



2012

ANNUAL REPORT

凌陽科技股份有限公司一〇一年年報

PLEASE READ FOLLOWING NOTICE BEFORE USING THIS REPORT

Readers are advised that the original version of the report 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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<http://www.londonstockexchange.com>

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I. LETTER TO SHAREHOLDERS

Financial Results

Sunplus revenue in 2012 totaled NT\$3,141 million with 12.7% year-on-year decline. The gross profits in 2012 were NT\$1,094 million while the R&D expense totaled NT\$1,137 million and the SG&A expenses were NT\$335 million, the operating net losses summed up NT\$377 million in 2012.

Including disposal gain, administrative and support service revenue, rental revenue and other non-operating income, the non-operating net income totaled NT\$104 million. With long-term investment loss by equity method of NT\$200 million, impairment losses of NT\$154 million, interest expense and so on, the non-operating net losses totaled NT\$300 million in 2012.

The net losses after tax were NT\$677 million which the loss per share for 2012 was NT\$1.15.

Products and Technologies

Sunplus delivers IC solutions for multimedia home applications including DVD player, STB, LCD TV and digital TV. Besides, Sunplus has launched the IC solutions including in-car DVD player and high definition STB. Meanwhile, Sunplus has launched the IP Product Center that specializes in high-speed I/O IP, high performance data conversion IP (ADC/DAC/AFE), and analog IP development for a broad range of applications, such as consumer, portable, and connected devices for Sunplus has a solid track record of delivering high-quality and optimized IP solutions that are in mass production.

The R&D expenses were 36.2% of total revenue in 2012, and meantime we will go on developing cutting-edge technologies and new products by keeping investing in R&D.

Organization

Sunplus is mainly supported by the Home Entertainment Business Unit which has been reorganized by “DVD Product Center”, “STB Product Center” and “IP Product Center” for Sunplus has joint-invested Sunplus Core (Now re-named as S2-tek Inc.) for developing TV IC solutions.

At the end January of 2013, there were 478 employees in Sunplus, including 327 R&D staff, which accounts for 68% of the total workforce.

Competition, Relevant Regulations, and Global Economics

For TV IC market is such competitive that some of the competitors have quit or merged, Sunplus has to review and make a change during the tough time. So Sunplus has joint-invested S2-Tek with Silicon Integrated Systems Corp., (SiS) for combining the design capabilities and capital allocation from both companies that shall create a superior position to meet TV IC market and make better return for our shareholders in the future.

Meanwhile, Sunplus keeps developing highly valued products such as in-car DVD IC and HD STB solutions related to home entertainment technologies. For Sunplus has been accumulating the wide-range intellectual properties related to home entertainment technologies and the sales channels and strategic partnership with customers aggressively that should benefit Sunplus to stand out from competitors.

For the companies in Taiwan will adopt IFRSs officially instead of the original Taiwan GAAP from 2013, Sunplus has called a special committee in order to launching IFRSs. After evaluation, it shall impact lightly to the shareholders' equity and share price of the company. We will keep watch for any further updates and take actions to reduce the impacts on the company.

Outlook

Sunplus has updated the company vision to “Customers Win we win” for we are going to provide the best products and services to our customers for more design wins. Looking forward into 2013, Sunplus will keep expanding our business on highly valued products such as in-car DVD and HD STB as well as IP licensing for new growth drivers. And we will try harder to improve the performance in order to make the better return of equities.

We would like to thank you for your 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 24 Section 4.1 for capitalization.

Please refer to page 174 Section 9.1 for Sunplus' affiliates.

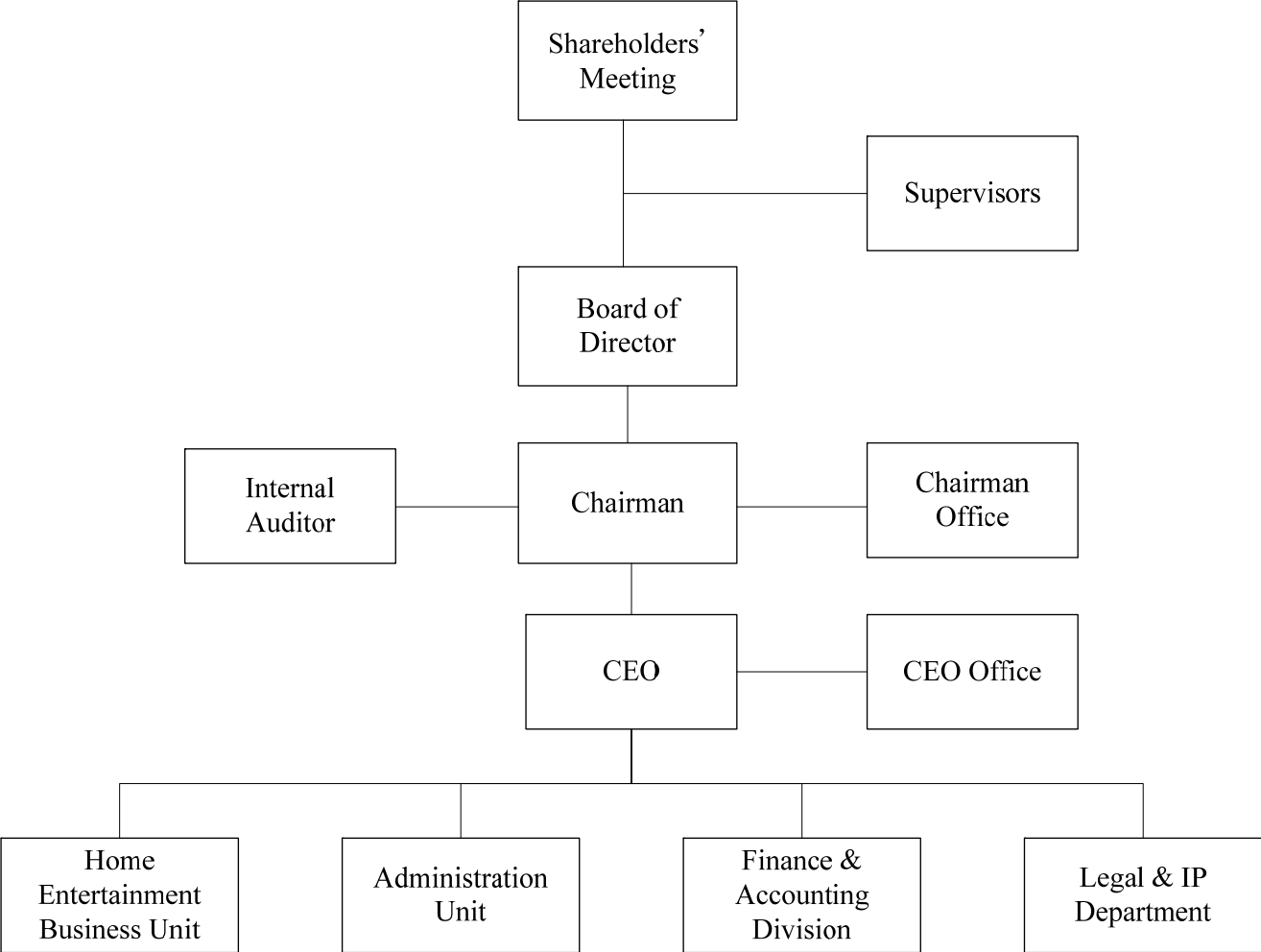
August 1990	Sunplus Technology was founded.
May 1993	Obtained approval from the SIPA to move into Hsinchu Science Park.
October 1993	Moved into Hsinchu Science Park.
September 1994	Company started in-house wafer circuit probe testing.
December 1995	Groundbreaking for the construction of Sunplus' office building, located in 19, Innovation First Road, Hsinchu Science Park.
April 1996	Evaluated as "The most productive IC design company" by Hsinchu SIPA.
January 1997	Grand opening of Sunplus' office building.
September 1997	Sunplus Technology was IPO on the Over-The-Counter stock market.
January 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.
September 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.
December 2000	Received the "Distinguished Achieved Award" from Hsinchu SIPA.
March 2001	Launched Global Depositary Receipts on the London Stock Exchange.
December 2001	Completed the Grandtech merger and announced the company's reorganization.
January 2002	Established a subsidiary in Shanghai, China to provide better service to customers in Mainland.
February 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.
July 2002	Sponsored the new Innovation Park and Parking Lot at Science Park, Hsinchu.
February 2003	Licensed 32-bit core IP from MIPS Technology for next-generation consumer electronic products.
April 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.
August 2003	Established a new milestone for monthly sales over NT\$1 billion.
December 2003	Won "Innovation Product Award 2003" and "R&D Performance Award 2003" from Hsinchu SIPA.
December 2003	The net sales for 2003 reached NT\$11.1 billion as landmark.
September 2004	Received certificate of ISO 14000 Quality Assessment.
December 2004	MFP SoC with 4800dpi image quality won "Innovation Product Award 2004" from Hsinchu SIPA.
December 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.
August 2005	Applied MPEG-4 image controlling technology to the first IP cam with resolution up to 1M pixel in the worldwide.
August 2005	Completed the merger with the 3G team of information & communication research lab ITRI and started the development of 3G cellular communication ICs.
September 2005	Established a new milestone of monthly sales up to NT\$1.899 billion as record high.
October 2005	Mass-produced the PHS mobile baseband processor.
November 2005	Announced the worldwide first DVD ICs certificated by DivX Ultra.
December 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.

March 2006	Completed the spin-off of the LCD IC business into Orise Technology Co., Ltd.
December 2006	Completed the spin-off of Controller & Peripheral Business Unit into Sunplus Innovation Technology Inc.
December 2006	Completed the spin-off of the Personal Entertainment Business Unit and Advanced Business Unit into Sunplus mMobile Inc.
December 2006	Approved return of capital NT\$5.11 billion by shareholders' extraordinary general meeting.
December 2006	Established a new record high with 2006 profit after tax, NT\$2.97 billion.
February 2007	Licensed digital TV SoC IP to Silicon Image, Inc. with US\$40 million for license fee.
March 2007	Completed the return of capital with outstanding shares afterward 512,953,665 shares
April 2007	The spin-off LCD driver IC design company Orise Technology was IPO
October 2007	Established a new subsidiary, Sunplus Core Technology, with Sunplus S+core® team and ITRI PAC DSP team.
December 2007	Highly integrated SoC SPG290 with interactive game and education function won the "Innovation Product Award 2007" from Hsinchu SIPA.
December 2007	Received certificate of IECQ 080000 for hazardous substance process management.
December 2007	Established a new subsidiary, Sunplus Prof-tek Technology, in Shenzhen
January 2008	Established a new subsidiary, Sunmedia Technology, in Chengdu.
March 2008	Sunext licensed optical storage technology to Broadcom Corporation with license income up to US\$38 million.
March 2008	Launched first DTMB demodulator for China digital broadcasting TV system among Taiwanese IC design companies.
April 2008	Established new subsidiary Sunplus APP Technology in Beijing, to follow up Sunplus University Program in China
November 2008	Finished to buy-back Sunplus mMedia Inc. of 7,450 million shares
March 2009	Joint-promoted with DTS next generation DVD SoC delivering the ultimate audio entertainment experience
October 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 start-up.
October 2009	Reached NT\$898 million from its multimedia product monthly revenue, as a record high after re-grouping in 2006.
December 2009	Started up iCatch Technology Inc. to take over the DSC business from Sunplus mMedia Inc.
August 2010	Celebrated Sunplus' 20th Anniversary and Kept Going for "Technology for Easy Living"
May 2011	Announced reorganization by altering the IC design Unit and System design Unit to "DVD Product Center", "STB Product Center", "TV Product Center" and "IP Product Center". Appointed Dr. Archie Yeh as President of Home Entertainment Business Unit.
November 2011	The subsidiary, Generalplus Technology Co., Ltd., focused on consumer IC design listing on Taiwan Stock Exchange under the code "4952".
May 2012	Updated the company vision from "Technology for Easy Living" to "Customers Win we win"
June 2012	Elected the 9th Board of Directors and Supervisors in AGM2012, the BOD re-elected Unanimously Mr. Chou-Chye Huang as Chairman
December 2012	Joint-invest Sunplus Core Technology (renamed: S2-tek Inc.) for TV IC design
January 2013	Reorganization to "DVD Product Center", "STB Product Center" and "IP Product Center".

III. Corporate Governance

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

March 31st, 2013

Department	Job Description
Chairman Office	<ol style="list-style-type: none"> (1) Engaging the strategic alliances (2) Planning and executing investment plans (3) Arranging Board of Directors Meetings
CEO Office	<ol style="list-style-type: none"> (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	<ol style="list-style-type: none"> (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
Home Entertainment Business Unit	<ol style="list-style-type: none"> (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 (7) Maintaining testing software and facility
Administration Unit	<ol style="list-style-type: none"> (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	<ol style="list-style-type: none"> (1) Managing finance & accounting affairs (2) Arranging annual shareholders' meeting
Legal & IP Department	<ol style="list-style-type: none"> (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

April 13th, 2013/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 (Note 2)
					Amount	%	Amount	%	Amount	%		
Chairman & CEO	Chou-Chye Huang	2012.06.18	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, Taiwan	<p>Chairman : Russell Holdings Co., Ltd., Venturplus Group Inc., Venturplus Mauritius Inc., Venturplus Cayman Inc., Shanghai Sunplus, Sunplus Technology (HK), Sunplus Venture Capital, Lin Shih Investment, Weiyang Investment, Sunplus Management Consulting, Generalplus International (SAMOA) Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Great Sun Corporation, Sunext (MAURITIUS) Inc., Orise, Sunplus mMedia, Heng-Shin Investment, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Sunplus mMobile SAS, Ytrip Technology, Great Prosperous Corp., Magic Sky Limited, S²-Tek</p> <p>Chairman & President: Sunext, iCatch</p> <p>Director: Shenzhen Giantplus Optoelec Display, Avl Technology, Spring Foundation of NCTU, Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Hua-Wan Foundation</p>
Director	Wen-Shiung Jan	2012.06.18	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	MBA, International Business, National Taiwan University, Taiwan	<p>Chairman: Fine Ace Asset Management, Lafemarket</p> <p>Director: Ability Enterprise, iCatch, Sunext, Orise, Shuttle Inc., Capital hotel</p> <p>Supervisor: Epileds Technologies, Inc., Miledx Optical Inc.</p> <p>Independent Director: Ko Ja (Cayman)</p>
Director	Chu-Chien Feng (Global View Co., Ltd., Representative of Legal Entity)	2012.06.18	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, Taiwan	<p>Chairman & President: Radiant,</p> <p>Chairman: Radiant (Kun Sun)</p> <p>Director: Generalplus</p>
Director	Kun-Fang Huang (Higherway Electronic Co., Ltd., Representative of Legal Entity)	2012.06.18	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>Chairman: Higher Way, Higher Way Software Design (Shenzhen), IPCC, Higher Way Holding Inc., Ji-Shen Investment</p> <p>Director: Yu-Zhun Investment, M-Com, Yun-Lin Investment, Yu-zhi Technology</p>
Independent Director	Po-Young Chu	2012.06.18	2006.06.09	3 years	1,736	0.00	1,736	0.00	2,895	0.00	Ph.D., Purdue University, USA	<p>Independent Director: TaiGen Biotechnology</p> <p>Compensation committee: E-Ink</p>
Independent Director	Che-Ho Wei	2012.06.18	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	Ph.D., Electronic Engineering, University of Washington, Seattle, USA	<p>Independent Director & Compensation Committee: Genesis Photonics Inc., Zentel Electronics Corp.</p> <p>Director: Unizyx Holding Corporation, Arcadyan Technology</p>
Supervisor	De-Zhong Liu	2012.06.18	2009.04.30	3 years	13,045,795	2.19	13,045,795	2.19	2,006,943	0.34	M.S., Communication Engineering, National Chiao-Tung University, Taiwan	None
Supervisor	Pei-Yu Lee	2012.06.18	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	2012.06.18	2009.04.30	3 years	0	0.00	0	0.00	0	0.00	M.S., Accountancy, Jinan University, China	<p>Supervisor: Giantplus</p> <p>CPA Auditor of Wei-Min Lin Accounting Firm</p>

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.

3.2.2 Directors and Supervisors' Qualifications and Independence Analysis

April 13th, 2013

Criteria	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	
Name (Note 1)														
Chou-Chye Huang			✓				✓	✓		✓	✓	✓	✓	
Wen-Shiung Jan			✓	✓		✓	✓	✓	✓		✓	✓	✓	1
Chu-Chien Feng (Global View Co., Ltd., Representative of Legal Entity)			✓	✓			✓		✓	✓	✓	✓		
Kun-Fang Huang (Higherway Electronic Co., Ltd., Representative of Legal Entity)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Po-Young Chu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Che-Ho Wei	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
De-Zhong Liu			✓	✓			✓	✓	✓	✓	✓	✓	✓	
Wei-Min Lin		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	
Pei-Yu Lee		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

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

Note 2: "✓" indicates the directors and supervisors meeting any of the following criteria during the 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

April 13th, 2013

Shareholder	Holding
Sunplus Technology	13.06%
Meng-Huei Lin	8.99%
HSBC as trustee for ING AG	8.42%
Jhieh-Yuan Chou	6.50%
HSBC as trustee for HSBC AG Singapore	4.31%
Citi bank as trustee for First Securities (HK)	3.29%
Kun-Ting Huang	2.97%
Yun-Long Hunag	2.09%
Sin-Lin Liao	1.63%
Xing-Fei Ma	1.56%

b) Higher Way's Top 10 Shareholders

April 13th, 2013

Shareholder	Holding
Ci-Jie You	6.82%
Kun-Fang Huang	6.49%
Ji-Sheng Investment Ltd.	4.87%
Yu-Zhun Investment Ltd.	4.55%
Yu-Yan Chen	3.86%
nV-Na Huang	2.10%
King-Yuan Lu	2.05%
Li-Ju Chen	1.75%
Guo-Yaun Lee	1.51%
Jiang-De Chang	0.98%

(1) Ji-Sheng Investment Ltd.

April 13th, 2013

Shareholder	Holding
Kun-Fang Huang	62.5%
Fei-Yan Lee	37.5%

(2) Yu-Zhun Investment Ltd.

April 13th, 2013

Shareholder	Holding
Kun-Fang Huang	87.5%
Fei-Yan Lee	12.5%

3.2.4 Management Team

April 13th, 2013/Unit: shares

Title	Name	Effective Date	Current Shareholding		Spouse's & Minor's Shareholding		Educational Background	Positions Currently held in Other Companies (Note 2)
			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, Taiwan	<p>Chairman : Russell Holdings Co., Ltd., Venturplus Group Inc., Venturplus Mauritius Inc., Venturplus Cayman Inc., Shanghai Sunplus, Sunplus Technology (HK), Sunplus Venture Capital, Lin Shih Investment, Weiyang Investment, Sunplus Management Consulting, Generalplus International (SAMOA) Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Great Sun Corporation, Sunext (MAURITIUS) Inc., Orise, Sunplus mMedia, Heng-Shin Investment, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Sunplus mMobile SAS, Ytrip Technology, Great Prosperous Corp., Magic Sky Limited, S²-Tek</p> <p>Chairman & President: Sunext, iCatch</p> <p>Director: Shenzhen Giantplus Optoelec Display, Avl Technology, Spring Foundation of NCTU, Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Hua-Wan Foundation</p>
President	Archie Yeh	2011.05.01	0	0.00	0	0.00	Ph.D., Chemical Engineering, University of Mississippi	Director: UniSVR Global Information Technology Corp., Synerchip Co., Ltd., Sunplus mMedia
Vice President	Steven Huang	2004.05.07	542,810	0.09	9,240	0.00	EMBA, Technology & Innovation Management (TIM), National Chengchi University, Taiwan	Director: Shanghai Sunplus Technology, Sunplus Prof-tek
Vice President	Wayne Shen	2005.12.01	1,068,458	0.18	27,067	0.00	EMBA, Technology Management, National Chiao-Tung University, Taiwan	Director: Sunplus Venture Capital, Sunplus mMobile, Sunext, LinShih Investment, Weiyang Investment, Sunplus Management Consulting, Sunplus Innovation Technology Synerchip Co., Ltd., Synerchip Technology Co., Ltd.
Assistant VP	Johnson Hung	2011.05.01	184,824	0.03	578	0.00	Ph.D., Electronics Engineering, National Chiao Tung University	None
Director of Finance & Accounting Division	Shu-Chen Cheng	2013.03.01	36,067	0.00	0	0.00	Bachelor, Accounting, Tunghai University, Taiwan	None

Note 1: Please refer to investment list for the full name of other companies.

Note 2: None of the management holds the company shares under others' account.

Note 3: 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								(A)+(B)+(C)+(D) of Net Income (Note 11)		Remuneration to Directors who hold a Concurrent Post in the Company								(A)+(B)+(C)+(D) +(E)+(F)+(G) of 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)		Sunplus	Consolidated Subsidiaries (Note 8)	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)	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	Sunplus	Consolidated Subsidiaries (Note 8)							
Chairman	Chou-Chye Huang	0	0	0	0	0	0	120,000	229,000	-0.02%	-0.03%	5,453,880	5,453,880	91,704	91,704	0	0	0	0	0	0	0	0	0	0	-0.84%	-0.86%	Yes
Director	Higherway Electronic	0	0	0	0	0	0	120,000	120,000	-0.02%	-0.02%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-0.02%	-0.02%	No
	Kun-Fung Huang Representative of Legal Entity	0	0	0	0	0	0	0	0	0.00%	0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	No
Director	Wen-Shiung Jan	0	0	0	0	0	0	120,000	180,000	-0.02%	-0.03%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-0.02%	-0.03%	Yes
Director	Global View	0	0	0	0	0	0	120,000	120,000	-0.02%	-0.02%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-0.02%	-0.02%	Yes
	Chu-Chien Feng Representative of Legal Entity	0	0	0	0	0	0	0	31,000	-0.00%	-0.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00%	0.00%	Yes
Independent Director	Po-Young Chu	0	0	0	0	0	0	480,000	480,000	-0.07%	-0.07%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-0.07%	-0.07%	No
Independent Director	Che-Ho Wei	0	0	0	0	0	0	372,000	372,000	-0.05%	-0.06%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-0.05%	-0.06%	No

Remuneration to Directors	Names of Directors			
	(A)+(B)+(C)+(D)		(A)+(B)+(C)+(D)+(E)+(F)+(G)	
	Sunplus (Note 9)	Consolidated Subsidiaries (I) (Note 10)	Sunplus (Note 9)	Consolidated Subsidiaries (J) (Note 10)
Under NT\$2,000,000	Chou-Chye Huang, Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Chu-Chien Feng, Po-Young Chu, Che-Ho Wei,	Chou-Chye Huang, Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Chu-Chien Feng, Po-Young Chu, Che-Ho Wei,	Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Chu-Chien Feng, Po-Young Chu, Che-Ho Wei,	Wen-Shiung Jan, Higherway Electronic, Kun-Fang Huang, Global View, Chu-Chien Feng, Po-Young Chu, Che-Ho Wei,
NT\$2,000,000~NT\$5,000,000				
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) Remuneration to Management Team.

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 4.5.2.

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 I and J; 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) of Net Income (Note 8)		Remuneration from Long-term Investments Except Subsidiaries (Note 9)
		Salary (A) (Note 2)		Bonus from Profit Distribution (B) (Note 3)		Allowance (C) (Note 4)		Sunplus	Consolidated Subsidiaries (Note 5)	
		Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)	Sunplus	Consolidated Subsidiaries (Note 5)			
Supervisor	De-Zhong Liu	0	0	0	0	120,000	126,000	-0.02%	-0.02%	No
Supervisor	Wei-Min Lin	0	0	0	0	360,000	363,000	-0.05%	-0.06%	Yes
Supervisor	Pei-Yu Lee	0	0	0	0	360,000	360,000	-0.05%	-0.05%	No

Remuneration to Supervisors	Names of 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	De-Zhong Liu, Pei-Yu Lee, Wei-Min Lin

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.

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

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 5)		Sunplus	Consolidated Subsidiaries (Note 6)	Sunplus	Consolidated Subsidiaries (Note 6)	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus					
CEO	Chou-Chye Huang	4,563,600	4,563,600	91,704	91,704	890,280	890,280	0	0	0	0	-0.82%	-0.82%	0	0	Yes
President	Archie Yeh	12,828,300	12,828,300	454,296	454,296	734,416	812,416	0	0	0	0	-2.07%	-2.14%	0	0	No
VP	Steven Huang															
VP	Wayne Shen															

Remuneration to Management	Names of Presidents and Vice Presidents	
	Sunplus (Note 7)	Consolidated Subsidiaries of Sunplus (E) (Note 8)
NT\$2,000,000~NT\$5,000,000	Archie Yeh, Steven Huang, Wayne Shen	Archie Yeh, Steven Huang, Wayne Shen
NT\$5,000,000~NT\$10,000,000	Chou-Chye Huang	Chou-Chye Huang

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) Remuneration to

Directors.

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 4.5.2.

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 "Names of 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 E; 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

No Employee bonus due to losses in 2011.

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.

