

21. EARNINGS PER SHARE

The numerators and denominators used in computing earnings per share (EPS) were as follows:

	Amounts (Numerator)		Share (Denominator) (In Thousands)	EPS (Dollars)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>2009</u>					
Net income	<u>\$ 697,663</u>	<u>\$ 381,515</u>			
Basic EPS					
Income of common shareholders	\$ 697,663	\$ 381,515	591,750	<u>\$ 1.18</u>	<u>\$ 0.64</u>
Effect of dilutive securities					
Stock options	<u>-</u>	<u>-</u>	<u>-</u>		
Diluted EPS					
Income of common and potential common shareholders	<u>\$ 697,663</u>	<u>\$ 381,515</u>	<u>591,750</u>	<u>\$ 1.18</u>	<u>\$ 0.64</u>
<u>2008</u>					
Net income	<u>\$ 160,024</u>	<u>\$ 8,383</u>			
Basic EPS					
Income of common shareholders	\$ 160,024	\$ 8,383	593,326	<u>\$ 0.27</u>	<u>\$ 0.01</u>
Effect of dilutive securities					
Stock options	<u>-</u>	<u>-</u>	<u>4</u>		
Diluted EPS					
Income of common and potential common shareholders	<u>\$ 160,024</u>	<u>\$ 8,383</u>	<u>593,330</u>	<u>\$ 0.27</u>	<u>\$ 0.01</u>

The employee stock option stated in Note 17 represents potential common stock. Thus, the Company tested the effects of employee stock options by the treasury method in accordance with Statement of Financial Accounting Standards No. 24 - "Earnings Per Share". The test showed the stock options were anti-dilutive for the year ended December 31, 2009. As a result, the potential common shares were excluded from the calculation of diluted EPS.

22. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Financial assets at fair value through profit or loss	\$ -	\$ -	\$ 162,122	\$ 162,122
Available-for-sale financial assets (current and noncurrent)	2,296,417	2,296,417	348,656	348,656
Financial assets carried at cost	35,556	-	35,556	-
Liability				
Long-term debt (including current portion)	1,790,000	1,790,000	-	-

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, notes and accounts receivable, other receivables, short-term loans, and accounts payable, 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. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
 - 3) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
 - 4) Fair value of long-term debt 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 long-term debt with floating interest rates are equivalent to their carrying values.
- c. Gains recognized for the changes in fair value of financial instruments using valuation techniques were \$6,528 thousand and \$26,806 thousand for the years ended December 31, 2009 and 2008.
- d. As of December 31, 2009 and 2008, financial assets exposed to cash flow interest rate risk were \$265,047 thousand and \$626,455 thousand, respectively; financial assets exposed to fair value interest rate risk were \$1,312,850 thousand and \$448,000 thousand, respectively. As of December 31, 2009, financial liabilities exposed to cash flow interest rate risk were \$1,790,000 thousand. As of December 31, 2008, financial liabilities exposed to fair value interest rate risk were \$647,600 thousand.
- 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, 2009 and 2008 were \$3,216 thousand and \$11,118 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, 2009 and 2008 were \$34,112 thousand and \$22,239 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.
 - 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach the contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. The

counter-parties or third-parties to the foregoing contracts are reputable financial institutions and business organizations. Management believes that the Company's exposure to default by those parties is low.

- 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. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.
- 4) Interest rate risk. As of December 31, 2009, the interest rates of long term debt are floating, which would fluctuate with market interest rates.

23. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Giantplus Technology Co., Ltd. ("Giantplus") - equity-method investee
- b. Waveplus Technology Co., Ltd. ("Waveplus") - equity-method investee
- c. Sunext Technology Co., Ltd. ("Sunext") - 64% subsidiary
- d. Sunplus Core Technology Co., Ltd. ("Sunplus Core") - 57% subsidiary
- e. Generalplus Technology Inc. ("Generalplus") - equity-method investee
- f. Coolsand Technologies SARL ("Coolsand") - equity-method investee of Russell Holding Ltd.
- g. Synerchip Technology Co., Ltd. ("Synerchip Technology") - financial assets carried at cost of Russell Holding Ltd. (Note)
- h. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 81% subsidiary
- i. Sunplus mMobile Inc. ("Sunplus mMobile") - 91% subsidiary
- j. HT mMobile Inc. ("HT mMobile") - equity-method investee
- k. Sunplus Technology (H.K.) Co., Ltd. ("Sunplus H.K.") - 100% subsidiary
- l. Orise Technology Co., Ltd. ("Orise") - equity-method investee
- m. Sunplus mMedia Inc. ("Sunplus mMedia") - 83% subsidiary
- n. iCatch Technology, Inc. ("iCatch") - 83% subsidiary
- o. Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") - 99% indirect subsidiary
- p. Sunplus Prof-tek (Shenzhen) Co., Ltd. ("Sunplus Prof-tek") - 100% indirect subsidiary
- q. SunMedia Technology Co., Ltd. ("SunMedia") - 100% indirect subsidiary
- r. Sunplus mMobile Limited - 100% indirect subsidiary
- s. Others - please refer to Note 27 for related parties that did not have business transactions with the Company in the current period.

Note: Russell Holding Limited ("Russell") decreased its equity interest in Synerchip Technology; thus, Russell treated investment as a financial asset carried at cost. The transactions made with Synerchip Technology as of and for the year ended December 31, 2009 are disclosed only for reference.

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

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Sales				
Sunplus mMedia	\$ 42,384	1	\$ 59,323	1
Orise	34,922	1	74,271	1
Generalplus	15,410	-	27,509	1
Sunplus Core	12,525	-	3,346	-
HT mMobile	12,308	-	-	-
Sunplus Innovation	7,527	-	13,063	-
Waveplus	6,090	-	248	-
Sunext	4,076	-	23,979	1
Sunplus mMobile	3,327	-	16,768	-
iCatch	769	-	-	-
Synerchip Technology	430	-	5,432	-
Coolsand	-	-	20,973	-
	<u>\$ 139,768</u>	<u>2</u>	<u>\$ 244,912</u>	<u>4</u>

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

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Operating expense				
Sunplus Prof-tek	\$ 29,063	1	\$ 61,296	3
SunMedia	15,593	1	5,755	-
Sunplus Shanghai	9,755	1	21,218	1
Sunplus Core	6,333		8,109	1
Sunplus H.K.	2,298	-	3,131	-
Sunext	-	-	1,310	-
Others	<u>244</u>	<u>-</u>	<u>184</u>	<u>-</u>
	<u>\$ 63,286</u>	<u>3</u>	<u>\$ 101,003</u>	<u>5</u>

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

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Nonoperating income and gains				
Sunplus mMedia	\$ 49,296	7	\$ 82,908	12
HT mMobile	39,551	6	-	-
Sunplus mMobile	13,554	2	60,008	8
Sunplus Core	10,093	2	9,398	1
Generalplus	5,066	1	8,052	1
Sunplus Innovation	4,798	1	7,431	1
Orise	2,613	-	4,787	1
iCatch	1,667	-	-	-
Sunext	1,346		7,529	1
Synerchip Technology	108	-	273	-
Waveplus	11	-	550	-
Giantplus	<u>-</u>	<u>-</u>	<u>1,447</u>	<u>-</u>
	<u>\$ 128,103</u>	<u>19</u>	<u>\$ 182,383</u>	<u>25</u>

Nonoperating income and gains included rental income and support transaction prices that were negotiated and thus not comparable with those in the market. The Company leased sections to Sunplus mMobile, Sunplus mMedia, Sunplus Core, HT mMobile and iCatch and transferred the book value of these leased sections to assets leased to others; this book value was based on the ratio of the area of the leased sections to the total area of the building.

The following receivables as well as other transactions between the Company and the related parties were based on normal terms.

	December 31			
	2009		2008	
	Amount	%	Amount	%
Accounts receivable:				
Orise	\$ 4,770	-	\$ 7,880	2
HT mMobile	2,411	-	-	-
Generalplus	1,682	-	2,380	1
Sunplus mMedia	1,002	-	5,059	1
iCatch	807	-	-	-
Sunplus Innovation	579	-	1,179	-
Sunext	360	-	445	-
Sunplus Core	59	-	225	-

	December 31	
	2009	2008
Endorsement/guarantee provided		
Sunplus mMobile	\$ 940,000	\$ 577,293
Sunplus Core	293,192	60,000
Sunplus Shanghai	231,800	306,000
Sunext	134,459	630,000
HT mMobile	30,000	-
Sunplus mMedia	24,082	227,000
Waveplus	20,000	20,000
Generalplus	15,614	30,000
Orise	10,193	-
Sunplus Innovation	9,562	130,000
Synerchip Technology	-	10,000
	<u>\$ 1,708,902</u>	<u>\$ 1,990,293</u>

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Properties and intangible assets				
Proceeds of the disposal of properties:				
HT mMobile	\$ 1,070	48	-	-
Sunplus mMobile	61	3	74	5
Sunplus mMedia	21	1	28	2
Orise	17	-	-	-
Sunplus Core	6	-	55	4
Sunplus mMobile Limited	-	-	700	51
Sunplus Innovation	-	-	11	1
	<u>\$ 1,175</u>	<u>52</u>	<u>\$ 868</u>	<u>63</u>
Acquisition of fixed assets:				
Sunplus Innovation	\$ -	-	\$ 200	-
Sunplus mMedia	-	-	15	-
	<u>\$ -</u>	<u>-</u>	<u>\$ 215</u>	<u>-</u>

Compensation of directors, supervisors and management personnel:

	Years Ended December 31	
	2009	2008
Salaries and incentives	\$ 23,312	\$ 29,356
Special compensation	327	138
	<u>\$ 23,639</u>	<u>\$ 29,494</u>

24. MORTGAGED OR PLEDGED ASSETS

The Company's assets pledged as collateral for long-term loans were as follows:

	December 31, 2009
Giantplus stocks	\$ 838,318
Orise stocks	276,779
Buildings, net (including assets leased to others)	<u>792,156</u>
	<u>\$ 1,907,253</u>

25. SIGNIFICANT LONG-TERM OPERATING LEASES

The Company 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
2010	\$ 7,862
2011	7,862
2012	7,862
2013	7,862
2014	7,862
2015 and thereafter	<u>32,695</u>
	<u>\$ 72,005</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 compensation.

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)
- Financings provided: Table 2 (attached)
- Marketable securities held: Table 3 (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 4 (attached)
- Acquisition of long-term investments at costs of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- Disposal of long-term investments at costs of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- Names, locations, and related information of investees on which the Company exercises significant influences: Table 7 (attached)
- Forward exchange contracts of investee company: Table 8 (attached)
- Information on Investment in Mainland China: Table 9 (attached)

28. SEGMENT INFORMATION

- Industry: The Company only manufactures and sells value-added consumer integrated circuits (ICs).
- Geographic information: Not applicable.
- Export sales:

Area	Years Ended December 31	
	2009	2008
Southeast Asia	\$ 6,541,273	\$ 4,953,791
Others	<u>64,862</u>	<u>516,704</u>
	<u>\$ 6,606,135</u>	<u>\$ 5,470,495</u>

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

Customer	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
A	\$ 2,269,016	31	\$ 1,672,714	27
B	1,845,278	25	1,417,376	23
C	755,900	10	209,837	3

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2009

(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	Sunplus mMobile Inc.	91% subsidiary	\$1,231,057 (Note 1)	\$ 970,000	\$ 940,000	\$ -	7.63%	\$ 2,462,114 (Note 2)
		Sunplus Core Technology Co., Ltd.	57% subsidiary	1,231,057 (Note 1)	293,192	293,192	-	2.38%	2,462,114 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	1,231,057 (Note 1)	319,800	231,800	-	1.88%	2,462,114 (Note 2)
		Sunext Technology Co., Ltd.	64% subsidiary	1,231,057 (Note 1)	630,000	134,459	-	1.09%	2,462,114 (Note 2)
		HT mMobile Inc.	Equity-method investee	1,231,057 (Note 1)	209,663	30,000	-	0.24%	2,462,114 (Note 2)
		Sunplus mMedia Inc.	83% subsidiary	1,231,057 (Note 1)	227,000	24,082	-	0.20%	2,462,114 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,231,057 (Note 1)	20,000	20,000	-	0.16%	2,462,114 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	1,231,057 (Note 1)	30,000	15,614	-	0.13%	2,462,114 (Note 2)
		Orise Technology Co., Ltd.	Equity-method investee	1,231,057 (Note 1)	10,193	10,193	-	0.08%	2,462,114 (Note 2)
		Sunplus Innovation Technology Inc.	81% subsidiary	1,231,057 (Note 1)	130,000	9,562	-	0.08%	2,462,114 (Note 2)
		Synerchip Technology Co., Ltd.	Note 3	1,231,057 (Note 1)	10,000	-	-	-	2,462,114 (Note 2)

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

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

Note 3: Russell Holding Limited decreased its equity interest in Synerchip Technology Co., Ltd., thus, it is no longer an equity-method investee.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED

YEAR ENDED DECEMBER 31, 2009

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

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Year	Ending Balance	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	Other receivables	\$ 60,000	\$ 60,000	Note 3	Note 1	\$ -	Note 2	\$ -	-	-	\$615,529 (Note 4)	\$1,231,057 (Note 5)

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash for the operation of Sunplus mMobile Inc.

Note 3: The highest short-term loan interest rate for borrowing from financial institutions (1.2% in 2009).

Note 4: For each transaction entity, the amount should not exceed 5% of the Company's net equity as shown in latest financial statements.

Note 5: The amount should not exceed 10% of the Company's net equity based on the latest financial statements.

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED
MARKETABLE SECURITIES HELD
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	84,652	\$1,774,129	21	\$1,774,129	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	60,665	1,119,384	45	1,119,422	Notes 7 and 10
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	19,590	(7,390)	83	125,360	Notes 1, 6 and 8
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	870,703	100	870,703	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	944,771	100	944,771	Notes 1 and 4
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	38,832	680,779	45	680,779	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	24,900	501,021	100	501,021	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	420,632	100	424,470	Notes 1 and 9
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	29,762	505,171	81	505,171	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	40,837	557,098	64	415,991	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,898	(66,748)	57	(51,543)	Notes 1 and 6
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,302	20,911	41	20,911	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	7,382	100	7,382	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	10,047	100	10,047	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,626	100	4,626	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,145	100	4,145	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	54,545	(581,110)	91	(566,664)	Notes 1 and 6
	HT mMobile Inc.	Equity-method investee	Equity-method investments	37,261	214,182	30	214,182	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	209,447	83	209,447	Note 1
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	203,515	12	203,515	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	43,996	-	43,996	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,967	33,843	-	33,843	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
	<u>Fund</u>							
	Manulife Wan Li Bond Fund	-	Available-for-sale financial assets	1,060	14,018	-	14,018	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	9,476	143,426	-	143,426	Note 5
	ING Taiwan Bond Fund	-	Available-for-sale financial assets	6,412	100,010	-	100,010	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	20,509	299,440	-	299,440	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	1,697	289,216	-	289,216	Note 5
	Fuh-Hwa Yuli Bond Fund	-	Available-for-sale financial assets	7,766	100,069	-	100,069	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	10,514	145,259	-	145,259	Note 5
Polaris De-Bao Fund	-	Available-for-sale financial assets	7,846	90,069	-	90,069	Note 5	
IBT 1699 Bond Fund	-	Available-for-sale financial assets	22,107	285,092	-	285,092	Note 5	
IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	3,471	47,032	-	47,032	Note 5	
Taishin Lucky Fund	-	Available-for-sale financial assets	20,822	221,322	-	221,322	Note 5	
Mega Diamond Bond Fund	-	Available-for-sale financial assets	15,096	180,106	-	\$180,106	Note 5	
UPAMC James Bond Fund	-	Available-for-sale financial assets	3,128	50,003	-	50,003	Note 5	
Cathay Bond Fund	-	Available-for-sale financial assets	4,182	50,001	-	50,001	Note 5	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	\$12,737	100	\$12,737	Note 1
	Sunplus mMobile Limited	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	1,710	(374)	100	(374)	Notes 1 and 6
	Sunplus mMobile Holding Inc.	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	2,580	(3)	100	(3)	Notes 1 and 6
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Subsidiary of Sunplus mMobile Holding Inc.	Equity-method investments	2,580	US\$-thousand	100	US\$-thousand	Note 1
Lin Shih Investment Co., Ltd.	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	807	11,802	25	12,958	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	34,265	5	34,265	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,154	247,082	16	247,081	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,057	(11,512)	13	(11,915)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	1,389	1,387	2	(14,441)	Notes 1 and 6
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,743	4	9,743	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	439	2,505	-	2,505	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	911	10,777	4	6,692	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	650	10,113	2	10,933	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	124,422	1	124,422	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	331,209	1	331,209	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	7,333	-	7,333	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	136	5,707	-	5,707	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,222	71,562	8	71,562	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	353	4,007	6	4,007	Note 2
	MaxEmil Photonics Corp.	-	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	
Sanjet Technology Corp.	-	Financial assets carried at cost	63	537	-	537	Note 2	
Russell Holdings Limited	<u>Stock</u>							
	Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$(350) thousand	44	US\$(350) thousand	Note 6
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US\$2,231 thousand	1	US\$142 thousand	Note 1
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$1,502 thousand	-	US\$1,502 thousand	Note 3
	Synerchip Co., Ltd.	-	Financial assets carried at cost	4,236	US\$-thousand	19	US\$-thousand	Note 2
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$-thousand	19	US\$-thousand	Note 2
	OZ Optics Limited.	-	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	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US\$-thousand	-	US\$-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 L.P.	-	Financial assets carried at cost	-	US\$2,173 thousand	5	US\$2,173 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
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US\$800 thousand	15	US\$800 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
	<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	6,212	12	6,212	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	45,128	7	45,128	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	4,625	81,204	5	81,204	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	15,463	1	15,463	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	(11,585)	13	(11,585)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	65	1,594	-	(668)	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	3,006	18,437	13	18,178	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	20	139	-	139	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,029	17,297	3	17,297	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	32,141	13	32,141	Note 1
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	37,099	-	37,099	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	803	33,588	1	33,588	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	237,635	1	237,635	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	853	27,473	3	27,473	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	2,035	24,237	5	24,237	Note 2
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost	3,000	30,000	5	30,000	Note 2
Cyberon Corporation	-	Financial assets carried at cost	1,170	13,691	14	13,691	Note 2	
WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 2	
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	662	9,450	2	9,450	Note 2	
Smec Media & Entertainment Corp.	-	Financial assets carried at cost	2,000	-	7	-	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Generalplus Technology Inc.	Azalea Networks Inc	-	Financial assets carried at cost	280	\$12,923	1	\$12,923	Note 2
	Sanjet Technology Corp.	-	Financial assets carried at cost	369		1	3,163	Note 2
					3,163			
	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	5,590	24,070	100	24,070	Note 1
	<u>Fund</u> IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	14,225	192,736	-	192,736	Note 5
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	12,930	154,275	-	154,275	Note 5
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	5,590	US\$752 thousand	100	US\$752 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	5,200	US\$619 thousand	100	US\$619 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$133 thousand	100	US\$133 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	\$3,980	100	3,980	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	650	3,813	100	3,813	Note 1
	<u>Fund</u> FSITC Bond Fund	-	Available-for-sale financial assets	491	83,697	-	83,697	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	4,769	69,011	-	69,011	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	4,963	75,123	-	75,123	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	3,427	50,034	-	50,034	Note 5
	IBT 1699 Bond Fund	-	Available-for-sale financial assets	3,878	50,012	-	50,012	Note 5
	IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	3,691	50,014	-	\$50,014	Note 5
	Capital Income Fund	-	Available-for-sale financial assets	3,893	60,003	-	60,003	Note 5
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$91 thousand	100	US\$91 thousand	Note 1
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext Technology (Shanghai)	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$90 thousand	100	US\$90 thousand	Note 1
Waveplus Technology Co., Ltd.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	US\$-thousand	100	US\$-thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	24,900	US\$15,668 thousand	100	US\$15,668 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	24,900	US\$15,672 thousand	100	US\$15,672 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$10,185 thousand	99	US\$10,185 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$3,096 thousand	100	US\$3,096 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$2,065 thousand	100	US\$2,065 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$117 thousand	80	US\$117 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> UNIWILL Co., Ltd.	-	Available-for-sale financial assets	508	\$7,744	-	\$7,744	Note 3
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	104	1,737	-	1,818	Note 1
Sunplus Innovation Technology Inc.	<u>Fund</u> Prudential Financial Bound Fund	-	Available-for-sale financial assets	4,636	70,164	-	70,164	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	12,867	187,862	-	187,862	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	176	30,037	-	30,037	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	2,898	40,042	-	40,042	Note 5
	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	1,000	30,179	12	30,179	Note 2
Global Techplus Capital Inc.	<u>Stock</u> Techplus Capital Samoa Inc.	Subsidiary of Global Techplus Capital Inc.	Equity-method investments	-	US\$- thousand	100	US\$- thousand	Note 1

Note 1: The net asset value was based on audited financial data as of December 31, 2009.

Note 2: The market value is based on carrying value as of December 31, 2009.

Note 3: The market value is based on the closing price as of December 31, 2009.

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, 2009.

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 \$38 thousand.

Note 8: Includes deferred credit \$145,412 thousand.

Note 9: Includes deferred credit \$3,838 thousand.