(1) Analysis for remuneration paid as % net income

Remuneration	2011		2012	
	Amount	% of Net income(Loss)	Amount	% of Net income (Loss)
Director				
Supervisor	NT\$ 20,677,000	-1.04%	NT\$ 22,022,000	-3.25%
Management				

(2) The remuneration paid to board of directors, supervisors, presidents and vice presidents as less than 1% of net income. 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

13 meetings were held in 2012 and the attendance of directors is as follow:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Chou-Chye Huang	13	0	100.00	Elected on 2012.06.18, Boarded on 2012.06.27.
Director	Wen-Shiung Jan	11	2	84.62	Elected on 2012.06.18, Boarded on 2012.06.27
Director	Feng, Chu-Chien (Global View Co., Ltd., Representative of Legal Entity)	12	1	92.31	Elected on 2012.06.18, Boarded on 2012.06.27
Director	Kun-Fang Huang (Higherway Electronic Co., Ltd., Representative of Legal Entity)	13	0	100.00	Elected on 2012.06.18, Boarded on 2012.06.27
Independent Director	Po-Young Chu	13	0	100.00	Elected on 2012.06.18, Boarded on 2012.06.27
Independent Director	Che-Ho Wei	13	0	100.00	Elected on 2012.06.18, Boarded on 2012.06.27
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

13 meetings were held in 2012 and the attendance of supervisors is as follow:

Title	Name	Attendance in Person	Attendance Rate (%)	Remarks
Supervisor	De-Zhong Liu	13	100.00	Elected on 2012.06.18, Boarded on 2012.06.27.
Supervisor	Wei-Min Lin	13	100.00	Elected on 2012.06.18, Boarded on 2012.06.27
Supervisor	Pei-Yu Lee	11	84.62	Elected on 2012.06.18, Boarded on 2012.06.27

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: (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
1. Shareholding Structure and Shareholders' Rights (1) The way handling shareholders' suggestions or disputes (2) The Company's possession of major shareholders list and the list of ultimate owners of these major shareholders (3) Risk management mechanism and fire wall between the Company and its affiliates	(1) Sunplus has designated specialists to handle shareholders' suggestions or disputes. (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. (3) Sunplus has set relevant guidelines to manage risks concerning dealings and contact with affiliates.	Not Applicable
2. Composition and Responsibilities of the BOD (1) Independent directors (2) Regular evaluation of external auditors' independency	(1) Sunplus has two independent directors. (2) Auditors' independence is evaluated at the end of every year and the engagement of auditors would be submitted to BOD for approval.	Not Applicable
3. Communication channel with Stakeholders	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.	

4. Information Disclosure (1) Establishment of corporate website to disclose information regarding the Company's financials, business, and corporate governance status (2) Other information disclosure channels (ex. English website, appointing responsible people to handle information collection and disclosure, appointing spokesman, webcasting investors conference)	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 quarterly and hold investor conferences regularly.	Not Applicable
5. Operations of the Company's Nomination Committee, Compensation Committee, or Other Committees of BOD	(1) Sunplus board of directors approved to set the compensation committee and appointed three compensation committee members on December 21st 2011. (2) Sunplus has held 4 compensation committee meetings in 2012.	
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. 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.		
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.): (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. (2) Employee wellness: Please refer to the section of 6.5 Employees on this annual report. (3) Investor relations: The company has set a investor relations professionals and disclose the operations and financials on the company website. (4) Pursuing record of directors and supervisors: Please refer to Market Observation Post System http://mops.twse.com.tw (5) Implementation of risk management policies and risk evaluation measures: Please refer to the section of 8.6 Risk Management on this annual report (6) Purchasing insurance for directors and supervisors: Yes.		
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		

3.3.4 Disclosure of Operations of the Company's Compensation Committee:

(1) Qualifications and Independence Analysis

Stausts(Note 1)	Name	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 on compensation committee	Remark (Note 3)
		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		
Independent Director	Che-Ho Wei	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None
Independent Director	Po-Young Chu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Other	Ze-Ren Huang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	None

Note 1: The Status is identified by director, independent director and other.

Note 2: "✓" indicates the directors and supervisors meeting any of the following criteria during the 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 been a person of any condition as defined in Article 30 of the Company Law.

Note 3: The Company shall state more qualification information if the member status is identified as a director.

(2) Operation

1. BOD appointed the independent director Po-Young Chu, Che-Ho Wei and CPA Ze-Ren Huang to be members of compensation committee. The term of office is 3 years from June 27th 2012.
2. The compensation committee has held 4 meetings during 2012.

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Che-Ho Wei	4	0	100.00	Boarded on 2012.06.27.
Member	Po-Young Chu	4	0	100.00	Boarded on 2012.06.27
Member	Ze-Ren Huang	3	0	75.00	Boarded on 2012.06.27

Other information required to be disclosed:

1. The BOD has adopted the proposal by compensation committee without dissent
2. The participated members have approved the resolutions by compensation committee. without dissent

Note 1: (a) If the member 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-appointment before year-end, the new member along with the original ones shall be disclosed, and the date of member being appointed shall be stated. The actual rate of attendance shall be calculated according to the meetings held when he/she is at the post.

3.3.5 Social Responsibilities Implementation Status (such as environment protection, community participation, contribution to community, social service, charity, consumer rights, human rights and other social responsibilities):

Item	Implementation Status	Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reasons
<p>1. Exercising Corporate Governance</p> <p>(1) The company declares its corporate social responsibility policy and examines the results of the implementation.</p> <p>(2) The company establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies.</p> <p>(3) The company organizes regular training on business ethics and promotion of matters prescribed in the preceding Article for directors, supervisors and employees, and should incorporate the foregoing into its employee performance appraisal system to establish a clear and effective reward and discipline system.</p>	<p>The Company has set position for excess good corporate social responsibilities to follow the internal procedures and code of conduct, to disclose the related information, and to respect rights of the relevant parties, to run the business with fair competition with clear and definite system of rewards and penalties.</p>	<p>Sunplus has not established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”. But Sunplus has made internal rules regarding sustainability, environment protection, Labor Welfare, social service, charity, consumer rights, human rights and other social responsibilities</p>
<p>2. Fostering a Sustainable Environment</p> <p>(1) The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment.</p> <p>(2) The company establishes proper environmental management systems based on the characteristics of their industries.</p> <p>(3) The company establishes dedicated units or assigns dedicated personnel for environment management to maintain the environment.</p> <p>(4) The company monitors the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction.</p>	<p>Sunplus has established the environment protection system for fulfilling policies, social responsibilities and obligations.</p> <p>The Company keeps protecting environment and preventing pollution based on the related regulations of government and customers, and the Company establishes positions and environmental management system to verify and examine the validity of operation. The company also set up the priority to choose suppliers with environmentally responsible and processing rules of disposals to reduce the environmental impact. Meanwhile, Sunplus supplies customers with hazardous substances free (HSF) and satisfying products.</p>	<p>There is no clear policy for carbon reduction because the major business operations of the company are research and development.</p>
<p>3. Preserving Public Welfare</p> <p>(1) The company complies with relevant labor laws and regulations and respect the internationally recognized principles of fair labor right, protects the legal rights and interests of employees, and has in place appropriate management methods and procedures.</p> <p>(2) The company provides safe and healthy work environments for its employees, and organizes training on safety and health for its employees on a regular basis.</p> <p>(3) The company sets up communication system and fairly discloses the operation policies to employees</p> <p>(4) The company establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints.</p> <p>(5) The company cooperates with its suppliers to jointly foster a stronger sense of corporate social responsibility.</p> <p>(6) The company, through commercial activities, non-cash property endowments, volunteer service or other free professional services, participates in community development and charities events.</p>	<p>(1) The company complies with relevant labor laws and regulations, protects the legal rights and interests of employees, and provides the latest information to employees.</p> <p>(2) The company provides safe and healthy work environments by allocating sole-duty organization and employees to execute the matters concern to environment security and sanitation management according to Laws, to examine the working environment regularly to maintain the security of environment and equipment, to review the working environment and set up related devices with a standard higher than regulation, to hold the physical examination for new employees and the regular health examination for employees on the job with higher perception than laws. The company provides well training environment with alternative courses internally or externally.</p> <p>The company also discloses its operating results on its website and establish the communication channels with employees which they can access the results and express their opinions easily.</p> <p>(3) The company establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints.</p> <p>(4) The company has priority to choose suppliers with environmentally responsible.</p> <p>(5) The company encourages the employees to participate social community and charity activities. Meanwhile, the company holds the academic competing events for students in colleges in order to promote IC design programs and breed the talents.</p>	<p>Not Applicable</p>
<p>4. Enhancing Information Disclosure</p> <p>(1) The measures of disclosing relevant and reliable information relating to their corporate social responsibility.</p> <p>(2) The company produces corporate social responsibility reports disclosing the status of their implementation of the corporate social responsibility policy.</p>	<p>The Company has disclosed information regarding environment protection, Labor Welfare, social service, charity, consumer rights, and corporate governance other social responsibilities on the company’s website.</p>	<p>Sunplus has not established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”. Sunplus has made internal rules regarding sustainability, environment protection, Labor Welfare, social service, charity, consumer rights, human rights and other social responsibilities</p>
<p>5. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: Sunplus has not established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies”.</p>		
<p>6. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, other corporate social responsibilities and activities, and the status of implementation.):</p>		

None
7. If the products or corporate social responsibility reports have received assurance from external institutions, they should state so below: IECQ QC080000, ISO9001 and ISO14001 Certified

3.3.6 Implementation of Ethical Corporate Management

Sunplus discloses financial reports according to the regulations of the government.

In order to enhance transparency and protect shareholders' rights and interests, Sunplus announces financial results and business information on TSE and Sunplus' websites regularly.

Item	Implementation Status	Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
1. Promulgation ethical corporate management principles (1) The Company shall clearly specify ethical corporate management policies in their rules and external documents. The board of directors and the management level shall undertake to rigorously and thoroughly enforce such policies for internal management and external commercial activities. (2) The Company shall establish in their own ethical corporate management best practice principle comprehensive programs to forestall unethical conduct, including operational procedures, guidelines, and training. (3) When establishing the prevention program, the Company shall analyze which business activities within their business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures against offering and acceptance of bribes, Illegal political donations and so on.	Sunplus BOD has adopted "Procedures for Ethical Management and Guidelines for Conduct" on April 10 th , 2013, and submitted for approval by shareholders meeting 2013.	The Sunplus' code of conduct comply with "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct" issued per 12 August 2011 Public Announcement No. Taiwan-Stock-Listing-I-1000026933 of the Taiwan Stock Exchange Corporation
2. Implementation of ethical corporate management (1) The Company shall avoid having any dealings with persons who have any records of unethical conduct. When entering into contracts with other parties, The Company shall include in such contracts provisions demanding ethical corporate management policy compliance (2) This Corporation shall designate the responsible unit with respect to ethical corporate management of implementation. The BOD shall monitor the implementation regularly. (3) The Company shall promulgate policies for preventing conflicts of interests and offer appropriate means to voluntarily explain whether their interests would potentially conflict with those of the companies. (4) The companies shall establish effective accounting systems and internal control systems and Internal auditors shall periodically examine the compliance	The Company shall designate its Administration Division as the solely responsible unit (hereinafter, "responsible unit") in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall also submit regular reports to the board of directors.	None
3. The Company shall have in place a formal channel for receiving reports on unethical conduct, and establish a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules.	The Company has internal auditors who audit and report to BOD directly.	None
4. Disclose of its implementation of ethical corporate management (1) The company shall disclose the status of the enforcement of their own ethical corporate management best practice principles on their company websites (2) More disclosure than company's website	The Company shall disclose its "Procedures for Ethical Management and Guidelines for Conduct" on the Company's website after approval by its shareholders meeting on June, 11 th , 2013	None
5. If the Company has established its code of conduct on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe any discrepancy between the principles and their implementation: Sunplus BOD has adopted "Procedures for Ethical Management and Guidelines for Conduct" on April 10 th , 2013.		
6. Other important information to facilitate better understanding of the Company's implement of ethical corporate management: Integrity is one of the Company philosophy, we are engaged in commercial activities following the principles of fairness, honesty, faithfulness, and transparency to investors, customers, suppliers, and society from the 1 st day we set up. The Company has established the formal channel for employees report on unethical conduct via email. Meanwhile, the Company has long-term reliable collaboration with customers and suppliers with contracts provisions demanding ethical corporate management policy compliance.		

3.3.7 Other Corporate Governance Policies:

Sunplus has not established corporate governance principles, but the company has made internal rules regarding sustainability, environment protection, Labor Welfare, social service, charity, consumer rights, human rights and other social responsibilities

3.3.8 Other Matters Needed to Improve the Company's Implementation of Corporate Governance

None

3.3.9 Internal Control System Execution Status and Information

a) Statement of Internal Control System

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

Date: **April 10th, 2013**

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during **January 1st – December 31st, 2012**:

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 2012**, 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 2012** 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 **April 10th, 2013**, with all six attending directors expressing dissenting opinions, and the remainder all affirming the content of this statement.

Sunplus Technology Co., Ltd.



Chou-Chye Huang
Chairman & CEO

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

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

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

Date	Decision Maker	Case	Result
2012.06.18	Shareholders' Meeting	<ol style="list-style-type: none"> 1. Approval of 2011 business report and financial statements 2. Approval of appropriation of 2011 Losses 3. Amending the "Article of Incorporation 4. Amending "Procedures for the Acquisition or Disposal of Assets" 5. Amending "Operational Procedures for Loaning Funds to Others" 6. Amending the "Procedure of Engaging in Derivatives Trading" 7. Issuance of restricted stock for employees 8. Lifting ban on directors against joining competitors 	Approved as proposed without dissent.
2012.06.27	Board Meeting	<ol style="list-style-type: none"> 1. Election of chairman 2. Appointment of Compensation Committee 	Approved as proposed without dissent.
2012.08.15	Board Meeting	<ol style="list-style-type: none"> 3. Approval of 1H'2012 financial statements 4. Approval of 1H'2012 consolidated financial statements 	Approved as proposed without dissent.
2012.10.30	Board Meeting	<ol style="list-style-type: none"> 1. Amending the Internal managing principles 2. Approval of 3Q'2012 financial statements 3. Approval of 3Q'2012 consolidated financial statements 4. Reorganization 5. Long-term Investment 	Approved as proposed without dissent.
2013.02.27	Board Meeting	<ol style="list-style-type: none"> 1. Approval of 2012 financial statements 2. Lifting ban on directors against joining competitors 3. Discussion of 2013 shareholders' meeting 4. Personnel 	Approved as proposed without dissent.
2013.03.14	Board Meeting	<ol style="list-style-type: none"> 1. Approval of 2012 consolidated financial statements 2. Disposal of Long-term Investment 	Approved as proposed without dissent.
2013.04.10	Board Meeting	<ol style="list-style-type: none"> 1. Business report of 2012 2. Appropriation of 2012 Losses 3. Discussion of 2013 shareholders' meeting 4. Disposal of Long-term Investment 	Approved as proposed without dissent.

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

None

3.3.13 Information Regarding the Relief and Resignation of Personnel Responsible for Preparing Financial Reports

March 31st, 2013

Title	Name	Date Boarded	Date Discharged	Reason
Assistant VP	Tzu-Hsin Wang	2011.05.01	2012.11.01	Internal adjustment
Vice President	Steven Huang	2004.05.07	2013.02.01	Internal adjustment
Director of Finance & Accounting Division	Piper Hung	2007.11.05	2013.03.01	Internal adjustment

3.4 Audit Fees

Audit Firm	Name of Auditor		Duration of auditing	Remarks
Deloitte & Touche	Tung-Hui Yeh	Hung-Peng Lin	2012.01.01~2012.12.31	

Amount	Item	Audit fee	Non-audit fee	Total
1.	Under NT\$2,000,000		✓	
2.	NT\$2,000,000~ NT\$4,000,000			
3.	NT\$4,000,000~ NT\$6,000,000	✓		
4.	NT\$6,000,000 ~ NT\$8,000,000			✓
5.	NT\$8,000,000 ~ NT\$10,000,000			
6.	Over NT\$10,000,000			

3.5 Replacement of Auditors

Not applicable

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

Not applicable

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	2012		Ended of April 13th, 2013	
		Shareholding Increased (decreased)	Shares Pledged (Released)	Shareholding Increased (decreased)	Shares Pledged (Released)
Chairman	Chou-Chye Huang	0	(13,526,414)	0	(7,000,000)
Director	Wen-Shiung Jan	0	0	0	0
Director	Global View Co., Ltd.	0	0	0	0
Director	Higherway Electronic Co., Ltd.	0	0	0	0
Independent Director	Po-Young Chu	0	0	0	0
Director	Che-Ho Wei	0	0	0	0
Supervisor	De-Zhong Liu	0	0	0	0
Supervisor	Pei-Yu Lee	0	0	0	0
Supervisor	Wei-Min Lin	0	0	0	0
President	Archie Yeh	0	0	0	0
VP	Steven Huang	0	0	0	0
VP	Wayne Shen	0	0	0	0
AVP	Johnson Hung	0	0	0	0
Director of Finance & Accounting Division	Shu-Chen Cheng (2013.03.01 boarded)	0	0	0	0
AVP	Tzu-Hsin Wang (2012.11.01 discharged)	0	0	0	0
AVP	William Ma (2012.10.12 discharged)	0	0	0	0
Director of Finance & Accounting Division	Piper Hung (2013.03.01 discharged)	0	0	0	0

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

Ended of April 13th, 2013

Name (Note 1)	Reason of Pledge (Note 2)	Date of Change	Name of Counter Party	Nature of Relationship	Amount of Shares	Percentage of Shareholding	Percentage of Shares Pledge	Transaction Price
Chou-Chye Huang	Pledge	2012.05.21	Far Eastern International Bank, Hsinchu Scientific Park Branch	-	8,160,260	15.54%	43.37%	-
Chou-Chye Huang	Released	2012.04.12	Standard Chartered Bank (Taiwan) Limited, Hsinchu Scientific Park Branch		6,008,890	15.54%	43.37%	
Chou-Chye Huang	Released	2012.04.13	Far Eastern International Bank, Hsinchu Scientific Park Branch		10,765,929	15.54%	43.37%	
Chou-Chye Huang	Released	2012.04.13	Mega International Commercial Bank, Hsinchu Scientific Park Hsin-An Branch		4,911,855	15.54%	43.37%	
Chou-Chye Huang	Released	2013.03.29	Far Eastern International Bank, Hsinchu Scientific Park Branch		7,000,000	15.54%	43.37%	

Note 1: Including Directors, supervisors, managers and shareholders holding more than 10%

Note 2: 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%	-	-	Lin-Shih	Board Director of Lin-Shih Investment
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
Chih-Hao King	8,697,160	1.46%	771,433	0.12%	-	-	-	-
Citibank in custody for emerging market investment	8,214,620	1.38%	-	-	-	-	-	-
China Trust Bank in custody for Sunplus employee shareholding trust	7,380,999	1.24%	-	-	-	-	-	-
Wen-Qin Lee	7,182,756	1.20%	1,647,542	0.28%	-	-	-	-
Bin Huang Shih	6,315,505	1.06%	1,576,085	0.26%	-	-	Global View	Board Director
Chen Lin	3,964,000	0.66%	-	-	-	-	-	-
Lin-Shih Investment	3,559,996	0.60%	-	-	-	-	Chou-Chye Huang	Board Director

3.9 Long-term Investment Ownership

December 31st, 2012/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	19	10,607	2	95,259	21
Generalplus Technology	37,324	34	19,301	18	56,625	52
Sunext Technology	38,837	61	8,251	13	47,088	74
Orise Technology	47,290	34	865	1	48,155	35
Sunplus Core Technology	16,770	99	26	-	16,796	99
Sunplus mMobile Inc.	48,999	99	-	-	48,999	99
HT mMobile Inc.	56,448	32	40,695	23	97,143	55
Sunplus Innovation Technology	31,450	63	3,794	8	35,244	71
Sunplus mMedia Inc.	12,441	83	2,488	16	14,929	99
iCatch Technology Inc.	20,735	38	4,146	7	24,881	45
Ritek Corp.	5,000	-	833	-	5,833	-
Global View Co., Ltd.	13,568	13	25	-	13,593	13

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

IV. Capital & Shares

4.1 Capitalization

April 13th, 2013

Month/Year	Price (NT\$)	Authorized capital		Issued capital		Funding (NT\$K)	Remark	
		Shares (thousand shares)	Amount (NT\$K)	Shares (thousand shares)	Amount (NT\$K)		Funding Except Cash	Note
08/1990	10	2,300	23,000	620	6,200	Cash Offering 6,200	None	Not IPO yet
08/1990	10	2,300	23,000	1,150	11,500	Cash Offering 5,300	None	Not IPO yet
03/1992	10	2,300	23,000	2,300	23,000	Cash Offering 11,500	None	Not IPO yet
12/1993	10	6,000	60,000	6,000	60,000	Cash Offering 20,900 Capitalization of Profits 16,100	None	Not IPO yet
09/1994	10	19,800	198,000	19,800	198,000	Cash Offering 60,000 Capitalization of Profits 78,000	None	Not IPO yet
06/1995	10	39,600	396,000	39,600	396,000	Capitalization of Profits 198,000	None	06/28/1995 SFC No. 37335
06/1996	10	64,360	643,600	64,360	643,600	Capitalization of Profits 247,600	None	06/26/1996 SFC No. 40155
06/1997	10	105,500	1,055,000	105,500	1,055,000	Capitalization of Profits 411,400	None	06/10/1997 SFC No.46641
06/1998	10	184,000	1,840,000	184,000	1,840,000	Capitalization of Profits 785,000	None	06/08/1998 SFC No.49408
06/1999	10	269,120	2,691,200	269,120	2,691,200	Capitalization of Profits 851,200	None	06/23/1999 SFC No.57760
06/2000	10	600,000	6,000,000	370,000	3,700,000	Capitalization of Profits 1,008,800	None	06/03/2000 SFC No.48003
09/2000	10	600,000	6,000,000	390,000	3,900,000	Cash Offering for GDR 200,000	None	09/18/2000 SFC No 72620
06/2001	10	700,000	7,000,000	534,000	5,340,000	Capitalization of Profits 1,440,000	None	06/27/2001 SFC No 140791
12/2001	10	700,000	7,000,000	544,742	5,447,424	Merger from Grandtech 10,742	None	12/12/2001 SFC No 173137
06/2002	10	1,000,000	10,000,000	694,950	6,949,500	Capitalization of Profits 957,334 And Capital Surplus 544,742	None	05/30/2002 SFC No.129546
07/2003	10	1,000,000	10,000,000	777,504	7,775,040	Capitalization of Profits 130,590 And Capital Surplus 694,950	None	05/22/2003 SFC No.0920122560
06/2004	10	1,000,000	10,000,000	875,254	8,752,544	Capitalization of Profits 355,500 And Capital Surplus 622,004	None	06/15/2004 SFC No.0930126644
07/2005	10	1,050,000	10,500,000	945,570	9,455,700	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	10,500,000	948,147	9,481,472	Employee Stock Option 25,772	None	TSE No.09400340711
03/2006	10	1,050,000	10,500,000	948,730	9,487,297	Employee Stock Option 5,825	None	TSE No.09500052761
06/2006	10	1,050,000	10,500,000	949,784	9,497,844	Employee Stock Option 10,547	None	TSE No.09500116511
06/2006	10	1,200,000	12,000,000	1,021,358	10,213,578	Capitalization of Profits 508,844 And Capital Surplus 189,230 Employee Stock Option 17,660	None	FSC No.0950126238
11/2006	10	1,200,000	12,000,000	1,022,777	10,227,773	Employee Stock Option 14,195	None	TSE No.0950030505
01/2007	10	1,200,000	12,000,000	512,212	5,122,119	Capital Reduction 5,114,358 Employee Stock Option 8,703	None	FSC No.0950159014
03/2007	10	1,200,000	12,000,000	512,954	5,129,537	Employee Stock Option 7,418	None	TSE No.0960005441
09/2007	10	1,200,000	12,000,000	554,240	5,542,399	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	12,000,000	556,051	5,560,514	Employee Stock Option 18,115	None	TSE No.0960037136
03/2008	10	1,200,000	12,000,000	556,750	5,567,504	Employee Stock Option 6,990	None	TSE No.09700075761
05/2008	10	1,200,000	12,000,000	556,893	5,568,931	Employee Stock Option 1,427	None	TSE No.09700142371
09/2008	10	1,200,000	12,000,000	598,203	5,982,028	Capitalization of Profits 301,637 And Capital Surplus 111,092 Employee Stock Option 368	None	FSC No.0970036239
02/2009	10	1,200,000	12,000,000	596,910	5,969,099	Treasury Stock write-off 12,929	None	TSE No.0980003591

April 13th, 2013/Unit: shares

Type	Authorized Capital				Remark
	Issued Shares	Treasury Stock Shares	Un-issued Shares	Total	
Common Share	591,994,919	4,915,000	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

April 13th, 2013/Unit: shares, %

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Retail investors	Treasury Stock	Total
Persons	2	5	99	116	53,632	1	53,855
Shares	174	7,424,411	29,219,548	33,279,241	522,071,545	4,915,000	596,909,919
Shareholding	0.00%	1.24%	4.90%	5.58%	87.46%	0.82%	100.00%

4.1.2 Distribution Profile of Shareholder Ownership – Common Share

April 13th, 2013/Par value per share: NT\$10

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned (shares)	Holding (%)
1~999	19,128	3,591,756	0.60%
1,000~5,000	22,887	51,725,635	8.67%
5,001~10,000	5,639	43,635,780	7.31%
10,001~15,000	1,892	23,129,412	3.87%
15,001~20,000	1,180	21,732,390	3.64%
20,001~30,000	1,096	27,851,135	4.67%
30,001~40,000	500	17,740,082	2.97%
30,001~50,000	358	16,506,693	2.77%
50,001~100,000	648	46,394,798	7.77%
100,001~200,000	284	39,791,787	6.67%
200,001~400,000	131	36,274,021	6.08%
400,001~600,000	37	18,360,455	3.08%
600,001~800,000	18	12,489,719	2.09%
800,001~1,000,000	13	11,711,846	1.96%
Over 1,000,001	44	225,974,410	37.85%
Total	53,855	596,909,919	100.00%

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not Applicable

4.1.4 Major Shareholders

April 13th, 2013

Name	Shareholding	Shares Owned	Holding %
Chou-Chye Huang		92,737,817	15.54%
De-Zhong Liu		13,045,795	2.19%
Global View Co., Ltd.		10,038,049	1.68%
Chih-Hao King		9,389,160	1.46%
Citibank in custody for emerging market investment		8,214,620	1.38%
China Trust Bank in custody for Sunplus employee shareholding trust		7,380,999	1.24%
Wen-Qin Lee		7,182,756	1.20%
Bing Huang Shih		6,315,505	1.06%
Chen Lin		3,964,000	0.66%
Lin-Shih Investment		3,559,996	0.60%

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

Item	Year	Ended of March 31st, 2013			
		2011	2012	2013	
Market Price	Highest	23.90	13.25	9.90	
	Lowest	8.81	7.61	8.51	
	Average	15.54	9.64	9.14	
Net Worth	Before Distribution	15.18	16.19	14.39	
	After Distribution	15.18	(Note 1)	(Note 1)	
Earnings Per Share	Weighted Average Shares	589,826,704	588,434,923	588,434,923	
	EPS (Note 2)	Before Adjustment	(3.37)	(1.15)	(0.07)
		After Adjustment	(3.37)	(Note 1)	-
Dividends Per Share	Cash Dividends	-	(Note 1)	-	
	Stock Dividends	From Profits	-	(Note 1)	-
		From Surplus	-	(Note 1)	-
	Accumulated Undistributed Dividends	-	(Note 1)	-	
Return on Investment	Price/Earnings Ratio (Note 3)	(Note 6)	(Note 6)	-	
	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 Act" 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

No distribution this year.

c) Expected Variation: None

4.1.7 Impact to Profits and EPS Resulting from Dividend Distribution

Due to no official financial guidance for 2013, 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"**

When allocating the net profits of each fiscal year, the Company should pay the taxes and make up the losses in previous years; and then shall set aside 10% of the rest after paying tax and making up loss as a legal capital reserve until the accumulated legal capital reserve has equaled the total capital of the Company; and then set aside the special capital reserve in accordance with relevant regulations by the competent authorities. After legal and special capital reservations, the remaining earnings available for distributing will be allocated as the following sequence, however, the Company can adjust the actual ratio of cash dividend and profit allocation because of profitability and cash flow, which should be determined and approved by the shareholders' meeting:

- (1) Up to 6% of the outstanding capital stock will first be paid as dividends.
- (2) Besides 1.5 % of the balance profits after item (1) shall be allocated as bonus to the Directors and Supervisors; at least 1% of the balance profits after item (1) shall be allocated as bonus to employees of the Company. The Company may issue stock bonuses to employees of the affiliated companies meeting the conditions set by the Board Meeting.
- (3) The leftovers after item (1) & (2) may be distributed as additional dividends. The cash dividends shall be at least 10% among the additional dividends paid/distributed, but the Company shall give up distributing cash dividend if the cash dividend is less than NT\$0.5 per share.

If there is any deduction from shareholder equity accumulated in prior year, or the net profit is not enough to offset the deduction from shareholder equity occurred in the same fiscal year, the Company should set aside the equivalent special reserve from the un-appropriated prior years' earnings to make up the deduction before distributing the profit.

b) **BOD Proposal to Distribute Profits as Bonus to Employees, Directors, and Supervisors**

The BOD meeting proposed not to distribute the profits in 2012.

c) **Bonus to Employees, Directors, and Supervisors for last fiscal year**

Approval by shareholders' meeting on June 18th, 2012, the company decided not to distribute the profits of 2011.

4.1.9 Buyback of Common Shares

March 31st, 2013

Fourth Buyback Program	
Purpose of shares repurchase	To transfer to employees
Scheduled period for the repurchase	2011/03/01~2011/04/30
Repurchase price range	NT\$16~NT\$22
Number of shares repurchased	4,915,000 shares
Total monetary amount of shares repurchased	NT\$91,835,671
Number of shares transferred or write-off	0
Cumulative number of own shares held	4,915,000 shares
Ratio of cumulative number of own shares held during the repurchase period to the total number of the Company's issued shares	0.82%

4.2 Issuance of Corporate Bonds

None

4.3 Preferred Shares

None

4.4 Issuance of GDR

March 31st, 2013

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		14,737,222.5	
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		N/A	
Depository Bank		The Bank of New York	
Custodian Bank		Mega International Commercial Bank	
GDRs Outstanding		176,225 units	
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	2012	Highest	US\$0.86
		Lowest	US\$0.52
		Average	US\$0.65
	Ended of March 31st, 2013	Highest	US\$0.66
		Lowest	US\$0.58
		Average	US\$0.62

4.5 Employee Stock Options Plan

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

March 31st, 2013

Employee Stock Option	Year 2007	
	1st Grant	2nd 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)	N/A	N/A
Shares Unexercised	12,349,742	6,299,902
Grant Price per Unexercised Shares	NT\$37.90	NT\$38.30
Percentage of Unexercised Shares to Outstanding Common Shares	2.07%	1.06%
Impact to Shareholders' Equity	Limited dilution to shareholders' equity	

Note 1: The rights and obligations of employee stock options are the same as common shares.

4.5.2 Stock Option to Management Team and Top 10 Individual over NT\$30 million

a) Stock option 1st Grant in 2007

April 13th, 2013

Title	Name	Amount of Options Granted (shares)	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	515,938	0.09%	515,938	37.90	19,554,050	0.09%
VP	Wayne Shen						

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

b) Stock option 2nd Grant in 2007

April 13th, 2013

Title	Name	Amount of Options Granted (shares)	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	217,591	0.04%	217,591	38.30	8,333,735	0.04%
VP	Wayne Shen						

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

4.6 Restricted Employees Stock

Not applicable

4.7 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

CC01080 Manufacturing of electronic component

I501010 Product Designing

F401010 International Trading

I301010 Software Design Services

I301020 Data Processing Services

R&D, Manufacturing, Testing, Selling of

(1) ICs

(2) modules

(3) Application software

(4) IPs

(5) Trading and Agency Business of ICs

b) Product Segments and Sales Amount

Unit: NT\$K, %

Product Categories	2012	
	Amount	Percentage
Multimedia ICs	3,099,497	98.67
Other ICs	41,663	1.33
Total	3,141,160	100.00

c) Product Lines

(1) DVD/BD IC: Applications such as DVD player, Portable/pocket DVD player, Car CD/DVD/BD player

(2) Set-up-box IC: Solutions applied to Satellite, Terrestrial, Cable and Internet STB

(3) IPs: high-speed I/O IP, high performance data conversion IP (ADC/DAC/AFE), and analog IP

d) New Products

(1) In- Car DVD

(2) In-Car CD/MP3 player

(3) Portable and Car DVD IC

(4) HD STB IC for DVB-S2

(5) HD STB IC for DVB-T2

(6) High-speed I/O IP

(7) High performance data conversion IP (ADC/DAC/AFE)

(8) Analog IP

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 DVD, set-top-box and etc.

At present, our main competitors are Mediatek, ALi and Novatek.

6.1.3 Technology and Development

a) R&D expenditure

Unit: NT\$K, %

Item	Year	2012		Ended March 31st, 2013	
		Amount (NT\$K)	Percentage (%)	Amount (NT\$K)	Percentage (%)
Expense		1,137,173		203,929	
Percentage to Revenue		36%		30%	

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) Video decoding technology for video player, TV game consoles, LCD TV, and DTV

6.1.4 Business Plan

While the concept of “digital home” is getting an ideal and desired life style, the home entertainment IC market will be very potential and highly growing. The analog switch-off to digital broadcasting will boost the demand for IC solutions of digital HD set-top-box.

The in-car entertainment and navigator system is getting popular so that the automobile application will be a very potential growing market. “Car” will be a very important growing application for semiconductor industry with computer, consumer and communication.

For Sunplus has been working on multimedia IC R&D for years and accumulating a lot of IPs, Sunplus starts IP licensing business to help the IC designers build cost-effective and competitive products, creating a high quality and fast time-to-market experience for SoC projects in high-speed I/O IP, high performance data conversion IP (ADC/DAC/AFE), and analog IP development for a broad range of applications, such as consumer, portable, and connected devices.

Sunplus will keep expanding our business on highly valued products such as in-car DVD and HD STB as well as IP licensing for new growth driver and working on the home entertainment IC market, developing multimedia SoCs and IPs and carry on providing total IC solutions to the customers with best cost performance to expand our worldwide market shares.

6.2 Market Status

6.2.1 Market Analysis

a) Market Analysis by Region

Unit: NT\$K, %

Area	2012	
	Amount (NT\$K)	Percentage (%)
Hong Kong	2,878,581	91.64
Taiwan	189,049	6.02
Others	73,530	2.34
Total	3,141,160	100.00

b) Market Share

According to the statistics provided by Taiwan Semiconductor industry Association, the revenue of Taiwan IC design companies could reach NT\$411.5 billion, and Sunplus took around 0.76% market share with 2012 revenue of NT\$3.14 billion.

c) Demand and Growth

Because the analog broadcasting has been switched off to digital broadcasting and the plentiful and interesting contents can be shared via internet easily, the consumers could enjoy better image quality and wonderful experience of home entertainment. Therefore, the demands of home entertainment applications boost in recent years. The market survey institution reports the worldwide shipment of STB will be more than 220 million sets in 2015 and also indicates the controller chips of home entertainment applications very potential markets.

The market survey institution forecasts that will be 43% of new car will be equipped with embedded multimedia navigation system worldwide, in developed market furthermore, the embedded multimedia navigation system will be the standard equipment for cars. The automobile will be a very important growing application for semiconductor industry with computer, consumer and communication.

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 January 31st 2013, Sunplus has totaled 427 patents in Taiwan, 392 patents in P.R.C., 328 patents in U.S.A and 55 patents in others courtiers.**

(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.

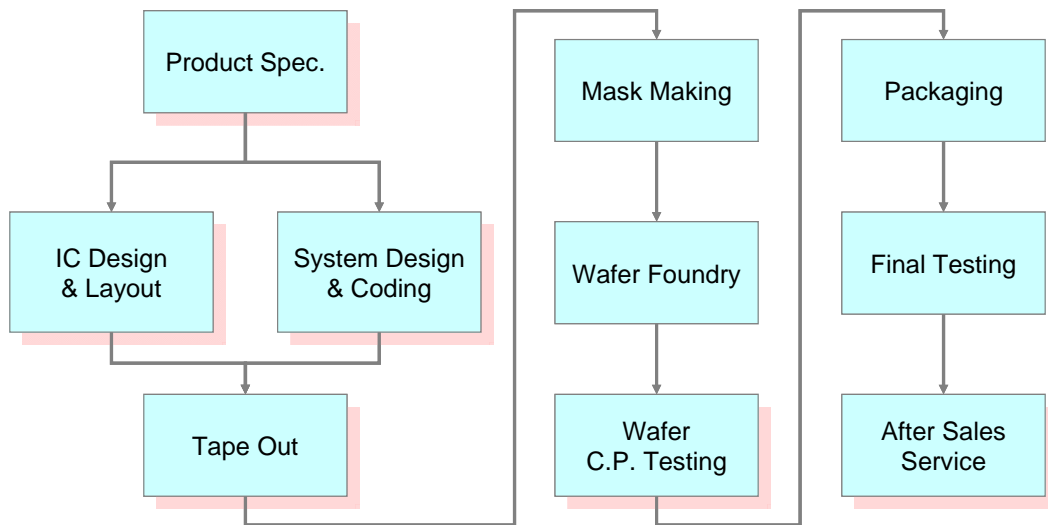
- (2) Advantages
 - (a) Sunplus offers high value-added products to enable customer to win the market.
 - (b) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.
 - (c) Sunplus has strong IC design capability to meet customers' requirements for time to market and costs reduction.
 - (d) 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 competitors are mainly international and big IC design companies.
 - (b) 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

- (1) DVD/BD IC: Applications such as DVD player, Portable/pocket DVD player, Car CD/DVD/BD player
- (2) Set-up-box IC: Solutions applied to Satellite, Terrestrial, Cable and Internet STB
- (3) TV IC: Products applied to TV and Monitor

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, UMC, GLOBALFOUNDRIES and Dongbu, whose wafer supplements are sufficient and stable.

6.2.4 Major Customers and Suppliers in the Recent Two Years

a) Major Customers

Unit: NT\$K

2011				2012				End of March, 31, 2013			
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	1,356,874	37.69	No	A	1,314,422	41.85	No	A	257,974	37.84	No
B	912,920	25.36	No	B	806,522	25.67	No	B	207,597	30.45	No
C	504,895	14.03	No	C	369,290	11.76	No	C	113,193	16.60	No
Others	825,058	22.92		Others	650,926	20.72		Others	103,069	15.11	
Net sales	3,599,747	100.00		Net sales	3,141,160	100.00		Net sales	681,833	100.00	

b) Major Supplier

Unit: NT\$K

2011				2012				End of March, 31, 2013			
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	843,951	78.03	No	A	1,233,994	64.74	No	A	115,575	97.22	No
B	226,608	20.95	No	B	419,747	22.02	No	B	3,308	2.78	No
C	8,253	0.76	No	C	247,486	12.98	No	C	-	-	No
Others	2,733	0.26		Others	4,740	0.26		Others	-	-	
Net purchase	1,081,545	100.00		Net purchase	1,905,967	100.00		Net purchase	118,883	100.00	

6.2.5 Production

Unit: thousand pcs, NT\$K

Year \ Product	2011			2012		
	Capacity	Output	Value	Capacity	Output	Value
Multimedia ICs	-	84,972	2,590,602	-	80,018	2,382,035
Other ICs	-	-	-	-	-	-
Total	-	84,972	2,590,602	-	80,018	2,382,035

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

6.2.6 Sales

Unit: thousand pcs, NT\$K

Year \ Product	2011				2012			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Multimedia IC	3,170	213,239	77,811	3,331,083	2,249	149,693	67,474	2,949,804
Other ICs	-	52,977	-	2,448	-	38,082	-	3,581
Total	3,170	266,216	77,811	3,333,531	2,249	187,775	67,474	2,953,385

6.3 Personnel Structure

Year		2011	2012	End of March 31, 2013
Workforce Structure by Job Function	R&D	440	402	336
	Production	68	61	59
	Administration	103	71	65
	Total	611	534	460
Average Age		34.7	35.5	35.6
Average Years Served		5.2	6.0	6.2
Workforce Structure by Education Degree	Ph.D.	3%	3%	3%
	Master	69%	68%	66%
	Bachelor	21%	22%	23%
	Other Higher Education	5%	5%	6%
	High School	2%	2%	3%
Total		100%	100%	100

6.4 Environmental Protection & Expenditures

6.4.1 Environmental Protection

Sunplus does not violate any EPA regulation regarding pollutants and environmental protection.

To adhere to the conception of Earth Vision, Sunplus has established the environment protection system for fulfilling policies, social responsibilities and obligations, and been ISO-14001 certified.

To reduce the environmental impact of E-Waste, Sunplus supplies customers with hazardous substances free (HSF) and satisfying products, and has been IECQ QC080000 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.**

- (1) To examine the working environment regularly to maintain the security of environment and equipment.
- (2) To review the working environment and set up related devices with a standard higher than regulation.
- (3) 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 131person-times of external professional training courses & 50courses for internal training in 2011. (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

VII. Financial Statements

7.1 Condensed Financial Statement and Auditors' Opinions by adopting IFRSs

7.1.1 Condensed Balance Sheet by adopting IFRSs

Unit: NT\$K

Item	Year	Recent 5 Years (Note 1)					End of March 31, 2013 (Note 1)
		2008	2009	2010	2011	2012	
Current Assets							8,481,915
Long-term Investment							2,150,640
Fixed Assets							408,201
Intangible Assets							3,248,453
Other Assets							14,289,209
Total Assets							8,481,915
Current Liabilities	Before Distribution						2,625,217
	After Distribution						(Note 2)
Non-Current Liabilities							1,543,187
Total Liabilities	Before Distribution						4,168,404
	After Distribution						(Note 2)
Equity Attributed to Shareholder of the parent							8,587,195
Capital Stock							5,969,099
Capital Surplus							937,764
Retain Earnings	Before Distribution						1,670,070
	After Distribution						(Note 2)
Unrealized Gain (Loss) on Financial Merchandise							165,498
Cumulative translation adjustments							(155,236)
Unrealized Net Loss on the Costs of Pensions							1,533,610
Total Equity	Before Distribution						10,120,805
	After Distribution						(Note 2)

Note 1: Figures of 1Q'2013 are audited

Note 2: Appropriation of 2012 is waiting to be approved in Shareholders' Meeting.

7.1.2 Condensed Income Statement adopting IFRSs

Unit: NT\$K

Item	Year	Recent 5 Years (Note 1)					End of March 31, 2013 (Note 2)
		2008	2009	2010	2011	2012	
Net Sales							1,751,874
Gross Profit(Loss)							694,457
Income from Operation(Loss)							(86,529)
Non-operating Income (Expense)							46,692
Income (Loss) Before Tax							(39,837)
Income(Loss) From Operations of Continued Segments(Loss)							(39,837)
Income(Loss) From Operations of Discontinued Segments							0
Consolidated Net Income (Loss)							(46,708)
Other comprehensive income (Loss) for the period, net of income tax							65,004
Total Comprehensive Income(Loss) for the Period							18,296
Net Profit(Loss) Attributable to: Owner of the Company							(43,950)
Net Profit (Loss) Attributable to: Non-controlling interests							(2,758)
Total Comprehensive Income (Loss) Attributable to: Owner of the Company							17,900
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests							396
Earnings per share (Loss)							(0.07)

Note 1: Figures are audited for the past-5 years

Note 2: Figures of 1Q'2013 are audited

7.2 Condensed Financial Statement and Auditors' Opinions by Taiwan GAAP

7.2.1 Condensed Balance Sheet -Taiwan GAAP

Item	Year	For recent 5 years (Note 1)				
		2008	2009	2010	2011	2012
Current Assets		2,837,092	6,227,432	5,609,370	3,422,494	4,102,736
Long-term Investment		7,445,768	8,161,338	8,544,972	6,445,698	7,343,777
Fixed Assets		836,326	843,627	784,822	721,693	764,855
Intangible Assets		551,787	318,756	216,747	269,542	253,732
Other Assets		1,260,233	849,309	443,536	407,443	169,124
Total Assets		12,931,206	16,400,462	15,599,447	11,266,870	12,634,224
Current Liabilities	Before Distribution	1,731,341	2,592,439	2,547,924	2,012,399	1,615,699
	After Distribution	1,731,341	2,592,439	3,025,452	2,012,399	(Note 2)
Long-term Liabilities		0	1,257,500	75,500	0	1,223,194
Other Liabilities		249,443	239,953	212,099	192,543	133,108
Total Liabilities	Before Distribution	1,980,784	4,089,892	2,835,523	2,204,942	2,972,001
	After Distribution	1,980,784	4,089,892	3,313,051	2,204,942	(Note 2)
Capital Stock		5,982,028	5,969,099	5,969,099	5,969,099	5,969,099
Capital Surplus		1,587,558	1,871,301	1,969,595	1,730,465	1,716,655
Retain Earnings	Before Distribution	3,924,634	4,306,149	5,079,860	2,617,410	1,940,440
	After Distribution	3,924,634	4,306,149	4,602,332	2,617,410	(Note 2)
Unrealized Gain (Loss) on Financial Merchandise		(561,966)	116,449	(172,567)	(1,190,315)	188,110
Cumulative translation adjustments		149,639	110,973	(18,662)	90,505	3,155
Unrealized Net Loss on the Costs of Pensions		0	0	0	0	0
Total Equity	Before Distribution	10,950,422	12,310,570	12,763,924	9,061,928	9,662,223
	After Distribution	10,950,422	12,310,570	12,286,396	9,061,928	(Note 2)

Note 1: Figures are audited for the past-5 years

Note2: The appropriation of loss in 2012 is waiting for approval by shareholders' meeting.

7.2.2 Condensed Income Statement-Taiwan GAAP

Unit: NT\$K

Item	Year	For recent 5 years (Note 1)				
		2008	2009	2010	2011	2012
Net Sales		6,093,179	7,349,600	6,129,584	3,599,747	3,141,160
Gross Profit		2,357,964	2,434,607	2,255,319	958,074	1,094,491
Income from Operation		516,709	586,440	336,416	(554,981)	(377,320)
Non-operating Income		727,781	665,689	849,816	343,330	103,710
Non-operating Expense		1,084,466	554,466	40,159	1,557,724	403,360
Income From Operations of Continued Segments-Before Tax		160,024	697,663	1,146,073	(1,769,375)	(676,970)
Income From Operations of Continued Segments-After Tax		8,383	381,515	773,711	(1,984,922)	(676,970)
Income From Operations of Discontinued Segments		0	0	0	0	0
Extraordinary Gain (Loss)		0	0	0	0	0
Cumulative Effect of Changes in Accounting Principles		0	0	0	0	0
Net Income		8,383	381,515	773,711	(1,984,922)	(676,970)
EPS		0.01	0.64	1.30	(3.37)	(1.15)
Adjusted EPS		0.01	0.64	1.29	(3.37)	(1.15)

Note 1: Figures are audited for the past-5 years

7.2.3 Auditors' Opinions

Year	CPA	Audit Opinion
2008	Hung-Peng Lin, Shu-Chieh Huang	An unqualified opinion with expletory
2009	Tung-Hui Yeh, Hung-Wen Huang	An unqualified opinion with expletory
2010	Tung-Hui Yeh, Hung-Wen Huang	An unqualified opinion
2011	Tung-Hui Yeh, Hung-Peng Lin	An unqualified opinion
2012	Tung-Hui Yeh, Hung-Peng Lin	An unqualified opinion

7.3 Financial Analysis for recent 5 years

7.3.1 Financial Analysis (consolidated by IFRSs)

Analysis Item	Year	Recent 5 years					End of March 31, 2013 *NOTE 1
Capital Structure	Debts ratio (%)						29.17
	Long-term fund to Property, plant and equipment (%)						525.10
Liquidity	Current ratio (%)						323.09
	Quick ratio (%)						254.88
	Times interest earned (times)						*NOTE 4
Operating Performance	Average collection turnover (times)						5.50
	Average collection days						66
	Inventory turnover (times)						2.59
	Payment turnover (times)						5.38
	Average inventory turnover days						141
	Fixed assets turnover (times)						3.24
	Property, plant and equipment turnover (times)						0.49
Profitability	Return on total assets (%)						(1.23)
	Return on stockholders' equity (%)						(1.84)
	Operating income to paid-in capital (%)						(1.45)
	Profit before tax to paid-in capital (%)						(0.67)
	Profit after tax to net sales (%)						(2.67)
	Earnings per share (NT\$)						(0.07)
Cash Flow	Cash flow ratio (%)						13.02
	Cash flow adequacy ratio (%)						85.03 *NOTE 2
	Cash flow reinvestment ratio (%)						2.73
Leverage	Operating leverage						*NOTE 3
	Financial leverage						*NOTE 3
Variation Analysis 2012 vs. 2011 2013 is the first year adopting IFRSs.							