Note 10: As of December 31, 2009, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. in Sunplus Technology Company Limited, with a market value \$118,286 thousand and the holdings of Sunplus Technology Limited Company in Giantplus Technology Company Limited and Orise Technology Company Limited, with carrying values of \$838,318 thousand and \$276,779 thousand, respectively, 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, 2009

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

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Orise Technology Co. Ltd.	Equity-method Investments	72,090	\$1,245,799 (Note 3)	-	\$-	11,425	\$670,295	\$207,787	\$477,506 (Note 4)	60,665	\$1,119,384 (Note 5)
	FSITC Bond Fund	Available-for-sale financial assets	177	30,032 (Note 2)	1,520	259,000	-	-	-	-	1,697	289,216 (Note 1)
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	14,433	218,000	4,957	75,000	74,868	132	9,476	143,426 (Note 1)
	FSITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	20,509	299,000	-	-	-	-	20,509	299,440 (Note 1)
	Polaris De-Bao Fund	Available-for-sale financial assets	2,273	26,026 (Note 2)	9,417	108,000	3,844	44,051	44,000	51	7,846	90,069 (Note 1)
	Fuh-Hwa Bond Fund	Available-for-sale financial assets	-	-	21,379	295,000	10,865	150,000	149,919	81	10,514	145,259 (Note 1)
	Yuanta Commercial Bank Money Market Common Trust Fund	Available-for-sale financial assets	13,114	135,036 (Note 2)	-	-	13,114	135,083	135,036	47	-	-
	Fuh-Hwa Yuli Bond Fund	Available-for-sale financial assets	-	-	7,766	100,000	-	-	-	-	7,766	100,069 (Note 1)
	Mega Diamond Bond Fund	Available-for-sale financial assets	-	-	15,096	180,000	-	-	-	-	15,096	180,106 (Note 1)
	ING Taiwan Bond Fund	Available-for-sale financial assets	-	-	9,621	150,000	3,209	50,040	50,000	40	6,412	100,010 (Note 1)
	Taishin Lucky Fund	Available-for-sale financial assets	-	-	28,165	299,000	7,343	78,000	77,957	43	20,822	221,322 (Note 1)
	IBT 1699 Bond Fund	Available-for-sale financial assets	-	-	22,107	285,000	-	-	-	-	22,107	285,092 (Note 1)
	HT mMobile Inc.	Equity-method Investments	-	-	37,261	372,608	-	-	-	-	37,261	214,182 (Note 5)
	Sunplus mMobile Inc.	Equity-method Investments	120,000	(141,111) (Note 3)	-	-	17,261	172,608	172,608	-	54,545 (Note 6)	(581,110) (Note 5)
	Sunplus mMedia Inc.	Equity-method Investments	64,500	708,757 (Note 3)	3,924	54,936	48,834	500,775	500,775	-	19,590	(7,390) (Note 5)
	Generalplus Technology Inc.	Equity-method Investments	27,942	475,292 (Note 3)	11,477	181,172	587	10,307	10,307	-	38,832	680,779 (Note 5)
	Sunplus Innovation Technology Inc.	Equity-method Investments	22,660	392,361 (Note 3)	7,436	112,259	334	5,595	5,595	-	29,762	505,171 (Note 5)
iCatch Technology, Inc.	Equity-method Investments	-	-	20,735	207,345	-	-	-	-	20,735	209,447 (Note 5)	

(Continued)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal			Ending Balance		
			Units (Thousand)	Amount	Units (Thousand)	Amount	Unit (Thousand)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousand)	Amount
Generalplus Technology Inc.	IBT Ta Chong Bond Fund	Available-for-sale financial assets	-	-	14,225	192,000	-	-	-	-	14,225	192,736 (Note 1)
	Mega Diamond Bond Fund	Available-for-sale financial assets	-	-	28,277	336,500	15,347	183,000	182,611	389	12,930	154,275 (Note 1)
	Capital Income Fund	Available-for-sale financial assets	-	-	13,087	201,400	13,087	201,539	201,400	139	-	-
Sunplus Innovation Technology Inc.	FSITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	13,175	192,000	309	4,500	4,497	3	12,867	187,862 (Note 1)
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	7,281	110,000	2,646	40,000	39,968	32	4,636	70,164 (Note 1)
Sunplus mMedia Inc.	FSITC Taiwan Bond Fund	Available-for-sale financial assets	1,081	15,729 (Note 2)	6,174	90,000	7,255	105,840	105,612	228	-	-
	Yuanta Wan Tai Bond Fund	Available-for-sale financial assets	3,466	50,014 (Note 2)	6,228	90,000	9,694	140,160	140,000	160	-	-
Sunext Technology Co., Ltd.	Prudential Financial Bond Fund	Available-for-sale financial assets	-	\$-	7,278	\$110,000	2,315	\$35,000	\$34,981	19	\$4,963	\$75,123 (Note 1)
	FSITC Bond Fund	Available-for-sale financial assets	-	-	705	120,000	214	36,500	36,453	47	491	83,697 (Note 1)
	Yuanta Wan Tai Bond Fund	Available-for-sale financial assets	-	-	9,616	139,000	4,847	70,024	70,000	24	4,769	69,011 (Note 1)

Note 1: The ending balance includes the valuation gains on financial assets.

Note 2: The beginning balance includes the valuation gains on financial assets.

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

Note 4: Includes an investment gain classified under capital surplus.

Note 5: The carrying value of the equity-method investment as of December 31, 2009.

Note 6: Shares after the cancellation of common stock.

(Concluded)

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED

ACQUISITION OF LONG-TERM INVESTMENTS AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2009

(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 Company Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	Generalplus Technology Inc.	2009.12	\$181,172	\$-	Sunplus mMedia Inc.	Equity-method investee	-	-	-	\$ -	Note 3	Equity-method investee	-
	Sunplus Innovation Technology Inc.	2009.12	112,258	(Note 3)	Sunplus mMedia Inc.	Equity-method investee	-	-	-	-	Note 3	Equity-method investee	-
	iCatch Technology, Inc.	2009.12	207,345	(Note 4)	Sunplus mMedia Inc.	Equity-method investee	-	-	-	-	Note 4	Equity-method investee	-
	Sunplus mMedia Inc.	2009.12	500,775	(Notes 3 and 4)	(Notes 3 and 4)	Equity-method investee	-	-	-	-	Notes 3 and 4	Equity-method investee	-
	Sunplus mMobile Inc.	2009.03	(172,608)	(Note 2)	HT mMobile Inc.	Equity-method investee	-	-	-	-	Note 2	Equity-method investee	-
	HT mMobile Inc.	2009.03	172,608	(Note 2)	Sunplus mMobile Inc.	Equity-method investee	-	-	-	-	Note 2	Equity-method investee	-
	HT mMobile Inc.	2009.09	200,000	200,000	Note 1	Equity-method investee	-	-	-	-	Note 1	Equity-method investee	-

Note 1: Participation in share issuance.

Note 2: The transaction amount was based on the net book value of the spun-off communication business unit of Sunplus mMobile on the spin-off date. Through this spin-off as well as a capital reduction in March 2009, Sunplus mMobile Inc. established HT mMobile Inc.

Note 3: Sunplus mMedia Inc. spun off its product lines to Sunplus Innovation Technology Inc. and Generalplus Technology Inc. and reduced its capital in December 2009. The shareholders of Sunplus mMedia Inc. received the shares of Sunplus Innovation Technology Inc. and Generalplus Technology Inc. at percentages that are the same as those of their respective percentages of ownership of Sunplus mMedia Inc.

Note 4: The transaction amount was based on the net book value of a spun-off product line on the spin-off date. Through this spin-off as well as a capital reduction in December 2009, Sunplus mMedia established iCatch Technology, Inc.

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED

DISPOSAL OF LONG-TERM INVESTMENTS AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2009

(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 Company Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	Orise Technology Co., Ltd.	2009.04 2009.06 2009.07 2009.11 2009.12	\$670,295	\$670,295	-	Equity-method investee	-	-	-	\$ -	Note	Equity-method investee	-

Note: Sold in Taiwan stock exchange market.

SUNPLUS TECHNOLOGY COMPANY LIMITED

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES

DECEMBER 31, 2009

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value				
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	21	\$1,774,129	\$(387,651)	\$(80,621)	Investee	
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	687,979	816,719	60,665	45	1,119,384	299,360	154,599	Investee	
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	306,739	752,579	19,590	83	(7,390)	(159,390)	(270,042)	Subsidiary	
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	870,703	3,126	3,126	Subsidiary	
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	944,771	69,689	69,689	Subsidiary	
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	316,864	146,000	38,832	45	680,779	223,039	89,550	Subsidiary	
	Ventureplus Group Inc.	Belize	Investment	US\$24,900 thousand	US\$24,700 thousand	24,900	100	501,021	79,184	79,184	Subsidiary	
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$14,760 thousand	US\$14,760 thousand	14,760	100	420,632	(29,012)	(29,275)	Subsidiary	
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	308,000	29,762	81	505,171	22,904	18,805	Subsidiary	
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	946,705	946,705	40,837	64	557,098	279,903	214,210	Subsidiary	
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	105,470	105,470	8,898	57	(66,748)	(121,671)	(84,605)	Subsidiary	
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	41	20,911	9,863	4,015	Subsidiary	
	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	-	25,541	-	-	-	-	2,672	312	Investee
	Global Techplus Capital Inc.	Seychelles	Investment	US\$200 thousand	US\$200 thousand	200	100	7,382	(285)	(285)	Subsidiary	
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	10,047	187	187	Subsidiary	
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$11,075 thousand	HK\$11,075 thousand	11,075	100	4,626	(75)	(75)	Subsidiary	
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,145	(49)	(49)	Subsidiary	
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	372,608	-	37,261	30	214,182	(530,737)	(365,299)	Investee	
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	-	20,735	83	209,447	2,534	2,102	Subsidiary	
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,507,392	1,680,000	54,545	91	(581,110)	(271,329)	(264,911)	Subsidiary	
Lin Shih Investment Co., Ltd.	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	-	18,402	-	-	-	2,672	315	Investee	
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	34,265	279,903	17,634	Subsidiary	
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	94,576	91,726	807	25	11,802	9,863	2,147	Subsidiary	
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,073	20,000	2,057	13	(11,512)	(121,671)	(15,598)	Subsidiary	
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,376	42,770	1,389	2	1,387	(271,329)	(6,268)	Subsidiary	
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	34,755	911	4	10,777	(159,390)	(5,082)	Subsidiary	
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	9,763	6,234	650	2	10,113	22,904	385	Subsidiary	
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	4,394	-	439	-	2,505	(530,737)	(8,520)	Investee	
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	-	965	4	9,743	2,534	98	Subsidiary	
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	82,166	65,000	14,154	16	247,082	223,039	40,225	Subsidiary	
Sunplus Venture Capital Co., Ltd.	Joining Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	51,000	51,000	3,400	39	-	-	-	Investee	
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	45,128	279,903	23,240	Subsidiary	
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary	
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	17,227	-	1,029	3	17,297	22,904	55	Subsidiary	
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	204	-	20	-	139	(530,737)	(411)	Investee	
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	31,818	-	3,182	13	32,141	2,534	323	Subsidiary	
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	76,016	76,016	387	12	6,212	9,863	1,193	Subsidiary	
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	15,463	299,360	1,940	Investee	
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	(11,585)	(121,671)	(15,598)	Subsidiary	
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	42,802	15,000	4,625	5	81,204	223,039	9,524	Subsidiary	
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,988	65	-	1,594	(271,329)	(298)	Subsidiary	
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	116,679	3,006	13	18,437	(159,390)	(19,566)	Subsidiary	

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$6,050 thousand	US\$6,050 thousand	4,794	44	US\$(350) thousand	US\$270 thousand	US\$- thousand	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$2,119 thousand	US\$2,119 thousand	442	1	US\$2,231 thousand	\$279,903	US\$70 thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Smaoa	Investment	US\$750 thousand	US\$1,750 thousand	750	100	\$3,980	\$187	\$187	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$650 thousand	-	650	100	3,813	(17,538)	(17,538)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$750 thousand	US\$750 thousand	750	100	US\$91 thousand	US\$(28) thousand	US\$(28) thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$750 thousand	US\$750 thousand	-	100	US\$90 thousand	US\$(28) thousand	US\$(28) thousand	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$24,900 thousand	US\$24,700 thousand	24,900	100	US\$15,668 thousand	US\$2,398 thousand	US\$2,398 thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$24,900 thousand	US\$24,700 thousand	24,900	100	US\$15,672 thousand	US\$2,398 thousand	US\$2,398 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\$10,185 thousand	US\$1,313 thousand	US\$1,298 thousand	Subsidiary
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$4,250 thousand	US\$4,250 thousand	-	100	US\$3,096 thousand	US\$831 thousand	US\$831 thousand	Subsidiary
	SunMedia Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$3,000 thousand	US\$3,000 thousand	-	100	US\$2,065 thousand	US\$521 thousand	US\$521 thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Research, development, manufacture and sale of ICs.	US\$586 thousand	US\$450 thousand	-	80	US\$117 thousand	US\$(308) thousand	US\$(247) thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	US\$500 thousand	US\$500 thousand	1,000	100	US\$- thousand	US\$- thousand	US\$- thousand	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Smaoa	Investment	US\$5,590 thousand	US\$3,090 thousand	5,590	100	24,070	(68,878)	(68,878)	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$5,590 thousand	US\$3,090 thousand	5,590	100	US\$752 thousand	US\$(2,085) thousand	US\$(2,085) thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$5,200 thousand	US\$2,700 thousand	5,200	100	US\$619 thousand	US\$(2,141) thousand	US\$(2,141) thousand	Subsidiary
	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US\$390 thousand	US\$390 thousand	390	100	US\$133 thousand	US\$56 thousand	US\$56 thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	12,737	1,450	1,450	Subsidiary
	Sunplus mMobile Limited	U.K.	Design of ICs	GBP 1,710 thousand	GBP 500 thousand	1,710	100	(374)	(598)	(598)	Subsidiary
	Sunplus mMobile Holding Inc.	Smaoa	Investment	US\$2,580 thousand	US\$2,580 thousand	2,580	100	(3)	(2,174)	(2,174)	Subsidiary
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Mauritius	Research and development of intellectual property rights	US\$2,580 thousand	US\$2,515 thousand	2,580	100	US\$(-) thousand	US\$(66) thousand	US\$(66) thousand	Subsidiary
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	1,800	-	104	-	1,737	223,039	129	Subsidiary
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Smaoa	Investment	US\$- thousand	US\$- thousand	-	100	US\$- thousand	US\$- thousand	US\$- thousand	Subsidiary

(Concluded)

TABLE 8

SUNPLUS TECHNOLOGY COMPANY LIMITED

FORWARD EXCHANGE CONTRACTS OF INVESTEE COMPANY

Generalplus Technology used derivative contracts in 2009 and 2008 to hedge against the effect of exchange rate fluctuations on net foreign currency but had no outstanding forward exchange contracts as of December 31, 2009 and 2008.

On financial assets designated at fair value through profit or losses, there were a net income of \$200 thousand in 2009 and a net loss of \$6,693 thousand in 2008.

TABLE 9

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2009

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2009	Accumulated Inward Remittance of Earnings as of December 31, 2009
					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\$1,298 thousand	US\$10,185 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\$4,250 thousand	US\$- thousand	US\$- thousand	US\$4,250 thousand	100	US\$831 thousand	US\$3,096 Thousand	US\$- thousand
SunMedia Technology Co., Ltd.	Manufacturing and sale of computer software. Service of System Integration	US\$3,000 thousand	Note 1	US\$3,000 thousand	US\$- thousand	US\$- thousand	US\$3,000 thousand	100	US\$521 thousand	US\$2,065 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\$450 thousand	US\$136 thousand	US\$- thousand	US\$586 thousand	80	US\$(247) thousand	US\$117 thousand	US\$- thousand
Accumulated Investment in Mainland China as of December 31, 2009				Investment Amounts Authorized by Investment Commission, MOEA		Upper Limit on Investment					
US\$24,836 thousand				US\$52,800 thousand		\$7,386,342					

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

7.5 Consolidated Financial Statements

Consolidated Financial Statements for the
Years Ended December 31, 2009 and 2008 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, 2009, 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



CHOU-CHIEH HUANG
Chairman

February 9, 2010

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, 2009 and 2008, 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, 2009 and 2008, 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 Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 10 - "Inventories" on January 1, 2009. In addition, 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 SFAS No. 39 - "Share-based Payment" to account for employee stock options.

Deloitte & Touche

February 9, 2010

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, 2009 AND 2008

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

ASSETS	2009		2008		LIABILITIES AND SHAREHOLDERS' EQUITY	2009		2008	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 3,421,418	18	\$ 3,476,092	20	Short-term loans (Note 14)	\$ 940,281	5	\$ 2,422,610	14
Certificates of deposits - restricted (Notes 4 and 24)	500	-	13,647	-	Accounts payable (Note 23)	1,211,224	6	845,460	5
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	2,189	-	Income tax payable (Notes 2 and 20)	325,383	2	437,699	2
Available-for-sale financial assets - current (Notes 2 and 6)					Accrued expenses	475,838	2	408,194	2
	3,128,073	16	442,835	3	Bonus payable to employees and remuneration payable to directors and supervisors (Note 17)	73,085	-	115,357	1
Notes and accounts receivable, net (Note 2)					Long-term bank loans - current portion (Notes 15 and 24)	689,500	4	-	-
Others (Note 7)	2,383,554	13	1,608,520	9	Other current liabilities (Notes 9 and 23)	526,135	3	285,135	2
Related parties (Note 23)	10,576	-	645,101	4					
Other receivables (Note 23)	225,676	1	244,892	1	Total current liabilities	4,241,446	22	4,514,455	26
Inventories (Notes 2 and 8)	1,338,508	7	2,815,509	16					
Deferred income tax assets (Notes 2 and 20)	172,209	1	360,760	2	LONG-TERM BANK LOANS, NET OF CURRENT PORTION				
Other current assets	141,501	1	187,169	1	(Notes 15 and 24)	1,470,500	8	-	-
Total current assets	10,822,015	57	9,796,714	56					
LONG-TERM INVESTMENTS					OTHER LIABILITIES				
Equity-method investments (Notes 2, 9 and 24)	3,125,594	16	1,927,312	11	Deferred income	2,918	-	3,575	-
Prepaid long-term investments	30,888	-	66,148	-	Accrued pension liability (Notes 2 and 16)	102,619	1	179,040	1
Financial assets at fair value through profit or loss (Notes 2 and 5)	-	-	162,122	1	Guarantee deposits	259,645	1	355,519	2
Available-for-sale financial assets (Notes 2 and 6)	1,027,248	5	363,633	2					
Financial assets carried at cost (Notes 2 and 10)	656,909	4	688,205	4	Total other liabilities	365,182	2	538,134	3
Total long-term investments	4,840,639	25	3,207,420	18	Total liabilities	6,077,128	32	5,052,589	29
PROPERTIES (Notes 2, 11 and 24)					SHAREHOLDERS' EQUITY				
Cost					Capital stock - NT\$10.00 par value (parent company's equity; Notes 2, 17 and 18)				
Buildings	1,035,314	5	1,110,055	6	Authorized - 1,200,000 thousand shares				
Auxiliary equipment	186,925	1	190,925	1	Issued and outstanding - 596,910 thousand shares in 2009 and 598,203 thousand shares in 2008	5,969,099	31	5,982,028	34
Machinery and equipment	476,065	2	552,758	3	Capital surplus				
Testing equipment	530,059	3	727,870	4	Additional paid-in capital - share issuance in excess of par	709,215	4	710,751	4
Transportation equipment	9,493	-	9,364	-	Treasury stock transactions	68,357	-	68,645	-
Furniture and fixtures	294,889	2	303,574	2	Merger and others	1,093,729	6	808,162	5
Leasehold improvements	53,528	-	86,360	1	Retained earnings				
Other equipment	84	-	892	-	Legal reserve	2,334,480	12	2,333,642	13
Total cost	2,586,357	13	2,981,798	17	Special reserve	428,914	2	-	-
Less: Accumulated depreciation	1,370,691	7	1,384,485	8	Unappropriated earnings	1,542,755	8	1,590,992	9
Construction in progress and prepayments for equipment	10,506	-	14,877	-	Others				
Net properties	1,226,172	6	1,612,190	9	Cumulative translation adjustments	110,973	-	149,639	1
					Unrealized valuation gain (loss) on financial assets	116,449	1	(561,966)	(3)
INTANGIBLE ASSETS, NET (Notes 2 and 12)	1,121,928	6	1,632,022	9	Treasury stock (at cost) - 3,560 thousand shares in 2009 and 4,853 thousand shares in 2008	(63,401)	-	(131,471)	(1)
OTHER ASSETS					Total equity attributed to shareholders of the parent	12,310,570	64	10,950,422	62
Rental assets, net (Notes 2 and 24)	342,513	2	303,991	2	MINORITY INTEREST (Note 2)	749,459	4	1,588,877	9
Deferred charges and others (Notes 2 and 13)	174,123	1	266,612	2	Total shareholders' equity	13,060,029	68	12,539,299	71
Deferred income tax assets - noncurrent (Notes 2 and 20)	608,167	3	772,939	4					
Restricted assets (Notes 4 and 24)	1,600	-	-	-	TOTAL	\$19,137,157	100	\$17,591,888	100
Total other assets	1,126,403	6	1,343,542	8					
TOTAL	\$19,137,157	100	\$17,591,888	100					

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 9, 2010)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
GROSS SALES	\$ 18,181,137		\$ 16,595,438	
SALES RETURNS AND ALLOWANCES	<u>(331,675)</u>		<u>(417,638)</u>	
NET SALES (Notes 2 and 23)	17,849,462	100	16,177,800	100
COST OF SALES (Notes 3, 8 and 19)	12,259,840	69	11,464,099	71
UNREALIZED GAIN ON INTERCOMPANY TRANSACTIONS, NET (Note 2)	-	-	(284)	-
REALIZED LOSS ON INTERCOMPANY TRANSACTIONS, NET (Note 2)	<u>(332)</u>	-	<u>-</u>	-
GROSS PROFIT	<u>5,589,290</u>	<u>31</u>	<u>4,713,417</u>	<u>29</u>
OPERATING EXPENSES (Notes 19 and 23)				
Marketing	433,928	2	267,985	2
General and administrative	651,485	4	754,199	5
Research and development	<u>3,991,761</u>	<u>22</u>	<u>4,634,900</u>	<u>28</u>
Total operating expenses	<u>5,077,174</u>	<u>28</u>	<u>5,657,084</u>	<u>35</u>
OPERATING INCOME (LOSS)	<u>512,116</u>	<u>3</u>	<u>(943,667)</u>	<u>(6)</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	533,798	3	720,765	5
Rental revenue	99,891	1	79,780	1
Dividend income (Note 2)	41,753	-	86,973	1
Interest income	16,456	-	58,780	-
Valuation gain on financial assets (Notes 2 and 5)	4,539	-	22,040	-
Guarantee deposit default	2,243	-	67,193	-
Reconciliation compensation (Note 26)	-	-	107,639	1
Foreign exchange gain, net (Note 2)	-	-	47,420	-
Investment income recognized by the equity-method, net (Notes 2 and 9)	-	-	17,147	-
Others (Notes 2 and 23)	<u>59,719</u>	<u>-</u>	<u>46,280</u>	<u>-</u>
Total nonoperating income and gains	<u>758,399</u>	<u>4</u>	<u>1,254,017</u>	<u>8</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2009 AND 2008

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

	2009		2008	
	Amount	%	Amount	%
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by the equity-method, net (Notes 2 and 9)	\$ 114,354	1	\$ -	-
Interest expense	76,848	1	91,204	1
Foreign exchange loss, net (Note 2)	69,621	-	-	-
Impairment loss (Note 2)	48,666	-	64,030	-
Valuation loss on financial liabilities (Notes 2 and 5)	6,444	-	2,436	-
Others (Note 2)	40,667	-	16,549	-
Total nonoperating expenses and losses	356,600	2	174,219	1
INCOME BEFORE INCOME TAX	913,915	5	136,131	1
INCOME TAX (Notes 2 and 20)	416,938	2	58,501	1
CONSOLIDATED NET INCOME	\$ 496,977	3	\$ 77,630	-
ATTRIBUTABLE TO				
Shareholders of the parent	381,515	2	\$ 8,383	-
Minority interest	\$ 115,462	1	69,247	-
	\$ 496,977	3	\$ 77,630	-
	2009		2008	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED EARNINGS PER SHARE (Note 21)				
Basic	\$ 1.35	\$ 0.64	\$ 0.11	\$ 0.01
Diluted	\$ 1.35	\$ 0.64	\$ 0.11	\$ 0.01