1. Capital Structure Analysis

- (1) Debts ratio = Total Liabilities/Total Assets
- (2) Long term fund to **Property, plant and equipment** = (Total Equity + Non-Current Liabilities)/ **Property, plant and equipment**

2. Liquidity Analysis

- (1) Current Ratio = Current Assets/Current Liabilities
- (2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses)/Current Liabilities
- (3) Times Interest Earned = Earnings before Interest and Taxes/Interest Expenses

3. Operating Performance Analysis

- (1) Average Collection Turnover = Net Sales/Average Trade Receivables
- (2) Average Collection Days = 365/Receivables Turnover Rate
- (3) Average Inventory Turnover = Cost of Sales/Average Inventory
- (4) Average Payment Turnover = Cost of Sales/Average Trade Payables
- (5) Average Inventory Turnover Days = 365/Average Inventory Turnover
- (6) **Property, plant and equipment** Turnover = Net Sales/ **Average Property, plant and equipment**
- (7) Total Assets Turnover = Net Sales/**Average** Total Assets

4. Profitability Analysis
- (1) Return on Total Assets = $\{\text{Net Income} + \text{Interest Expense} \times (1 - \text{Effective tax rate})\} / \text{Average Total Assets}$
 - (2) Return Ratio on Stockholders' Equity = $\text{Net Income} / \text{Average Total Equity}$
 - (3) Profit after Tax to Net Sales = $\text{Net Income} / \text{Net Sales}$
 - (4) Earnings Per Shares = $(\text{Net Profit Attributable to Owner of the Company} - \text{Preferred Stock Dividend}) / \text{Weighted Average Number of Shares Outstanding}$
5. Cash Flow
- (1) Cash Flow Rate = $\text{Net Cash Provided by Operating Activities} / \text{Current Liabilities}$
 - (2) Cash Flow Adequacy Ratio = $\text{Five-Year Cash from Sum of Operations} / (\text{Five-Year Capital Expenditure} + \text{Inventory Increase} + \text{Cash Dividend})$
 - (3) Cash flow reinvestment ratio = $(\text{Net Cash Provided by Operating Activities} - \text{Cash Dividend}) / (\text{Property, plant and equipment} + \text{Long-term Investment} + \text{Other Non-current Assets} + \text{Working Capital})$
6. Leverage
- (1) Operating Leverage = $(\text{Net Sales} - \text{Operating Expenses \& Cost}) / \text{Operating Income}$
 - (2) Financial Leverage = $\text{Operating Income} / (\text{Operating Income} - \text{Interest Expenses})$

Note 1: Figures of 1Q'2013 have been audited.

Note 2: Cash flow adequacy ratio is calculated based on the data by Taiwan GAAP for past 5 years.

Note 3: Figures not listed due to operating loss.

Note 4: Figures not listed due to net loss before tax.

7.3.2 Financial Analysis (Standalone) by Taiwan GAAP

Analysis		Year	Fore recent 5 years (Note 1)				
			2008	2009	2010	2011	2012
Capital Structure	Debts ratio (%)		15.32	24.94	18.18	19.57	23.52
	Long-term fund to fixed assets (%)		1,309.35	1,608.3	1,635.97	1,255.65	1,423.20
Liquidity	Current ratio (%)		163.87	240.22	220.15	170.07	253.93
	Quick ratio (%)		100.11	205.98	162.22	141.17	179.62
	Times interest earned (times)		8.20	21.45	61.34	Note 3	Note3
Operating Performance	Average collection turnover (times)		6.12	7.42	5.14	5.07	6.18
	Average collection days		60	49	71	72	59
	Inventory turnover (times)		3.69	5.89	3.64	2.83	2.47
	Payment turnover (times)		5.85	8.38	5.51	6.01	6.66
	Average inventory turnover days		99	62	100	129	148
	Fixed assets turnover (times)		7.29	8.71	7.81	4.99	4.11
	Total assets turnover (times)		0.59	0.47	0.39	0.32	0.25
Profitability	Return on total assets (%)		0.18	2.78	4.93	(14.71)	(5.47)
	Return on stockholders' equity (%)		0.07	3.28	6.17	(18.19)	(7.23)
	Operating income to paid-in capital (%)		8.64	9.82	5.64	(9.30)	(6.32)
	Profit before tax to paid-in capital (%)		2.68	11.69	19.20	(29.64)	(11.34)
	Profit after tax to net sales (%)		0.14	5.19	12.62	(55.14)	(21.55)
	Earnings per share (NT\$)		0.01	0.64	1.30	(3.37)	(1.15)
Cash Flow	Cash flow ratio (%)		120.99	35.9	33.08	48.75	Note 4
	Cash flow adequacy ratio (%)		129.07	167.84	158.44	151.87	126.64
	Cash flow reinvestment ratio (%)		5.81	6.27	6.00	5.21	Note 4
Leverage	Operating leverage		4.05	3.73	5.37	Note 2	Note 2
	Financial leverage		1.04	1.06	1.06	Note 2	Note 2
Variation Analysis 2012 vs. 2011							
(1) Debts ratio increased because of long-term loan increased.							
(2) Current ratio increased due to growing available-for-sale financial assets, AR and inventories in 2012							
(3) Quick ratio increased due to declined current liabilities							
(4) Average collection turnover increased due to less AR							
(5) Total assets turnover declined due to less net sales and more total assets.							
(6) Return on total assets and Return on stockholders' equity increased because of less investment loss by equity method, less impairment loss and less net loss.							
(7) Operating income to paid-in capital increased due to higher gross margins and less operating loss.							
(8) Profit after tax to net sales and Profit before tax to paid-in capital increased because of less investment loss by equity method, less impairment loss and less net loss.							
(9) Less Loss per share due to less investment loss by equity method , less impairment loss and less net loss.							

7. Capital Structure Analysis

- (1) Debts ratio = Total Liabilities/Total Assets
(2) Long term fund to fixed assets = (Shareholders Equity + Long-term Liabilities)/Net Properties

8. Liquidity Analysis

- (1) Current Ratio = Current Assets/Current Liabilities
(2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses)/Current Liabilities
(3) Times Interest Earned = Earnings before Interest and Taxes/Interest Expenses

9. Operating Performance Analysis

- (1) Average Collection Turnover = Net Sales/Average Trade Receivables
(2) Average Collection Days = 365/Receivables Turnover Rate
(3) Average Inventory Turnover = Cost of Sales/Average Inventory
(4) Average Payment Turnover = Cost of Sales/Average Trade Payables
(5) Average Inventory Turnover Days = 365/Average Inventory Turnover
(6) Fixed Assets Turnover = Net Sales/Net Fixed Assets
(7) Total Assets Turnover = Net Sales/Total Assets

10. Profitability Analysis

- (1) Return on Total Assets = $\{\text{Net Income} + \text{Interest Expense} \times (1 - \text{Effective tax rate})\} / \text{Average Total Assets}$
- (2) Return Ratio on Stockholders' Equity = $\text{Net Income} / \text{Average Stockholders' Equity}$
- (3) Profit after Tax to Net Sales = $\text{Net Income} / \text{Net Sales}$
- (4) Earnings Per Shares = $(\text{Net Income} - \text{Preferred Stock Dividend}) / \text{Weighted Average Number of Shares Outstanding}$

11. Cash Flow

- (1) Cash Flow Rate = $\text{Net Cash Provided by Operating Activities} / \text{Current Liabilities}$
- (2) Cash Flow Adequacy Ratio = $\text{Five-Year Cash from Sum of Operations} / (\text{Five-Year Capital Expenditure} + \text{Inventory Increase} + \text{Cash Dividend})$
- (3) Cash flow reinvestment ratio = $(\text{Net Cash Provided by Operating Activities} - \text{Cash Dividend}) / (\text{Fixed Assets} + \text{Long-term Investment} + \text{Other Assets} + \text{Working Capital})$

12. Leverage

- (1) Operating Leverage = $(\text{Net Sales} - \text{Operating Expenses \& Cost}) / \text{Operating Income}$
- (2) Financial Leverage = $\text{Operating Income} / (\text{Operating Income} - \text{Interest Expenses})$

- (1) **Note 1: Figures are audited for the past-5 years**
- (2) **Note 2: Figures not listed due to operating loss.**
- (3) **Note3: Figures not listed due to net loss before tax.**
- (4) **Note 4: Figures not listed because of net cash flow out from operating activities.**

7.4 Supervisor's Report

Sunplus Technology Co., Ltd. Supervisor's Report

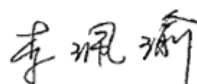
Sunplus' Board has submitted the 2012 business report, financial statements and appropriation of 2012 losses. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. I, Sunplus' supervisor, have reviewed the 2012 business report, financial statements and appropriation of 2012 losses, 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 2013 Annual General Shareholders' Meeting

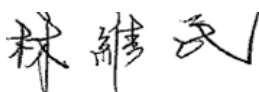
Sunplus Technology Co., Ltd.
Supervisor,



Liu, De-Zhong



Lee, Pei-Yu



Lin, Wei-Min

April 15th, 2013

7.5 Consolidated Financial Statements

**Sunplus Technology Company Limited
and Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2012 and 2011 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, 2012, 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

March 14, 2013

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 (the "Company") as of December 31, 2012 and 2011, 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 financial position of Sunplus Technology Company Limited and subsidiaries as of December 31, 2012 and 2011, 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.

March 14, 2013

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 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, 2012 AND 2011

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

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 4,492,896	29	\$ 4,775,205	34	Short-term bank loans (Note 15)	\$ 485,991	3	\$ 943,612	7
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	44,644	-	Notes payable and accounts payable	758,909	5	767,878	6
Available-for-sale financial assets - current (Notes 2 and 6)	1,076,456	7	1,055,235	7	Income tax payable (Notes 2 and 21)	160,428	1	437,553	3
Bond investments with no active market - current (Notes 2 and 7)	14,520	-	-	-	Bonus payable to employees and remuneration payable to directors and supervisors (Note 18)	12	-	47,406	-
Notes and accounts receivable, net (Notes 2, 3, 8 and 24)	1,372,094	9	1,331,576	9	Long-term bank loans - current portion (Notes 16 and 25)	496,806	3	265,000	2
Other receivables (Note 24)	91,313	1	125,413	1	Deferred income (Notes 2 and 24)	1,522	-	1,522	-
Inventories (Notes 2 and 9)	1,722,048	11	1,062,945	8	Accrued expenses and other current liabilities (Notes 2 and 24)	<u>750,827</u>	<u>5</u>	<u>606,110</u>	<u>4</u>
Deferred income tax assets (Notes 2 and 21)	58,629	-	37,179	-	Total current liabilities	<u>2,654,495</u>	<u>17</u>	<u>3,069,081</u>	<u>22</u>
Restricted assets - current (Notes 4 and 25)	80,521	-	111,509	1					
Other current assets	<u>145,395</u>	<u>1</u>	<u>138,749</u>	<u>1</u>	LONG-TERM BANK LOANS, NET OF CURRENT PORTION				
Total current assets	<u>9,053,872</u>	<u>58</u>	<u>8,682,455</u>	<u>61</u>	(Notes 16 and 25)	<u>1,368,398</u>	<u>9</u>	<u>-</u>	<u>-</u>
LONG-TERM INVESTMENTS					OTHER LIABILITIES				
Equity-method investments (Notes 2, 10 and 25)	2,650,691	17	885,569	6	Deferred income (Notes 2 and 24)	4,616	-	5,215	-
Prepaid long-term investments	99,311	1	30,275	-	Accrued pension liability (Notes 2 and 17)	102,421	1	101,877	-
Available-for-sale financial assets (Notes 2 and 6)	632,573	4	1,126,099	8	Guarantee deposits	198,513	1	256,016	2
Financial assets carried at cost (Notes 2 and 11)	<u>216,080</u>	<u>1</u>	<u>353,037</u>	<u>3</u>	Other	<u>2,594</u>	<u>-</u>	<u>889</u>	<u>-</u>
Total long-term investments	<u>3,598,655</u>	<u>23</u>	<u>2,394,980</u>	<u>17</u>	Total other liabilities	<u>308,144</u>	<u>2</u>	<u>363,997</u>	<u>2</u>
PROPERTIES (Notes 2, 12, 24 and 25)					Total liabilities	<u>4,331,037</u>	<u>28</u>	<u>3,433,078</u>	<u>24</u>
Cost					SHAREHOLDERS' EQUITY (Notes 2, 18 and 19)				
Buildings	1,280,401	8	1,211,350	9	Capital stock - NTS\$10.00 par value (parent company's equity)				
Auxiliary equipment	173,006	1	96,182	1	Authorized - 1,200,000 thousand shares				
Machinery and equipment	185,924	1	192,422	1	Issued and outstanding - 596,910 thousand shares	5,969,099	38	5,969,099	42
Testing equipment	304,407	2	267,661	2	Capital surplus				
Transportation equipment	10,351	-	10,217	-	Additional paid-in capital - share issuance in excess of par	709,215	5	709,215	5
Furniture and fixtures	207,571	2	217,749	1	Treasury stock transactions	71,228	-	71,228	-
Leasehold improvements	20,131	-	30,950	-	Merger and others	936,212	6	950,022	7
Other equipment	<u>8,819</u>	<u>-</u>	<u>8,509</u>	<u>-</u>	Retained earnings				
Total cost	2,190,610	14	2,035,040	14	Legal reserve	2,426,181	16	2,450,003	18
Less: Accumulated depreciation	836,714	6	759,734	5	Special reserve	191,229	1	191,229	1
Construction in progress and prepayments for equipment	<u>589,159</u>	<u>4</u>	<u>374,253</u>	<u>3</u>	Unappropriated deficit	(676,970)	(4)	(23,822)	-
Net properties	<u>1,943,055</u>	<u>12</u>	<u>1,649,559</u>	<u>12</u>	Others				
INTANGIBLE ASSETS, NET (Notes 2 and 13)	<u>558,783</u>	<u>4</u>	<u>676,915</u>	<u>5</u>	Cumulative translation adjustments	3,155	-	90,505	1
OTHER ASSETS					Unrealized gain (loss) on financial assets	188,110	1	(1,190,315)	(9)
Rental assets, net (Notes 2 and 25)	277,883	2	363,197	3	Treasury stock (at cost) - 8,475 thousand shares	<u>(155,236)</u>	<u>(1)</u>	<u>(155,236)</u>	<u>(1)</u>
Deferred charges and others (Notes 2, 14 and 24)	50,234	-	102,553	1	Total equity attributed to shareholders of the parent	9,662,223	62	9,061,928	64
Deferred income tax assets - noncurrent (Notes 2 and 21)	67,346	1	218,536	1	MINORITY INTEREST (Note 2)	<u>1,565,376</u>	<u>10</u>	<u>1,602,967</u>	<u>12</u>
Restricted assets (Notes 4, 25 and 26)	<u>8,808</u>	<u>-</u>	<u>9,778</u>	<u>-</u>	Total shareholders' equity	<u>11,227,599</u>	<u>72</u>	<u>10,664,895</u>	<u>76</u>
Total other assets	<u>404,271</u>	<u>3</u>	<u>694,064</u>	<u>5</u>	TOTAL	<u>\$ 15,558,636</u>	<u>100</u>	<u>\$ 14,097,973</u>	<u>100</u>
TOTAL	<u>\$ 15,558,636</u>	<u>100</u>	<u>\$ 14,097,973</u>	<u>100</u>					

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
GROSS SALES	\$ 8,938,548		\$ 9,409,627	
SALES RETURNS AND ALLOWANCES	<u>323,284</u>		<u>157,664</u>	
NET SALES (Notes 2 and 24)	8,615,264	100	9,251,963	100
COST OF SALES (Notes 2, 9, 20 and 24)	<u>5,345,844</u>	<u>62</u>	<u>6,154,042</u>	<u>67</u>
GROSS PROFIT	<u>3,269,420</u>	<u>38</u>	<u>3,097,921</u>	<u>33</u>
OPERATING EXPENSES (Notes 20 and 24)				
Marketing	435,778	5	382,125	4
General and administrative	558,607	7	518,523	6
Research and development	<u>2,708,492</u>	<u>31</u>	<u>3,000,656</u>	<u>32</u>
Total operating expenses	<u>3,702,877</u>	<u>43</u>	<u>3,901,304</u>	<u>42</u>
OPERATING LOSS	<u>(433,457)</u>	<u>(5)</u>	<u>(803,383)</u>	<u>(9)</u>
NONOPERATING INCOME AND GAINS				
Gain on disposal of investments, net (Note 2)	76,424	1	335,175	4
Interest income (Note 24)	44,695	1	39,313	-
Investment gain recognized by the equity-method, net (Notes 2 and 10)	33,622	-	-	-
Dividend income (Note 2)	31,644	-	47,959	1
Rental revenue (Note 24)	3,214	-	10,934	-
Administrative and support service revenue (Note 24)	453	-	12,903	-
Gain on disposal of fixed assets (Note 2)	111	-	1,553	-
Foreign exchange gain, net (Note 2)	-	-	12,636	-
Others (Notes 2 and 24)	<u>41,363</u>	<u>-</u>	<u>47,817</u>	<u>-</u>
Total nonoperating income and gains	<u>231,526</u>	<u>2</u>	<u>508,290</u>	<u>5</u>
NONOPERATING EXPENSES AND LOSSES				
Impairment loss (Notes 2, 6, 10, 11, 13 and 24)	355,118	4	1,208,144	13
Interest expense	39,896	1	29,399	-
Foreign exchange loss, net (Note 2)	28,513	-	-	-
Valuation loss on financial assets (Note 2 and 5)	1,656	-	60	-
Loss on disposal of fixed asset (Note 2)	1,311	-	1,213	-
Investment loss recognized by the equity-method, net (Notes 2 and 10)	-	-	157,462	2
Others	<u>8,989</u>	<u>-</u>	<u>19,375</u>	<u>-</u>
Total nonoperating expenses and losses	<u>435,483</u>	<u>5</u>	<u>1,415,653</u>	<u>15</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	(637,414)	(8)	(1,710,746)	(19)
INCOME TAX EXPENSE (Notes 2 and 21)	<u>20,581</u>	<u>-</u>	<u>294,818</u>	<u>3</u>
CONSOLIDATED NET LOSS	<u>\$ (657,995)</u>	<u>(8)</u>	<u>\$ (2,005,564)</u>	<u>(22)</u>
ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (676,970)	(8)	\$ (1,984,922)	(22)
Minority interest	<u>18,975</u>	<u>-</u>	<u>(20,642)</u>	<u>-</u>
	<u>\$ (657,995)</u>	<u>(8)</u>	<u>\$ (2,005,564)</u>	<u>(22)</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
CONSOLIDATED LOSS PER SHARE (New Taiwan dollars; Note 22)				
Basic	<u>\$ (1.12)</u>	<u>\$ (1.15)</u>	<u>\$ (2.87)</u>	<u>\$ (3.37)</u>
Diluted	<u>\$ (1.12)</u>	<u>\$ (1.15)</u>	<u>\$ (2.87)</u>	<u>\$ (3.37)</u>

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 YEARS ENDED DECEMBER 31, 2012 AND 2011
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Shareholders of the Parent											Others (Notes 2, 18 and 19)				Minority Interests (Note 2)	Total Shareholders' Equity
	Capital Stock Issued and Outstanding (Note 18)		Capital Surplus (Notes 2 and 18)					Retained Earnings (Notes 2 and 18)				Unrealized Valuation (Loss)					
	Shares (Thousands)	Amount	Share Issuance in Excess of Par	Treasury Stock Transactions	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total	Cumulative Translation Adjustments	Gain on Financial Assets	Treasury Stock	Total		
BALANCE, JANUARY 1, 2011	596,910	\$ 5,969,099	\$ 709,215	\$ 68,357	\$ 1,034,600	\$ 157,423	\$ 1,969,595	\$ 2,372,631	\$ -	\$ 2,707,229	\$ 5,079,860	\$ (18,662)	\$ (172,567)	\$ (63,401)	\$ (254,630)	\$ 1,511,630	\$ 14,275,554
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,835)	(91,835)	-	(91,835)
Appropriation of prior year's earnings:																	
Legal reserve	-	-	-	-	-	-	-	77,372	-	(77,372)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	191,229	(191,229)	-	-	-	-	-	-	-
Cash dividends NTS0.8 per share	-	-	-	-	-	-	-	-	-	(477,528)	(477,528)	-	-	-	-	-	(477,528)
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(198,021)	-	(198,021)	-	-	-	-	-	-	-	-	-	(198,021)
Adjustment of capital surplus - others	-	-	-	-	(43,980)	-	(43,980)	-	-	-	-	-	-	-	-	(53,031)	(97,011)
Consolidated net loss in 2011	-	-	-	-	-	-	-	-	-	(1,984,922)	(1,984,922)	-	-	-	-	(20,642)	(2,005,564)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	109,167	-	-	109,167	4,954	114,121
Cash dividends received by subsidiaries from parent company	-	-	-	2,871	-	-	2,871	-	-	-	-	-	-	-	-	-	2,871
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(2)	-	(2)	-	(2)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(1,017,746)	-	(1,017,746)	(476)	(1,018,222)
Subsidiaries' distribution of cash dividends to minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(138,343)	(138,343)
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	298,875	298,875
BALANCE, DECEMBER 31, 2011	596,910	5,969,099	709,215	71,228	792,599	157,423	1,730,465	2,450,003	191,229	(23,822)	2,617,410	90,505	(1,190,315)	(155,236)	(1,255,046)	1,602,967	10,664,895
Deficit offset against legal reserve	-	-	-	-	-	-	-	(23,822)	-	23,822	-	-	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(13,810)	-	(13,810)	-	-	-	-	-	-	-	-	-	(13,810)
Consolidated net loss in 2012	-	-	-	-	-	-	-	-	-	(676,970)	(676,970)	-	-	-	-	18,975	(657,995)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(87,350)	-	-	(87,350)	(2,015)	(89,365)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	1,065	-	1,065	2,014	3,079
Valuation gain on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	1,377,360	-	1,377,360	378	1,377,738
Subsidiaries' distribution of cash dividends to minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(86,575)	(86,575)
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,632	29,632
BALANCE, DECEMBER 31, 2012	596,910	5,969,099	709,215	71,228	778,789	157,423	1,716,655	2,426,181	191,229	(676,970)	1,940,440	3,155	188,110	(155,236)	36,029	1,565,376	11,227,599

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss attributable to shareholders of the parent	\$ (676,970)	\$ (1,984,922)
Net income (loss) attributable to the minority interest	18,975	(20,642)
Adjustments to reconcile the consolidated net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	443,060	670,268
(Realized) unrealized intercompany gain, net	(599)	2,897
Cash dividends received from equity-method investees	38,432	133,434
Loss on valuation of financial asset	-	60
Gain on disposal of investments, net	(76,424)	(335,175)
Impairment loss on equity-method investments, available-for-sale financial assets and accounts receivable	355,118	1,208,144
Investment (gain) loss recognized by the equity-method, net	(33,622)	157,462
Loss (gain) on disposal of properties, net	1,200	(340)
Loss on disposal of intangible assets	407	830
Deferred income tax	129,740	143,079
Accrued pension liability	(597)	(2,496)
Net changes in operating assets and liabilities:		
Financial assets held for trading	48,174	(20,000)
Notes and accounts receivable	(40,518)	446,128
Other receivables	17,903	55,828
Inventories	(657,893)	965,766
Other current assets	(6,646)	(18,604)
Notes and accounts payable	(8,969)	(269,705)
Income tax payable	(277,125)	100,207
Bonus payable to employees and remuneration payable to directors and supervisors	(35,030)	(140,117)
Accrued expenses and other current liabilities	<u>144,598</u>	<u>(42,625)</u>
Net cash (used in) provided by operating activities	<u>(616,786)</u>	<u>1,049,477</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of :		
Available-for-sale financial assets	2,038,676	2,966,259
Equity-method investments	-	309,612
Financial assets carried at cost	-	84,157
Return of capital on financial assets carried at cost	17,917	27,625
Properties	1,927	3,724
Acquisition of:		
Available-for-sale financial assets	(1,994,191)	(2,546,792)
Bonds investment with no active market - current	(14,594)	-
Equity-method investments	-	(317,930)
Financial assets carried at cost	(88,674)	(103,477)
Properties	(409,946)	(669,565)
Increase in intangible assets	(253,844)	(297,055)

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
Decrease (increase) in deferred charges and others	\$ 1,754	\$ (96,306)
Decrease (increase) in other receivables	570	(400,000)
Decrease (increase) in restricted assets	<u>31,958</u>	<u>(38,325)</u>
Net cash used in investing activities	<u>(668,447)</u>	<u>(1,078,073)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for the acquisition of treasury stock	-	(91,835)
(Decrease) increase in short-term loans	(457,621)	126,642
Increase in long-term loans	1,895,204	-
Repayments of long-term bank loans	(295,000)	(568,500)
(Decrease) increase in guarantee deposits	(57,503)	10,310
Cash dividends paid on common stock	(86,575)	(615,871)
Cash dividends received by subsidiaries from parent company	-	2,871
Increase in minority interest	<u>17,268</u>	<u>242,645</u>
Net cash provided by (used in) financing activities	<u>1,015,773</u>	<u>(893,738)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(269,460)	(922,334)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,775,205	5,669,021
EFFECT OF EXCHANGE RATE CHANGES	(12,849)	48,001
EFFECT OF CHANGE IN CONSOLIDATED ENTITIES	<u>-</u>	<u>(19,483)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,492,896</u>	<u>\$ 4,775,205</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Income tax paid	<u>\$ 136,221</u>	<u>\$ 47,567</u>
Interest paid	<u>\$ 39,965</u>	<u>\$ 36,330</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Reclassification of rental assets to properties	<u>\$ 60,806</u>	<u>\$ -</u>
Reclassification of properties to rental assets	<u>\$ -</u>	<u>\$ 25,225</u>
Reclassification of financial assets carried at cost to available-for-sale financial asset	<u>\$ 30,000</u>	<u>\$ -</u>
Reclassifications of available-for-sale financial assets to long-term investment	<u>\$ 1,797,347</u>	<u>\$ -</u>
Current portion of long-term bank loans	<u>\$ 496,806</u>	<u>\$ 265,000</u>
PARTIAL CASH INVESTING ACTIVITIES		
Acquisition of properties	-	-
Increase in other receivables - related parties	\$ (427,430)	\$ (673,903)
	24,535	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