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

(With Deloitte & Touche audit report dated February 9, 2010)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Shareholders of the Parent																
	Capital Stock Issued and Outstanding (Note 17)		Capital Surplus (Notes 2, 17 and 18)			Retained Earnings (Notes 2 and 17)				Others (Notes 2, 17 and 18)				Minority Interests (Note 2)	Total Shareholders' Equity		
	Shares (Thousands)	Amount	Share Issuance in Excess of Par	Treasury Stock Transactions	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Cumulative Translation Adjustments	Unrealized Valuation (Loss) Gain on Financial Assets			Treasury Stock	Total
BALANCE, JANUARY 1, 2008	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)	\$12,883,123	\$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)	-	-	-	-	-	-
Bonus to employees - cash	-	-	-	-	-	-	-	-	-	(15,000)	(15,000)	-	-	-	(15,000)	-	(15,000)
Remuneration to directors and supervisors	-	-	-	-	-	-	-	-	-	(23,090)	(23,090)	-	-	-	(23,090)	-	(23,090)
Stock dividends - NT\$0.29990 per share	16,665	166,637	-	-	-	-	-	-	-	(166,637)	(166,637)	-	-	-	-	-	-
Cash dividends - NT\$2.49920 per share	-	-	-	-	-	-	-	-	-	(1,388,644)	(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
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	134,100	-	134,100	-	-	-	-	-	-	-	134,100	339,417	473,517
Adjustment of capital surplus - others	-	-	-	-	(1,916)	-	(1,916)	-	-	-	-	-	-	-	(1,916)	-	(1,916)
Net income in 2008	-	-	-	-	-	-	-	-	-	8,383	8,383	-	-	-	8,383	69,247	77,630
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	86,504	-	-	86,504	(7,888)	78,616
Cash dividends received by subsidiaries from the Company	-	-	-	8,474	-	-	8,474	-	-	-	-	-	-	-	8,474	-	8,474
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(747,381)	-	(747,381)	863	(746,518)
Subsidiaries' distribution of cash dividends to minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(79,973)	(79,973)
Increase in minority interest	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	<u>103,618</u>	<u>103,618</u>
BALANCE, DECEMBER 31, 2008	598,203	5,982,028	710,751	68,645	650,739	157,423	1,587,558	2,333,642	-	1,590,992	3,924,634	149,639	(561,966)	(131,471)	10,950,422	1,588,877	12,539,299
Retirement of treasury stock	(1,293)	(12,929)	(1,536)	(53,605)	-	-	(55,141)	-	-	-	-	-	-	68,070	-	-	-
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(114,385)	(114,385)	-	(114,385)
Treasury stock assigned to employees	-	-	-	53,317	-	-	53,317	-	-	-	-	-	-	114,385	167,702	-	167,702
Appropriation of prior year's earnings:																	
Legal reserve	-	-	-	-	-	-	-	838	-	(838)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	428,914	(428,914)	-	-	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	313,909	-	313,909	-	-	-	-	-	-	-	313,909	(340,520)	(26,611)
Adjustment of capital surplus - others	-	-	-	-	(28,342)	-	(28,342)	-	-	-	-	-	-	-	(28,342)	-	(28,342)
Net income in 2009	-	-	-	-	-	-	-	-	-	381,515	381,515	-	-	-	381,515	115,462	496,977
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(38,666)	-	-	(38,666)	257	(38,409)
Adjustment for changes in shareholders' equities in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	113	-	113	-	113
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	678,302	-	678,302	402	678,704
Subsidiaries' distribution of cash dividends to minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(127,108)	(127,108)
Decrease in minority interest	=	=	=	=	=	=	=	=	=	=	=	=	=	=	=	<u>(487,911)</u>	<u>(487,911)</u>
BALANCE, DECEMBER 31, 2009	<u>596,910</u>	<u>\$5,969,099</u>	<u>\$709,215</u>	<u>\$68,357</u>	<u>\$936,306</u>	<u>\$157,423</u>	<u>\$1,871,301</u>	<u>\$2,334,480</u>	<u>\$428,914</u>	<u>\$1,542,755</u>	<u>\$4,306,149</u>	<u>\$110,973</u>	<u>\$116,449</u>	<u>\$(63,401)</u>	<u>\$12,310,570</u>	<u>\$749,459</u>	<u>\$13,060,029</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche audit report dated February 9, 2010)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income attributable to shareholders of the parent	\$ 381,515	\$ 8,383
Net income attributable to the minority interest	115,462	69,247
Adjustments to reconcile the consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	1,049,043	1,271,990
Unrealized gain on intercompany transactions	-	284
Realized loss on intercompany transactions	332	-
Cash dividends received from equity-method investees	-	115,496
Gain on disposal of investments, net	(533,235)	(720,765)
Impairment loss	48,666	64,030
Investment loss (gain) recognized by the equity-method, net	114,354	(17,147)
Valuation gain on financial instruments	(6,528)	(26,773)
Loss on disposal of properties and deferred charges, net	1,380	5,554
Deferred income tax	304,126	(61,252)
Accrued pension liability	(36,271)	(3,962)
Cost of assigning treasury stock to employees	53,317	-
Deferred pension cost	-	653
Net changes in operating assets and liabilities		
Held-for-trading financial assets	2,189	(5,280)
Notes and accounts receivable	(1,449,657)	1,701,502
Other receivables	17,360	96,476
Inventories	567,272	87,789
Other current assets	21,242	(54,404)
Notes and accounts payable	911,763	(1,353,029)
Income tax payable	(77,476)	(91,105)
Accrued expenses	149,083	(78,696)
Bonus payable to employees and remuneration payable to directors and supervisors	81,505	115,357
Other current liabilities	<u>246,345</u>	<u>(308,515)</u>
Net cash provided by operating activities	<u>1,961,787</u>	<u>815,833</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in certificates of deposits - restricted	11,547	9,618
Proceeds from disposal of :		
Financial assets designated at fair value through profit or loss	168,650	30,840
Equity-method investments	658,501	396,193
Available-for-sale financial assets	5,488,061	9,971,642
Financial assets carried at cost	39,132	76,819
Properties and deferred expenses	4,794	1,905
Intangible assets	103	-
Capital return on available-for-sale financial assets	2,499	-
Capital return on financial assets carried at cost	33,319	-
Capital return by equity-method investee	17,843	15,294

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
Acquisition of:		
Equity-method investments	\$ -	\$ (15,214)
Prepaid long-term investments	-	(64,781)
Available-for-sale financial assets	(8,058,396)	(8,311,772)
Financial assets carried at cost	(58,482)	(69,969)
Properties	(129,250)	(288,187)
Increase in intangible assets	(106,828)	(794,516)
Increase in deferred charges and others	<u>(98,799)</u>	<u>(178,399)</u>
Net cash provided by (used in) investing activities	<u>(2,027,306)</u>	<u>779,473</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(1,482,329)	471,132
Decrease in commercial paper payable	-	(69,882)
Proceeds from long-term bank loans	2,450,000	-
Repayments of long-term bank loans	(290,000)	(150,000)
Decrease in guarantee deposits	(86,122)	(57,859)
Remuneration paid to directors and supervisors and bonus paid to employees	-	(38,090)
Cash dividends paid on common stock	(127,108)	(1,468,617)
Proceeds of the exercise of stock options	-	5,869
Dividends received by subsidiaries from the parent	-	8,474
Increase in minority interest	<u>898,598</u>	<u>23,459</u>
Net cash provided by (used in) financing activities	<u>1,363,039</u>	<u>(1,275,514)</u>
NET INCREASE IN CASH	1,297,520	319,792
CASH, BEGINNING OF YEAR	3,476,092	3,162,998
EFFECT OF EXCHANGE RATE CHANGES	(1,729)	(9,066)
EFFECT OF CHANGE OF CONSOLIDATED ENTITIES	<u>(1,350,465)</u>	<u>2,368</u>
CASH, END OF YEAR	<u>\$ 3,421,418</u>	<u>\$ 3,476,092</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Income tax paid	<u>\$ 181,225</u>	<u>\$ 219,025</u>
Interest paid	<u>\$ 82,965</u>	<u>\$ 71,562</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of properties into rental assets	<u>\$ 99,356</u>	<u>\$ 176,751</u>
Reclassification of rental assets into properties	<u>\$ 41,969</u>	<u>\$ -</u>
Reclassification of properties into intangible assets	<u>\$ 9</u>	<u>\$ -</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands of New Taiwan Dollars)

	2009	2008
Reclassification of properties into deferred charges and others	\$ <u>206</u>	\$ <u>46,434</u>
Reclassification of credit balance on the carrying value of long-term investments into other current liabilities	\$ <u>-</u>	\$ <u>129</u>
Current portion of long-term bank loans	\$ <u>689,500</u>	\$ <u>-</u>
PARTIAL CASH INVESTING ACTIVITIES		
Acquisition of properties	\$ (119,475)	\$ (279,743)
Decrease in payables to contractors and equipment suppliers	<u>(9,774)</u>	<u>(8,444)</u>
Cash paid	\$ <u>(129,249)</u>	\$ <u>(288,187)</u>
Acquisition of intangible assets	\$ (106,828)	\$ (401,959)
Decrease in accrued expenses	-	(418,826)
Increase in minority interest	<u>-</u>	<u>26,269</u>
Cash paid	\$ <u>(106,828)</u>	\$ <u>(794,516)</u>
Sale of equity-method investments	\$ 688,596	\$ 428,993
Increase in other receivables from disposal of equity-method investments	<u>(30,095)</u>	<u>(32,800)</u>
Cash received	\$ <u>658,501</u>	\$ <u>396,193</u>

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

(With Deloitte & Touche audit report dated February 9, 2010)

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

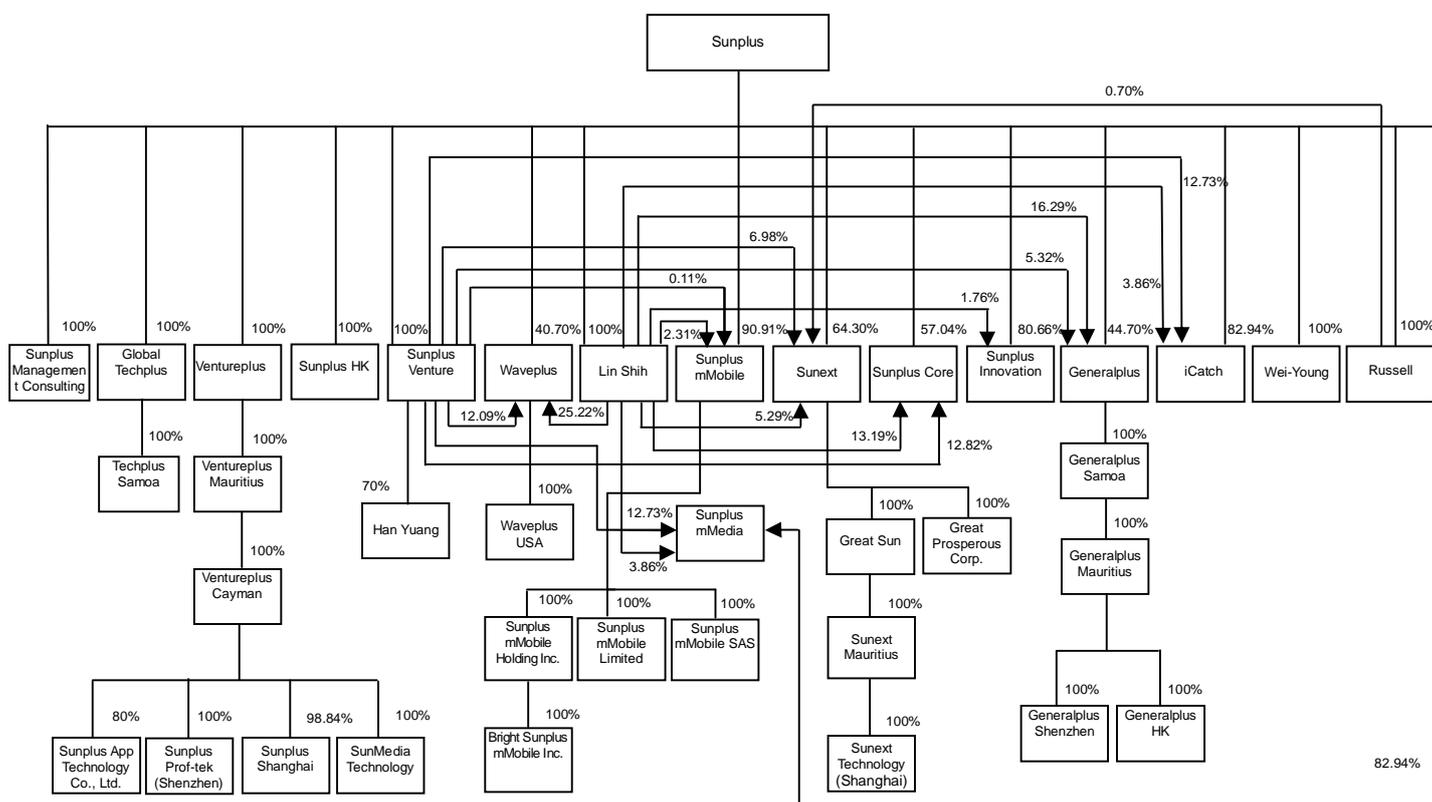
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 (GDRs), 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, 2009:



Sunplus mMobile, iCatch, Sunplus mMedia, Sunplus Innovation, 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) manufactures and sells ICs. Sunplus Prof-tek (Shenzhen) researches, sells computer software and service of system integration and information management education. SunMedia Technology and Sunplus App Technology Co., Ltd. manufacture and sell ICs. Han Young mainly designs ICs. Waveplus and Waveplus-USA design and sell wireless land area network (WLAN) systems. Sunext mainly develops, 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 research, 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. Great prosperous Corp. engages in investing activities, collect information on foreign techniques and marketing. 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, 2009 and 2008, the Company had 2,001 and 2,649 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 and deferred expenses, impairment loss on assets, pension expenses and the bonuses 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 direct and indirect 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, 2009 and 2008 were as follows:

Investor	Investee	% of Ownership as of December 31		Remark
		2009	2008	
Sunplus	Sunplus Management Consulting	100.00	100.00	-
	Global Techplus	100.00	100.00	-
	Ventureplus	100.00	100.00	-
	Sunplus HK	100.00	100.00	-
	Sunplus Venture	100.00	100.00	-
	Waveplus	40.70	40.70	Sunplus and the subsidiaries held 78.01% ownership of Waveplus.
	Lin Shih	100.00	100.00	-
	Sunplus mMobile	90.91	90.91	-
	Sunext	64.30	78.99	-
	Sunplus Core	57.04	57.04	-
	Sunplus Innovation	80.66	83.76	Sunplus and the subsidiaries held 85.21% ownership of Sunplus Innovation
	Generalplus	44.70	40.87	Sunplus and the subsidiaries held 66.43% ownership of Generalplus.
	iCatch Technology, Inc.	82.94	-	Newly established in December 2009
	Wei-Young	100.00	100.00	-
	Russell	100.00	100.00	-
	Sunplus mMedia	82.94	78.18	-
Orise	44.89	54.94	Sunplus sold a part of its holding of Orise's shares in 2009. As of December 31, 2009, Sunplus and the subsidiaries held 45.53% ownership of Orise, and the Company had no controlling interest over Orise; thus, it was excluded from the consolidated financial statements on December 1, 2009.	
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	-
	SunMedia Technology Co., Ltd.	100.00	100.00	-
	Sunplus App Technology Co., Ltd.	80.00	80.00	-
Sunplus Venture	Han Yuang	70.00	70.00	-
	Sunext	6.98	8.57	Sunplus and the subsidiaries had 77.27% equity in Sunext.
	Waveplus	12.09	12.09	Sunplus and the subsidiaries had 78.01% equity in Waveplus.
	Generalplus	5.32	4.27	Sunplus and the Subsidiaries had 66.43% equity in Generalplus.
	Orise	0.64	0.66	Sunplus sold a part of its holding of Orise's shares in 2009. As of December 31, 2009, Sunplus and the subsidiaries held 45.53% ownership of Orise, and the Company had no controlling interest over Orise; thus, it was excluded from the consolidated financial statements on December 1, 2009.
	Sunplus Core	12.82	12.82	Sunplus and the subsidiaries had 83.05% equity in Sunplus Core.
	Sunplus mMobile	0.11	0.11	Sunplus and the subsidiaries had 93.33% equity in Sunplus mMobile
	Sunplus mMedia	12.73	12.12	Sunplus and the subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus Innovation	2.79	-	Sunplus and the subsidiaries had 85.21% equity in Sunplus Innovation
	iCatch Technology, Inc.	12.73	-	Newly established in December 2009. Sunplus and the subsidiaries had 99.53% equity in iCatch Technology, Inc.

(Continued)

Investor	Investee	% of Ownership as of December 31		Remark
		2009	2008	
Waveplus	Waveplus USA	100.00	100.00	-
Lin Shih	Generalplus	16.29	18.51	Sunplus and the subsidiaries had 66.43% equity in Generalplus.
	Sunext	5.29	6.50	Sunplus and the Subsidiaries had 77.27% equity in Sunext.
	Waveplus	25.22	16.31	Sunplus and the Subsidiaries had 78.01% equity in Waveplus.
	Sunplus Core	13.19	12.82	Sunplus and the subsidiaries had 83.05% equity in Sunplus Core.
	Sunplus mMedia	3.86	3.01	Sunplus and the subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus mMobile	2.31	2.31	Sunplus and the subsidiaries had 93.33% equity in Sunplus mMobile.
	Sunplus Innovation	1.76	1.67	Sunplus and the subsidiaries had 85.21% equity in Sunplus Innovation.
	iCatch Technology, Inc.	3.86	-	Newly established in December 2009. Sunplus and the Subsidiaries had 99.53% equity in iCatch Technology, Inc.
Sunplus mMobile	Sunplus mMedia	-	0.61	Sunplus and the subsidiaries had 99.53% equity in Sunplus mMedia
	Sunplus mMobile Holding Inc.	100.00	100.00	-
	Sunplus mMobile SAS	100.00	100.00	-
	Sunplus mMobile Limited	100.00	100.00	-
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	100.00	100.00	-
Sunext	Great Sun	100.00	100.00	-
	Great Prosperous Corp.	100.00	-	Newly established in February 2009
Great Sun	Sunext Mauritius	100.00	100.00	-
Sunext Mauritius	Sunext (Shanghai)	100.00	100.00	-
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	0.70	0.86	Sunplus and the subsidiaries had 77.27% equity in Sunext
Wei-Young	Generalplus	0.12	-	Sunplus and the subsidiaries had 66.43% equity in Generalplus

(Concluded)

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

In their meeting on March 10, 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. However, the Company did not participate in the share issuance of HT mMobile, the Company owned 30.22% of HT mMobile and the Company had no other controlling interest over HT mMobile, HT mMobile was excluded from consolidated financial statements since December 1, 2009.

Significant accounting policies are summarized as follows:

Current/Noncurrent Assets and Liabilities

Current assets are cash (unrestricted) and other assets primarily held for trading purposes or to be realized, consumed or sold within one year from the balance sheet date. All other assets such as properties and intangible assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within one year from the balance sheet date. All other liabilities are classified as noncurrent.

Financial Assets/Liabilities at Fair Value Through Profit or Loss

Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss (FVTPL) include financial assets or financial liabilities held for trading and those designated as at FVTPL on initial recognition. The Company recognizes a financial asset or a financial liability on its balance sheet when the

Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset. A financial liability is derecognized when the obligation specified in the relevant contract is discharged, cancelled or expired.

Financial instruments at FVTPL are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss. At each balance sheet date subsequent to initial recognition, financial assets or financial liabilities at FVTPL are remeasured at fair value, with changes in fair value recognized directly as gain or loss in the year in which they arise. On derecognition of a financial asset or a financial liability, the difference between its carrying amount and the sum of the consideration received and receivable or consideration paid and payable is recognized as gain or loss. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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

The fair values of those instruments without quoted market prices in an active market are 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.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and listed stocks. Investments classified as available-for-sale financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are remeasured at fair value, with changes in fair value recognized in equity until the financial assets are disposed of, at which time, the cumulative gain or loss previously recognized in equity is included in profit or loss for the year. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

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 on the ex-dividend date, except for dividends distributed from the pre-acquisition profit, which are treated as a reduction of investment cost. Stock dividends are not recognized as investment income but are recorded as an increase in the number of shares. The total number of shares subsequent to the increase is used for recalculation of cost per share. The difference between the initial cost of a debt instrument and its maturity amount is amortized using the effective interest method, with the amortized interest recognized as gain or loss.

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.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired. Any subsequent decrease in impairment loss for an equity instrument classified as available-for-sale is recognized directly in equity.

Revenue Recognition

Revenue from sales of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, primarily upon shipment, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable. The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts

agreed between the Company and the customers for goods sold in the normal course of business, net of sales discounts and volume rebates. For trade receivables due within one year from the balance sheet date, as the nominal value of the consideration to be received approximates its fair value and transactions are frequent, fair value of the consideration is not determined by discounting all future receipts using an imputed rate of interest.

Allowance for Doubtful Accounts and Allowance for Sales Returns and Discounts

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.

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, and related costs are deducted from cost of sales.

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise. Before January 1, 2009, inventories were stated at the lower of cost or market value. Any write-down was made on a total-inventory basis. Market value meant replacement cost for raw materials, and net realizable value for work in process and finished goods. As stated in Note 3, effective January 1, 2009, inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date. Sunplus, Generalplus, Sunext, Sunplus Innovation, Sunplus mMobile, iCatch and Sunplus mMedia using standard costs to calculate inventory cost and in the closing date, adjust the difference between the standard cost and weighted-average cost. The other subsidiaries applies weighted –average methods in calculating inventory cost.

Financial Assets Carried at Cost

Investments in equity instrument with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same as that for dividends on available-for-sale financial assets.

An impairment loss is recognized when there is objective evidence that an asset is impaired. A reversal of this impairment loss is disallowed.

Equity-method Investments

Investments in which the Company holds 20% or more of the investees voting shares or exercises significant influence over the operating and financial policy decisions are accounted for by the equity method. Pursuant to the revised Statement of Financial Accounting Standards, the cost of an investment shall be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, shall not be amortized and instead shall be tested for impairment annually.

When the Company's share in losses of an investee over which the Company has control exceeds its investment in the investee, unless the other shareholders of the investee have assumed legal or constructive obligations and have demonstrated the ability to make payments on behalf of the investee, the Company has to bear all of the losses in excess of the capital contributed by shareholders of the investee. If the investee subsequently reports profits, such profits are first attributed to the Company to the extent of the excess losses previously borne by the Company. If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is charged to earnings.

On the balance sheet date, the Company evaluates investments for any impairment. An impairment loss is recognized and charged to current income if the investment carrying amount as of the balance sheet date exceeds the expected recoverable amount. For those investees over which the Company has significant influence, the assessment of impairment is based on carrying value. For those investees over which the Company holds a controlling interest, the assessment of impairment is based on an estimation of the value in use of the cash-generating units of the consolidated investees.

Cash dividends are recognized on the ex-dividend date, which are treated as a reduction of investment cost. Stock dividends are not recognized as an increase in investment but are recorded as an increase in the number of shares.

If an investee issues additional shares and the Company subscribes for these shares at a percentage different from its current equity, the resulting increase is credited to capital surplus. If a decrease results, the decrease is debited to capital surplus. But if capital surplus is not enough for debiting purposes, the decrease is debited to unappropriated 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; however, if the Company has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company holds a controlling interest, gains or losses on sales between equity method investees are deferred in proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred in proportion of 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 and improvements are capitalized, while maintenance and repairs are expensed currently.

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 on a straight-line method over estimated lives as follows: buildings - 5 to 55 years; auxiliary equipment - 3 to 10 years; machinery and equipment - 2 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 5 years; other equipment - 3 to 5 years and assets leased to others - 5 to 55 years. Properties and rental assets still in use beyond their initially estimated service lives are depreciated over their newly estimated service lives.

The related cost and accumulated depreciation of properties and rental assets are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the assets is included in nonoperating gains or losses in the period of disposal.

Intangible Assets

Intangible assets consist of technology license fees, patents, land grant, technological Know-how and software which are booked at the acquisition cost and amortized using the straight-line method over 1 to 15 years, 5 to 18 years, 50 years, 5 years, and 1 to 10 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.

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, which are booked at the installation or acquisition cost. The amounts are amortized over 1 to 5 years, using the straight-line method.

Please refer to the preceding accounting policy of intangible assets 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

Pension cost under a defined benefit plan is determined by actuarial valuations. Contributions made under a defined contribution plan are recognized as pension cost during the year in which employees render services.

Bonuses to Employees, Directors and Supervisors

The ARDF issued Interpretation 2007-052 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.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. The Company accounts for its stock held by its subsidiaries as treasury stock. The recorded cost of these treasury stocks 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 treasury - stock transactions.

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 the Company 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.

The Accounting Research and Development Foundation issued Interpretation 2007-266, which requires the use of the Black-Scholes model to evaluate the service cost incurred when treasury stock is used as incentives to employees.

Income Tax

The Company applies the inter-period 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 provision.

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

The Company and Sunplus mMobile Inc. use the income tax filing. 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 - "The Effects of Changes in Foreign Exchange Rates" applies to foreign subsidiaries that use their local currencies as their functional currencies: the functional currency of Sunplus Shanghai, Sunplus Prof-tek (Shenzhen), SunMedia, Sunplus App Technology, Sunext Shanghai and Generalplus Shenzhen is RMB; the functional currency of Sunplus HK and Generalplus HK is HKD; the functional currency of Sunplus mMobile SAS is EUR; the functional currency of Sunplus mMobile Limited is GBP; the functional currency of the other subsidiaries is USD. 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, 2008 have been reclassified to conform to the presentation of consolidated financial statements as of and for the year ended December 31, 2009.

3. ACCOUNTING CHANGES

- a. ARDF Interpretation 96-052, "Accounting for Bonuses to Employees, Directors and Supervisors"
In March 2007, the Accounting Research and Development Foundation (ARDF) of R.O.C. 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. This accounting change resulted in a decrease of NT\$105,095 thousand in consolidated net income and a decrease of NT\$0.18 in basic and diluted earnings per share for the year ended December 31, 2008.
- b. Accounting for Employee Stock Options
On January 1, 2008, the Company adopted the newly released Statement of Financial Accounting Standards (SFAS) No. 39, "Share-based Payment" to account for employee stock options. This accounting change had no impact on the Company's consolidated net income for the year ended December 31, 2008.
- c. Accounting for Inventories
Effective January 1, 2009, the Company adopted the newly revised SFAS No. 10 - "Inventories." The main revisions are (1) inventories are stated at the lower of cost or net realizable value, and inventories are written down to net realizable value item-by-item except when the grouping of similar or related items is appropriate; (2) unallocated overheads are recognized as cost of sales in the period in which they are incurred; and (3) abnormal cost, write-downs of inventories and any reversal of write-downs are recorded as cost of sales for the period. The adoption resulted in decrease of NT\$152,298 thousand in net income and a decrease of NT\$0.26 in net income per share for the year ended December 31, 2009. The Company also reclassified the non-operating loss and income of \$325,080 thousand and \$25,493 thousand, respectively, to the cost of goods sold for the year ended December 31, 2008.

4. CASH

	<u>December 31</u>	
	2009	2008
Savings accounts	\$ 699,641	\$ 1,702,007
Time deposits	2,720,033	1,782,372
Checking accounts	1,014	1,379
Cash on hand	<u>2,830</u>	<u>3,981</u>
	3,423,518	3,489,739
Certificate of deposits - restricted	<u>(2,100)</u>	<u>(13,647)</u>
	<u>\$ 3,421,418</u>	<u>\$ 3,476,092</u>

5. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2009	2008
<u>Financial assets at fair value through profit or loss</u>		
Forward exchange contracts	<u>\$ -</u>	<u>\$ 2,189</u>

The Company entered into derivative contracts during the years ended December 31, 2009 and 2008 to hedge the effect of exchange rate fluctuations on net foreign currency-denominated assets and liabilities.

The strategy is to hedge against most of the market price risks to which the Company is exposed.

The Company did not have outstanding forward contracts as of December 31, 2009.

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

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

Net losses arising from financial instruments held for trading were \$8,433 thousand in 2009 and \$4,981 thousand in 2008.

Financial instruments designated at fair value through profit or loss were as follows:

	Principal Amount (In Thousands)	Carrying Amount	Maturity
<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 (Note)
Note: In April 2009, the Company had met the criteria to redeem the time deposits with floating interest rates indexed to LIBOR rates.			

Net gains arising from financial assets designated at fair value through profit or loss were \$6,528 thousand in 2009 and \$25,286 thousand in 2008.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Years Ended December 31	
	2009	2008
Open-end funds	\$ 3,128,073	\$ 442,835
Domestic quoted stocks	<u>1,027,248</u>	<u>363,633</u>
	4,155,321	806,468
Deduct: Current portion	<u>3,128,073</u>	<u>442,835</u>
	<u>\$ 1,027,248</u>	<u>\$ 363,633</u>

7. NOTES AND ACCOUNTS RECEIVABLE - OTHERS

	December 31	
	2009	2008
Notes receivable	\$ 776	\$ 100
Accounts receivable	2,505,777	1,704,161
Deduct: Allowance for doubtful accounts	65,744	59,814
Deduct: Allowance for sales returns and discounts	<u>57,255</u>	<u>35,927</u>
	<u>\$ 2,383,554</u>	<u>\$ 1,608,520</u>

Movements of the allowance for doubtful accounts were as follows:

	<u>Years Ended December 31</u>	
	2009	2008
Balance, beginning of year	\$ 59,814	\$ 87,572
Add: Provision for doubtful accounts	7,249	2,469
Deduct: Amounts written off	-	21,281
Deduct: Reversal of provision	1,126	8,946
Effects of change in consolidated entities	<u>(193)</u>	<u>-</u>
Balance, end of year	<u>\$ 65,744</u>	<u>\$ 59,814</u>

Movements of the allowance for sales returns and discounts were as follows:

	<u>Years Ended December 31</u>	
	2009	2008
Balance, beginning of year	\$ 35,927	\$ 35,927
Add: Provision for sales returns and discounts	32,255	-
Deduct: Reversal of provision for sales returns and discounts	<u>10,927</u>	<u>-</u>
Balance, end of year	<u>\$ 57,255</u>	<u>\$ 35,927</u>

8. INVENTORIES

	<u>December 31</u>	
	2009	2008
Finished goods and merchandise	\$ 579,156	\$ 1,268,058
Work in process	566,312	907,524
Raw materials	<u>193,040</u>	<u>639,927</u>
	<u>\$ 1,338,508</u>	<u>\$ 2,815,509</u>

As of December 31, 2009 and 2008, the allowances for inventory devaluation were \$498,341 thousand and \$416,709 thousand, respectively.

As of December 31, 2009 and 2008, the costs of inventories recognized as cost of goods sold were \$12,258,836 thousand and \$11,460,622 thousand, respectively. For the year ended December 31, 2009 and 2008, these inventory costs included inventory write-downs amounting to \$544,700 thousand and \$325,080 thousand, respectively; income from scrap sales of \$16,494 thousand and \$15,387 thousand, respectively; and compensation income of \$15,196 thousand and \$10,110 thousand, respectively.

9. EQUITY-METHOD INVESTMENTS

	December 31			
	2009		2008	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Equity-method investments				
Giantplus Technology Co., Ltd.	\$ 1,774,129	21	\$ 1,870,627	21
Orise Technology, Co., Ltd.	1,134,638	46	-	-
HT mMobile Inc.	216,827	30	-	-
Goldkey Technology Corp.	-	-	34,782	24
Synerchip Co., Ltd.	-	-	<u>21,903</u>	25
	<u>\$ 3,125,594</u>		<u>\$ 1,927,312</u>	
Credit balance on carrying value of long-term investments (recorded as other current liabilities)				
Jet Focus Ltd.	<u>\$ 11,210</u>	44	<u>\$ 11,493</u>	44

In March, 2009, the Company sold the holdings of Goldkey.

Synerchip Co., Ltd. issued shares in year 2009. However, the Company did not participate in the share issuance, the percentage of ownership in Synerchip Co., Ltd. was less than 20, and there was no controlling interest over the investee. Thus, Synerchip Co., Ltd. was accounted for as a financial asset carried at cost.

Except Jet Focus Ltd. was a credit balance of long-term investment, and the Company has no interest to support Jet Focus Ltd, therefore, the Company did not recognize it's investment losses.

The carrying values 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:

	Years Ended December 31	
	2009	2008
Giantplus Technology Co., Ltd.	\$ (80,621)	\$ 57,999
Orise Technology, Co., Ltd.	5,989	-
HT mMobile Inc.	(18,021)	-
Goldkey Technology Corp.	627	8,694
Synerchip Co., Ltd.	<u>(22,328)</u>	<u>(49,546)</u>
	<u>\$ (114,354)</u>	<u>\$ 17,147</u>

The fair values of listed equity-method investments calculated at their closing prices as of December 31, 2009 and 2008 were as follows:

	December 31	
	2009	2008
Giantplus Technology, Co., Ltd.	\$ 1,790,387	\$ 888,845
Orise Technology, Co., Ltd.	<u>4,891,649</u>	-
	<u>\$ 6,682,036</u>	<u>\$ 888,845</u>

10. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2009	2008
Domestic unlisted stocks	<u>\$ 656,909</u>	<u>\$ 688,205</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.

11. PROPERTIES

	December 31	
	2009	2008
Accumulated depreciation		
Buildings	\$ 180,716	\$ 163,519
Auxiliary equipment	149,215	142,514
Machinery and equipment	386,426	403,373
Testing equipment	416,022	441,987
Transportation equipment	6,094	6,009
Furniture and fixtures	197,383	183,215
Leasehold improvements	34,766	43,267
Other equipment	<u>69</u>	<u>601</u>
	<u>\$ 1,370,691</u>	<u>\$ 1,384,485</u>

12. INTANGIBLE ASSETS, NET

	December 31	
	2009	2008
Technology license fees	\$ 712,990	\$ 1,229,574
Goodwill	257,449	246,270
Patents	60,688	66,107
Software	49,911	44,603
Land grant	31,655	33,264
Technological know-how	<u>9,235</u>	<u>12,204</u>
	<u>\$ 1,121,928</u>	<u>\$ 1,632,022</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, 2009 and 2008 were as follows:

	Year Ended December 31	
	2009	2008
<u>Cost</u>		
Balance, beginning of year	\$ 246,270	\$ 19,757
Amount recognized on business combinations	12,872	226,513
Translation adjustments	<u>(1,693)</u>	<u>-</u>
Balance, end of year	<u>257,449</u>	<u>246,270</u>

Accumulated impairment losses

Balance, at beginning of year	-	-
Impairment losses recognized	-	-
Balance, end of year	-	-

Carrying amount	<u>\$ 257,449</u>	<u>\$ 246,270</u>
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13. DEFERRED CHARGES AND OTHERS

	<u>December 31</u>	
	2009	2008
Software and system design, net	\$ 156,847	\$ 246,532
Refundable deposits	9,419	11,673
Certificates of golf club membership	7,800	7,800
Others	<u>57</u>	<u>607</u>
	<u>\$ 174,123</u>	<u>\$ 266,612</u>

14. SHORT-TERM LOANS

	<u>December 31</u>	
	2009	2008
Working capital loans - 2009: Annual interest rate from 2.00%-3.00%; 2008: annual interest rate from 2.12% to 3.80%	\$ 570,546	\$ 943,880
Working capital loans - 2009: Annual interest rate at 1.63%-3.00%; 2008: annual interest rate at 2.95%-3.20%	175,000	109,000
Working capital loans - 2009: US\$4,597 thousand, annual interest rate at 1.812%; 2008: US\$6,822 thousand, annual interest rate from 4.82%-7.83%	147,070	224,130
Working capital loans - 2009: US\$1,490 thousand, annual interest rate at 1.22%	47,665	-
Working capital loans - 2008: US\$4,500 thousand, annual interest rate from 1.81%-3.24%	-	647,600
Working capital loans - 2008: Annual interest rate from 2.76%-3.90%	-	488,000
Working capital loans - 2008: Annual interest rate from 2.59%-3.24%	<u>-</u>	<u>10,000</u>
	<u>\$ 940,281</u>	<u>\$ 2,422,610</u>

15. LONG-TERM LOANS

	December 31, 2009
Medium- to long-term credit bank loans:	
Repayable quarterly from February 2010 to February 2012; annual floating-rate interest - 1.4232% in 2009	\$ 820,000
Repayable quarterly from November 2009 to February 2012; annual floating-rate interest 2.7000%	270,000
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 2.2100% in 2009	120,000
Repayable quarterly from January 2010 to July 2012; annual floating-rate interest 2.5550%	100,000
Repayable quarterly from April 2010 to April 2012; annual floating-rate interest 1.4232% in 2009	30,000
Medium- to long-term secured loans:	
Repayable semiannually from March 2010 to March 2014;	700,000

annual floating-rate interest - 1.8050% in 2009	
Repayable semiannually from February 2009 to February 2012;	
annual floating-rate interest - 2.2100% in 2009	<u>120,000</u>
	2,160,000
Deduct: Current portion	<u>689,500</u>
	<u>\$ 1,470,500</u>

Based on the loan contracts, the Company provided buildings and shares of Giantplus Technology Co., Ltd. and Orise Technology Co., Ltd. as collaterals for the above loans (Note 24). The loan contracts contain financial covenants which require the Company to maintain certain financial ratios (debt ratio, current ratio, times interest-earned ratio and financing provided) on the basis of semiannual and annual consolidated financial statements. However, the Company's not being able to meet the ratio requirement is not deemed to be a violation of the contracts. The financial ratios shown in the consolidated financial statements for the year ended December 31, 2009 were in compliance with the loan contracts.

16. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Related pension costs were \$82,678 thousand for 2009 and \$88,633 thousand for 2008.

Before the promulgation of the Act, the Company had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension plan provides benefits based on the length of service and the average basic salary of the employee's final year 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 benefits of \$7,377 thousand and pension costs of \$11,885 thousand for the years ended December 31, 2009 and 2008, respectively.

The service periods of employees being spun off to Orise, Sunplus Innovation, Sunplus mMobile from Sunplus; employees being spun off from Sunplus mMobile to Sunplus mMedia and HT mMobile, employees being spun off from Sunplus mMedia to Generalplus, Sunplus Innovation and iCatch. The related pension costs will be paid by the Sunplus, Orise, Sunplus Innovation, Sunplus mMobile, Generalplus, iCatch and Sunplus mMedia (collectively, the "seven companies") in proportion to the employees' periods of service to the seven companies.

Other information on the defined pension plan is as follows:

a. Components of net pension costs

	<u>Years Ended December 31</u>	
	<u>2009</u>	<u>2008</u>
Service costs	\$ 4,707	\$ 4,923
Interest costs	5,670	8,194
		(3,338)
Projected return on plan assets	(3,013)	
Amortization	678	376
Curtailment gain	<u>(14,543)</u>	<u>-</u>
Net pension costs	<u>\$ (6,501)</u>	<u>\$ 10,155</u>

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

	December 31	
	2009	2008
Benefit obligation		
Vested benefit obligation	\$ -	\$ -
Non-vested benefit obligation	<u>79,861</u>	<u>103,393</u>
Accumulated benefit obligation	79,861	103,393
Additional benefits based on future salaries	<u>126,611</u>	<u>180,270</u>
Projected benefit obligation	206,472	283,663
Fair value of plan assets	<u>(123,802)</u>	<u>(121,167)</u>
Funded status	82,670	162,496
Unrecognized net transition obligation	(70)	(24,715)
Unrecognized net gain (loss)	11,431	39,979
Additional liability	<u>-</u>	<u>-</u>
Accrued pension liability	<u>\$ 94,031</u>	<u>\$ 177,760</u>
Vested benefit	<u>\$ -</u>	<u>\$ -</u>
	Years Ended December 31	
	2009	2008

c. Actuarial assumptions

Discount rate used in determining present values	2.00%	2.50%
Future salary increase rate	3.00%-5.75%	4.75%-6.00%
Expected rate of return on plan assets	2.00%	2.50%

17. PARENT'S SHAREHOLDERS' EQUITY

a. 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' 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' common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of December 31, 2009.

Outstanding option rights were as follows:

	2003 Option Plan			
	2009		2008	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	5,082	\$40.31	5,154	\$47.07
Options granted	-	-	243	40.34
Options exercised	-	-	(179)	32.70
Options canceled	<u>(5,082)</u>	-	<u>(136)</u>	-
Ending outstanding balance	<u>-</u>		<u>5,082</u>	

	2007 Option Plan			
	2009		2008	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	24,646	\$40.52	25,000	\$47.58
Options granted	-	-	-	-
Options exercised	-	-	1,209	40.52
Options canceled	<u>(1,788)</u>	-	<u>(1,563)</u>	-
Ending outstanding balance	<u>22,858</u>		<u>24,646</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, 2009, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	2007 Option Plan				
	Options Outstanding			Options Exercisable	
	Number of Options (In Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
\$40.40	16,558	3.87	\$40.40	-	\$40.40
40.90	6,300	3.99	40.90	-	40.90

The pro forma information for the years ended December 31, 2009 and 2008 assuming employee stock options granted before December 31, 2007 were accounted for under SFAS No. 39 is as follows:

	2009	2008
Net income attributable to shareholders of the parent		
Net income as reported	<u>\$ 381,515</u>	<u>\$ 8,383</u>
Pro forma net income (loss)	<u>\$ 180,468</u>	<u>\$ (302,747)</u>
Consolidated earnings (loss) per share (E/LPS; in New Taiwan dollars)		
Basic EPS as reported	<u>\$ 0.64</u>	<u>\$ 0.01</u>
Pro forma basic E/LPS	<u>\$ 0.30</u>	<u>\$ (0.51)</u>
Diluted EPS as reported	<u>\$ 0.64</u>	<u>\$ 0.01</u>
Pro forma diluted E/LPS	<u>\$ 0.30</u>	<u>\$ (0.51)</u>

b. 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, 2009, the outstanding 275 thousand units of GDRs represented 550 thousand common shares.

c. Capital surplus

Under ROC regulations, capital surplus can only be used to offset deficit. However, the capital surplus from shares issued in excess of par (including the stock issued for new capital and mergers and surplus arising from treasury stocks transactions) may be appropriated as stock dividends, which are limited to a certain percentage of the Company's paid-in-capital. Also, the capital surplus from long-term investments may not be used for any purpose.

d. Appropriation of earnings and dividends

Sunplus's 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 Sunplus'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 Sunplus'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.

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.

Sunplus should estimate the bonus to employees and remuneration to directors and supervisors based on related laws and past experience. However, to retain the working capital, the bonus to employees and remuneration to directors and supervisors is zero for the year ended December 31, 2009. And for the year ended December 31, 2008, based on Sunplus's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. Thus, Sunplus did not accrue any bonus and remuneration expenses. Material differences between earlier estimates of bonuses and remuneration and the amounts subsequently proposed by the Board of Directors are adjusted for in the current year. 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 the ROC Company Law, legal reserve should be appropriated until the reserve equals Sunplus'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.