	2012	2011
(Decrease) increase in payables to contractors and equipment suppliers	\$ (7,051)	\$ 4,338
Cash paid	<u>\$ (409,946)</u>	<u>\$ (669,565)</u>
Acquisition of intangible assets	\$ (287,848)	\$ (297,055)
Decrease in other receivable	14,520	-
Increase in accrued expenses and other current liabilities	<u>19,484</u>	<u>\$ -</u>
Cash received	<u>\$ (253,844)</u>	<u>\$ (297,055)</u>
Disposal of cost-method investments	\$ -	\$ 87,388
Increase in receivables from disposal of cost-method	<u>-</u>	<u>(3,231)</u>
Cash received	<u>\$ -</u>	<u>\$ 84,157</u>

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2012 AND 2011

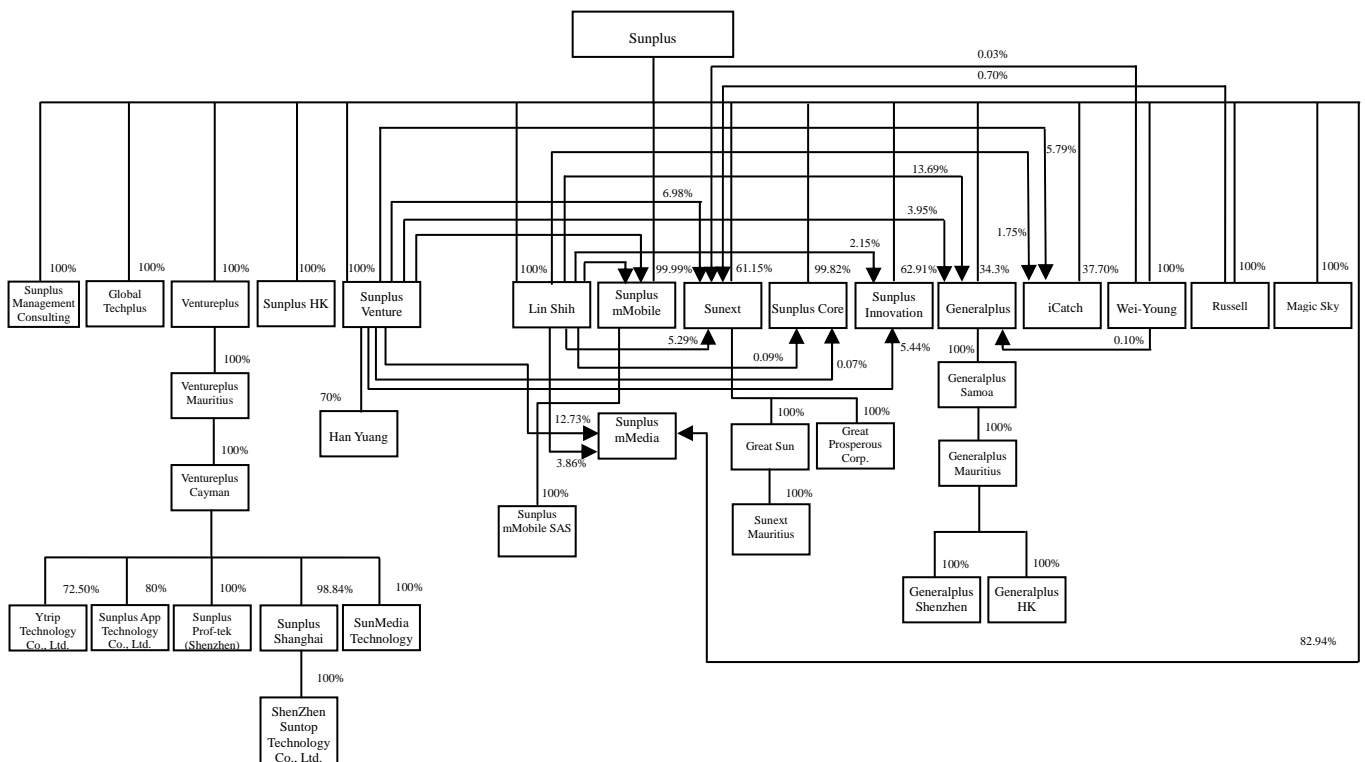
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 18).

Following is a diagram of the relationship and ownership percentages between Sunplus and its investees (collectively, the “Company”) as of December 31, 2012:



Sunplus mMobile, iCatch, Sunplus mMedia, Sunplus Innovation and Sunplus mMobile SAS 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 and building rental. Sunplus Prof-tek (Shenzhen) and SunMedia Technology researches and sells computer software and provides system integration services. Sunplus App Technology Co., Ltd. manufacture and sell ICs. Ytrip Technology mainly do system services and manage web business. Shenzhen Suntop Technology researches software and hardware. Han Young mainly do information supply services, researches and sells ICs. 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 researches, develops, 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 and collects 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, 2012 and 2011, the Company had 2,130 and 2,207 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). 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, 2012 and 2011 were as follows:

Investor	Investee	% of Ownership as of December 31		Remark
		2012	2011	
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	-
	Lin Shih	100.00	100.00	-
	Sunplus mMobile	99.99	99.99	-
	Sunext	61.15	61.15	-
	Sunplus Core	99.82	70.48	-
	Sunplus Innovation	62.91	63.93	-
	Generalplus	34.30	34.32	Sunplus and its subsidiaries had 52.04% equity in Generalplus.

(Continued)

Investor	Investee	% of Ownership as of December 31		Remark
		2012	2011	
	iCatch Technology, Inc.	37.70	37.70	Sunplus and its subsidiaries had 45.24% equity in iCatch Technology, Inc. and the Company had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
	Wei-Young	100.00	100.00	-
	Russell	100.00	100.00	-
	Magic Sky Limited	100.00	100.00	-
	Sunplus mMedia	82.94	82.94	-
Global Techplus	Techplus Samoa	-	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
Ventureplus	Ventureplus Mauritius	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	100.00	100.00	-
Ventureplus Cayman	Ytrip Technology Co., Ltd.	72.50	77.76	-
	Sunplus App Technology Co., Ltd.	80.00	80.00	-
	Sunplus Prof-tek (Shenzhen)	100.00	100.00	-
	Sunplus Shanghai	98.84	98.84	-
	SunMedia Technology Co., Ltd.	100.00	100.00	-
Sunplus Technology Co., Ltd. (Shanghai)	ShenZhen Suntop Technology Co., Ltd.	100.00	100.00	-
Sunplus Venture	Han Yuang	70.00	70.00	-
	Sunext	6.98	6.98	Sunplus and its subsidiaries had 74.15% equity in Sunext.
	Generalplus	3.95	3.96	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunplus Core	0.07	11.85	Sunplus and its subsidiaries had 99.98% equity in Sunplus Core.
	Sunplus mMobile	-	-	Sunplus and its subsidiaries had 99.99% equity in Sunplus mMobile
	Sunplus mMedia	12.73	12.73	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus Innovation	5.44	5.41	Sunplus and its subsidiaries had 70.5% equity in Sunplus Innovation
	iCatch Technology, Inc.	5.79	5.79	Sunplus and its subsidiaries had 45.24% equity in iCatch Technology, Inc.
Lin Shih	Generalplus	13.69	13.69	Sunplus and its subsidiaries had 52.07% equity in Generalplus.
	Sunext	5.29	5.29	Sunplus and the subsidiaries had 74.15% equity in Sunext.
	Sunplus Core	0.09	14.52	Sunplus and its subsidiaries had 99.98% equity in Sunplus Core.
	Sunplus mMedia	3.86	3.86	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus mMobile	-	-	Sunplus and its subsidiaries had 99.99% equity in Sunplus mMobile.
	Sunplus Innovation	2.15	2.18	Sunplus and its subsidiaries had 70.5% equity in Sunplus Innovation.
	iCatch Technology, Inc.	1.75	1.75	Sunplus and its subsidiaries had 45.24% equity in iCatch Technology, Inc. and the Company had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
Sunplus mMobile	Sunplus mMobile Holding Inc.	-	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
	Sunplus mMobile SAS	100.00	100.00	-

(Continued)

Investor	Investee	% of Ownership as of December 31		Remark
		2012	2011	
Sunext	Great Sun	100.00	100.00	-
	Great Prosperous Corp.	100.00	100.00	-
Great Sun	Sunext Mauritius	100.00	100.00	-
Sunext Mauritius	Sunext (Shanghai)	-	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
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	-
Wei-Young	Generalplus	0.10	0.10	Sunplus and its subsidiaries had 52.04% equity in Generalplus
	Sunext	0.03	0.03	Sunplus and its subsidiaries had 74.15% equity in Sunext
Russell	Sunext	0.70	0.70	Sunplus and its subsidiaries had 74.15% equity in Sunext

(Concluded)

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

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, as follows: (a) renminbi (RMB) - Sunplus Shanghai, Sunplus Prof-tek (Shenzhen), SunMedia, Sunplus App Technology, Yitrip Technology, Shenzhen Suntop Technology, Sunext Shanghai and Generalplus Shenzhen; (b) Hong Kong dollar (HKD) - Sunplus HK and Generalplus HK; (c) euro (EUR) - Sunplus mMobile SAS; and (d) U.S. dollar (USD) - other subsidiaries. The consolidated financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: assets and liabilities - 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.

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 the 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:

- Recognized in shareholders' equity if the changes in fair value are recognized in shareholders' equity;
- 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.

Cash Equivalents

Cash equivalent are three-month bonds, with book value is close to fair value.

Accounting Estimates

Under the above 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, income tax, pension expenses and the bonuses to employees, directors and supervisors. Actual results could differ from these estimates.

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.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and domestic 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 fair value through profit or loss.

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 the 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 as of the balance sheet date, and those of domestic listed stocks, the closing prices 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.

Bond Investments with No Active Market

Investments in bonds with no quoted prices in an active market and with a fixed income is measured at don't have quoted prices in an active marke and the investment's income is fixed which is measured at amortized cost by a straight-line method. These bonds may be disposed of anytime.

An impairment loss is recognized when there is objective evidence that the financial asset is impaired.

Any subsequent decrease in impairment loss for bond investment must be charged to current income. However, the amount should not exceed the carrying amount.

Impairment of Accounts Receivable

An allowance for doubtful accounts is provided on the basis of a review of the collectibility of accounts receivable. The Company makes this review through an aging analysis of the outstanding receivables and assessing the value of the collateral provided by customers.

As discussed in Note 3 to the financial statements, on January 1, 2011, the Company adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." One of the main revisions is that the impairment of receivables originated by the Company should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It becoming probable that the debtor will enter into bankruptcy or undergo financial reorganization.

Accounts receivable that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of accounts receivable could include the Company's past experience of collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collaterals and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Allowance for Sales Returns and Discounts

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. This allowance is 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, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at 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 use standard costs to calculate inventory cost and, on the closing date, adjust the difference between the standard cost and weighted-average cost. The other subsidiaries use the weighted-average method to calculate inventory cost.

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, should not be amortized and should instead 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 of the investee that has the gain or loss. For those investees over which the Company holds a controlling interest, gains or losses on sales between equity method investees are deferred at the Company's percentage of ownership of the investee that has the gain or loss. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred at a percentage resulting from the multiplication of a percentage of ownership of one investee by the percentage of ownership of the other investee. All deferred gains and losses are realized upon the resale of products to third parties.

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.

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 useful lives estimated as follows: buildings - 8 to 56 years; auxiliary equipment - 3 to 20 years; machinery and equipment - 2 to 10 years; testing equipment - 1 to 5 years; transportation equipment - 4 to 10 years; furniture and fixtures - 2 to 5 years; leasehold improvements - 2 to 5 years; other equipment - 3 to 5 years; and assets leased to others - 5 to 56 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, software and technological know-how, which are booked at the acquisition cost and amortized using the straight-line basis over 1 to 15 years, 5 to 18 years, 50 years, 1 to 10 years, and 5 years, respectively.

Effective January 1, 2006, based on the revised Statement of Financial Accounting Standards No. 5 - "Long-term Investments under the 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. 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 these 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 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 on intangible assets for the accounting for the impairment of deferred charges.

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.

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 carryforwards, 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 the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent on the basis of the expected length of time before it is realized or settled.

If the Company can control the timing of the reversal of a temporary difference arising from the difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognized.

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 shareholders approve the retention of earnings.

The Company and Sunplus mMobile Inc. (SMmI) use the linked-tax system in income tax filing. The income taxes payable arising from the differences between the consolidated current and deferred taxes and the sum of SMmI's current and deferred taxes are adjusted in the Company's account receivable or account payable.

Stock-based Compensation

Employee stock options granted on or after January 1, 2008 are accounted for under Statement of Financial Accounting Standards No. 39 - "Accounting for 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. The Company adopted the intrinsic value method, under which compensation cost was recognized on a straight-line basis over the vesting period.

Employee stock options granted between January 1, 2008 and December 31, 2009 were accounted for in accordance with Rule No. 0960065898 issued by the Financial Supervisory Commission (FSC) under the Executive Yuan on December 12, 2007. Thus, the stock options granted were 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.

Employee stock options granted on or after January 1, 2010 are accounted for in accordance with Rule No. 0990006370 issued by FSC on March 15, 2010, which superseded Rule No. 0960065898. Under the FSC's requirement, 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.

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.

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 upon 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.

Royalties are recognized when:

- a. It is probable that the economic benefits of a transaction will flow to the Company; and
- b. The revenue can be measured reliably.

Royalties are recognized on an accrual basis in accordance with the substance of the contract.

If a contract meets all of the following recognition criteria for sales of goods and the following conditions, royalties are recognized at the time of sale:

- a. The amount of royalties is fixed or the royalties are nonrefundable.
- b. The contract is noncancelable.
- c. The contract permits the licensee to exploit the assigned rights freely; and
- d. The licensor has no remaining obligations to perform.

Sunplus Shanghai's rental revenue was recognized in accordance with the related contract.

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.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2011 have been reclassified to conform to the presentation of consolidated financial statements as of and for the year ended December 31, 2012.

3. ACCOUNTING CHANGES

SFAS No. 34 - "Financial Instruments: Recognition and Measurement"

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Company are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. This accounting change had no effect on the financial statements for years ended December 31, 2011.

SFAS No. 41 - "Operating Segments"

On January 1, 2011, the Company adopted the newly issued SFAS No. 41 - "Operating Segments." The statement requires that segment operation be disclosed on the basis of the information on the components of the Company that management uses to make operating decisions. SFAS No. 41 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - "Segment Reporting." This accounting change had no effect on the disclosures of the operating segments of the Company.

4. CASH CHANGES

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Savings accounts	\$ 1,037,935	\$ 1,207,870
Time deposits	3,486,795	3,684,732
Checking accounts	628	264
Cash on hand	4,074	3,626
Cash equivalents - repurchase agreement	<u>52,793</u>	<u>-</u>
	4,582,225	4,896,492
Deduct: Certificate of deposits - restricted (Note 24)	<u>89,329</u>	<u>121,287</u>
	<u>\$ 4,492,896</u>	<u>\$ 4,775,205</u>

5. FINANCIAL INSTRUMENTS AT FVTPL

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
<u>Financial assets held for trading</u>		
Domestic and foreign listed convertible bonds	\$ <u> -</u>	\$ <u>44,644</u>

Net loss on financial assets held for trading for the years ended 2012 and 2011 were \$1,650 thousand and \$60 thousand.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>Years Ended December 31</u>	
	<u>2012</u>	<u>2011</u>
Open-end funds	\$ 1,064,889	\$ 1,035,219
Domestic listed stocks	<u>644,140</u>	<u>1,146,115</u>
	1,709,029	2,181,334
Deduct: Current portion	<u>1,076,456</u>	<u>1,055,235</u>
	<u>\$ 632,573</u>	<u>\$ 1,126,099</u>

Some of the domestic listed shares held by the Sunplus are private-placement shares, on which there is a legally enforceable restriction that prevents their being traded within a specified period. As of the years ended December 31, 2011, as of the effects of restriction could be reliably measured and were consistent with those of other market participants, so those shares previously classified as financial assets carried at cost were transferred to available-for-sale financial assets, resulting in unrealized losses of \$70,292 thousand, respectively.

As of December 31, 2012 and 2011, the Company had recognized \$84,770 thousand and \$351,849 thousand, respectively, as impairment losses on its available-for-sale financial assets.

7. BOND INVESTMENT WITH NO ACTIVE MARKET

	<u>Years Ended December 31</u>	
	<u>2012</u>	<u>2011</u>
Fixed income fund	\$ <u>14,520</u>	\$ <u> -</u>

In November 2012, the Company bought a fixed-income Germany fund established for meeting certain building needs. The fund price is US\$500 thousand and the effective interest rate of fund is 8%.

8. NOTES AND ACCOUNTS RECEIVABLE - OTHERS

	<u>December 31</u>	
	2012	2011
Notes receivable	\$ 320	\$ 73
Accounts receivable	1,389,479	1,339,136
Accounts receivable - related parties	<u>53,734</u>	<u>60,207</u>
	1,443,534	1,399,416
Deduct: Allowance for doubtful accounts	48,411	58,781
Deduct: Allowance for sales returns and discounts	<u>23,028</u>	<u>9,059</u>
	<u>\$ 1,372,094</u>	<u>\$ 1,331,576</u>

Movements of the allowance for doubtful accounts were as follows:

	<u>Years Ended December 31</u>	
	2012	2011
Balance, beginning of year	\$ 58,781	\$ 65,173
Add: Allowance for doubtful accounts	267	51,130
Deduct: Amounts written off	9,045	-
Deduct: Reversal of allowance	531	57,522
Effects of change in consolidated entities	<u>1,061</u>	<u>-</u>
Balance, end of year	<u>\$ 48,411</u>	<u>\$ 58,781</u>

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

	<u>Years Ended December 31</u>	
	2012	2011
Balance, beginning of year	\$ 9,059	\$ 25,000
Add: Allowance for sales returns and discounts	13,969	444
Deduct: Reversal of allowance for sales returns and discounts	<u>-</u>	<u>16,385</u>
Balance, end of year	<u>\$ 23,028</u>	<u>\$ 9,059</u>

9. INVENTORIES

	<u>December 31</u>	
	2012	2011
Finished goods and merchandise	\$ 557,202	\$ 469,285
Work in process	1,004,071	498,566
Raw materials	<u>160,775</u>	<u>95,094</u>
	<u>\$ 1,722,048</u>	<u>\$ 1,062,945</u>

As of December 31, 2012 and 2011, the allowances for inventory devaluation were \$435,988 thousand and \$447,507 thousand, respectively.

The costs of inventories recognized as costs of goods sold were \$5,325,031 thousand in 2012 and \$6,135,796 thousand in 2011, and these inventory costs included the following:

	Years Ended December 31	
	2012	2011
Inventory write-downs	\$ 108,367	\$ 243,967
Compensation income	833	-
Inventory short	84	-
Income from scrap sales	<u>(2,560)</u>	<u>(13,938)</u>
	<u><u>\$ 106,724</u></u>	<u><u>\$ 230,029</u></u>

10. EQUITY-METHOD INVESTMENTS

	December 31			
	2012		2011	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Equity-method investments				
Giantplus Technology Co., Ltd.	\$ 1,760,279	19	\$ -	-
Orise Technology, Co., Ltd.	890,412	35.0	885,569	35.0
HT mMobile Inc.	<u>-</u>	49.5	<u>-</u>	49.5
	<u><u>\$ 2,650,691</u></u>		<u><u>\$ 885,569</u></u>	
Credit balances on carrying values of long-term investments (recorded as other current liabilities)				
Jet Focus Ltd.	<u><u>\$ -</u></u>	-	<u><u>\$ 10,609</u></u>	44.0

On February 29, 2012, HT mMobile Inc.'s (HT) board of directors approved a downsizing of its operations because of (a) the termination of merger negotiations with another company and (b) the resignation of high-level employees of the research and development (R&D) department, which have hampered product R&D. On the basis of a resolution passed in a meeting of HT's board of directors, the Company recognized an investment loss on HT, as well as the reduction of the carrying value of this investment to zero. The Company also recognized an impairment loss of \$405,612 thousand on other receivable from HT mMobile Inc. HT's third interim board of directors also approved a plan for HT to undergo liquidation.

The Company calculated its income (losses) on two equity-method investees, Giantplus Technology Co., Ltd and Orise Technology Co., Ltd, in 2012 and 2011 on the basis of audited financial reports. In addition, the Company has a long-term investment in Jet Focus Ltd. The Company had negative value on its long-term investment in Jet Focus Ltd., and had no intention of sustained holding, no investment loss was recognized. The investment income (losses) of investees were as follows:

	Years Ended December 31	
	2012	2011
Giantplus Technology Co., Ltd.	\$ (9,240)	\$ -
Orise Technology, Co., Ltd.	42,862	49,179
HT mMobile Inc.	<u>-</u>	<u>(206,641)</u>
	<u>\$ 33,622</u>	<u>\$ (157,462)</u>

The fair values of listed equity-method investments calculated at their closing prices as of December 31, 2012 and 2011 were as follows:

	December 31	
	2012	2011
Orise Technology, Co., Ltd.	\$ 1,868,421	\$ 1,345,937
Giantplus Technology Co., Ltd.	<u>767,076</u>	<u>-</u>
	<u>\$ 2,635,497</u>	<u>\$ 1,345,937</u>

11. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2012	2011
Domestic unlisted stocks	<u>\$ 216,080</u>	<u>\$ 353,037</u>

On the above financial assets carried at cost, the Company recognized impairment losses of \$102,014 thousand in 2011 and \$140,183 thousand in 2012 and 2011.

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

12. PROPERTIES

	December 31	
	2012	2011
Accumulated depreciation		
Buildings	\$ 240,852	\$ 205,610
Auxiliary equipment	61,578	43,345
Machinery and equipment	156,980	157,581
Testing equipment	204,502	176,854
Transportation equipment	6,072	4,945
Furniture and fixtures	148,327	148,271
Leasehold improvements	12,048	17,824
Other equipment	<u>6,355</u>	<u>5,304</u>
	<u>\$ 836,714</u>	<u>\$ 759,734</u>

13. INTANGIBLE ASSETS, NET

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Technology license fees	\$ 278,147	\$ 306,045
Land grant	125,495	30,991
Software	74,647	57,010
Patents	44,505	49,899
Goodwill	30,596	228,221
Deferred pension cost	4,969	3,828
Technological know-how	<u>424</u>	<u>921</u>
	<u>\$ 558,783</u>	<u>\$ 676,915</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’s optical disc drive (ODD) semiconductor technology. The Company recognized an impairment loss of \$106,594 thousand in accordance with technology license fees in 2011.

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, 2012 and 2011 were as follows:

	<u>Year Ended December 31</u>	
	<u>2012</u>	<u>2011</u>
<u>Cost</u>		
Balance, beginning of year	\$ 228,221	\$ 291,381
Amount recognized on business combinations	-	7,704
Impairment loss	(196,159)	(73,257)
Translation adjustments	<u>(1,466)</u>	<u>2,393</u>
Carrying amount	<u>\$ 30,596</u>	<u>\$ 228,221</u>

The Company revalued the carrying value of the goodwill on subsidiaries against the recoverable amount as of the year ended December 31, 2012 and 2011 and recognized an impairment loss of \$196,159 thousand and \$73,257 thousand.

14. DEFERRED CHARGES AND OTHERS

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Software and system design, net	\$ 33,883	\$ 75,212
Refundable deposits	8,551	19,541
Certificates of golf club membership	<u>7,800</u>	<u>7,800</u>
	<u>\$ 50,234</u>	<u>\$ 102,553</u>

15. SHORT-TERM LOANS

	<u>December 31</u>	
	2012	2011
Working capital loans: Annual interest rate - 2.68%-2.98% in 2012 and 2.81%-2.98% in 2011	\$ 220,000	\$ 270,000
Working capital loans: US\$5,000 thousand 2.03% annual interest rate in 2012	145,203	-
Working capital loans: US\$3,500 thousand, 0.77%-0.88% annual interest rate in 2012; US\$4,000 thousand, 0.98% annual interest rate in 2011	101,640	121,100
Working capital loans - US\$659 thousand, 2.58% annual interest rate in 2012; US\$1,246 thousand, 2.41% annual interest rate in 2011	19,148	37,712
Working capital loans: 1.2%-1.475% annual interest rate in 2011	-	260,000
Working capital loans: Annual interest rate - 2.06%-2.71% in 2011	-	166,700
Working capital loans - US\$2,910 thousand, 0.84%-1.80% annual interest rate in 2011	-	<u>88,100</u>
	<u>\$ 485,991</u>	<u>\$ 943,612</u>

16. LONG-TERM DEBTS

	<u>December 31</u>	
	2012	2011
Medium- to long-term credit bank loans:		
Repayable semiannually from March 2012 to March 2015; annual floating-rate interest - 1.9424% in 2012	\$ 500,000	\$ -
Repayable quarterly from March 2012 to March 2015; annual floating-rate interest - 1.994% in 2012	250,000	-
Repayable semiannually from October 2012 to January 2014; annual floating-rate interest - 2.54% in 2012	145,204	-
Repayable quarterly from February 2012 to February 2015; annual floating-rate interest - 1.98% in 2012	135,000	-
Repayable quarterly from February 2010 to February 2012; annual floating-rate interest - 1.7725% in 2011 and 1.5225% in 2010	-	102,500
Repayable quarterly from November 2009 to February 2012; annual floating-rate interest - 2.935% in 2011 and 2.715% in 2010	-	30,000
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 2.17% in 2011 and 1.94% in 2010	-	30,000
Repayable quarterly from January 2010 to July 2012; annual floating-rate interest - 2.87% in 2011 and 2.65% in 2010	-	27,000
Medium- to long-term secured loans:		
Repayable semiannually from March 2012 to March 2017; annual floating-rate interest - 1.97% in 2012	700,000	-
Repayable semiannually from February 2012 to February 2015; annual floating-rate interest - 1.98% in 2012	135,000	-
Repayable semiannually from March 2010 to March 2014; annual floating-rate interest - 2.12% in 2011 and 1.9% in 2010	-	<u>75,500</u>
	<u>1,865,204</u>	<u>265,000</u>
Deduct: Current portion	<u>496,806</u>	<u>265,000</u>
	<u>\$1,368,398</u>	<u>\$ -</u>

Under 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 25). The loan contracts require the Company to maintain certain financial ratios (debt ratio, current ratio and restriction in net tangible assets in 2012; debt ratio, current ratio, times interest-earned ratio and financing provided in 2011) 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. As of December 31, 2012 and 2011, the Company was in compliance with these financial ratio requirements.

17. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the rate of the Company's monthly contributions to employees' individual pension accounts is at 6% of monthly salaries and wages. Related pension costs were \$68,746 thousand for 2012 and \$67,498 thousand for 2011.

Before the promulgation of the LPA, 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.

The Company recognized pension costs of \$6,489 thousand in 2012 and \$4,849 thousand in 2011.

The pension costs related to the service periods of employees, who are spun off to Orise, Sunplus Innovation, and Sunplus mMobile from Sunplus, to Sunplus mMedia and HT mMobile from Sunplus mMobile, and to Generalplus, Sunplus Innovation, and iCatch from Sunplus mMedia, will be paid by Sunplus, Sunplus mMobile and Sunplus mMedia (collectively, the "seven companies") based on the proportion of the employees' service periods, terms of retirement, and the related rights and obligations to the seven companies.

Other information on the defined pension plan is as follows:

a. Components of net pension costs

	Years Ended December 31	
	2012	2011
Service costs	\$ 2,646	\$ 2,077
Interest costs	5,265	4,779
Projected return on plan assets	(3,046)	(2,880)
Amortization	688	688
Curtailment gain	<u>936</u>	<u>112</u>
Net pension costs	<u>\$ 6,489</u>	<u>\$ 4,776</u>

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

	December 31	
	2012	2011
Benefit obligation		
Vested benefit obligation	\$ 5,997	\$ -
Non-vested benefit obligation	140,878	106,708
Accumulated benefit obligation	146,875	106,708
Additional benefits based on future salaries	149,546	156,610
Projected benefit obligation	296,421	263,318
Fair value of plan assets	<u>(158,618)</u>	<u>(148,709)</u>
Funded status	137,803	114,609
Unrecognized net transition obligation	(9,756)	(10,773)
Unrecognized net gain (loss)	(32,719)	(7,667)
Additional liability	<u>4,969</u>	<u>3,828</u>
Accrued pension liability	<u>\$ 100,297</u>	<u>\$ 99,997</u>
Vested benefit	<u>\$ 6,576</u>	<u>\$ -</u>

	Years Ended December 31	
	2012	2011
c. Actuarial assumptions		
Discount rate used in determining present values	1.88%-2.00%	2.00%
Future salary increase rate	3.50%-6.25%	3.25%-6.00%
Expected rate of return on plan assets	1.88%-2.00%	2.00%

	Years Ended December 31	
	2012	2011
d. Contributions to the fund	<u>\$ 7,339</u>	<u>\$ 7,589</u>
e. Payments from the fund	<u>\$ -</u>	<u>\$ -</u>

18. PARENT'S SHAREHOLDERS' EQUITY

a. Employee stock option plan

On September 11, 2007, the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan ("2007 plan"). The plan provides for the grant of 25,000 thousand options in 2007 plan, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 25,000 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, 2011.

Outstanding option rights were as follows:

	2007 Option Plan			
	2012		2011	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	19,847	\$ 38.03	21,433	\$38.03
Options canceled	<u>(967)</u>		<u>(1,586)</u>	-
Ending outstanding balance	<u>18,880</u>		<u>19,847</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, 2012, the outstanding and exercisable options were as follows:

	2007 Option Plan				
	Options Outstanding			Options Exercisable	
Exercise Price (NT\$)	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\$)
\$ 37.9	12,580	0.87	\$ 37.9	12,580	\$ 37.9
38.3	6,300	0.99	38.3	6,300	38.3

No compensation costs were recognized under the intrinsic value for 2012 and 2011. Had the Company used the fair value method to evaluate the options in accordance with Statement of Financial Accounting Standards No. 39 - "Share-Based Payment", the pro forma net loss and basic loss per share are the same with those reported in the income statements due to the expiration of valid period.

In their meeting on June 18, 2012, the shareholders approved a restricted stock plan for employees with a total amount of NT\$280,000 thousand, consisting of 28,000 thousand shares, and authorize the board of directors to determine the issue prices of the restricted shares when they are issued.

As of December 31, 2012, the Company had not yet issued any restricted shares employees.

b. Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2012, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

c. Capital surplus

Under the Company Law, capital surplus may be used to offset a deficit. 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 capitalized within a certain percentage of the Company's paid-in capital. Under the revised Company Law issued on January 4, 2012, the foregoing capital surplus may also be distributed in cash. However, the capital surplus from long-term investments may not be used for any purpose.

d. Appropriation of earnings and dividends

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

Under an approved shareholders' resolution, 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. Sunplus' policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT\$0.5 per share.

Under 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 allocated 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, for working capital retention, the bonus to employees and remuneration to directors and supervisors was zero for the year ended December 31, 2012 and 2011. For the year ended December 31, 2012, 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 year of the proposal. 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 legal reserve exceeds 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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 from the 2011 and 2010 earnings were approved at the shareholders' meetings on June 10, 2012 and June 10, 2011, respectively. The appropriations, including dividends, were as follows:

	For Fiscal Year 2011		For Fiscal Year 2010	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$	\$	\$ 77,372	\$ -
Special reserve			191,229	-
Legal reserve offset deficit	23,822		-	-
Cash dividend			<u>477,528</u>	0.8
	<u>\$ 23,822</u>		<u>\$ 746,129</u>	

In their meeting on June 11, 2011, the Board of Directors proposed a bonus to employees of \$96,579 thousand and a remuneration to directors and supervisors of \$2,204 thousand.

The amounts approved by the Company's board of directors on April 27, 2011 and April 27, 2012 did not differ from the amounts approved by the shareholders.

The information on the appropriation of bonuses 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

In 2012 and 2011 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, 2012</u>			
Balance, beginning of year	\$ (1,190,335)	\$ 20	\$ (1,190,315)
Recognized in shareholders' equity	1,292,590	1,065	1,293,655
Transferred to profit	<u>84,770</u>	<u>-</u>	<u>84,770</u>
Balance, end of year	<u>\$ 187,025</u>	<u>\$ 1,085</u>	<u>\$ 188,110</u>
<u>Year ended December 31, 2011</u>			
Balance, beginning of year	\$ (172,589)	\$ 22	\$ (172,567)
Recognized in shareholders' equity	(1,369,595)	(2)	(1,369,597)
Transferred to profit or loss	<u>351,849</u>	<u>-</u>	<u>351,849</u>
Balance, end of year	<u>\$ (1,190,335)</u>	<u>\$ 20</u>	<u>\$ (1,190,315)</u>

19. TREASURY STOCK (COMMON STOCK)

Units: Shares in Thousands

Status/Purpose of Purchase	Beginning Shares	Increase	Decrease	Ending Shares
<u>Year ended December 31, 2012</u>				
Stocks of Sunplus held by a subsidiary	3,560	-	-	3,560
For subsequent transfer to employees	<u>4,915</u>	<u>-</u>	<u>-</u>	<u>4,915</u>
	<u>8,475</u>	<u>-</u>	<u>-</u>	<u>8,475</u>
<u>Year ended December 31, 2011</u>				
Stocks of Sunplus held by a subsidiary	3,560	-	-	3,560
For subsequent transfer to employees	<u>-</u>	<u>4,915</u>	<u>-</u>	<u>4,915</u>
	<u>3,560</u>	<u>4,915</u>	<u>-</u>	<u>8,475</u>

Since January 2002, Sunplus has accounted for its issued shares amounting to \$95,605 thousand held by a subsidiary, Lin Shin Investment Co., Ltd., as treasury stock. As of December 31, 2012 and 2011, the book values of these shares were the same at \$63,401 thousand, and the market values of these shares were \$32,645 thousand and \$35,493 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. On March 1, 2010, the Board of Directors approved a plan to repurchase shares up to 20,000 thousand shares of Sunplus between March 1, 2011 and April 30, 2011, with the buyback price ranging from NT\$16.00 to NT\$22.00. As of April 30, 2012, Sunplus had bought back 4,915 thousand shares for \$91,835 thousand. The subsidiaries holding treasury shares retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Years Ended December 31					
	2012			2011		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 114,811	\$ 1,959,873	\$ 2,074,684	\$ 119,337	\$ 1,879,522	\$ 1,998,859
Labor/health insurance	9,304	179,872	189,176	9,220	164,290	173,510
Pension	6,096	69,139	75,235	6,169	66,178	72,347
Welfare benefit	1,415	19,053	20,468	2,131	24,997	27,128
Meal	2,531	26,479	29,010	2,732	26,738	29,470
Others	<u>156</u>	<u>4,449</u>	<u>4,605</u>	<u>102</u>	<u>3,817</u>	<u>3,919</u>
	<u>\$ 134,313</u>	<u>\$ 2,258,865</u>	<u>\$ 2,393,178</u>	<u>\$ 139,691</u>	<u>\$ 2,165,542</u>	<u>\$ 2,305,233</u>
Depreciation	<u>\$ 30,831</u>	<u>\$ 137,815</u>	<u>\$ 168,646</u>	<u>\$ 52,274</u>	<u>\$ 151,663</u>	<u>\$ 203,937</u>
Amortization	<u>\$ 527</u>	<u>\$ 259,390</u>	<u>\$ 259,917</u>	<u>\$ 869</u>	<u>\$ 451,018</u>	<u>\$ 451,887</u>

21. INCOME TAX

- a. Income tax expense consisted of the following:

	2012	2011
Income tax expense before tax credits		
Domestic	\$ 17,512	\$ 21,781
Foreign	<u>1,538</u>	<u>1,410</u>
	19,050	23,191
Net change in deferred income taxes		
Domestic	124,166	139,101
Foreign	5,574	3,978
Investment tax credits used	(889)	(3,629)
Loss carry forwards used	(6,495)	(415)
Income tax(10%) on undistributed earnings	561	3,273
Additional income tax under the Alternative Minimum Tax Act	2,295	2,478
Adjustment of prior years' income tax expense	(123,606)	126,796
Other	<u>(75)</u>	<u>45</u>
Income tax expense	<u>\$ 20,581</u>	<u>\$ 294,818</u>

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

	<u>December 31</u>	
	2012	2011
Current:		
Loss carryforwards	\$ 141,439	\$ 4,772
Investment tax credits	400,096	541,304
Temporary differences	32,046	34,060
Deduct: Valuation allowance	<u>514,952</u>	<u>542,963</u>
	<u>\$ 58,629</u>	<u>\$ 37,179</u>
Noncurrent:		
Loss carryforwards	\$ 692,475	\$ 723,427
Investment tax credits	-	419,881
Temporary differences	71,647	78,614
Deduct: Valuation allowance	<u>696,776</u>	<u>1,003,386</u>
	<u>\$ 67,346</u>	<u>\$ 218,536</u>

As of December 31, 2012 investment tax credits (recorded as deferred tax assets) were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Income Tax Law	Loss carryforwards	\$ 7,818	\$ 7,818	2014
		103,674	103,674	2015
		29,952	29,952	2016
		131,474	131,474	2017
		72,646	66,151	2018

(Continued)

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Income Tax Law	Loss carryforwards	\$ 94,264	\$ 94,264	2019
		110,192	110,192	2020
		166,617	166,617	2021
		<u>119,363</u>	<u>119,363</u>	2022
		<u>\$ 836,000</u>	<u>\$ 829,505</u>	
Statute for Upgrading Industries	Purchase of machinery and equipment	<u>\$ 1,035</u>	<u>\$ 1,035</u>	2013
Statute for Upgrading Industries	Research and development expenditures	<u>\$ 383,959</u>	<u>\$ 383,959</u>	2013
Statute for Upgrading Industries	Personnel training expenditures	<u>\$ 9</u>	<u>\$ 9</u>	2013
Statute for Upgrading Industries	Investments in important technology-based enterprise	<u>\$ 15,093</u>	<u>\$ 15,093</u>	2013

(Concluded)

As of December 31, 2012, Generalplus HK's information on loss carryforwards was as follows:

Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Loss carryforwards	<u>\$ 4,409</u>	<u>\$ 4,409</u>	Thereafter

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

Project	Tax Exemption Period
<u>Sunplus</u>	
Eighth expansion	January 1, 2010 to December 31, 2014
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
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2010 to December 31, 2014
<u>Generalplus</u>	
Second expansion	January 1, 2008 to December 31, 2012
Third expansion	January 1, 2009 to December 31, 2013
Fourth expansion	January 1, 2010 to December 31, 2014
<u>Sunext</u>	
Expansion	January 1, 2009 to December 31, 2013

(Continued)

<u>Project</u>	<u>Tax Exemption Period</u>
<u>Sunplus Innovation</u>	
First expansion	January 1, 2009 to December 31, 2013 (Concluded)

The income tax returns of Sunplus, Sunplus mMobile and Generalplus and through 2009; the income tax returns of Sunplus Innovation, Sunplus management Consulting, Sunplus Core, iCatch Technology, Sunext, Wei-Yough, Lin Shih, Sunplus Venture and Sunplus mMedia through 2010 had been assessed by the tax authorities. Sunplus disagreed with the tax authorities' assessment of its 2005 tax returns. Sunplus also applied for the correction of the tax authorities' assessment of its 2006 and 2007 tax returns. Generalplus disagreed with the tax authorities' assessment of its 2006 tax returns; both companies had applied for administrative remedy. Nevertheless, for conservatism purposes, Sunplus and Generalplus made provisions for the income tax assessed by the tax authorities. General plus has provided pledged time deposits \$31,000 thousands (restricted assets) as collateral of certificate of no pending tax.

c. The integrated income tax information of Sunplus is as follows:

	2012	2011
Shareholders' imputation credit account	<u>\$ 248,248</u>	<u>\$ 201,494</u>
Unappropriated earnings until 1997	<u>\$ -</u>	<u>\$ -</u>

For 2012 and 2011, there was no creditable tax ratio because the Company had a deficit.

For the distribution of earnings generated after January 1, 1998, the imputation credits allocable 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 2010 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

22. CONSOLIDATED EARNINGS PER SHARE

	<u>Amounts (Numerator)</u>		<u>Share (Denominator) (In Thousands)</u>	<u>EPS (Dollars)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Year Ended December 31, 2012</u>					
Consolidated net loss	<u>\$ (637,414)</u>	<u>\$ (657,995)</u>			
Basic and diluted loss per share					
Loss attributable to common shareholders of the parent	\$ (659,389)	\$ (676,970)	588,435	<u>\$ (1.12)</u>	<u>\$ (1.15)</u>
Effect of dilutive securities					
Stock options	_____	_____	_____		
<u>Year Ended December 31, 2011</u>					
Consolidated net loss	<u>\$ (1,710,746)</u>	<u>\$ (2,005,564)</u>			
Consolidated basic and diluted					
Basic loss per share					
Loss attributable to common shareholders of the parent	<u>\$ (1,690,104)</u>	<u>\$ (1,984,922)</u>	<u>589,827</u>	<u>\$ (2.87)</u>	<u>\$ (2.87)</u>

The employee stock options stated in Note 18 represent 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 2012 and 2011. As a result, the potential common shares were excluded from the calculation of diluted E/LPS.

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. If the Company may settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

	December 31			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Financial assets at FVTPL-current	\$ -	\$ -	\$ 44,644	\$ 44,644
Available-for-sale financial assets (current and noncurrent portion)	1,709,029	1,709,029	2,181,334	2,181,334
Investments in debt security with no active market	14,520	-	-	-
Financial assets carried at lost	216,080	-	353,037	-
Liabilities				
Long term bank loans (including current portion)	1,865,204	1,865,204	265,000	265,000

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, certificate of deposit - restricted, notes and accounts receivable, other receivables, short-term loans, and notes 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 instruments not traded in active markets and derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.

- 3) Investments in debt security with no active market are estimated on amortization cost. Therefore, the book value is equivalent to fair value.
 - 4) 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.
 - 5) The fair values of long-term bank loans are estimated using the present value of future cash flows discounted at interest rates the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term bank loans with floating interest rates are equivalent to their carrying values.
- c. The Company did not use derivative contracts in 2012 and 2011.
 - d. As of December 31, 2012 and 2011, financial assets exposed to cash flow interest rate risk amounted to \$1,464,435 thousand and \$2,077,914 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$3,113,088 thousand and \$2,814,688 thousand, respectively; financial liabilities exposed to fair value interest rate risk amounted to \$340,788 thousand and \$776,912 thousand, respectively; and financial liabilities exposed to cash flow interest rate risk amounted to \$2,010,407 thousand and \$431,700 thousand, respectively.
 - e. In 2012 and 2011, on financial assets other than financial assets at fair value through profit or loss, interest incomes were \$44,695 thousand and \$39,313 thousand, respectively, and interest expenses were \$39,896 thousand and \$29,399 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 financial instrument 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 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. Some 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.

24. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Giantplus Technology Co., Ltd. ("Giantplus") - Same board chairman as with Sunplus Technology Co., Ltd.
- b. Kunshan Giantplus Optoelectronics Technology Co., Ltd. ("Kunshan Giantplus") - 100% indirect Subsidiary of Giantplus.
- c. Orise Technology Co., Ltd. ("Orise")- equity-method investee of Sunplus

- d. HT Mobile Inc. (“HT Mmobile”) - equity-method investee of Sunplus
- e. Others - please refer to Note 28 for related parties that do not have business transactions with the Company in the current period.

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Sales				
Orise	\$ 29,345	-	\$ 34,345	-
HT mMobile	644	-	89,447	1
Giantplus	43	-	122	-
Kunshan Giantplus	<u>-</u>	<u>-</u>	<u>95</u>	<u>-</u>
	<u>\$ 30,032</u>	<u>-</u>	<u>\$ 124,009</u>	<u>1</u>

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Purchase				
HT mMobile	<u>\$ 1,210</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Operating expenses				
HT mMobile	\$ 6,328	-	\$ 268	-
Orise	<u>168</u>	<u>-</u>	<u>5</u>	<u>-</u>
	<u>\$ 6,496</u>	<u>-</u>	<u>\$ 273</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			
	2012		2011	
	Amount	%	Amount	%
Nonoperating income and gains				
HT mMobile	\$ 8,539	4	\$ 24,945	5
Orise	<u>962</u>	<u>-</u>	<u>2,842</u>	<u>-</u>
	<u>\$ 9,501</u>	<u>4</u>	<u>\$ 27,787</u>	<u>5</u>

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

	December 31			
	2012		2011	
	Amount	%	Amount	%
Notes and accounts receivable				
HT mMobile	\$ 48,400	4	\$ 55,437	-
Orise	5,296	-	4,730	-
Giantplus	<u>38</u>	<u>-</u>	<u>40</u>	<u>-</u>
	53,734	4	-	-
Deduct: Allowance for doubtful accounts	<u>48,400</u>	<u>4</u>	<u>51,130</u>	<u>-</u>
	<u>\$ 5,344</u>	<u>-</u>	<u>\$ 9,077</u>	<u>-</u>
Other receivables				
Orise	\$ 53	-	\$ 1,322	1
HT mMobile	<u>-</u>	<u>-</u>	<u>1,054</u>	<u>1</u>
	<u>\$ 53</u>	<u>-</u>	<u>\$ 2,376</u>	<u>2</u>

In 2012 and 2011, the Company provided financing to Sunplus mMobile, as follows:

	Year Ended December 31, 2012			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
HT mMobile	<u>\$ 400,000</u>	<u>\$ 362,460</u> (Note1)	1.475%-1.655%	<u>\$ 6,259</u>
	Year Ended December 31, 2011			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
HT mMobile	<u>\$ 400,000</u>	<u>\$ 400,000</u> (Note2)	1.475%-1.655%	<u>\$ 1,497</u>

Note 1: In 2012, HT mMobile repaid about \$37,540 thousand of its loan, using inventories, fixed assets, software, etc. The company thus recognized the reversal of an allowance for impairment loss by \$37,540 thousand. Later, HT mMobile could not repay the loan balance. Therefore, the actual loan amount of \$362,460 thousand was recognized as impairment loss.

Note 2: The loan actually provided was \$400,000 thousand, which was recognized as impairment loss in 2011.

	December 31			
	2012		2011	
	Amount	%	Amount	%
Other current liabilities				
HT mMobile	<u>\$ -</u>	<u>-</u>	<u>\$ 16</u>	<u>-</u>
Deferred royalty income (including current and noncurrent)				
Orise	<u>\$ 2,297</u>	<u>37</u>	<u>\$ 2,897</u>	<u>43</u>

	<u>December 31</u>	
	2012	2011
Endorsement/guarantee provided		
HT mMobile	\$ _____	\$ <u>30,000</u>

	<u>December 31</u>			
	2012		2011	
	Amount	%	Amount	%
Acquisition of properties				
HT mMobile	\$ <u>24,569</u>	<u>6</u>	\$ _____	<u>-</u>
Proceeds from disposal of properties				
Orise	\$ _____	<u>-</u>	\$ <u>1,201</u>	<u>32</u>
Deferred expenses				
HT mMobile	\$ <u>3,187</u>	<u>26</u>	\$ _____	<u>-</u>

Compensation of directors, supervisors and management personnel:

	<u>Years Ended December 31</u>	
	2012	2011
Salaries and Incentives	\$56,402	\$ 60,599
Special compensation	3,774	2,656
Bonus	<u>1,414</u>	<u>4,394</u>
	<u>\$ 61,590</u>	<u>\$ 67,649</u>

25. PLEDGED OR MORTGAGED ASSETS

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

	<u>December 31</u>	
	2012	2011
Buildings, net (including assets leased to others)	\$ 732,696	\$ 752,516
Giantplus stock	415,887	-
Orise stock	407,112	-
Pledged time deposits	89,329	121,287
Subsidiary's holding of Sunplus' stock	<u>31,025</u>	<u>33,743</u>
	<u>\$1,676,049</u>	<u>\$ 907,546</u>

26. SIGNIFICANT LONG-TERM OPERATING LEASES

Sunplus

Sunplus leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in July 2015, December 2020 and December 2021. The SBIPA has the right to adjust

the annual lease amount of \$7,929 thousand. Sunplus deposited \$6,000 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

Year	Amount
2013	\$ 7,929
2014	7,929
2015	6,578
2016	4,686
2017	4,686
2018 and thereafter	<u>16,776</u>
	<u>\$ 48,584</u>

Sunplus Innovation

Sunplus Innovation leases office from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in December 2013 and December 2016. The SBIPA has the right to adjust the annual lease amount of \$9,961 thousand.

The future lease payables are as follows:

Year	Amount
2013	\$ 9,961
2014	4,502
2015	4,502
2016	<u>4,502</u>
	<u>\$ 23,467</u>

Generalplus

Generalplus leases land from Science-Based Industrial Park Administration under renewable agreements expiring in December 2020. The SBIPA has the right to adjust the annual lease amount of \$1,356 thousand. Generalplus deposited \$1,356 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

Year	Amount
2013	\$ 1,356
2014	1,356
2015	1,356
2016	1,356
2017	1,356
2018 and thereafter	<u>4,068</u>
	<u>\$ 10,848</u>

Sunext

Sunext leases an office from Global View Co., Ltd. under renewable agreements expiring in August 2015. The annual lease payments was \$2,760 thousand, respectively.

The future lease payments are as follows:

Year	Amount
2013	\$ 2,760
2014	2,760
2015	<u>1,840</u>
	<u>\$ 7,360</u>

i Catch Technology, Inc. (“i Catch”)

i Catch leases office from Siming Inc. and Siha Inc. under renewable agreements expiring in February 2013; the lease payments were \$1,611 thousand and \$1,216, respectively.

The future lease payments are as follows:

Year	Amount
2013	<u>\$ 471</u>

27. OTHERS

The foreign currency-denominated assets and liabilities that had a major impact on the financial statements were as follows:

	2012		2011	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 64,984	29.04	\$ 70,110	30.28
EUR	128	38.49	583	39.18
JPY	550	0.336	683	0.391
RMB	30,746	4.660	41,316	4.805
GBP	456	46.83	460	46.73
HKD	404	3.747	189	3.897
Nonmonetary items				
USD	500	29.04	-	-
<u>Financial liabilities</u>				
Monetary items				
USD	40,770	29.04	36,301	30.28
EUR	314	38.49	542	39.18
RMB	48,514	4.660	26,705	4.805
GBP	-	46.83	5	46.73
HKD	321	3.747	86	3.897

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. Names, locations, and related information of investees on which the Company exercises significant influence: Table 5 (attached)
- f. Information on investment in Mainland China: Table 6 (attached)
- g. Intercompany relationships and significant intercompany transactions: Table 7 (attached)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Company reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by subsegment and operating results in 2012 and 2011 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2012 and 2011 are shown in the accompanying consolidated balance sheets.

- a. Revenue from major products and services

The following is an analysis of the Company's operating revenue from its major products and services:

	Year Ended December 31	
	2012	2011
IC	\$ 8,452,013	\$ 9,045,378
Rental revenue	131,921	115,776
Other	<u>31,330</u>	<u>90,809</u>
	<u>\$ 8,615,264</u>	<u>\$ 9,251,963</u>

b. Geographical Information

The Company's operating revenue from external customers and information about its noncurrent assets by geographical location are as follows:

	Revenue from External Customers		Noncurrent Assets	
	December 31		December 31	
	2012	2011	2012	2011
Asia	\$ 6,205,170	\$ 6,447,595	\$ 1,115,173	\$ 954,891
Taiwan	2,406,681	2,802,150	1,706,231	1,817,792
Others	<u>3,413</u>	<u>2,218</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,615,264</u>	<u>\$ 9,251,963</u>	<u>\$ 2,821,404</u>	<u>\$ 2,772,683</u>

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

Customer	2012		2011	
	Amount	%	Amount	%
A	\$ 1,405,721	16	\$ 1,356,874	15
B	1,152,118	13	1,252,247	14
C	884,685	10	663,879	7
D	524,485	6	1,037,101	11

30. PLAN FOR THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Under Rule No. 0990004943 issued by the Financial Supervisory Commission (FSC) on February 2, 2010, the Company discloses its plan on the adoption of International Financial Reporting Standards (IFRSs), as follows:

- a. On May 14, 2009, the FSC announced the "Framework for the Adoption of International Financial Reporting Standards by Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange (TSE) or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their financial statements in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations as well as related guidances translated by the ARDF and issued by the FSC. To comply with this framework, the Company has set up a project team and made a plan to adopt the IFRSs. Leading the implementation of this plan is the assistant general manager of the finance division. The important plan items, responsible divisions and plan progress are listed as follows:

Plan Item	Responsible Division	Plan Progress
1. Establish the IFRS task force.	Finance and accounting division	Completed
2. Set up a work plan for IFRSs adoption.	Finance and accounting division	Completed
3. Complete the identification of GAAP differences and their impact.	Finance and accounting division	Completed
4. Complete the identification of consolidated entities under the IFRSs.	Finance and accounting division	Completed

(Continued)

Plan Item	Responsible Division	Plan Progress
5. Complete the evaluation of the impact on the Company of the exemptions and adoptions under IFRS 1 - "First-time Adoption of International Financial Reporting Standards."	Finance and accounting division	Completed
6. Complete the evaluation of IT systems to be affected by IFRS adoption.	Finance and accounting and information divisions	Completed
7. Complete modification of relevant internal controls.	Finance and accounting, information and audit divisions	Completed
8. Determine IFRSs accounting policies to be adopted.	Finance and accounting division	Completed
9. Determine the IFRS 1 exemptions and adoptions to be used by the Company.	Finance and accounting division	Completed
10. Complete the preparation of the opening date balance sheet based on the IFRSs.	Finance and accounting division	Completed
11. Prepare comparative financial information under IFRSs for 2012.	Finance and accounting division	In progress
12. Complete modification of the relevant internal controls (including the financial report procedures and the IT system).	Finance and accounting, information and audit divisions	In progress

(Concluded)

b. Based on the Company's assessment, the significant differences between the Company's current accounting policies under ROC GAAP and the ones under IFRSs are stated as follows:

1). Reconciliation of the consolidated balance sheet as of January 1, 2012

	ROC GAAP	Effect of Transition	IFRSs	Note
<u>Assets</u>				
Notes and accounts receivable, net	\$ 1,331,576	\$ 9,059	\$ 1,340,635	6(2)
Deferred income tax assets	37,179	(37,179)	-	6(1)
Other current assets	138,749	57,870	196,619	6(7), (10)
Equity-method investments	885,569	(2,688)	882,881	6(11)
Net properties	1,649,559	52,646	1,702,205	6(9)
Investment property	-	265,457	265,457	6(8)
Intangible assets, net	676,915	(14,641)	662,274	6(7), (10)
Rental assets, net	363,197	(363,197)	-	6(8)
Deferred charges and others	102,553	138	102,691	6(7), (9) and (10)
Deferred income tax assets - noncurrent	218,536	37,179	255,715	6(1)

(Continued)

	ROC Gaap	Effect amount	IFRSs	NOTE
<u>Liabilities</u>				
Accrued expenses and other current liabilities	606,110	16,005	622,115	6(2), (3) and(12)
Accrued pension liability	101,877	28,374	130,251	6(4)
<u>Shareholders' equity</u>				
Capital surplus - merger and others	950,022	(792,599)	157,423	6(5)
Cumulative translation adjustments	90,505	(90,505)	-	6(6)
Unrealized loss on financial assets	(1,190,315)	800,438	(389,877)	-
Unappropriated deficit	(23,822)	62,297	38,475	6(3), (4), (5), (6) and (11)
Minority interest	1,602,967	(19,366)	1,583,601	6(5) (Concluded)

2) Reconciliation of the consolidated balance sheet as of December 31, 2012

	ROC GAAP	Effect of Transition	IFRSs	Note
<u>Assets</u>				
Notes and accounts receivable, net	\$ 1,372,094	\$ 23,028	\$ 1,395,122	6(2)
Deferred income tax assets	58,629	(58,629)	-	6(1)
Other current assets	145,395	21,904	167,299	6(7) and (10)
Equity-method investments	2,650,691	(1,039,025)	1,611,666	6(11) and (13)
Net properties	1,943,055	3,041	1,946,096	6(8)
Investment property	-	274,842	274,842	6(8)
Intangible assets, net	558,783	(19,737)	539,046	6(7) and (10)
Rental assets, net	277,883	(277,883)	-	6(8)
Deferred charges and others	50,234	(5,503)	44,731	6(7) and (9), (10)
Deferred income tax assets - noncurrent	67,346	58,629	125,975	6(1)
<u>Liabilities</u>				
Accrued expenses	750,827	42,957	793,784	6(3), 6(2) and (12)
Other current liabilities	102,421	61,619	164,040	6(4)
Accrued pension liability	936,212	(777,531)	158,681	6(5), 6(12) and (13)
<u>Shareholders' equity</u>				
Capital surplus - merger and others	(676,970)	(226,420)	(903,390)	6(3), (4), (5), (6) and (11)
Cumulative translation adjustments	1,565,376	(32,341)	1,533,035	6(5)

3) Reconciliation of consolidated statement of comprehensive income for 2012

	ROC GAAP	Effect of Transition	IFRSs	Note
Operating expense	\$ 3,702,877	\$ 362	\$ 3,703,239	6(3) and (4)
Nonoperating income and loss				
Investment gain recognized by the equity method, net	33,622	(699)	32,923	6(11)
Gain on disposal of investments, net	76,424	(255,426)	(179,002)	6(5), (12) and (13)
Foreign exchange loss, net	28,513	1,752	30,265	6(6)
Other				
Exchange differences on translating foreign operations	-	-	(84,462)	
Net valuation gain on available-for-sale financial assets	-	-	577,986	
Defined benefit actuarial loss			(30,505)	6(4)
Other comprehensive income for the period, net of tax effect			(1,572)	

4) Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, on the first-time adoption of IFRSs, an entity should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company’s use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the entity has earnings and the original need to appropriate a special reserve is not eliminated. The Company’s total IFRS-adoption adjustments at the first-time adoption of IFRSs resulted in a decrease in retained earnings; thus, no special reserve was appropriated.

5) IFRS 1 “First-time Adoption of International Financial Reporting Standards” establishes the procedures for the preparation of the Company’s first consolidated financial statements in accordance with IFRSs. Under IFRS 1, the Company is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies to its opening balance sheet at the date of transition to IFRSs (January 1, 2012), except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The main optional exemptions the Company adopted are summarized as follows:

- a) Employee benefits. The Company elected to recognize all unrecognized cumulative actuarial gains and losses in retained earnings at the date of transition to IFRSs.
- b) Cumulative translation adjustments. The Company elected to reset exchange differences on translating foreign operations to zero and recognize these differences in earnings.

- c) Share-based payment. The Company elected to take the optional exemption from applying IFRS 2 “Share-based Payment” retrospectively to the share-based payment transactions granted and vested before the date of transition to IFRSs.
 - d) Business combinations. The Company elected not to apply IFRS 3 “Business Combinations” retrospectively to business combinations that occurred before the date of transition to IFRSs. Thus, the amounts of goodwill and related assets and liabilities included in the business combination and the noncontrolling interest generated from business combinations reported in the balance sheet as of January 1, 2012 remain the same as those reported under ROC GAAP as of December 31, 2011.
- 6) Adjustments due to transition to IFRSs

- a) Under ROC GAAP, valuation allowance is provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits against which the deductible temporary differences can be used; thus, the valuation allowance account is no longer needed.

In addition, under ROC GAAP, a deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as current or noncurrent on the basis of the expected length of time before it is realized or settled. Under IFRSs, a deferred tax asset or liability is classified as noncurrent.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from deferred income tax assets - current to deferred income tax assets - noncurrent were \$58,629 thousand and \$37,179 thousand, respectively.

- b) Under ROC GAAP, provisions for estimated sales returns and others are recognized as a reduction of revenue in the period the related revenue is recognized on the basis of historical experience. Allowance for sales returns and others is recorded as a deduction from accounts receivable. Under IFRSs, the allowance for sales returns and others is a provision recognized for a present obligation resulting from a past event, on which the timing of the settlement of the liability and the related amount are uncertain. This provision is classified under current liabilities.

As of December 31, 2012 and January 1, 2012, the amounts reclassified from allowance for sales returns and others to provisions were \$23,028 thousand and \$9,059 thousand, respectively.

- c) Employee benefits - short-term accumulating compensated absences

Short-term accumulating compensated absences are not specifically addressed under ROC GAAP and are usually recognized as salary expense when employees actually go on leave. Under IFRSs, cumulative compensated absences are recognized as salary expense when the employees render services that increase their entitlement to future compensated absences.

At the transition to IFRSs, the Company elected to recognize all the resulting accounting difference pertaining to compensated absences in retained earnings. As of December 31, 2012 and January 1, 2012, other current liabilities increased by \$19,928 thousand and \$17,555 thousand, respectively. For 2012, the adjustments resulted in increases in cost of sales and operating expenses by \$2,373 thousand each.

d) Employee benefits - corridor approach

Under ROC GAAP, on the adoption of SFAS No. 18 – “Accounting for Pensions,” unrecognized net transition obligation should be amortized over the expected average remaining service lives of the employees who are still in service and expected to receive pension benefits using the straight-line method and should be recorded in net pension cost. Under IFRSs, the Company is not subject to the transition requirements of IAS 19 “Employee Benefits.” Thus, unrecognized net transition obligation should be recognized immediately in retained earnings.

Under ROC GAAP, actuarial gains and losses are accounted for under the corridor approach which results in the deferral of gains and losses. Based on the corridor approach, actuarial gains and losses should be amortized over the expected average remaining working lives of the participating employees and be recognized directly in retained earnings. On the transition to IFRSs, the Company decided to continue using the corridor approach in accordance with IAS 19 “Employee Benefits” and its accounting policy.

As of December 31, 2012 and January 1, 2012, the Company performed actuarial valuation based on IAS 19 and adjusted accrued pension cost for an increase of \$61,619 thousand and \$28,374 thousand, respectively, as required by IFRS 1. In addition, pension cost and other comprehensive income in fiscal 2012 were adjusted for an increase of \$2,740 thousand and a decrease of \$30,505 thousand, respectively.

e) Without loss of significant changes in equity interest in the associates and adjustment of capital surplus

Under ROC GAAP, if an investee company issues new shares and original shareholders do not acquire new shares proportionately, the investment percentage and the investor’s equity in net assets will change. This change will be used to adjust the additional paid-in capital and the long-term investments accounts.

Under the requirements of “IFRSs Q&A” issued by the Taiwan Stock Exchange Corporation, the Company only needs to reclassify capital surplus –long term investment to retained earnings, and no retrospective adjustments were necessary.

According to the requirements of “IFRSs Q&A,” issued by Taiwan Stock Exchange Corporation (TWSE), the Company only need to reclassify capital surplus –long term investment into retained earning, no retrospective adjustments were necessary. As of January 1, 2012, capital surplus – long term investments were adjusted for a decrease of \$116,628 thousand, respectively.

Under ROC GAAP, employee stock options granted by a subsidiary are recognized at the parent company’s ownership percentage as capital surplus - employee stock options under the equity attributable to the parent’s shareholders in the consolidated financial statements. Under IFRSs, the equity not attributable, directly or indirectly, to a parent is a noncontrolling interest. As of December 31, 2012 and January 1, 2012, capital surplus – long term investments were adjusted for increases of \$17,631 thousand and \$15,619 thousand, respectively.

f) Under ROC GAAP, various factors are simultaneously considered in determining functional currency. Under IAS 21, “Effect of Changes in Exchange Rates of Foreign Currencies,” the factors for determining functional currency are classified into primary and secondary on the basis of management’s weighing the importance of these factors. Under ROC GAAP, there is no assigning of priority to some factors over other factors. As of December 31, 2012 and January 1, 2012, cumulative translation adjustments of the company were adjusted for increases of \$20,095 thousand and \$18,343 thousand, respectively. The foreign exchange loss of 2012 was also adjusted for an increase of \$1,752 thousand.

- g) Under ROC GAAP, deferred expense is recorded under other assets. Under IFRSs, the company reclassified deferred expenses to intangible assets and prepaid expenses depending on the nature of these deferred expenses. As of December 31, 2012 and January 1, 2012, the amounts reclassified from deferred expenses to intangible assets were \$14,327 thousand and \$20,177 thousand, respectively, and the amounts reclassified to prepaid expenses were \$19,556 thousand and \$55,035 thousand, respectively.
- h) Under ROC GAAP, the Company's property that is leased to another entity is recorded as rental property under other assets. Under IFRSs, the Company reclassified these assets, held for earning rentals or for capital appreciation, or both, from other assets to investment property. properties. As of December 31, 2012 and January 1, 2012, the amounts reclassified to investment property were 274,842 thousand and 265,457 thousand, respectively, and the amounts reclassified to property, plant and equipment were \$3,041 thousand and \$97,742 thousand, respectively.
- i) Under ROC GAAP, prepayment for equipment is recorded under property, plant and equipment. Under IFRSs, prepayment for equipment is recorded and classified as either current asset or noncurrent asset based on their expectations of the realization. As of December 31, 2012 and January 1, 2012, the amounts reclassified to prepayments - noncurrent were zero and \$45,094 thousand, respectively.
- j) Under ROC GAAP, held burgage is classified under intangible assets. Under IFRSs, burgage is reclassified lease prepayments in accordance with IAS 17 "Leases." As of December 31, 2012, the amounts reclassified to lease prepayments - current (classified under other current assets) and lease prepayments - noncurrent (classified under other noncurrent assets) were \$715 thousand and \$28,380 thousand, respectively. As of January 1, 2012, the amounts reclassified to lease prepayments - current and lease prepayments - noncurrent were \$733 thousand and \$30,256 thousand, respectively.
- k) In conformity with the Company's transition to IFRSs, the Company's associates accounted for using the equity method have also assessed the significant differences between their respective present accounting policies and IFRSs and made adjustments accordingly. The associates' area of major adjustments is in employees' benefits. As of December 31, 2012 and January 1, 2012, the assessment of differences resulted in decreases of \$4,959 thousand and \$2,688 thousand, respectively, and investments accounted for by the equity method as of December 31, 2012 also decreased by \$699 thousand of 2012.
- l) Under ROC GAAP, an investor should continue to recognize losses if an investee's return to profitable operations is imminent (even if the investor has not [1] guaranteed the investee's obligations or (2) committed to provide further financial support to the investee). Under IFRSs, if an investor's share in the losses of an associate exceeds its interest in the associate, the investor will discontinue recognizing its share in the loss even if the investee's imminent return to profitable operations appears to be assured. However, additional losses are provided for, and a liability is recognized, to the extent that the investor has assumed legal or constructive obligations or made payments on behalf of the associate. As of January 1, 2012, the amount reclassified to other current liabilities - equity-method investments was \$10,609 thousand, and the amount reclassified from additional paid-in capital - equity-method investments to retained earnings was \$13,056 thousand.
- m) Under ROC GAPP, the company adjust the difference among the cost of investment and net equity while acquining significant influence and retrospect to the beginning of the year. At the transifion to IFRSs calculated while acquiring significant influence. The gain on disposal of investment which generated. As of December 3, 2012, the amount of equity-method investments decreased by 1,034,066 thousand, and the amount of gain on disposal of investment in increase of 233,628 thousand of 2012.

- c. The Company's assessment is based on the 2010 version of IFRSs translated by ARDF and the Guidelines Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on December 22, 2011. However, the assessment result may be impacted as the FSC may issue new rules governing the adoption of IFRSs, and as other laws and regulations may be amended to comply with the adoption of IFRSs. Actual results may differ from these assessments.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2012

(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	Sun Media Technology Co., Ltd.	100% indirect subsidiary	\$ 966,222 (Note 1)	\$ 448,000	\$ 448,000	\$ -	4.64%	\$ 1,932,445 (Note 2)	
		Sunplus mMobile Inc.	99% subsidiary	966,222 (Note 1)	620,000	220,000	-	2.28%	1,932,445 (Note 2)	
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	966,222 (Note 1)	209,815	149,575	-	1.55%	1,932,445 (Note 2)	
		Sunext Technology Co., Ltd.	61% subsidiary	966,222 (Note 1)	80,000	47,342	-	0.49%	1,932,445 (Note 2)	
		Generalplus Technology Inc.	34% subsidiary	966,222 (Note 1)	27,126	27,126	-	0.28%	1,932,445 (Note 2)	
		Sunplus Innovation Technology Inc.	63% subsidiary	966,222 (Note 1)	17,564	17,564	-	0.18%	1,932,445 (Note 2)	
		iCatch Technology Inc.	38% subsidiary	966,222 (Note 1)	12,701	12,701	-	0.13%	1,932,445 (Note 2)	
		Sunplus Core Technology Co., Ltd.	99% subsidiary	966,222 (Note 1)	250,000	-	-	-	-	1,932,445 (Note 2)
		HT mMobile Inc.	Equity-method investee	966,222 (Note 1)	30,000	-	-	-	-	1,932,445 (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.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED

NINE MONTHS ENDED DECEMBER 31, 2012

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

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	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	\$ 400,000	\$ 315,400 (Note 11)	1.475%- 1.655%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 483,111 (Note 8)	\$ 966,222 (Note 9)
		HT mMobile Inc.	Other receivables	400,000	362,460 (Note 12)	1.475%- 1.655%	Note 1	-	Note 3	362,460	Note 14	-	483,111 (Note 8)	966,222 (Note 9)
1	Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Other receivables	6,566	6,566 (Note 13)	2.575%- 2.59%	Note 1	-	Note 4	-	-	-	22,996 (Note 8)	45,991 (Note 9)
		Ytrip Technology Co., Ltd.	Other receivables	5,957	-	2.575%- 2.59%	Note 1	-	Note 5	-	-	-	22,996 (Note 8)	45,991 (Note 9)
		Sunplus Pro-tek (Shenzhen) Co., Ltd.	Other receivables	17,412	-	2.575%- 2.59%	Note 1	-	Note 6	-	-	-	160,969 (Note 10)	183,964 (Note 10)
		Sun Media Technology Co., Ltd.	Other receivables	10,080	10,080 (Note 15)	2.575%- 2.59%	Note 1	-	Note 7	-	-	-	160,969 (Note 10)	183,964 (Note 10)

Note 1: Short-term financing.

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

Note 3: Sunplus Technology Company Limited provided cash for the operation of HT mMobile Inc.

Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for ShenZhen Suntop Technology Co., Ltd. to for its need of operation.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Ytrip Technology Co., Ltd. to for its need of operation.

Note 6: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sunplus Pro-tek (Shenzhen) Co., Ltd. to for its need of operation.

Note 7: Sunplus Technology (Shanghai) Co., Ltd. Provided funds for Sun Media Technology Co., Ltd. to for its need of operation.

Note 8: For each transaction entity, the amount should not exceed 5% of the Company's and Sunplus Technology (Shanghai) Co., Ltd. net equity as of the latest financial statements.

Note 9: The amount should not exceed 10% of the Company's and Sunplus Technology (Shanghai) Co., Ltd. net equity based on the latest financial statements.

Note 10: For each transaction entity, the amount should not exceed 40% of Sunplus Technology (Shanghai)'s net equity as of the latest financial statement, and the each amount should not exceed 35% of the Company's net equity as of the latest financial statement because the borrowing company is the company's parent company holding 100% by directly or indirectly.

(Continued)

Note 11: Actual provided was \$180,400 thousand.

Note 12: During the year ended December 31, 2012, the loan of HT mMobile had been repaid about \$37,340 thousand with inventories, fixed assets and soft ware, etc. The company had recognized the reversal of an allowance for impairment loss about \$37,340 thousand. Therefore, the actual amount of loan are \$362,460 thousand and have been recognized as impairment loss.

Note 13: Actual provided was \$6,566 thousand.

Note 14: Self-developed technology.