The appropriations of the 2008 and 2007 earnings were approved at the shareholders' meetings (which is corresponding to Board Of Directors meeting) on April 30, 2009 and June 13, 2008, respectively. The appropriations, including dividends, were as follows:

	For Fiscal Year 2008		For Fiscal Year 2007	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 838		\$ 206,150	
Special reserve	428,914		(17,260)	
Bonus to employees - stock	-		135,000	
Bonus to employees - cash	-		15,000	
Remuneration of directors and supervisors	-		23,090	
Stock dividends	-	\$ -	166,637	\$0.29990
Cash dividends	-	-	<u>1,388,644</u>	2.49920
	<u>\$ 429,752</u>		<u>\$ 1,917,261</u>	

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, 2009 and 2008 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, 2009</u>			
Balance, beginning of year	\$ (561,967)	\$ 1	\$ (561,966)
Recognized in shareholders' equity	<u>678,302</u>	<u>113</u>	<u>678,415</u>
Balance, end of year	<u>\$ 116,335</u>	<u>\$ 114</u>	<u>\$ 116,449</u>
<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>

18. TREASURY STOCK

(Units: Shares in Thousands)

Purpose of Purchase	Beginning Shares	Increase	Decrease	Ending Shares
<u>Year ended December 31, 2009</u>				
Stocks of Sunplus held by subsidiaries	3,560	-	-	3,560
For subsequent transfer to employees	<u>1,293</u>	<u>6,629</u>	<u>(7,922)</u>	<u>-</u>
	<u>4,853</u>	<u>6,629</u>	<u>(7,922)</u>	<u>3,560</u>
<u>Year ended December 31, 2008</u>				
Stocks of Sunplus 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>

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 stocks. As of December 31, 2009 and 2008, the book values of these stocks were \$63,401 thousand and \$63,401 thousand and the market values of these stocks were \$124,422 thousand and \$46,814 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. Sunplus had retired all the treasury stock on February 19, 2009 and had completed the related registration of the change in the number of its issued shares. On June 25, 2009, the Board of Directors approve a share buyback plan to repurchase Sunplus' common shares up to 20,000 thousand shares between June 26, 2009 and August 25, 2009, with the buyback price ranging from NT\$11.50 to NT\$17.50. As of December 31, 2009, the Company had bought back 6,629 thousand shares for \$114,385 thousand. On October 6, 2009, the Board of Directors approved to assign the 6,629 thousand shares of treasury stock to employees. The subsidiaries holding treasury stock; 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					
	2009			2008		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 190,647	\$ 2,322,199	\$ 2,512,846	\$ 164,655	\$ 2,211,859	\$ 2,376,514
Labor/health insurance	10,940	153,920	164,860	11,045	149,805	160,850
Pension	8,558	66,743	75,301	9,173	91,345	100,518
Welfare benefit	4,504	35,391	39,895	4,541	26,854	31,395
Meal	3,876	35,120	38,996	4,163	38,239	42,402
Others	<u>360</u>	<u>3,133</u>	<u>3,493</u>	<u>393</u>	<u>6,533</u>	<u>6,926</u>
	<u>\$ 218,885</u>	<u>\$ 2,616,506</u>	<u>\$ 2,835,391</u>	<u>\$ 193,970</u>	<u>\$ 2,524,635</u>	<u>\$ 2,718,605</u>
Depreciation	<u>\$ 49,734</u>	<u>\$ 236,065</u>	<u>\$ 285,799</u>	<u>\$ 62,155</u>	<u>\$ 266,759</u>	<u>\$ 328,914</u>
Amortization	<u>\$ 1,971</u>	<u>\$ 749,728</u>	<u>\$ 751,699</u>	<u>\$ 7,165</u>	<u>\$ 927,378</u>	<u>\$ 934,543</u>

20. INCOME TAX

- a. Income tax expense consists of the following:

	2009	2008
Income tax expense before tax credits		
Domestic	\$ 168,001	\$ 107,097
Foreign	<u>(52)</u>	<u>232</u>
	167,949	107,329
Net change in deferred income taxes		
Domestic	317,236	(53,953)
Foreign	(13,110)	(7,299)
Investment tax credits used	(47,776)	(60,624)
Loss carry forwards used	(99,887)	(1,450)
Adjustment of prior years' income tax expense	16,973	7,649
Income tax (10%) on undistributed earnings	12,181	34,102
Additional income tax under the Alternative Minimum Tax Act	14,175	32,747
Tax effects of consolidation income tax filing	<u>49,197</u>	<u>-</u>
Income tax expense	<u>\$ 416,938</u>	<u>\$ 58,501</u>

- b. Deferred income tax assets consisted of the following:

	December 31	
	2009	2008
Current:		
Loss carryforwards	\$ 20,297	\$ 81,166
Investment tax credits	640,326	416,021
Temporary differences	97,127	83,671
Deduct: Valuation allowance	<u>585,541</u>	<u>220,098</u>
	<u>\$ 172,209</u>	<u>\$ 360,760</u>
Noncurrent:		
Loss carryforwards	\$ 725,831	\$ 649,415
Investment tax credits	1,540,667	1,773,738
Temporary differences	30,814	26,674
Deduct: Valuation allowance	<u>1,689,145</u>	<u>1,676,888</u>
	<u>\$ 608,167</u>	<u>\$ 772,939</u>

In January 6 2009, the Legislative Yuan passed the amendment of Article 39 of the Income Tax Law, which extends the operating losses carryforward period from five years to ten years.

In May 2009, the Legislative Yuan passed the amendment of Article 5 of the Income Tax Law, which reduces a profit-seeking enterprise's income tax rate from 25% to 20%, effective 2010. The Company recalculated its deferred income tax assets and liabilities in accordance with the amended Article and recorded the resulting difference as a deferred income tax expense.

As of December 31, 2009, loss carryforwards and investment tax credits were as follows (recorded as deferred tax assets):

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Income Tax Law	Loss carryforwards	\$ 86,705	\$ 17,508	2013
		53,207	39,650	2014
		178,388	161,255	2015
		35,238	35,238	2016
		156,384	156,384	2017
		121,187	121,187	2018
		<u>213,360</u>	<u>213,360</u>	2019
		<u>\$ 844,469</u>	<u>\$ 744,582</u>	
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ 3,606	\$ -	2009
		<u>1,005</u>	<u>1,005</u>	2011
		<u>\$ 4,611</u>	<u>\$ 1,005</u>	
Statute for Upgrading Industries	Research and development expenditures	\$ 327,155	\$ -	2009
		482,712	479,024	2010
		669,407	657,324	2011
		632,202	632,202	2012
		<u>409,027</u>	<u>408,522</u>	2013
		<u>\$ 2,520,503</u>	<u>\$ 2,177,072</u>	
Statute for Upgrading Industries	Personnel training expenditures	\$ 12	\$ -	2009
		50	50	2010
		438	438	2011
		298	298	2012
		<u>100</u>	<u>100</u>	2013
		<u>\$ 898</u>	<u>\$ 886</u>	
Statute for Upgrading Industries	Investments in important technology-based enterprise	<u>\$ 2,030</u>	<u>\$ 2,030</u>	2010

(Concluded)

As of December 31, 2009, Generalplus HK's information on loss carryforwards was as follows:

Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Loss carryforwards	\$ 1,546	\$ 1,546	Thereafter

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

<u>Project</u>	<u>Tax Exemption Period</u>
<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
Third expansion	January 1, 2009 to December 31, 2013
<u>Sunext</u>	
Expansion	January 1, 2009 to December 31, 2013
<u>Sunplus Innovation</u>	
First expansion	January 1, 2009 to December 31, 2013

The income tax returns of Sunplus through 2005; income tax returns of Sunplus mMobile, Sunplus Innovation and Generalplus through 2006; income tax returns of Sunext, Wei-Young, Lin Shih Investment, Waveplus, Sunplus Venture through 2007; income tax returns of Sunplus Management Consulting through 2008 had been assessed by the tax authorities. Sunplus disagreed with the tax authorities' assessment of its 2003, 2004 and 2005 tax return and Generalplus disagreed with the tax authorities' assessment of its 2006 tax return and had applied for an administrative remedy. Nevertheless, Sunplus and Generalplus have provided for the income tax assessed by the tax authorities for conservatism.

c. Integrated income tax information of Sunplus:

	2009	2008
Shareholders' imputation credit account	<u>\$ 189,896</u>	<u>\$ 74,942</u>
Unappropriated earnings until 1997	<u>\$ 452,310</u>	<u>\$ 452,310</u>

The expected and actual creditable tax ratios of Sunplus for 2009 and 2008, respectively, were 17.41% and 6.77%, respectively.

The imputation credits allocated to shareholders of Sunplus is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2009 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

21. CONSOLIDATED EARNINGS PER SHARE

	Amounts (Numerator)		Share (Denominator) (In Thousands)	EPS (Dollars)	
	Before Income Tax	After Income Tax		Before Income Tax	After Income Tax
<u>2009</u>					
Consolidated net income	<u>\$ 913,915</u>	<u>\$ 496,977</u>			
Consolidated basic and diluted EPS					
Income attributable to common shareholders of the parent	<u>\$ 798,453</u>	<u>\$ 381,515</u>	<u>591,750</u>	<u>\$ 1.35</u>	<u>\$ 0.64</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	-	-	4		
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>

The employee stock option stated in Note 17 represents potential common stock. Thus, the Company tested the effects of employee stock options by the treasury method in accordance with Statement of Financial Accounting Standards No. 24 - "Earnings Per Share." The test showed the stock options were anti-dilutive for the year ended December 31, 2009. As a result, the potential common shares were excluded from the calculation of diluted EPS.

22. FINANCIAL INSTRUMENTS

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

	2009		2008	
	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
Available-for-sale financial assets (current and noncurrent portion)	4,155,321	4,155,321	806,468	806,468
Financial assets carried at lost	656,909	-	688,025	-
Liabilities				
Long term bank loans (including current portion)	2,160,000	2,160,000	-	-
<u>Derivative instruments</u>				
Assets				
Financial assets for trading	-	-	2,189	2,189

- 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, 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. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
 - 3) Financial assets carried at cost had no quoted prices in an active market and entailed an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value was presented.
 - 4) Fair value of long-term bank 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 with floating interest rates are equivalent to their carrying values.
- c. For the changes in fair value of financial instruments using valuation techniques, there were losses of \$1,905 thousand in 2009 and gains of \$19,604 thousand in 2008.
- d. As of December 31, 2009 and 2008, financial assets exposed to cash flow interest rate risk amounted to \$699,641 thousand and \$1,702,007 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$2,717,933 thousand and \$1,930,847 thousand, respectively; financial liabilities exposed to fair value interest rate risk amounted to \$598,615 thousand and \$1,815,610 thousand, respectively; and financial liabilities exposed to cash flow interest rate risk amounted to \$2,501,666 thousand and \$607,000 thousand, respectively.
- e. In 2009 and 2008, on financial assets other than financial assets at fair value through profit or loss, interest income were \$13,704 thousand and \$52,074 thousand, respectively, and interest expense were \$76,848 thousand and \$91,204 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.
 - 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach the contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing contracts are reputable financial institutions and business organizations. Management believes that the Company's exposure to default by those parties is low.

	December 31, 2008	
	Book Value	Credit Risk
Held-for-trading assets		
Forward exchange contracts	<u>\$ 2.189</u>	<u>\$ 2.189</u>

- 3) Liquidity risk. Investments in 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. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.
- 4) Interest rate risk. Partial short-term bank 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 director of Sunplus and the supervisor of Waveplus
- b. Giantplus Technology Co., Ltd. ("Giantplus") - equity -method investee of Sunplus
- c. Kunshan Giantplus Optoelectronics Technology Co., Ltd. ("Kunshan Giantplus") - 100% indirect Subsidiary of Giantplus.
- d. Synerchip Co., Ltd. ("Synerchip") – financial assets carried at cost of Russell Holding Limited (Note 1)
- e. Synerchip Technology Co., Ltd. ("Synerchip Technology") - equity-method investee of Synerchip (Note1)
- f. Coolsand Technologies SARL ("Coolsand") - indirect equity-method investee of Russell Holding Ltd.
- g. AU Optronics Corp. ("AUO") - the subsidiary of AUO is the director of Orise (Note2)
- h. AU Optronics (Labuan) Corporation (AUL) - the subsidiary of AUO (Note2)
- i. Orise Technology Co., Ltd ("Orise")- equity method investee of Sunplus
- j. HT Mobile Inc ("HT Mmobile") - equity method investee of Sunplus
- k. Others - please refer to Note 27 for related parties that do not have business transactions with the Company in the current period.

Note1: Russell Holding Limited ("Russell") decreased ownership of Synerchip Co., Ltd., therefore Russell accounted investment for financial assets carried at cost. The transactions made with Synerchip and it is equity-method investee Synerchip Technology as of and for the year ended December 31, 2009 are disclosed only for reference.

Note2: Sunplus sold part of its holding of Orise's shares in 2009. On December 1, 2009, Orise was excluded from the consolidated financial statements; thus, Orise was not accounted for as a related party. The transactions made with Orise as of and for the year ended December 31, 2009 are disclosed only for reference.

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

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Sales				
AUL	\$ 805,991	5	\$ 1,771,765	11
Kunshan Giantplus	164,424	1	272,716	2
Giantplus	132,375	1	216,236	2
AUO	74,551	-	114,550	-
Orise	5,568	-	-	-
HT mMobile	1,145	-	-	-
Synerchip Technology	430	-	5,432	-
Coolsand	-	-	20,973	-
Global View	-	-	58	-
	<u>\$ 1,184,484</u>	<u>7</u>	<u>\$ 2,401,730</u>	<u>15</u>

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

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Operating expense				
Giantplus	\$ 1,647	-	\$ 496	-
HT mMobile	208	-	-	-
Synerchip	-	-	473	-
Global View	-	-	10	-
	<u>\$ 1,855</u>	<u>-</u>	<u>\$ 979</u>	<u>-</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.

	Years Ended December 31			
	2009		2008	
	Amount	%	Amount	%
Nonoperating income and gains				
HT mMobile	\$ 3,522	1	\$ -	-
Orise	882	-	-	-
Synerchip Technology	108	-	273	-
Giantplus	<u>-</u>	<u>-</u>	<u>1,447</u>	<u>-</u>
	<u>\$ 4,512</u>	<u>1</u>	<u>\$ 1,720</u>	<u>-</u>

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

	December 31			
	2009		2008	
	Amount	%	Amount	%
Notes and accounts receivable				
Orise	\$ 7,256	-	\$ -	-
HT mMobile	3,302	-	-	-
Giantplus	18	-	18,711	1
AUL	-	-	584,316	26
Kunshan Giantplus	-	-	21,667	1
AUO	-	-	20,335	1
Synerchip Technology	<u>-</u>	<u>-</u>	<u>72</u>	<u>-</u>
	<u>\$ 10,576</u>	<u>-</u>	<u>\$ 645,101</u>	<u>29</u>
Other receivables				
HT mMobile	\$ 14,168	6	\$ -	-
Orise	161	-	-	-
Synerchip Technology	<u>-</u>	<u>-</u>	<u>211</u>	<u>-</u>
	<u>\$ 14,329</u>	<u>6</u>	<u>\$ 211</u>	<u>-</u>
Accounts payable				
HT mMobile	\$ 384	-	\$ -	-
Giantplus	<u>-</u>	<u>-</u>	<u>119</u>	<u>-</u>
	<u>\$ 384</u>	<u>-</u>	<u>\$ 119</u>	<u>-</u>
Other current liabilities				
Giantplus	\$ 662	-	\$ -	-
HT mMobile	<u>93</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 755</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Purchase of intangible assets				
Synerchip Technology	<u>\$ 6,948</u>	<u>7</u>	<u>\$ 25,281</u>	<u>6</u>

Compensation of directors, supervisors and management personnel:

	<u>Year Ended December 31</u>	
	2009	2008
Salaries and Incentives	\$ 58,255	\$ 82,446
Special compensation	362	308
Bonus	<u>5,962</u>	<u>15,081</u>
	<u>\$ 64,579</u>	<u>\$ 97,835</u>

24. PLEDGED OR MORTGAGED ASSETS

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

	<u>December 31</u>	
	2009	2008
Subsidiary's holding of Sunplus' stock	\$ 118,286	\$ 44,505
Pledged time deposits	2,100	13,647
Giantplus stocks	838,318	-
Orise stocks	276,779	-
Buildings, net (including assets leased to others)	<u>792,156</u>	<u>-</u>
	<u>\$ 2,027,639</u>	<u>\$ 58,152</u>

25. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

Sunplus Innovation Technology

In August 2008, AVAGO Technologies Limited (AVAGO) declared that Sunplus Innovation infringed several of its patents. As of February 9, 2010, the date of the accompanying auditors' report, AVAGO had not sued for patent infringement; thus, it was impossible to estimate any possible losses on the alleged infringement. The management of Sunplus Innovation believed this development had no material effect on its financial statements.

26. 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
2010	\$ 7,862
2011	7,862
2012	7,862
2013	7,862
2014	7,862
2015 and thereafter	<u>32,695</u>
	<u>\$ 72,005</u>

27. GAIN ON SETTLEMENT COMPENSATION

In February 2003, the Company bought the 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 on PC optoelectronic storage, and Mediatek gave patent use rights to Zoran, and can obtain part of compensation.

28. ADDITIONAL DISCLOSURES

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

- a. Endorsement/guarantee provided: Table 1 (attached)
- b. Financings provided: Table 2 (attached)
- c. Marketable securities held: Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of long-term investments at costs of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- f. Disposal of long-term investments at costs of 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. Information on investment in Mainland China: Table 8 (attached)
- i. Intercompany relationships and significant intercompany transactions: Table 9 (attached)

29. SEGMENT INFORMATION

- a. Industry information: The Company only manufactures and sells value-added consumer integrated circuits.
- b. Geographic information: In 2009 and 2008, the Company generated 90% of its revenue in Taiwan and 90% of identifiable assets were located in Taiwan.
- c. Export sales:

Area	2009	2008
Asia	\$ 13,266,608	\$ 10,485,056
Others	<u>1,504,213</u>	<u>555,040</u>
	<u>\$ 14,770,821</u>	<u>\$ 11,040,096</u>

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

Customer	2009		2008	
	Amount	%	Amount	%
A	\$ 2,515,417	14	\$ 2,023,691	13
B	2,365,649	13	1,704,998	11
C and subsidiary	880,542	5	1,886,315	12

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2009

(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	Sunplus mMobile Inc.	91% subsidiary	\$ 1,231,057 (Note 1)	\$ 970,000	\$ 940,000	\$ -	7.63%	\$2,462,114 (Note 2)
		Sunplus Core Technology Co., Ltd.	57% subsidiary	1,231,057 (Note 1)	293,192	293,192	-	2.38%	2,462,114 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	1,231,057 (Note 1)	319,800	231,800	-	1.88%	2,462,114 (Note 2)
		Sunext Technology Co., Ltd.	64% subsidiary	1,231,057 (Note 1)	630,000	134,459	-	1.09%	2,462,114 (Note 2)
		HT mMobile Inc.	Equity-method investee	1,231,057 (Note 1)	209,663	30,000	-	0.24%	2,462,114 (Note 2)
		Sunplus mMedia Inc.	83% subsidiary	1,231,057 (Note 1)	227,000	24,082	-	0.20%	2,462,114 (Note 2)
		Waveplus Technology Co., Ltd.	Equity-method investee	1,231,057 (Note 1)	20,000	20,000	-	0.16%	2,462,114 (Note 2)
		Generalplus Technology Inc.	Equity-method investee	1,231,057 (Note 1)	30,000	15,614	-	0.13%	2,462,114 (Note 2)
		Orise Technology Co., Ltd.	Equity-method investee	1,231,057 (Note 1)	10,193	10,193	-	0.08%	2,462,114 (Note 2)
		Sunplus Innovation Technology Inc.	81% subsidiary	1,231,057 (Note 1)	130,000	9,562	-	0.08%	2,462,114 (Note 2)
Synerchip Technology Co., Ltd.	Note 3	1,231,057 (Note 1)	10,000	-	-	-	-	2,462,114 (Note 2)	

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

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

Note 3: Russell Holding Limited decreased its equity interest in Synerchip Technology Co., Ltd., thus, it is no longer an equity-method investee.

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED

YEAR ENDED DECEMBER 31, 2009

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

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Year	Ending Balance	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	Other receivables	\$ 60,000	\$ 60,000	Note 3	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 615,529 (Note 4)	\$ 1,231,057 (Note 5)

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash for the operation of Sunplus mMobile Inc.

Note 3: The highest short-term loan interest rate for borrowing from financial institutions (1.2% in 2009).

Note 4: For each transaction entity, the amount should not exceed 5% of the Company's net equity as shown in latest financial statements.

Note 5: The amount should not exceed 10% of the Company's net equity based on the latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

DECEMBER 31, 2009

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

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited	<u>Stock</u>							
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	84,652	\$1,774,129	21	\$1,774,129	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	60,665	1,119,384	45	1,119,422	Notes 7 and 10
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	19,590	(7,390)	83	125,360	Notes 1, 6 and 8
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	870,703	100	870,703	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	944,771	100	944,771	Notes 1 and 4
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	38,832	680,779	45	680,779	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	24,900	501,021	100	501,021	Note 1
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	420,632	100	424,470	Notes 1 and 9
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	29,762	505,171	81	505,171	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	40,837	557,098	64	415,991	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	8,898	(66,748)	57	(51,543)	Notes 1 and 6
	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	1,302	20,911	41	20,911	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	7,382	100	7,382	Note 1
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	10,047	100	10,047	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,626	100	4,626	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,145	100	4,145	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	54,545	(581,110)	91	(566,664)	Notes 1 and 6
	HT mMobile Inc.	Equity-method investee	Equity-method investments	37,261	214,182	30	214,182	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	209,447	83	209,447	Note 1
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	203,515	12	203,515	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	43,996	-	43,996	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,967	33,843	-	33,843	Note 3
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	2,222		11	22,223	Note 2
	Network Capital Global Fund	-	Financial assets carried at cost	1,333	13,333	7	13,333	Note 2
	<u>Fund</u>							
	Manulife Wan Li Bond Fund	-	Available-for-sale financial assets	1,060	14,018	-	14,018	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	9,476	143,426	-	143,426	Note 5
	ING Taiwan Bond Fund	-	Available-for-sale financial assets	6,412	100,010	-	100,010	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	20,509	299,440	-	299,440	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	1,697	289,216	-	289,216	Note 5
	Fuh-Hwa Yuli Bond Fund	-	Available-for-sale financial assets	7,766	100,069	-	100,069	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	10,514	145,259	-	145,259	Note 5
Polaris De-Bao Fund	-	Available-for-sale financial assets	7,846	90,069	-	90,069	Note 5	
IBT 1699 Bond Fund	-	Available-for-sale financial assets	22,107	285,092	-	285,092	Note 5	
IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	3,471	47,032	-	47,032	Note 5	
Taishin Lucky Fund	-	Available-for-sale financial assets	20,822	221,322	-	221,322	Note 5	
Mega Diamond Bond Fund	-	Available-for-sale financial assets	15,096	180,106	-	180,106	Note 5	
UPAMC James Bond Fund	-	Available-for-sale financial assets	3,128	50,003	-	50,003	Note 5	
Cathay Bond Fund	-	Available-for-sale financial assets	4,182	50,001	-	50,001	Note 5	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	\$12,737	100	\$12,737	Note 1
	Sunplus mMobile Limited	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	1,710	(374)	100	(374)	Notes 1 and 6
	Sunplus mMobile Holding Inc.	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	2,580	(3)	100	(3)	Notes 1 and 6
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Subsidiary of Sunplus mMobile Holding Inc.	Equity-method investments	2,580	US\$- thousand	100	US\$- thousand	Note 1
Lin Shih Investment Co., Ltd.	Waveplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	807	11,802	25	12,958	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	34,265	5	34,265	Note 1
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,154	247,082	16	247,081	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,057	(11,512)	13	(11,915)	Notes 1 and 6
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	1,389	1,387	2	(14,441)	Notes 1 and 6
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,743	4	9,743	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	439	2,505	-	2,505	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	911	10,777	4	6,692	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	650	10,113	2	10,933	Note 1
	Sunplus Technology Company Limited	Parent company	Available-for-sale financial assets	3,560	124,422	1	124,422	Note 3
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	331,209	1	331,209	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	833	7,333	-	7,333	Note 3
	AIPTEK International Inc.	-	Available-for-sale financial assets	136	5,707	-	5,707	Note 3
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,222	71,562	8	71,562	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	353	4,007	6	4,007	Note 2
	MaxEmil Photonics Corp.	-	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	
Sanjet Technology Corp.	-	Financial assets carried at cost	63	537	-	537	Note 2	
Russell Holdings Limited	<u>Stock</u>							
	Jet Focus Limited	Equity-method investee	Equity-method investments	4,794	US\$(350) thousand	44	US\$(350) thousand	Note 6
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US\$2,231 thousand	1	US\$142 thousand	Note 1
	Shang-Hai Fudan Microelectronics Company Limited	-	Available-for-sale financial assets	7,280	US\$1,502 thousand	-	US\$1,502 thousand	Note 3
	Synerchip Co., Ltd.	-	Financial assets carried at cost	4,236	US\$- thousand	19	US\$- thousand	Note 2
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$- thousand	19	US\$- thousand	Note 2
	OZ Optics Limited.	-	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 Info System, Inc.	-	Financial assets carried at cost	2,557	US\$- thousand	-	US\$- thousand	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note	
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Sunplus Venture Capital Co., Ltd.	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US\$-thousand	3	US\$-thousand	Note 2	
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US\$2,173 thousand	5	US\$2,173 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	
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US\$800 thousand	15	US\$800 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	
	<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	6,212	12	6,212	Note 1	
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	45,128	7	5,128	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	4,625	81,204	5	81,204	Note 1	
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	15,463	1	15,463	Note 1	
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	2,000	(11,585)	13	(11,585)	Notes 1 and 6	
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	65	1,594	-	(668)	Note 1	
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	3,006	18,437	13	18,178	Note 1	
	HT mMobile Inc.	Equity-method investee	Equity-method investments	20	139	-	139	Note 1	
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,029	17,297	3	17,297	Note 1	
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	32,141	13	32,141	Note 1	
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	37,099	-	37,099	Note 3	
	AIPTEK International Inc.	-	Available-for-sale financial assets	803	33,588	1	33,588	Note 3	
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	237,635	1	237,635	Note 3	
	Radiant Innovation Inc.	-	Available-for-sale financial assets	853	27,473	3	27,473	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	2,035	24,237	5	24,237	Note 2	
	Chiabon Venture Capital Co., Ltd.	-	Financial assets carried at cost	3,000	30,000	5	30,000	Note 2	
	Cyberon Corporation	-	Financial assets carried at cost	1,170	13,691	14	13,691	Note 2	
WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 2		
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	662	9,450	2	9,450	Note 2		
Smec Media & Entertainment Corp.	-	Financial assets carried at cost	2,000	-	7	-	Note 2		
Azalea Networks Inc	-	Financial assets carried at cost	280	12,923	1	12,923	Note 2		
Sanjet Technology Corp.	-	Financial assets carried at cost	369	3,163	1	3,163	Note 2		

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Generalplus Technology Inc.	<u>Stock</u> Generalplus International (Samoa) Inc.	Subsidiary of Generalplus Technology Inc.	Equity-method investments	5,590	\$24,070	100	\$24,070	Note 1
	<u>Fund</u> IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	14,225	192,736	-	192,736	Note 5
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	12,930	154,275	-	154,275	Note 5
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	5,590	US\$752 thousand	100	US\$752 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	5,200	US\$619 thousand	100	US\$619 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$133 thousand	100	US\$133 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	3,980	100	3,980	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	650	3,813	100	3,813	Note 1
	<u>Fund</u> FSITC Bond Fund	-	Available-for-sale financial assets	491	83,697	-	83,697	Note 5
	Yuanta Wan Tai Bond Fund	-	Available-for-sale financial assets	4,769	69,011	-	69,011	Note 5
	Prudential Financial Bond Fund	-	Available-for-sale financial assets	4,963	75,123	-	75,123	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	3,427	50,034	-	50,034	Note 5
	IBT 1699 Bond Fund	-	Available-for-sale financial assets	3,878	50,012	-	50,012	Note 5
	IBT Ta Chong Bond Fund	-	Available-for-sale financial assets	3,691	\$50,014	-	\$50,014	Note 5
	Capital Income Fund	-	Available-for-sale financial assets	3,893	60,003	-	60,003	Note 5
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$91 thousand	100	US\$91 thousand	Note 1
Sunext (Mauritius) Inc.	<u>Stock</u> Sunext Technology (Shanghai) Co., Ltd.	Subsidiary of Sunext (Mauritius) Inc.	Equity-method investments	-	US\$90 thousand	100	US\$90 thousand	Note 1
Waveplus Technology Co., Ltd.	<u>Stock</u> Waveplus Design, Inc.	Subsidiary of Waveplus Technology Co., Ltd.	Equity-method investments	1,000	US\$-thousand	100	US\$-thousand	Note 1
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	24,900	US\$15,668 thousand	100	US\$15,668 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	24,900	US\$15,672 thousand	100	US\$15,672 thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2009				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$10,185 thousand	99	US\$10,185 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$3,096 thousand	100	US\$3,096 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$2,065 thousand	100	US\$2,065 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$117 thousand	80	US\$117 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> UNIWILL Co., Ltd.	-	Available-for-sale financial assets	508	7,744	-	7,744	Note 3
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	104	1,737	-	1,818	Note 1
Sunplus Innovation Technology Inc.	<u>Fund</u> Prudential Financial Bound Fund	-	Available-for-sale financial assets	4,636	0,164	-	70,164	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	12,867	187,862	-	187,862	Note 5
	FSITC Bond Fund	-	Available-for-sale financial assets	176	30,037	-	30,037	Note 5
	Fuh-Hwa Bond Fund	-	Available-for-sale financial assets	2,898	40,042	-	40,042	Note 5
	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	1,000	30,179	12	30,179	Note 2
Global Techplus Capital Inc.	<u>Stock</u> Techplus Capital Samoa Inc.	Subsidiary of Global Techplus Capital Inc.	Equity-method investments	-	US\$-thousand	100	US\$-thousand	Note 1

Note 1: The net asset value was based on audited financial data as of December 31, 2009.

Note 2: The market value is based on carrying value as of December 31, 2009.

Note 3: The market value is based on the closing price as of December 31, 2009.

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, 2009.

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 \$38 thousand.

Note 8: Includes deferred credit \$145,412 thousand.

Note 9: Includes deferred credit \$3,838 thousand.

Note 10: As of December 31, 2009, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. in Sunplus Technology Company Limited, with a market value \$118,286 thousand and the holdings of Sunplus Technology Limited Company in Giantplus Technology Company Limited and Orise Technology Company Limited, with carrying values of \$838,318 thousand and \$276,779 thousand, respectively, had not been pledged or mortgaged.

(Concluded)

TABLE 4

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, 2009
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Orise Technology Co. Ltd.	Equity-method Investments	72,090	\$1,245,799 (Note 3)	-	\$-	11,425	\$670,295	\$207,787	\$477,506 (Note 4)	60,665	\$1,119,384 (Note 5)
	FSITC Bond Fund	Available-for-sale financial assets	177	30,032 (Note 2)	1,520	259,000	-	-	-	-	1,697	289,216 (Note 1)
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	14,433	218,000	4,957	75,000	74,868	132	9,476	143,426 (Note 1)
	FSITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	20,509	299,000	-	-	-	-	20,509	299,440 (Note 1)
	Polaris De-Bao Fund	Available-for-sale financial assets	2,273	26,026 (Note 2)	9,417	108,000	3,844	44,051	44,000	51	7,846	90,069 (Note 1)
	Fuh-Hwa Bond Fund	Available-for-sale financial assets	-	-	21,379	295,000	10,865	150,000	149,919	81	10,514	145,259 (Note 1)
	Yuanta Commercial Bank Money Market Common Trust Fund	Available-for-sale financial assets	13,114	135,036 (Note 2)	-	-	13,114	135,083	135,036	47	-	-
	Fuh-Hwa Yuli Bond Fund	Available-for-sale financial assets	-	-	7,766	100,000	-	-	-	-	7,766	100,069 (Note 1)
	Mega Diamond Bond Fund	Available-for-sale financial assets	-	-	15,096	180,000	-	-	-	-	15,096	180,106 (Note 1)
	ING Taiwan Bond Fund	Available-for-sale financial assets	-	-	9,621	150,000	3,209	50,040	50,000	40	6,412	100,010 (Note 1)
	Taishin Lucky Fund	Available-for-sale financial assets	-	-	28,165	299,000	7,343	78,000	77,957	43	20,822	221,322 (Note 1)
	IBT 1699 Bond Fund	Available-for-sale financial assets	-	-	22,107	285,000	-	-	-	-	22,107	285,092 (Note 1)
	HT mMobile Inc.	Equity-method Investments	-	-	37,261	372,608	-	-	-	-	37,261	214,182 (Note 5)
	Sunplus mMobile Inc.	Equity-method Investments	120,000	(141,111) (Note 3)	-	-	17,261	172,608	172,608	-	54,545 (Note 6)	(581,110) (Note 5)
	Sunplus mMedia Inc.	Equity-method Investments	64,500	708,757 (Note 3)	3,924	54,936	48,834	500,775	500,775	-	19,590	(7,390) (Note 5)
	Generalplus Technology Inc.	Equity-method Investments	27,942	475,292 (Note 3)	11,477	181,172	587	10,307	10,307	-	38,832	680,779 (Note 5)
	Sunplus Innovation Technology Inc.	Equity-method Investments	22,660	392,361 (Note 3)	7,436	112,259	334	5,595	5,595	-	29,762	505,171 (Note 5)
iCatch Technology, Inc.	Equity-method Investments	-	-	20,735	207,345	-	-	-	-	20,735	209,447 (Note 5)	
Generalplus Technology Inc.	IBT Ta Chong Bond Fund	Available-for-sale financial assets	-	-	14,225	192,000	-	-	-	-	14,225	192,736 (Note 1)
	Mega Diamond Bond Fund	Available-for-sale financial assets	-	-	28,277	336,500	15,347	183,000	182,611	389	12,930	154,275 (Note 1)
	Capital Income Fund	Available-for-sale financial assets	-	-	13,087	201,400	13,087	201,539	201,400	139	-	-
Sunplus Innovation Technology Inc.	FSITC Taiwan Bond Fund	Available-for-sale financial assets	-	-	13,175	192,000	309	4,500	4,497	3	12,867	187,862 (Note 1)
	Prudential Financial Bond Fund	Available-for-sale financial assets	-	-	7,281	110,000	2,646	40,000	39,968	32	4,636	70,164 (Note 1)
Sunplus mMedia Inc.	FSITC Taiwan Bond Fund	Available-for-sale financial assets	1,081	15,729 (Note 2)	6,174	90,000	7,255	105,840	105,612	228	-	-
	Yuanta Wan Tai Bond Fund	Available-for-sale financial assets	3,466	50,014 (Note 2)	6,228	90,000	9,694	140,160	140,000	160	-	-
Sunext Technology Co., Ltd.	Prudential Financial Bond Fund	Available-for-sale financial assets	-	\$-	7,278	\$110,000	2,315	\$35,000	\$34,981	19	\$4,963	\$75,123 (Note 1)
	FSITC Bond Fund	Available-for-sale financial assets	-	-	705	120,000	214	36,500	36,453	47	491	83,697 (Note 1)
	Yuanta Wan Tai Bond Fund	Available-for-sale financial assets	-	-	9,616	139,000	4,847	70,024	70,000	24	4,769	69,011 (Note 1)

Note 1: The ending balance includes the valuation gains on financial assets.

Note 2: The beginning balance includes the valuation gains on financial assets.

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

Note 4: Includes an investment gain classified under capital surplus.

Note 5: The carrying value of the equity-method investment as of December 31, 2009.

Note 6: Shares after the cancellation of common stock.

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED

ACQUISITION OF LONG-TERM INVESTMENTS AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2009
 (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 Company Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	Generalplus Technology Inc.	2009.12	\$181,172	\$ - (Note 3)	Sunplus mMedia Inc.	Equity-method investee	-	-	-	\$ -	Note 3	Equity-method investee	-
	Sunplus Innovation Technology Inc.	2009.12	112,258	- (Note 3)	Sunplus mMedia Inc.	Equity-method investee	-	-	-	-	Note 3	Equity-method investee	-
	iCatch Technology, Inc.	2009.12	207,345	- (Note 4)	Sunplus mMedia Inc.	Equity-method investee	-	-	-	-	Note 4	Equity-method investee	-
	Sunplus mMedia Inc.	2009.12	500,775	- (Notes 3 and 4)	(Notes 3 and 4)	Equity-method investee	-	-	-	-	Notes 3 and 4	Equity-method investee	-
	Sunplus mMobile Inc.	2009.03	(172,608)	- (Note 2)	HT mMobile Inc.	Equity-method investee	-	-	-	-	Note 2	Equity-method investee	-
	HT mMobile Inc.	2009.03	172,608	- (Note 2)	Sunplus mMobile Inc.	Equity-method investee	-	-	-	-	Note 2	Equity-method investee	-
	HT mMobile Inc.	2009.09	200,000	200,000 (Note 1)	Note 1	Equity-method investee	-	-	-	-	Note 1	Equity-method investee	-

Note 1: Participation in share issuance.

Note 2: The transaction amount was based on the net book value of the spun-off communication business unit of Sunplus mMobile on the spin-off date. Through this spin-off as well as a capital reduction in March 2009, Sunplus mMobile Inc. established HT mMobile Inc.

Note 3: Sunplus mMedia Inc. spun off its product lines to Sunplus Innovation Technology Inc. and Generalplus Technology Inc. and reduced its capital in December 2009. The shareholders of Sunplus mMedia Inc. received the shares of Sunplus Innovation Technology Inc. and Generalplus Technology Inc. at percentages that are the same as those of their respective percentages of ownership of Sunplus mMedia Inc.

Note 4: The transaction amount was based on the net book value of a spun-off product line on the spin-off date. Through this spin-off as well as a capital reduction in December 2009, Sunplus mMedia established iCatch Technology, Inc.

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED

DISPOSAL OF LONG-TERM INVESTMENTS AT COSTS OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2009
 (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 Company Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Ownership	Relationships	Transfer Date	Amount			
Sunplus Technology Company Limited	Orise Technology Co., Ltd.	2009.04 2009.06 2009.07 2009.11 2009.12	\$670,295	\$670,295	-	Equity-method investee	-	-	-	\$ -	Note	Equity-method investee	-

Note: Sold in Taiwan stock exchange market.

TABLE 7

SUNPLUS TECHNOLOGY COMPANY LIMITED
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DECEMBER 31, 2009
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
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	21	\$1,774,129	\$ (387,651)	\$(80,621)	Investee
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	687,979	816,719	60,665	45	1,119,384	299,360	154,599	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	306,739	752,579	19,590	83	(7,390)	(159,390)	(270,042)	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	870,703	3,126	3,126	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	699,988	699,988	70,000	100	944,771	69,689	69,689	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	316,864	146,000	38,832	45	680,779	223,039	89,550	Subsidiary
	Ventureplus Group Inc.	Belize	Investment	US\$24,900 thousand	US\$24,700 thousand	24,900	100	501,021	79,184	79,184	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$14,760 thousand	US\$14,760 thousand	14,760	100	420,632	(29,012)	(29,275)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	308,000	29,762	81	505,171	22,904	18,805	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	946,705	946,705	40,837	64	557,098	279,903	214,210	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	105,470	105,470	8,898	57	(66,748)	(121,671)	(84,605)	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	35,517	35,517	1,302	41	20,911	9,863	4,015	Subsidiary
	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	-	25,541	-	-	-	2,672	312	Investee
	Global Techplus Capital Inc.	Seychelles	Investment	US\$200 thousand	US\$200 thousand	200	100	7,382	(285)	(285)	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	10,047	187	187	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$11,075 thousand	HK\$11,075 thousand	11,075	100	4,626	(75)	(75)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	5,000	5,000	500	100	4,145	(49)	(49)	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	372,608	-	37,261	30	214,182	(530,737)	(365,299)	Investee
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	-	20,735	83	209,447	2,534	2,102	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,507,392	1,680,000	54,545	91	(581,110)	(271,329)	(264,911)	Subsidiary
Lin Shih Investment Co., Ltd.	Goldkey Technology Corp.	Taipei, Taiwan	Design of ICs	-	18,402	-	-	-	2,672	315	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	34,265	279,903	17,634	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	94,576	91,726	807	25	11,802	9,863	2,147	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,073	20,000	2,057	13	(11,512)	(121,671)	(15,598)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,376	42,770	1,389	2	1,387	(271,329)	(6,268)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	34,755	911	4	10,777	(159,390)	(5,082)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	9,763	6,234	650	2	10,113	22,904	385	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	4,394	-	439	-	2,505	(530,737)	(8,520)	Investee
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	-	965	4	9,743	2,534	98	Subsidiary
Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	82,166	65,000	14,154	16	247,082	223,039	40,225	Subsidiary	
Sunplus Venture Capital Co., Ltd.	Joining Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	51,000	51,000	3,400	39	-	-	-	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	45,128	279,903	23,240	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	17,227	-	1,029	3	17,297	22,904	55	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	204	-	20	-	139	(530,737)	(411)	Investee
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	31,818	-	3,182	13	32,141	2,534	323	Subsidiary
	Waveplus Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	76,016	76,016	387	12	6,212	9,863	1,193	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	15,463	299,360	1,940	Investee
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	20,000	20,000	2,000	13	(11,585)	(121,671)	(15,598)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	42,802	15,000	4,625	5	81,204	223,039	9,524	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,988	65	-	1,594	(271,329)	(298)	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	116,679	3,006	13	18,437	(159,390)	(19,566)	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2009			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2009	December 31, 2008	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Russell Holdings Limited	Jet Focus Limited	Cayman Islands, British West Indies	Investment	US\$6,050 thousand	US\$6,050 thousand	4,794	44	US\$(350) thousand	US\$270 thousand	US\$-	Investee
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$2,119 thousand	US\$2,119 thousand	442	1	US\$2,231 thousand	\$279,903	US\$70 thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Smaoa	Investment	US\$750 thousand	US\$1,750 thousand	750	100	\$3,980	\$187	\$187	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$650 thousand	-	650	100	3,813	(17,538)	(17,538)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$750 thousand	US\$750 thousand	750	100	US\$91 thousand	US\$(28) thousand	US\$(28) thousand	Subsidiary
Sunext (Mauritius) Inc.	Sunext Technology (Shanghai) Co., Ltd.	Shanghai, China	Design of software	US\$750 thousand	US\$750 thousand	-	100	US\$90 thousand	US\$(28) thousand	US\$(28) thousand	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$24,900 thousand	US\$24,700 thousand	24,900	100	US\$15,668 thousand	US\$2,398 thousand	US\$2,398 thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$24,900 thousand	US\$24,700 thousand	24,900	100	US\$15,672 thousand	US\$2,398 thousand	US\$2,398 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\$10,185 thousand	US\$1,313 thousand	US\$1,298 thousand	Subsidiary
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$4,250 thousand	US\$4,250 thousand	-	100	US\$3,096 thousand	US\$831 thousand	US\$831 thousand	Subsidiary
	SunMedia Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$3,000 thousand	US\$3,000 thousand	-	100	US\$2,065 thousand	US\$521 thousand	US\$521 thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Research, development, manufacture and sale of ICs.	US\$586 thousand	US\$450 thousand	-	80	US\$117 thousand	US\$(308) thousand	US\$(247) thousand	Subsidiary
Waveplus Technology Co., Ltd.	Waveplus Design, Inc.	U.S.A.	Design of WLANs	US\$500 thousand	US\$500 thousand	1,000	100	US\$-	US\$-	US\$-	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Smaoa	Investment	US\$5,590 thousand	US\$3,090 thousand	5,590	100	24,070	(68,878)	(68,878)	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$5,590 thousand	US\$3,090 thousand	5,590	100	US\$752 thousand	US\$(2,085) thousand	US\$(2,085) thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$5,200 thousand	US\$2,700 thousand	5,200	100	US\$619 thousand	US\$(2,141) thousand	US\$(2,141) thousand	Subsidiary
	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US\$390 thousand	US\$390 thousand	390	100	US\$133 thousand	US\$56 thousand	US\$56 thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR237 thousand	EUR237 thousand	237	100	12,737	1,450	1,450	Subsidiary
	Sunplus mMobile Limited	U.K.	Design of ICs	GBP1,710 thousand	GBP500 thousand	1,710	100	(374)	(598)	(598)	Subsidiary
	Sunplus mMobile Holding Inc.	Samoa	Investment	US\$2,580 thousand	US\$2,580 thousand	2,580	100	(3)	(2,174)	(2,174)	Subsidiary
Sunplus mMobile Holding Inc.	Bright Sunplus mMobile Inc.	Mauritius	Research and development of intellectual property rights	US\$2,580 thousand	US\$2,515 thousand	2,580	100	US\$(-) thousand	US\$(66) thousand	US\$(66) thousand	Subsidiary
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	1,800	-	104	-	1,737	223,039	129	Subsidiary
Global Techplus Capital Inc.	Techplus Capital Samoa Inc.	Samoa	Investment	US\$-	US\$-	-	100	US\$-	US\$-	US\$-	Subsidiary

(Concluded)

TABLE 8

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2009

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

Sunplus (Nature of Relationship: 0)

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, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Loss (Note2)	Carrying Value as of December 31, 2009	Accumulated Inward Remittance of Earnings as of December 31, 2009
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$17,200 thousand	Note	US\$17,000 thousand	US\$- thousand	US\$- thousand	US\$17,000 thousand	99	US\$1,298 thousand	US\$10,185 thousand	US\$- thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Manufacturing and sale of computer software; system integration services	US\$4,250 thousand	Note	US\$4,250 thousand	US\$- thousand	US\$- thousand	US\$4,250 thousand	100	US\$831 thousand	US\$3,096 thousand	US\$- thousand
SunMedia Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services	US\$3,000 thousand	Note	US\$3,000 thousand	US\$- thousand	US\$- thousand	US\$3,000 thousand	100	US\$521 thousand	US\$2,065 thousand	US\$- thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services; and information management education	RMB 3,750 thousand	Note	US\$450 thousand	US\$136 thousand	US\$- thousand	US\$586 thousand	80	US\$(247) thousand	US\$117 thousand	US\$- thousand

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$24,836 thousand	US\$52,800 thousand	\$7,386,342

Note: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through investing in a company located in a 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, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Loss (Note2)	Carrying Value as of December 31, 2009	Accumulated Inward Remittance of Earnings as of December 31, 2009
					Outflow	Inflow					
Generalplus Shenzhen	Data processing service	US\$5,200 thousand	Note1	US\$2,700 thousand	US\$2,500 thousand	\$ -	US\$5,200 thousand	100	US\$(2,141) thousand	US\$619 thousand	US\$- thousand

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$5,200 thousand	US\$8,600 thousand	\$912,458

Note1: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through investing in a company located in a third country.

Note2: The investment loss was based on audited financial data as of December 31, 2009.

Note3: Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and related information that is helpful in understanding the impact of investment in mainland China on financial reports: Please see Table 9 attached.

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, 2009	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2009	% Ownership of Direct or Indirect Investment	Investment Loss (Note2)	Carrying Value as of December 31, 2009	Accumulated Inward Remittance of Earnings as of December 31, 2009
					Outflow	Inflow					
Sunext Technology (Shanghai)	Design of magnetic disc and software	US\$750 thousand	Note1	US\$750 thousand	\$ -	\$ -	US\$750 thousand	100	US\$(28) thousand	US\$90 thousand	\$ -

Accumulated Investment in Mainland China as of December 31, 2009	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$750 thousand	US\$750 thousand	\$ 388,144

Note1: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through investing in a company located in a third country.

Note2: The investment loss was based on audited financial data as of December 31, 2009.

Note3: Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and related information that is helpful in understanding the impact of investment in mainland China on financial reports: Please see Table 9 attached.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2009 and 2008
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. FOR THE YEAR ENDED DECEMBER 31, 2009

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	\$ 32,762	Note 1	0.18%
			General and administrative	18	Note 2	-
			Nonoperating income and gains	1,731	Note 2	-
			Deferred royalty income	183	-	-
	Generalplus Technology Corp.	1	Sales	15,410	Note 1	0.08%
			Cost of goods sold	17	Note 1	-
			Nonoperating income and gains	3,704	Note 2	0.02%
			Notes and accounts receivables	1,682	Note 1	0.01%
			Other receivables	419	Note 3	-
			Accounts payable	18	Note 3	-
			Deferred royalty income	5,793	-	0.03%
	Waveplus Technology Co., Ltd.	1	Sales	6,090	Note 1	0.03%
			Nonoperating income and gains	11	Note 2	-
			Other receivables	1	Note 3	-
	Sunext Technology Co., Ltd.	1	Sales	4,076	Note 1	0.02%
			Nonoperating income and gains	1,346	Note 2	-
			Notes and accounts receivables	360	Note 1	-
			Other receivables	251	Note 3	-
	Sunplus Core Technology Co., Ltd.	1	Sales	12,525	Note 1	0.07%
			Marketing	1,407	Note 2	0.01%
			General and administrative	22	Note 2	-
			Research and development	4,904	Note 2	0.03%
			Nonoperating income and gains	10,093	Notes 2 and 4	0.06%
			Notes and accounts receivables	59	Note 1	-
			Other receivables	615	Note 3	-
			Other current liabilities	414	Note 3	-
	Deferred royalty income	37,600	-	0.20%		
	Sunplus mMobile	1	Sales	3,327	Note 1	0.02%
General and administrative			89	Note 2	-	
Nonoperating income and gains			13,554	Notes 2 and 4	0.07%	
Other receivables			60,000	Note 3	0.31%	
Sunplus Innovation Technology Inc.	1	Sales	7,527	Note 1	0.04%	
		General and administrative	22	Note 2	-	
		Research and development	7	Note 2	-	
		Nonoperating income and gains	4,143	Note 2	0.02%	
		Notes and accounts receivables	579	Note 1	-	
		Other receivables	361	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	
Sunplus Technology Co., Ltd.	Sunplus mMedia Inc.	1	Sales	\$ 42,384	Note 1	0.23%	
			General and administrative	108	Note 2	-	
			Nonoperating income and gains	49,296	Notes 2 and 4	0.27%	
			Notes and accounts receivables	1,002	Note 1	0.01%	
			Other receivables	12	Note 3	-	
			Other current liabilities	544	Note 3	-	
	HT mMobile Inc.	1	Sales	11,209	Note 1	0.06%	
		Nonoperating income and gains	36,029	Notes 2 and 4	0.20%		
iCatch Technology, Inc.		1	Sales	769	Note 1	-	
			Nonoperating income and gains	1,667	Notes 2 and 4	0.01%	
			Notes and accounts receivables	807	Note 1	-	
			Other receivables	1,667	Note 3	0.01%	
Sunplus Technology (Shanghai) Co., Ltd.		2	Marketing Expenses	7,804	Note 2	0.04%	
SunMedia Technology Co., Ltd.		2	Marketing expenses	12,474	Note 2	0.07%	
Sunplus Technology (H.K.) Co., Ltd.		1	Marketing expenses	2,298	Note 2	0.01%	
Sunplus Prof-tek (Shenzhen) Co., Ltd.		2	Marketing expenses	23,250	Note 2	0.13%	
Sunext Technology Co., Ltd.	Sunext Technology (Shanghai)	3	Nonoperating expense and loss	488	Note 2	-	
	Great Sun Corp.	3	Research and development	11,561	Note 2	0.06%	
			Other current liabilities	1,110	Note 2	0.01%	
	Sunplus mMedia Inc.	3	Nonoperating income and gains	1,900	Note 4	0.01%	
Orise Technology Co., Ltd.	Sunplus Prot-tek (Shenzhen) Co., Ltd.	3	Marketing expenses	4,267	Note 2	0.02%	
	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	8,253	Note 2	0.05%	
	Generalplus Technology Corp.	3	Research and development	410	Note 2	-	
	Sunplus Technology (H.K.) Co., Ltd.	3	General and administrative	9	Note 2	-	
Sunplus mMedia Inc.	HT mMobile Inc.	3	General and administrative	2,235	Note 2	0.01%	
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	3	Marketing expenses	45,834	Note 2	0.25%	
	SunMedia Technology Co., Ltd.	3	Marketing expenses	26,433	Note 2	0.15%	
	Sunplus mMobile Inc.		3	Sales return and allowance	21	Note 1	-
				General and administrative	432	Note 2	-
				Nonoperating income and gains	191	Note 2	-
	iCatch Technology, Inc.	3	Other Receivables	483	Note 3	-	
Sunplus Innovation Technology Inc.	3	Sales	21,451	Note 1	0.12%		
		Other Receivables	90	Note 3	-		
Sunplus Innovation Technology Inc.	Sunplus Pro-Tek (Shenzhen) Co., Ltd.	3	Sales	10	Note 1	-	
	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	4,566	Note 2	0.03%	
			Other current liabilities	419	Note 3	-	
Sunplus App Technology Co., Ltd.	3	Sales	2,793	Note 1	0.02%		
		Notes and accounts receivable	2,222	Note 1	0.01%		
Sunplus Core Technology Co., Ltd.	SunMedia Technology Co., Ltd.	3	Research and development	5,507	Note 2	0.03%	
			Other current liabilities	2,424	Note 3	0.01%	
	Sunplus mMedia Inc.	3	Research and development	180	Note 2	-	
Waveplus Technology Co., Ltd.	3	General and administrative	263	Note 2	-		
Generalplus Technology Corp.	Generalplus Technology (H.K.) Corp.	3	Marketing expenses	15,133	Note 2	0.08%	
			Other current liabilities	488	Note 3	-	
	Sunplus Innovation Technology Inc.	3	Research and development	40	Note 2	-	
Sunplus mMedia Inc.	3	Cost of good sold	99,164	Note 1	0.55%		

(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
Generalplus Technology Corp.		3	Intangible assets	\$ 145,757	Note 2	0.76%
			Marketing expenses	49,657	Note 2	0.27%
			Notes and accounts payable	129	Note 1	-
HT mMobile Inc.	Sunplus mMobile SAS	3	Research and development	43,587	Note 1	0.24%
	SunMedia Technology Co., Ltd.	3	Marketing Expense	502	Note 2	-
Sunplus mMobile	HT mMobile Inc.	3	Cost of good sold	360	Note 2	-
		3	Marketing Expense	56	Note 2	-
	Sunplus Technology (Shanghai) Co., Ltd.	3	Other Receivables	211	Note 3	-
Sunplus mMobile SAS	Bright Sunplus mMobile Inc.	3	Sales	9,502	Note 1	0.05%
Sunplus Technology (Shanghai) Co., Ltd.	Sunext Technology (Shanghai)	3	Nonoperating income and gain	1,616	Note 4	0.01%
		3	Sales	12,237	Note 1	0.07%
	Generalplus Technology (Shenzhen) Corp.	3	Notes and accounts receivables	2,999	Note 1	0.02%
Great Sun	Sunext Technology (Shanghai)	3	Sales	11,561	Note 1	0.06%

2. FOR THE YEAR ENDED DECEMBER 31, 2008

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	\$ 74,271	Note 1	0.45%
			Nonoperating income and gains	4,787	Note 2	0.03%
			Notes and accounts receivables	7,880	Note 1	0.04%
			Other receivables	473	Note 3	-
			Deferred royalty income	1,282	-	0.01%
	Generalplus Technology Corp.	1	Sales	27,509	Note 1	0.17%
			Nonoperating income and gains	8,052	Note 2	0.05%
			Notes and accounts receivables	2,380	Note 1	0.01%
			Other receivables	327	Note 3	-
	Waveplus Technology Co., Ltd.	1	Sales	248	Note 1	-
			Nonoperating income and gains	550	Note 2	-
			Notes and accounts receivables	264	Note 1	-
			Other receivables	3	Note 3	-
	Sunext Technology Co., Ltd.	1	Sales	23,979	Note 1	0.14%
			Marketing expenses	1,310	Note 2	0.01%
			Nonoperating income and gains	7,529	Note 2	0.05%
			Notes and accounts receivables	445	Note 1	-
			Other receivables	143	Note 3	-
	Sunplus Core Technology Co., Ltd.	1	Sales	3,346	Note 1	0.02%
			Research and development	8,064	Note 2	0.05%
Nonoperating income and gains			9,398	Notes 2 and 4	0.06%	
Notes and accounts receivables			225	Note 1	-	
Other receivables			771	Note 3	-	
Other current liabilities			419	Note 3	-	
Deferred royalty income			47,200	-	0.27%	

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions				
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets	
Sunplus Technology Co., Ltd.	Sunplus mMobile	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%	
	Sunplus Innovation Technology Inc.	1	Sales	13,063	Note 1	0.08%	
			Research and development	58	Note 1	-	
			Nonoperating income and gains	7,431	Note 2	0.04%	
Notes and accounts receivables			1,179	Note 1	0.01%		
Other receivables			376	Note 3	-		
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%		
Sunplus Technology (Shanghai) Co., Ltd.	2	2	Marketing Expenses	16,974	Note 2	0.10%	
			Marketing expenses	4,604	Note 2	0.03%	
	1	1	Marketing expenses	2,505	Note 2	0.02%	
			Notes and accounts payable	2	Note 3	-	
			Marketing expenses	49,037	Note 2	0.30%	
	Sunnext Technology Co., Ltd.	3	3	Research and development	13,269	Note 2	0.08%
				Other receivable	712	Note 3	-
Orise Technology Co., Ltd.	3	3	Nonoperating income and gains	2,151	Note 4	0.01%	
			Marketing expenses	3,784	Note 2	0.02%	
Sunplus mMedia Inc.	3	3	Marketing expenses	13,391	Note 2	0.08%	
			Marketing expenses	4,224	Note 2	0.03%	
	3	3	Marketing expenses	18,567	Note 2	0.11%	
			Research and development	37,428	Note 2	0.23%	
	3	3	Marketing expenses	24,373	Note 2	0.15%	
Sunplus Innovation Technology Inc.	3	3	Sales	41,233	Note 1	0.25%	
			Nonoperating income and gains	52	Note 1	-	
			Nonoperating income and gains	404	Note 1	-	
Sunplus Core Technology Co., Ltd.	3	3	Marketing expenses	6,118	Note 2	0.04%	
			Other current liabilities	1,968	Note 3	0.01%	
			Research and development	6,169	Note 2	0.04%	
Generalplus Technology Corp.	3	3	Other current liabilities	6,337	Note 3	0.04%	
			Marketing expenses	11,454	Note 2	0.07%	
			Other current liabilities	112	Note 3	-	
Sunplus Technology (H.K.) Co., Ltd.	3	3	Sales	592	Note 1	-	
			Purchase	12,186	Note 1	0.07%	
			Intangible assets	97,619	Note 2	0.55%	
Sunplus mMobile SAS	3	3	Notes and accounts payable	12,186	Note 1	0.07%	
			Other current assets	114	-	-	
Sunplus Technology (Shanghai) Co., Ltd.	Bright Sunplus mMobile Inc.	3	Sales	61,429	Note 1	0.37%	
Sunplus Technology (Shanghai) Co., Ltd.	Generalplus Technology (Shenzhen) Corp.	3	Sales	11,570	Note 2	0.07%	
			Notes and accounts receivables	4,567	Note 3	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)

7.6 Financial Difficulties

Impact to the Company or subsidiaries if any turnover problems: None

VIII. Financial Analysis

8.1 Financial Status

8.1.1 2009 Financial Analysis Comparison with 2008

Unit: NT\$K

Item \ Year	2009	2008	Variation	
			Increased (Decrease)	YoY %
Current Assets	6,227,432	2,837,092	3,390,340	120%
Investment and Fund	8,161,338	7,445,768	715,570	10%
Property, Plant & Equipment	843,627	836,326	7,301	1%
Intangible Assets	318,756	551,787	(233,031)	-42%
Other Assets	849,309	1,260,233	(410,924)	-33%
Total Assets	16,400,462	12,931,206	3,469,256	27%
Current Liabilities	2,592,439	1,731,341	861,098	50%
Long-term Liabilities	1,257,500	0	1,257,500	100%
Other Liabilities	239,953	249,443	(9,490)	-4%
Total Liabilities	4,089,892	1,980,784	2,109,108	106%
Capital Stock	5,969,099	5,982,028	(12,929)	0%
Capital Surplus	1,871,301	1,587,558	283,743	18%
Retained Earnings	4,306,149	3,924,634	381,515	10%
Total Shareholder's Equities	12,310,570	10,950,422	1,360,148	12%
Remark:				
1. Current Assets increased due to more revenue and account receivable in 2009.				
2. Intangible Assets declined due to more amortization in 2009.				
3. Other Assets declined due to less deferred tax assets in 2009.				
4. Current Liabilities increased due to more account payable and other current liabilities in 2009.				
5. Long-term Liabilities increased due to new added banking loans in 2009				

8.2 Operational Results

8.2.1 2009 Operation Results Comparison with 2008

Unit: NT\$K

Item \ Year	2009	2008	Variation	
			Increased (decrease)	YoY %
Gross Sale	7,560,980	6,433,010	1,127,970	18%
Deduct: Sales Returns and Allowances	211,380	339,831	-128,451	-38%
Net Sales	7,349,600	6,093,179	1,256,421	21%
Deduct: Unrealized Gain on Inter-company Profit - Net	10,431	(45,096)	55,527	-123%
Cost of Sales	4,925,424	3,690,119	1,235,305	33%
Gross Profit	2,434,607	2,357,964	76,643	3%
Operating Expenses	1,848,167	1,841,255	6,912	0%
Income From Operating	586,440	516,709	69,731	13%
Non - Operating Income	665,689	727,781	-62,092	-9%
Non - Operating Expenses	554,466	1,084,466	-530,000	-49%
Income Before Tax	697,663	160,024	537,639	336%
Income Tax Benefits (Expense)	(316,148)	(151,641)	-164,507	108%
Cumulative Effect of Changes in Accounting Principles	0	0	0	
Net Income	381,515	8,383	373,132	4,451%
Remarks:				
1. "Gross sales", "Net Sales", "Gross Profit", "Cost of Sales", "Operating Profit" increased due to better demands				
2. R&A declined due to less return and complains.				
3. Unrealized Gain on Inter-company Profit – Net declined due to less recognition of licensing income form subsidiaries				
4. Non-operating income declined due to less gain on settlement compensation				
5. Non-operating expense declined due to less loss on long-term investment by equity method.				
6. Tax expense increased because of adjusting deferred tax assets.				

8.3 Cash Flow

8.3.1 Cash Flow Analysis

(A) Cash Flow Analysis 2009 vs. 2008

Item \ Year	2009	2008	YoY (%)
Cash flow ratio	35.9	120.99	-70.33
Cash flow adequacy ratio	167.84	129.07	30.04
Cash flow reinvestment ratio	6.27	5.81	7.92
Remarks:			
1. Cash flow ratio declined due to more account receivable, less cash flow-in from operating and more current liabilities			
2. Cash flow adequacy ratio increased due to no cash dividends distributing in 2009			

(B) 2009 Cash Flow Forecast

Unit: NT\$K

Cash, beginning of the year	Cash Flow from Operating Activities	Net Cash in-flow	Net Cash Balance	Remedial Measure if cash not enough	
Balance (1)	Net Cash Flow (2)	(3)	(1)+(2)+(3)	Investment plan	Financial leverage plan
\$1,579,825	\$1,313,388	\$(2,534,034)	\$359,179	-	-
From Operating: Cash flow in because of making profits in 2010.					
From Investing: Cash flow in because of acquisition of long-term investment and fixed assets					
From Financing: Cash flow out because of to payout loans and loan to affiliates.					

8.4 Major Capital Expenditure

8.4.1 Major Capital Expenditure and Sources

Unit: NT\$K

Item	Sources of Fund	Est. Due Date	Required Capital Amount	Capital Expenditure Plan							
				2006	2007	2008	2009	2010	2011	2012	2013
Testing Facility	Own	2006~2013	\$304,911	55,563	30,409	35,948	25,491	18,000	46,500	46,500	\$46,500

8.4.2 Benefits from the Capital Expenditure:

The testing cost could be saved in coming 5 years:

Year	Cost saved in NT\$K
2010	\$ 4,500
2011	11,625
2012	11,625
2013	11,625
2014	11,625
	<u>\$51,000</u>

8.5 Long-Term Investment

Analysis Item	Amount (Note) In NT\$K	Policy	Reason of Gain or Loss	Improvement Plan	Investment Plan in a year
HT mMobile	372,608	To invest related business to obtain technical know-how, and to strength the company competitive by integration	The company makes net losses because of high R&D cost but no income yet.	To introduce strategic partners to expand market shares. With diluted shareholding, Sunplus will have less investment loss recognized	None

Note: The investment amount over 5% of the paid-in capital.

8.6 Risk Management

8.6.1 The Impact of Inflation, Foreign Exchange and Interest Rate Fluctuation and Measures to Cope With

Interest Rate: The Company will get more interest expenses when the interest rate rises. The finance division will collect information and evaluate the variation for hedge. Vice versa, the low interest rate will impact interest income. The company will put more cash on highly- returned short-term investment.

Exchange Rate: The selling products are quoted in US dollars. Most of the costs are quoted in US dollars but still some in NT dollars. So the New Taiwan Dollars appreciation will impact the company sales and gross margin. Our major foreign-currency assets are account receivable and time deposits. The company already utilizes mainly forward currency and option contracts to hedge its foreign exchange exposure, so the impact from floating exchange rate will be minimized.

Inflation: The material costs vary timely. The higher manufacture cost and selling pricing which would impact the consumers' budget for the high-end consumer electronic products. But Sunplus is working hard to develop new products for add-on value and cost-down, and expand the market shares in the emerging markets to relief the slow-down from `developed countries.

8.6.2 Internal Policies and Procedure Exist with Respect to High Risk/High Leveraged Investment, Lending/Endorsements and Guarantees for Other Parties, Financial Derivatives Transaction

1. There is no high risk/high leveraged investment.
2. The company has made and followed ““Sub-procedure of Extension of Monetary Loans to Others””, “Procedure of Endorsement and Guarantees”, “Procedures of Financial Derivatives Transactions”, which follow the rules issued by Taiwan Securities and Futures Commission.
3. The loans will only be made to Sunplus affiliates with shareholding 20% and companies with business relations if necessary. The loans are made with risk evaluation and up limit as 10% of the Company net value. There is no loss because of well evaluation.
4. The endorsement and guarantee will only be done for invested companies with up limit 20% of the Company net value. There is no loss because of well evaluation.
5. The financial transactions of a derivatives nature that Sunplus enters into are strictly for hedging purposes and not for any trading or speculative purposes and under well evaluation.

8.6.3 R&D Plan and Execution

Sunplus will keep investing in developing new products, such as IC solutions for BD player, HD STB, Portable TV, DTV, 3D TV etc.

Except developing core technology on our own, Sunplus is also looking for outside resources like purchasing or licensing IPs to speed up the mass-production schedule.

8.6.4 Political and Regulatory Environment

Starting from 2009, Sunplus will adopt the newly released “Statement of Financial Accounting Standards” No. 10, “Accounting for Inventory”, that the inventories should be evaluated by categories and marked down by the market value. The adoption of mentioned accounting statement won't impact Sunplus extremely for we are quite cautious with inventory management and has booked the reasonable provision for inventory losses quarterly.

8.6.5 Advanced Technology

The wafer process technology is moving to smaller geometry. The migrated process technology could keep the chip production cost down but R&D cost up. The Company tries to develop higher add-on value and mainstream multimedia products, which mainstream means to produce in huge volume and to share the research and development cost.

8.6.6 Corporate Identify and Image Change

The Company takes corporate image seriously and realizes it could be destroyed in one day. Fortunately, there is no major change till now. The Company will do their best to conserve it.

8.6.7 Mergers & Acquisitions: None

8.6.8 Expansion of Facilities: None

8.6.9 Suppliers & Customers

The company purchase materials from several suppliers and subcontract to backend package and testing houses. The Top 5 customers of the company are all distributors with fair due diligence and regular auditing. Besides asking guarantee, the accounting department will track the account receivable monthly.

8.6.10 Major Shareholding Change: None

8.6.11 Ownership Change: None

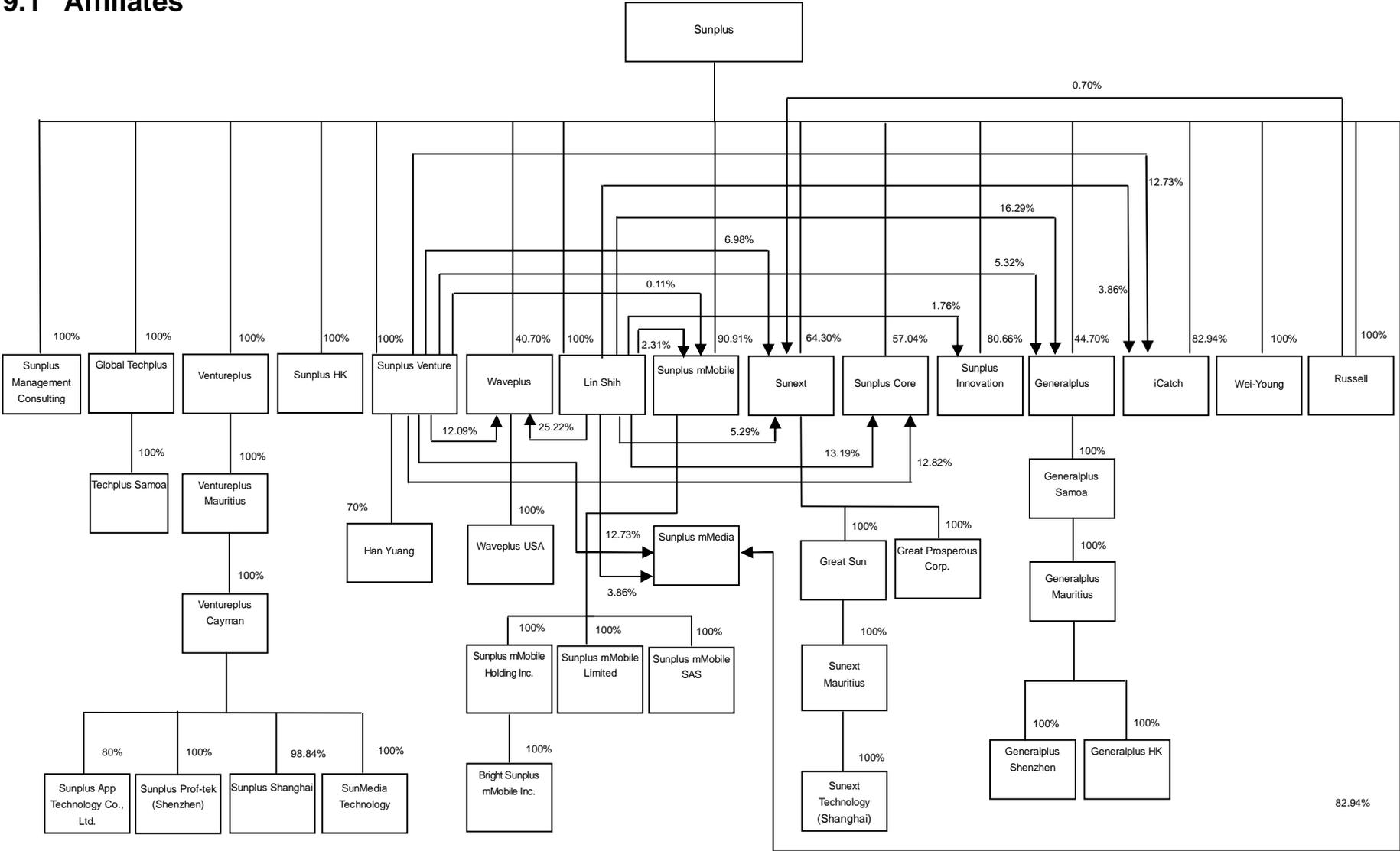
8.6.12 Litigation Proceedings: None

8.6.13 Other Risks: None

8.7 Other Remarks

IX. SPECIAL NOTES

9.1 Affiliates



9.1.2 Affiliated Companies

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Sunplus Technology (HK) , Ltd.	Aug.31, 1993	Kowloon, HK	HK\$11,075,000 (Note)	International Trading
Lin Shih Investment, Co., Ltd.	Jul. 2, 1998	Hsinchu, Taiwan	700,000	Investment
Russell Holdings Ltd.	Mar. 11, 1998	Cayman	US\$14,760,000 (Note)	Investment
Sunplus Venture Capital Co., Ltd.	Nov.20, 1999	Hsinchu, Taiwan	1,000,000	Investment
Waveplus Technology Co., Ltd.	Dec. 6, 1999	Hsinchu, Taiwan	32,000	IC Design
Waveplus Design Inc.	Jun. 17, 2003	CA, USA	US\$500,000 (Note)	IC Design
Ventureplus Group Inc.	Jul. 27, 2001	Belize	US\$41,900,000 (Note)	Investment
Ventureplus Mauritius Inc.	Aug. 2, 2001	Mauritius	US\$41,900,000 (Note)	Investment
Ventureplus Cayman Inc.	Sep. 14, 2001	Cayman	US\$41,900,000 (Note)	Investment
Shanghai Sunplus Co., Ltd.	Dec. 7, 2001	Shanghai, China	US\$17,200,000 (Note)	CE Products manufacture and sales
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Oct.20, 2007	Shenzhen, China	US\$4,250,000 (Note)	Software and System Design
Sunmedia Technology Co., Ltd.	Jan.08, 2008	Chengdu, China	US\$20,000,000 (Note)	IC Sales and After Service, Software and System Design
Sunplus App Technology Co., Ltd.	Oct. 06,2008	Beijing, China	RMB\$3,750,000 (Note)	IC Sales and After Service, Software and System Design
Global Techplus Capital Inc. (The original Name: Techplus Capital Niue Inc.)	Oct.15, 2001	Mahe, Seychelles	US\$200,000 (Note)	Investment
Techplus Capital Samoa Inc.	Oct. 23, 2001	Samoa	US\$0 (Note)	Investment
Sunext Technology Co., Ltd.	Mar. 13, 2003	Hsinchu, Taiwan	635,091	IC Design
Great Sun Corporation	Jan.28, 2003	Samoa	US\$750,000 (Note)	Investment
Sunext (Mauritius) Inc.	Aug. 19, 2004	Mauritius	US\$750,000 (Note)	Investment
Sunext Optoelectronics Technology (Shanghai) Co. Ltd	Dec. 27, 2004	Shanghai, China	US\$750,000 (Note)	Software
Great Prosperous Corp.	Feb. 13,2009	Mauritius	US\$1,000,000	Investment & Marketing
Sunplus Management Consulting Inc.	Oct. 29, 2003	Taipei, Taiwan	5,000	Consulting
WeiYing Investment	Feb. 13, 2004	Taipei, Taiwan	14,000	Investment
Generalplus Technology Co., Ltd	Mar. 30, 2004	Hsinchu, Taiwan	893,171	IC Design
Generalplus International (Samoa) Inc.	Nov. 12, 2004	Samoa	US\$6,590,000 (Note)	Investment
Generalplus (Mauritius) Inc.	Nov. 25,2004	Mauritius	US\$6,590,000 (Note)	Investment
Generalplus Technology (Shenzhen) Inc.	Mar. 24,2005	Shenzhen, China	US\$6,200,000 (Note)	Sales Service
Generalplus Technology (HK) Inc.	Mar.21, 2007	Hong Kong	US\$390,000 (Note)	Sales Service
Sunplus mMobile Inc.	Dec. 20, 2006	Hsinchu, Taiwan	600,000	IC Design

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Sunplus mMobile SAS	Apr.22, 2008	Cannes, France	EUR\$237,000 (Note)	IC Design
Sunplus mMobile Limited	Feb.28, 2008	Cambridge, UK	GBP\$1,710,000(Note)	IC Design
Sunplus mMobile holding Inc.	Apr. 11,2008	Hsinchu, Taiwan	US\$2,580,000 (Note)	Investment
Bright Sunplus mMobile Inc.	Apr. 15,2008	Mauritius	US\$2,580,000 (Note)	IP Licensing
Sunplus Innovation Technology Inc.	Dec. 14, 2006	Hsinchu, Taiwan	374,587	IC Design
Sunplus mMedia Inc.	Apr.18, 2007	Hsinchu, Taiwan	236,198	IC Design
Sunplus Core Technology Co., Ltd	Sep.29, 2007	Hsinchu, Taiwan	156,000	IC Design
iCatch Technology Inc.	Dec.4, 2009	Hsinchu, Taiwan	250,000	IC Design

Note: End of 2009, exchange rate as ref.: HK\$1=NT\$4.126, US\$1=NT\$31.99, RMB\$1=NT\$4.6858, EU\$1=NT\$46.1, GBP\$1=NT\$51.6

9.1.3 Business Scope of Affiliated Companies

Company	Business Activities	Business Relationship
Sunplus Technology (HK) Co., Ltd.	Trading	NA
Lin Shih Investment, Ltd.	Investment	NA
Russell Holdings Ltd.	Investment	NA
Sunplus Venture Capital Co., Ltd.	Investment	NA
Waveplus Technology Co., Ltd.	IC Design	Subsidiary
Waveplus Design Inc.	IC Design	NA
Ventureplus Group Inc.	Investment	NA
Ventureplus Mauritius Inc.	Investment	NA
Ventureplus Cayman Inc.	Investment	NA
Shanghai Sunplus Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus Prof-tek (Shenzhen) Ltd.	Software and System Design	China branch
Sunmedia Technology Co., Ltd.	Manufacture and Sales Service Software and System Design	China branch
Sunplus App Technology Co., Ltd.	Manufacture and Sales Service Software and System Design	China branch
Global Techplus Capital Inc. (The original Name: Techplus Capital Niue Inc.)	Investment	NA
Techplus Capital Samoa Inc.	Investment	NA
Sunext Technology Co., Ltd.	IC Design	Subsidiary
Great Sun Corporation	Investment	NA
Sunext (Maruitius) Inc.	Investment	NA
Sunext Optoelectronics Technology (Shanghai) Co. Ltd	Software	NA
Great Prosperous Corp.	Investment & Marketing	NA
Sunplus Management Consulting Inc.	Management Consulting	NA

Company	Business Activities	Business Relationship
WeiYing Investment	Investment	Subsidiary
Generalplus Technology Co., Ltd	IC Design	NA
Generalplus International (Samoa) Inc.	Investment	NA
Generalplus (Mauritius) Inc.	Investment	NA
Generalplus Technology (Shenzhen) Inc.	Sales Service	NA
Generalplus Technology (HK) Inc.	Sales Service	NA
Sunplus mMobile Inc.	IC Design	Subsidiary
Sunplus mMobile SAS	IC Design	NA
Sunplus mMobile Limited	IC Design	NA
Sunplus mMobile Holding Inc.	Investment	NA
Bright Sunplus mMobile Inc.	IP Licensing	NA
Sunplus Innovation Technology Inc.	IC Design	Subsidiary
Sunplus mMedia Inc.	IC Design	Subsidiary
Sunplus Core Technology Co., Ltd	IC Design	Subsidiary
iCatch Technology Inc.	IC Design	Subsidiary

9.1.4 Directors, Supervisors, and Presidents of Affiliated Companies

Company	Title	Name	Shareholding	
			Amount (shares)	ratio
Sunplus Technology (HK) Co., Ltd.		Sunplus Technology	*HK\$11,075,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Ming-Cheng Hsieh (repr.)	-	-
Lin Shih Investment Co., Ltd.		Sunplus Technology	70,000,000	100%
	Chairman & President	Chou-Chye Huang (repr.)	-	-
	Director	Bing-Huang Shih	-	-
	Director	Wayne Shen	-	-
	Supervisor	Gow-Chin Su	-	-
Russell Holdings Ltd.		Sunplus Technology	*US\$14,760,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunplus Venture Capital Co., Ltd.		Sunplus Technology	100,000,000	100%
	Chairman & President	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Bing-Huang Shih	-	-
	Supervisor	Gow-Chin Su	-	-
Waveplus Technology Co., Ltd.		Sunplus Technology	1,302,333	40.7%
	Chairman & President	Chou-Chye Huang (repr.)	-	-

Company	Title	Name	Shareholding	
			Amount (shares)	ratio
	Director	Wei-Chou Tseng	387,000	12.09%
	Director	Lin Shih Investment	807,000	25.22%
	Supervisor	Global View	14,109	0.44%
Waveplus Design Inc.		Waveplus Holding	*US\$500,000	100%
	Director	Xian Qing Yeh (repr.)	-	-
Ventureplus Group Inc.		Sunplus Technology	*US\$41,900,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Mauritius Inc.		Ventureplus Group	*US\$41,900,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Cayman Inc.		Ventureplus Mauritius	*US\$41,900,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Shanghai Sunplus Co., Ltd.		Ventureplus Cayman	*US\$17,000,000	98.84%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
Sunplus Prof-tek Co., Ltd.		Ventureplus Cayman	*US\$4,250,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
Sunmedia Technology Co., Ltd.		Ventureplus Cayman	*US\$20,000,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunplus App Technology Co., Ltd		Ventureplus Cayman	*RMB\$3,000,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Jun Yuan	*RMB\$328,000	8.75%
	Director	Hsin-Hui Yeh	*RMB\$141,000	3.75%
	Director	Hong-Tao Liu	*RMB\$141,000	3.75%
	Director	Ya-Fei Luo	*RMB\$141,000	3.75%
Global Techplus Capital Inc. (original name: Techplus Capital Niue Inc.)		Sunplus Technology	*US\$200,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Techplus Capital Samoa Inc.		Global Techplus Capital	*US\$0	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunext Technology Co., Ltd.		Sunplus Technology	38,836,391	61.15%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen (repr.)	-	-
	Director	Bing-Huang Shih (repr.)	-	-
	Director	Sunplus Venture Capital	4,430,654	6.98%
	Director & President	Kuang-Pu Mai	335,508	0.53%

Company	Title	Name	Shareholding	
			Amount (shares)	ratio
	Supervisor	Lin-Shih investment	3,359,843	5.29%
	Supervisor	Ying-Chi Chiu	388	-
Great Sun Corp.		Sunext Technology	*US\$750,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunext (Mauritius) Inc.		Great Sun Corp.	*US\$750,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunext Optoelectronics Technology (Shanghai) Co. Ltd		Sunext (Mauritius)	*US\$750,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Shou-Shan Chen (repr.)	-	-
	Director	Kuang-Pu Mai (repr.)	-	-
Great Prosperous Corp.	Director	Sunext Technology	*US1,000,000	100%
		Chou-Chye Huang (repr.)	-	-
Sunplus Management Consulting Inc.	Director	Sunplus Technology	500,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Bing-Huang Shih	-	-
	Supervisor	Gow-Chin Su	-	-
WeiYing Investment Co., Ltd.		Sunplus Technology	1,400,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Bing-Huang Shih	-	-
	Supervisor	Gow-Chin Su	-	-
Generalplus Technology Co., Ltd		Sunplus Technology	40,231,304	42.02%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Bing-Huang Shih	-	-
	Director	Han-Hwa Lu	-	-
	Director	Hou-Shien Chu	989,752	1.03%
	Director& President	Chih-I Yang	990,930	1.03%
	Supervisor	De-Zhong Liu	-	-
	Supervisor	Ying-Chi Chiu	-	-
Generalplus International (Samoa) Inc.		Generalplus Technology	*US\$6,590,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus (Mauritius) Inc.		Generalplus International (Samoa)	*US\$6,590,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus Technology (Shenzhen) Inc.		Generalplus International (Mauritius)	*US\$6,200,000	100%

Company	Title	Name	Shareholding	
			Amount (shares)	ratio
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Yarn-Chen Chen	-	-
	Director	Han- Hwa Lu	-	-
Generalplus Technology (HK) Inc.		Sunplus Technology	*US\$390,000	100%
	Director	Chih-I Yang	-	-
Sunplus mMobile Inc.		Sunplus Technology	54,545,416	90.91%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Sunplus Venture Capital	64,545	0.11%
	Supervisor	Lin-Shih Investment	1,388,637	4.93%
Sunplus mMobile SAS	Director	Sunplus mMobile Technology Chou-Chye Huang (repr.)	*EUR 237,000	100%
Sunplus mMobile Limited	Director	Sunplus mMobile Technology Chou-Chye Huang (repr.)	*GBP 1,710,000	100%
Sunplus mMobile holding Inc.	Director	Sunplus mMobile Technology Chou-Chye Huang (repr.)	*US\$2,580,000	100%
Bright Sunplus mMobile Inc.	Director	Sunplus mMobile Holding Inc. Chou-Chye Huang (repr.)	*US\$2,580,000	100%
Sunplus Innovation Technology Inc.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	29,761,573	79.45%
	Director	Bing-Huang Shih	-	-
	Director& President	Chih-Hao Kung	426,226	1.14%
	Supervisor	Lin-Shih Investment	733,375	1.96%
Sunplus mMedia Inc.		Sunplus mMobile Technology Chou-Chye Huang (repr.)	19,589,789	82.94%
	Chairman		-	-
	Director	Wen-Shiung Jan	-	-
	Director	Ho-Jung Ou	-	-
	Supervisor	Lin-Shih Investment	911,294	3.86%
Sunplus Core Technology Co., Ltd.	Supervisor	Ying-Chi Chiu	-	-
		Sunplus Technology	8,898,000	57.04%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Bing-Huang Shih	-	-
	Director	Lin Shih Investment	2,335,000	14.97%
	Supervisor	Sunplus Venture Capital	2,000,000	12.82%

Company	Title	Name	Shareholding	
			Amount (shares)	ratio
iCatch Technology Inc.	Chairman	Sunplus Technology Chou-Chye Huang (repr.)	20,734,546	82.94%
	Director	Wen-Shiung Jan		
	Director	Lin Shih Investment	964,545	3.86%
	Supervisor	Ying-Chi Chiu		

*Note: the invested companies are listed the capital paid-in amount of investment

9.1.5 Common Shareholders of Sunplus and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: Not Applicable

9.1.6 Operation Highlights of Sunplus Affiliates

Unit: NT\$K; except EPS (NT\$)

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS (After Tax)
Sunplus Technology (HK) Co., Ltd.	45,695	4,689	63	4,626	2,328	(75)	(75)	NA
Lin Shih Investment, Ltd.	700,000	1,114,023	44,830	1,069,193	146,340	65,319	69,689	1.00
Russell Holdings Ltd.	472,172	435,896	11,426	424,470	11,360	(29,109)	(29,012)	NA
Sunplus Venture Capital Co., Ltd.	1,000,000	915,102	44,400	870,702	101,848	15,216	3,126	0.03
Waveplus Technology Co., Ltd.	32,000	57,745	6,363	51,382	82,297	10,024	9,863	3.08
Waveplus Design Inc.	15,995	0	0	0	0	0	0	NA
Ventureplus Group Inc.	796,551	501,281	260	501,021	79,230	79,182	79,184	NA
Ventureplus Mauritius Inc.	796,551	501,365	152	501,213	79,230	79,230	79,230	NA
Ventureplus Cayman Inc.	796,551	501,531	190	501,341	87,560	79,230	79,230	NA
Shanghai Sunplus Co., Ltd.	550,228	498,232	168,627	329,605	155,107	96,617	43,385	NA
Sunplus Prof-tek (Shenzhen) Ltd.	135,958	124,696	25,658	99,038	227,201	27,031	27,455	NA
Sunmedia Technology Co., Ltd.	95,970	84,012	17,954	66,058	168,399	17,028	17,216	NA
Sunplus App Technology Co., Ltd.	17,572	14,135	9,462	4,673	15,129	(10,185)	(10,185)	NA
Global Techplus Capital Inc. (The original Name: Techplus Capital Niue Inc.)	6,398	7,382	0	7,382	0	(285)	(285)	NA
Techplus Capital Samoa Inc.	0	0	0	0	0	0	0	NA
Sunext Technology Co., Ltd.	635,091	1,047,347	400,441	646,906	1,109,770	338,109	279,903	4.41
Great Sun Corporation	23,993	3,980	0	3,980	11,564	(1)	187	NA
Sunext (Maruitius) Inc.	23,993	2,896	0	2,896	0	0	(928)	NA
Sunext Optoelectronics Technology (Shanghai) Co. Ltd	23,993	4,917	2,031	2,886	11,561	(1,423)	(928)	NA
Great Prosperous Corp.	20,794	3,813	0	3,813	0	(17,541)	(17,538)	NA

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS (After Tax)
Sunplus Management Consulting Inc.	5,000	4,145	0	4,145	0	(65)	(49)	(0.10)
WeiYing Investment	14,000	10,110	57	10,053	256	202	187	0.13
Generalplus Technology Co., Ltd	866,758	2,085,883	565,120	1,520,763	2,208,650	307,627	223,039	2.57
Generalplus International (Samoa) Inc.	178,824	24,070	0	24,070	0	(3)	(68,878)	NA
Generalplus (Mauritius) Inc.	178,824	24,070	0	24,070	0	(3)	(68,878)	NA
Generalplus Technology (Shenzhen) Inc.	166,348	32,733	12,931	19,802	16,527	(70,679)	(70,673)	NA
Generalplus Technology (HK) Inc.	12,476	4,676	437	4,239	15,347	245	1,843	NA
Sunplus mMobile Inc.	600,000	379,978	1,003,302	(623,324)	31,717	(246,196)	(271,329)	(4.52)
Sunplus mMobile SAS	10,926	47,345	34,608	12,737	52,289	44	1,450	NA
Sunplus mMobile Limited	88,236	1,937	2,311	(374)	0	(598)	(598)	NA
Sunplus mMobile Holding Inc.	82,534	1	4	(3)	0	0	(2,174)	NA
Bright Sunplus mMobile Inc.	82,534	0	4	(4)	0	(2,180)	(2,175)	NA
Sunplus Innovation Technology Inc.	368,789	911,381	285,089	626,292	1,133,534	35,467	22,904	0.62
Sunplus mMedia Inc.	236,198	206,202	61,550	144,652	1,919,053	(129,849)	(159,390)	(6.75)
Sunplus Core Technology Co., Ltd	156,000	96,174	186,542	(90,368)	6,654	(122,013)	(121,671)	(7.80)
iCatch Technology Inc.	250,000	325,150	72,615	252,535	40,559	3,999	2,534	0.1

9.1.7 Operation Highlights of Sunplus Affiliates

9.1.8 Consolidated Financial Statement of Sunplus Affiliates

Same as the 7.5 Consolidated Financial Statements.

9.2 Private Placement Securities

Not Applicable

9.3 Status of Sunplus Common Shares/GDRs Acquired, Disposed of, or Held by Subsidiaries

Company	Capital	Source of Fund	% Owned by Sunplus	Transaction Date	Amount of Acquisition	Amount of Disposal	Investment Income	Balance (by the Date of this Report Printed)	Balance of Pledged Shares	Balance of Guarantee Provided by Sunplus	Balance of Financing Provided by Sunplus
Lin Shih Investment Co., Ltd.	700,000	Self-owned reserves	100%	2001.12.25	3,870,196 Shares & \$95,605,000	-	-	-	None	None	None
				2002.07.02	967,549 Shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2003.07.13	483,774 Shares Capital increase from capital surplus	-	-	-	None	None	None
				2004.08.23	532,151 Shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				2005.08.23	290,614 Shares Capital increase from profits and capital surplus	-	-	-	2,503,705 Shares Pledged	None	None
				2006.08.05	306,132 Shares Capital increase from profits and capital surplus	-	-	-	500,741 Shares Pledged	None	None
				2007.03.26	3,220,429 Shares decreased for capital reduction	-	-	-	None	None	None
				2007.09.05	+160,538 Shares Capital increase from profits and capital surplus	-	-	-	380,000 Shares Pledged	None	None
				2008.09.08	+169,471 Shares Capital increase from profits and capital surplus	-	-	-	None	None	None
				By the date of this report printed	-	-	-	3,559,996 Shares \$63,401,000	3,384,446 Shares Pledged	None	None

9.4 Special Notes

Other necessary supplement: None

9.5 Any Events Impact to Shareholders' Equity and Share Price

None

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