Note 15: Actual provided was \$10,080 thousand.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

(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, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	<u>Stock</u>							
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	84,652	\$ 1,760,279	19	\$ 1,760,279	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	44,175	978,780	100	978,780	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	47,290	875,106	34	875,106	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	789,337	100	789,337	Notes 1 and 4
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	704,658	100	704,658	Note 1
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	37,324	622,990	34	622,990	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	31,450	573,911	63	574,069	Notes 1 and 7
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	274,280	100	278,119	Notes 1 and 9
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	38,837	223,658	61	223,658	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	200,722	38	200,722	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	12,441	64,235	83	88,012	Notes 1 and 8
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	8,584	100	8,584	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	6,578	100	6,578	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,151	100	4,151	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,054	100	4,054	Note 1
	Magic Sky Limited	Equity-method investee	Equity-method investments	6,000	-	100	-	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	56,448	-	32	-	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	48,999	(367,102)	99	(334,834)	Notes 1 and 6
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	16,770	(18,855)	99	9,014	Notes 1 and 6
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	194,695	13	194,695	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	23,021	-	23,021	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	19,848	-	19,848	Note 3
	<u>Fund</u>							
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	8,273	100,563	-	100,563	Note 5
	JF (Taiwan) First Money Market Fund	-	Available-for-sale financial assets	6,099	90,002	-	90,002	Note 5
	FSITC Money Market	-	Available-for-sale financial assets	290	50,264	-	50,264	Note 5
	FSITC Global Socially Rspnb Invmt Bd	-	Available-for-sale financial assets	5,000	50,211	-	50,211	Note 5
	JPMorgan GIBI EM Corp Bd	-	Available-for-sale financial assets	3,000	30,740	-	30,740	Note 5
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,044	-	30,044	Note 5
	Taishin Ta-Chong Money Market	-	Available-for-sale financial assets	2,178	30,043	-	30,043	Note 5
	Prudential Financial Money Market	-	Available-for-sale financial assets	652	10,013	-	10,013	Note 5
Network Capital Global Fund	-	Financial assets carried at cost	933	9,333	7	9,333	Note 2	
Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	556	5,556	11	5,556	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note	
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,892	\$ 247,936	14	\$ 247,522	Note 1	
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	19,389	5	19,389	Note 1	
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,075	17,123	2	19,331	Note 1	
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,337	2	9,337	Note 1	
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	579	9,040	4	4,954	Note 1	
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	15	197	-	197	Note 1	
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	8	31	-	31	Note 1	
	HT mMobile Inc.	Equity-method investee	Equity-method investments	4,695	-	3	-	Note 1	
	Ability Enterprise Co., Ltd.	-	-	Available-for-sale financial assets	5,274	143,454	1	143,454	Note 3
	Radiant Innovation Inc.	-	-	Available-for-sale financial assets	2,397	135,181	7	135,181	Note 3
	Sunplus Technology Co., Ltd.	Parent Company	-	Available-for-sale financial assets	3,560	32,645	1	32,645	Note 3
	RITEK Technology Co., Ltd.	-	-	Available-for-sale financial assets	833	3,308	-	3,308	Note 3
	Aiptek International Inc.	-	-	Available-for-sale financial assets	60	-	-	-	Note 3
	Paradigm Pion Money Market	-	-	Available-for-sale financial assets	3,579	40,158	-	40,158	Note 3
	Pegatron Corp.	-	-	Available-for-sale financial assets	90	3,379	-	3,379	Note 3
	Catcher Technology Co., Ltd.	-	-	Available-for-sale financial assets	23	3,312	-	3,312	Note 3
	Pou Chen Corp.	-	-	Available-for-sale financial assets	80	2,440	-	2,440	Note 3
	Hon Hai Precision Ind. Co., Ltd.	-	-	Available-for-sale financial assets	27	2,436	-	2,436	Note 3
	Miracle Technology Co., Ltd.	-	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	MaxEmil Photonics Corp.	-	-	Financial assets carried at cost	426	4,136	2	4,136	Note 2
	Genius Vision Digital Co., Ltd.	-	-	Financial assets carried at cost	600	3,676	7	3,676	Note 2
	Lingri Technology Co., Ltd.	-	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2
	Socle Technology Corp.	-	-	Financial assets carried at cost	250	2,121	-	2,121	Note 2
	GemFor Tech. Co., Ltd.	-	-	Financial assets carried at cost	373	1,764	6	1,764	Note 2
	Minton Optic Industry Co., Ltd.	-	-	Financial assets carried at cost	4,272	-	7	-	Note 2
	WayTech Development Inc.	-	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Sanjet Technology Corp.	-	-	Financial assets carried at cost	8	-	-	-	Note 2
	Russell Holdings Limited	<u>Stock</u>							
		Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US\$ 88 thousand	1	US\$ 88 thousand	Note 1
		Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 1,721 thousand	-	US\$ 1,721 thousand	Note 2
		Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US\$ 456 thousand	5	US\$ 456 thousand	Note 2
Aicent, Inc.		-	Financial assets carried at cost	500	US\$ 250 thousand	1	US\$ 250 thousand	Note 2	
Aruba Networks, Inc.		-	Financial assets carried at cost	10	US\$ 230 thousand	-	US\$ 230 thousand	Note 2	
VisualOn Inc.		-	Financial assets carried at cost	377	US\$ 131 thousand	3	US\$ 131 thousand	Note 2	
Innobrige International Inc.		-	Financial assets carried at cost	4,000	US\$ 87 thousand	15	US\$ 87 thousand	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	Synerchip Co., Ltd.	-	Financial assets carried at cost	6,452	US\$ - thousand	12	US\$ - thousand	Note 2
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US\$ - thousand	-	US\$ - thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ - thousand	1	US\$ - thousand	Note 2
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US\$ - thousand	8	US\$ - thousand	Note 2
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US\$ - thousand	3	US\$ - thousand	Note 2
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2
	Stock Security	-	Investment in debt security with no activity Market	1	\$ 14,520	-	14,520	Note 11
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	4,301	84,136	4	70,869	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	2,720	49,680	5	49,680	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	30,802	6	30,802	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	25,510	7	25,510	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	15,517	1	15,517	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	1,909	12,706	13	12,447	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420	1,781	70	1,781	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	12	9	-	9	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	-	3	-	3	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	9,111	-	5	-	Note 1
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	102,925	1	102,925	Note 3
	Aiptek International Inc.	-	Available-for-sale financial assets	351	-	1	-	Note 3
	UED Corp.	-	Available-for-sale financial assets	338	21,936	1	21,936	Note 3
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	45,153	-	45,153	Note 3
	Franklin Templeton Sinoam Money Market FSITC Money Market	-	Available-for-sale financial assets	5,998	60,060	-	60,060	Note 2
	Feature Integration Technology Inc.	-	Available-for-sale financial assets	290	50,273	-	50,273	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,811	20,734	4	20,734	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,303	14,025	9	14,025	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	419	6,243	2	6,243	Note 2
	Aruba Networks, Inc.	-	Financial assets carried at cost	550	4,666	1	4,666	Note 2
	Sanjet Technology Corp.	-	Financial assets carried at cost	4	2,585	-	2,585	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	49	-	-	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	5,000	-	8	-	Note 2
	eWave System, Inc.	-	Financial assets carried at cost	1,990	-	10	-	Note 2
			1,833	-	22	-	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	WayTech Development Inc.	-	Financial assets carried at cost	1,000	\$ -	4	\$ -	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	-	-	-	Note 2
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	44,175	US\$ 33,712 thousand	100	US\$ 33,712 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	44,175	US\$ 33,716 thousand	100	US\$ 33,716 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 15,653 thousand	99	US\$ 15,653 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 2,075 thousand	100	US\$ 2,075 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 14,776 thousand	100	US\$ 14,776 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 383 thousand	80	US\$ 383 thousand	Note 1
	Ytrip Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 780 thousand	73	US\$ 780 thousand	Note 1
Magic sky Limited	HT mMobile Inc.	Equity-method investee	Equity-method investments	16,888	-	10	-	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Subsidiary of Sunplus Technology (Shanghai) Co., Ltd.	Equity-method investments	-	RMB (893) thousand	100	RMB (893) thousand	Note 1
	GF Money Market Fund class B shares	-	Available-for-sale financial assets	8,090	RMB 8,177 thousand		RMB 8,177 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> Elitergroup Computer Systems	-	Available-for-sale financial assets	508	4,565	-	4,565	Note 3
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,715	-	1,796	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	103	-	103	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				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	7,590	\$ 119,512	100	\$ 119,512	Note 1
	<u>Fund</u> Union Money Market	-	Available-for-sale financial assets	4,297	55,100	-	55,100	Note 5
	Jih Sun Money Market	-	Available-for-sale financial assets	2,794	40,126	-	40,126	Note 5
	Eastspring Inv well Pool Money Market	-	Available-for-sale financial assets	1,063	14,037	-	14,037	Note 5
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	7,590	US\$ 4,114 thousand	100	US\$ 4,114 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	7,200	US\$ 3,862 thousand	100	US\$ 3,862 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$ 252 thousand	100	US\$ 252 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	\$ 724	100	724	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,962	-	100	-	Note 1
	<u>Fund</u> IBT 1699 Bond Fund	-	Available-for-sale financial assets	3,047	40,000	-	40,000	Note 5
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	2,243	33,000	-	33,000	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	2,156	32,000	-	32,000	Note 5
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,313	27,000	-	27,000	Note 5
	ING Taiwan Money Market	-	Available-for-sale financial assets	1,451	23,000	-	23,000	Note 5
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 25 thousand	100	US\$ 25 thousand	Note 1
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	\$ (8,188)	100	(8,188)	Notes 1 and 6
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	5,000	50,000	-	50,000	Note 5
Sunplus Innovation Technology Inc.	<u>Fund</u> Mega Diamond Money Market	-	Available-for-sale financial assets	7,426	90,261	-	90,261	Note 5
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	5,451	80,213	-	80,213	Note 5
	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	2,000	15,993	9	15,993	Note 2
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	1,000	15,391	12	15,391	Note 2

(Continued)

Note 1: The net asset value was based on audited financial data as of December 31, 2012.

Note 2: The market value was based on carrying value as of December 31, 2012.

Note 3: The market value was based on the closing price as of December 31, 2012.

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, 2012.

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

Note 7: Includes the deferred credit of \$158 thousand.

Note 8: Includes the deferred credit of \$36,439 thousand.

Note 9: Includes the deferred credit of \$3,839 thousand.

Note 10: As of December 31, 2012, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. of the shares of Sunplus Technology Company Limited with a market value \$31,025 thousand and the holding of Sunlus Technology Company Limited of the shares of Giantplus Technology Co., Ltd. with a market value 415,887 thousand and Orise Technology Co., Ltd. with a market value 407,112 thousand had not been pledged or mortgaged.

Note 11: The value was based on amortization cost as of December 31, 2012.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2012
 (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	
			Unit (Thousands)	Amount	Unit (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Sunplus Core Technology Co., Ltd.	Equity-method investments	11,206	\$ (138,357) (Note 3)	16,700	\$ 167,000	-	\$ -	\$ -	\$ -	16,770 (Note 5)	\$ (18,855) (Note 4)
	Mega Diamond Bond Fund	Available-for-sale financial assets	8,326	100,000	8,273	100,000	8,326	100,468	100,000	468	8,273	100,563 (Note 1)
	Taishin Ta-Chong Money Market	Available-for-sale financial assets	12,852	136,966 (Note 2)	-	-	12,852	138,031	136,966	1,065	-	-
Generalplus Technology Inc.	Union Money Market	Available-for-sale financial assets	-	-	8,217	105,000	3,920	50,072	50,000	72	4,297	55,100 (Note 1)
	Jih Sun Money Market	Available-for-sale financial assets	-	-	6,980	100,000	4,186	60,000	59,980	20	2,794	40,126 (Note 1)
	Hua Nan Phoenix Money Market Fund	Available-for-sale financial assets	2,740	43,080 (Note 2)	6,473	102,000	9,213	145,344	145,033	311	-	- (Note 1)
	ING Taiwain Money Market	Available-for-sale financial assets	-	-	6,968	110,000	6,968	110,100	110,000	100	-	-
Sunplus Innovation Technology Company Limited	Yugnta Wan Tai Money Fund	Available-for-sale financial assets	-	-	8,175	120,000	2,724	40,000	39,961	39	5,451	80,213 (Note 1)
Sunext Technology Inc.	Yugnta Wan Tai Money Fund	Available-for-sale financial assets	5,203	76,000 (Note 2)	5,653	83,000	8,613	126,370	126,000	370	2,243	33,000 (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 amount was the carrying value of the equity-method investment as of December 31, 2011.

Note 4: The amount was the carrying value of the equity-method investment as of December 31, 2012.

Note 5: Shares after reducing the capital to offset a deficit.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

DECEMBER 31, 2012

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Miaoli, Taiwan	LED	\$ 881,314	\$ 881,314	84,652	19	\$ 1,760,279	\$ (628,184)	\$ (9,240)	Investee
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	536,298	536,298	47,290	34	875,106	123,294	42,092	Investee
	Ventureplus Group Inc.	Belize	Investment	US\$ 44,175 thousand	US\$ 42,985 thousand	44,175	100	978,780	(65,814)	(65,814)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	\$ 699,988	\$ 699,988	70,000	100	789,337	8,093	8,093	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	704,658	(9,354)	(9,354)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	622,990	61,091	20,955	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	63	573,911	25,646	17,395	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760 thousand	US\$ 14,760 thousand	14,760	100	274,280	(108,578)	(108,578)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	\$ 924,730	\$ 924,730	38,837	61	223,658	(120,508)	(73,692)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	200,722	41,037	15,471	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,441	83	64,235	(37,515)	5,325	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	8,584	(7,251)	(7,251)	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200 thousand	US\$ 200 thousand	200	100	6,578	(24)	(24)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	\$ 5,000	\$ 5,000	500	100	4,151	(14)	(14)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075 thousand	HK\$ 11,075 thousand	11,075	100	4,054	123	123	Subsidiary
	Magic Sky Limited	Samoa	Investment	US\$ 6,000	US\$ 6,000	6,000	100	-	-	-	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	\$ 583,668	\$ 583,668	56,448	32	-	33,462	-	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,196,392	2,196,392	48,999	99	(367,102)	(33,986)	(33,986)	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	362,285	195,285	16,770	100	(18,855)	(1,143)	(1,072)	Subsidiary
	Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	247,936	61,091	8,361
Sunext Technology Co., Ltd.		Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	19,389	(120,508)	(6,375)	Subsidiary
Sunplus Innovation Technology Inc.		Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	17,123	25,646	560	Subsidiary
iCatch Technology, Inc.		Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,337	41,037	719	Subsidiary
Sunplus mMedia Inc.		Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	9,040	(37,515)	(1,447)	Subsidiary
Sunplus Core Technology Co., Ltd.		Hsinchu, Taiwan	Design of ICs	36,889	36,889	15	-	197	(1,143)	(40)	Subsidiary
Sunplus mMobile Inc.		Hsinchu, Taiwan	Design of ICs	38,450	38,450	8	-	31	(33,986)	-	Subsidiary
HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	46,948	46,948	4,695	3	-	33,462	-	Investee	
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	84,136	61,091	2,415	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	54,028	52,952	2,720	5	49,680	25,646	1,386	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	31,818	31,818	3,182	6	30,802	41,037	2,374	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	25,510	(120,508)	(8,407)	Subsidiary
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	15,517	123,294	770	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	12,706	(37,515)	(4,774)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,781	-	-	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	33,846	33,846	12	-	9	(1,143)	(33)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	3	(33,986)	-	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	100,204	100,204	9,111	5	-	33,462	-	Investee
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$ 2,119 thousand	US\$ 2,119 thousand	442	1	US\$ 88 thousand	(120,508)	US\$ (28) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc. Sunext Technolgo Co., Ltd.	Hsinchu, Taiwan Hsinchu, Taiwan	Design of ICs Design and sale of ICs	\$ 1,800	\$ 1,800	108	-	\$ 1,715	\$ 61,091	\$ 61	Subsidiary
				350	350	18	-	103	(120,508)	(34)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 44,175 thousand	US\$ 42,985 thousand	44,175	100	US\$ 33,712 thousand	US\$ (2,225) thousand	US\$ (2,225) thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 44,175 thousand	US\$ 42,985 thousand	44,175	100	US\$ 33,716 thousand	US\$ (2,225) thousand	US\$ (2,225) thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology Technology (Shanghai) Co., Ltd.	Shanghai, China	Research, development, manufacture and sale of ICs.	US\$ 17,000 thousand	US\$ 17,000 thousand	-	99	US\$ 15,653 thousand	US\$ 1,071 thousand	US\$ 1,059 thousand	Subsidiary
	Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$ 4,250 thousand	US\$ 4,250 thousand	-	100	US\$ 2,075 thousand	US\$ 696 thousand	US\$ 696 thousand	Subsidiary
	SunMedia Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 20,000 thousand	US\$ 20,000 thousand	-	100	US\$ 14,776 thousand	US\$ (2,991) thousand	US\$ (2,991) thousand	Subsidiary
	Sunplus App Technology Co., Ltd.	Beijing, China	Research, development, manufacture and sale of ICs.	US\$ 586 thousand	US\$ 586 thousand	-	80	US\$ 383 thousand	US\$ 80 thousand	US\$ 64 thousand	Subsidiary
	Ytrip Technology Co., Ltd.	Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 2,275 thousand	US\$ 1,085 thousand	-	73	US\$ 780 thousand	US\$ (1,371) thousand	US\$ (1,046) thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	\$ 724	\$ 4,979	\$ 4,979	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$ 1,962 thousand	US\$ 1,800 thousand	1,962	100	-	(8,059)	(8,059)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	US\$ 25 thousand	US\$ 42 thousand	US\$ 42 thousand	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	\$ 119,512	\$ 13,851	\$ 13,851	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	US\$ 4,114 thousand	US\$ 468 thousand	US\$ 468 thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$ 7,200 thousand	US\$ 7,200 thousand	7,200	100	US\$ 3,862 thousand	US\$ 370 thousand	US\$ 370 thousand	Subsidiary
	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US\$ 390 thousand	US\$ 390 thousand	390	100	US\$ 252 thousand	US\$ 98 thousand	US\$ 98 thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	\$ (8,188)	\$ (18,740)	\$ (18,740)	Subsidiary
Sunplus Technology Co., Ltd. (Shanghai)	ShenZhen Suntop Technology Co.,Ltd.	Shenzheu, China	Design of software and hardware	RMB 8,000 thousand	RMB 2,000 thousand	-	100	RMB (893) thousand	RMB (6,573) thousand	RMB (6,573) thousand	Subsidiary
Magic Sky Limited	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	US\$ 6,000 thousand	US\$ 6,000 thousand	16,888	10	-	-	-	Investee

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES
INFORMATION ON INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2012
(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, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					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\$ 1,059 thousand	US\$ 15,653 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	US\$ 4,250 thousand	Note	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100%	US\$ 696 thousand	US\$ 2,075 thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	US\$ 20,000 thousand	Note	US\$ 20,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 20,000 thousand	100%	US\$ (2,991) thousand	US\$ 14,776 thousand	US\$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	RMB 5,000 thousand	Note	US\$ 586 thousand	US\$ - thousand	US\$ - thousand	US\$ 586 thousand	80%	US\$ 64 thousand	US\$ 383 thousand	US\$ - thousand
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	US\$ 20,000 thousand	Note	US\$ 1,085 thousand	US\$ 1,190 thousand	US\$ - thousand	US\$ 2,275 thousand	73%	US\$ (1,046) thousand	US\$ 780 thousand	US\$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
US\$44,111 thousand	US\$46,105 thousand	\$5,797,334

Note: Sunplus Technology Company Limited invested in a company located in Mainland China by investing in a company in a third country.

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, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Generalplus Shenzhen	Data processing service	US\$ 7,200 thousand	Note 1	US\$ 7,200 thousand	US\$ - thousand	\$ - thousand	US\$ 7,200 thousand	100%	US\$ 370 thousand	US\$ 3,862 thousand	US\$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
US\$7,200 thousand	US\$7,200 thousand	\$1,088,241

Note 1: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through investing in a company located in a third country.

Note 2: The investment loss is based on audited financial data as of December 31, 2012.

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, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Sunext Technology (Shanghai)	Design of magnetic disc and software	US\$ 750 thousand	Note 1	US\$ 750 thousand	\$ -	\$ -	US\$ 750 thousand	Note 3	US\$ - thousand	US\$ - thousand	US\$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amount Approved by the Investment Commission, MOEA	Limit on Investment
US\$750 thousand	US\$750 thousand	\$219,421

Note 1: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through investing in a company located in a third country.

Note 2: The investment loss is based on audited financial data as of December 31, 2012.

Note 3: Sunext Technology has completed liquidation procedures on November 7, 2012.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

YEARS ENDED DECEMBER 31, 2012 and 2011

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

1. Year ended December 31, 2012

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.	Generalplus Technology Corp.	1	Sales	\$ 13,628	Note 1	0.15%	
			Nonoperating income and gains	1,480	Note 2	0.02%	
			Notes and accounts receivables	1,496	Note 1	0.01%	
			Other receivables	1,985	Note 3	0.01%	
			Research and development	3	Note 2	-	
	Sunext Technology Co., Ltd.	1	Sales	2,642	Note 1	0.03%	
			Cost of sales	454	Note 1	0.01%	
			Nonoperating income and gains	2,223	Note 2 and 4	0.02%	
			Notes and accounts receivables	488	Note 1	-	
			Other receivables	1,036	Note 3	0.01%	
Sunplus Technology Co., Ltd.	Sunplus Core Technology Co., Ltd.	1	General and administrative	188	Note 2	-	
			Nonoperating income and gains	283	Notes 2	-	
	Sunplus mMobile	1	Nonoperating income and gains	3,138	Note 2	0.04%	
			Other receivables	181,018	Note 3	1.16%	
	Sunplus Innovation Technology Inc.	1	Sales	385	Note 1	-	
			General and administrative	16	Note 2	-	
			Research and development	2	Note 2	-	
			Nonoperating income and gains	6,730	Note 2	0.08%	
			Notes and accounts receivables	96	Note 1	-	
	Sunplus Technology Co., Ltd.	iCatch Technology, Inc.	1	Other receivables	1,177	Note 3	0.01%
Sales				3,884	Note 1	0.04%	
Nonoperating income and gains				11,685	Notes 2 and 4	0.13%	
Notes and accounts receivables				309	Note 1	-	
Other receivables				2,985	Note 3	0.02%	
Sunplus Technology (H.K.) Co., Ltd.		1	General and administrative	62	Note 2	-	
			Marketing expenses	1,839	Note 2	0.02%	
Sunext Technology Co., Ltd.		iCatch Technology, Inc.	3	Research and development	1,497	Note 2	0.02%
Sunplus Innovation Technology Inc.		Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	9	Note 2	-
		Sunplus App Technology Co., Ltd.	3	Sales	116	Note 1	-
	SunMedia Technology Co., Ltd.	2	Marketing expenses	1,120	Note 2	0.01%	
Accrued expense			1,120	Note 3	0.01%		

(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 Core Technology Co., Ltd.		3	Research and development Accrued expenses	\$	Note 2 Note 3	
	Sunplus mMedia Inc.	3	Research and development		Note 2	
Generalplus Technology Corp.	Generalplus Technology (H.K.) Corp.	3	Marketing expenses	17,255	Note 2	0.19%
			Accrued expenses	861	Note 3	0.01%
	Generalplus Technology (Shenzhen) Corp.	3	Research and development	137,572	Note 2	1.54%
			Accrued expenses	32,012	Note 3	0.21%
	Sunplus Innovation Technology Inc.	3	Marketing expenses	3,510	Note 2	0.04%
			Accrued expenses	3,997	Note 3	0.03%
Intangible assets			9,068	Note 2	0.06%	
iCatch Technology, Inc.	3	General and administrative		Note 2		
Sunplus mMedia Inc.	3	Marketing expenses	5,875	Note 2	0.07%	
		Research and development	36,439	Note 2	0.41%	
		Intangible assets	36,439	Note 2	0.23%	
		Accrued expenses	1,120	Note 2	0.01%	
SunMedia Technology Co., Ltd.	Generalplus Technology (Shenzhen) Corp.	3	Sales	13,503	Note 1	0.15%
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	3	Marketing expenses	19,364	Note 2	0.22%
			Accrued expenses	1,713	Note 3	0.01%
	SunMedia Technology Co., Ltd.	3	Marketing expenses	12,933	Note 2	0.14%
			Accrued expenses	1,336	Note 3	0.01%
Sunplus Technology Co., Ltd. (Shanghai)	Generalplus Technology (Shenzhen) Corp.	2	Sales	7,808	Note 1	0.09%
	ShenZhen Suntop Technology Co., Ltd.	2	Other rreceivables	6,621	Note 3	0.04%
			Nonoperating income and gain	34	Note 2	-
	SunMedia Technology Co., Ltd.	2	Other receivables	10,165	Note 3	0.07%
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Nonoperating income and gain	115	Note 2	-
Ytrip Technology Co., Ltd.	2	Nonoperating income and gain	16	Note 2	-	

(Concluded)

2. Year ended December 31, 2011

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.	Generalplus Technology Corp.	1	Sales	\$ 15,736	Note 1	0.17%
			Nonoperating income and gains	5,274	Note 2	0.06%
			Notes and accounts receivables	2,070	Note 1	0.01%
			Other receivables	608	Note 3	-
			Accounts payable	1,448	-	0.02%
	Sunext Technology Co., Ltd.	1	Sales	3,197	Note 1	0.03%
			Nonoperating income and gains	1,738	Note 2	0.02%
			Notes and accounts receivables	424	Note 1	-
			Other receivables	383	Note 3	-
	Sunplus Core Technology Co., Ltd.	1	Sales	152	Note 1	-
Marketing			468	Note 2	-	
Nonoperating income and gains			5,051	Notes 2 and 4	0.05%	
Other receivables			482	Note 3	-	
Deferred royalty income			28,000	-	0.3%	
Sunplus mMobile	1	Nonoperating income and gains	7,995	Notes 2	0.08%	
		Other receivables	25,490	Note 3	0.18%	
Sunplus Innovation Technology Inc.	1	Sales	1,181	Note 1	0.01%	
		Research and development	23	Note 2	-	
		Nonoperating income and gains	6,021	Note 2	0.06%	
		Notes and accounts receivables	44	Note 1	-	
		Other receivables	979	Note 2	-	
Sunplus mMedia Inc.	1	Nonoperating income and gains	90	Notes 2	-	
		Other receivables	9	Note 3	-	
iCatch Technology, Inc.	1	Sales	9,323	Note 1	0.01%	
		Nonoperating income and gains	12,408	Notes 2 and 4	0.13%	
		Notes and accounts receivables	885	Note 1	-	
		Other receivables	3,124	Note 3	0.02%	
Sunplus Technology (H.K.) Co., Ltd.	1	Marketing expenses	1,839	Note 2	0.02%	
Sunext Technology (Shanghai)	3	Research and development	\$ 5,838	Note 2	0.06%	
Great Sun Corp.	3	Other current liabilities	12,104	Note 3	0.09%	

(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 Innovation Technology Inc.	SunMedia Technology Co., Ltd.	3	Research and development	409	Note 2	-
			Accrued Expense	409	Note 3	-
	Sunplus Technology (Shanghai) Co., Ltd.	3	Other current liabilities	9	Note 3	-
	Sunplus App Technology	3	Sales	74	Note 1	-
Sunplus Core Technology Co., Ltd.	SunMedia Technology Co., Ltd.	3	Research and development	987	Note 2	0.01%
Generalplus Technology Corp.	Generalplus Technology (H.K.) Corp.	3	Marketing expenses	15,964	Note 2	0.17%
			Accrued expense	2,870	Note 3	0.02%
	Sunplus Innovation Technology Inc.	3	Marketing expenses	7,467	Note 2	0.08%
			Accrued expense	7,166	Note 3	0.05%
			Intangible assets	12,578	Note 2	0.09%
	Sunplus mMedia Inc.	3	Marketing expenses	22,359	Note 2	0.24%
			Research and development	36,439	Note 2	0.39%
Intangible assets			72,878	Note 2	0.52%	
Generalplus Technology (Shenzhen) Corp.	3	Research and development	123,696	Note 2	1.31%	
		Accrued expense	31,920	Note 3	0.23%	
SunMedia Technology Co., Ltd.	Ytrip Technology Co., Ltd.	3	Other Receivables	971	Note 3	-
iCatch Technology, Inc.	Sunplus Pro-tek (Shenzhen) Co., Ltd.	3	Marketing Expense	15,969	Note 2	0.07%
			Accrued expense	1,362	Note 3	-
Sunplus Technology (Shanghai) Co., Ltd.	SunMedia Technology Co., Ltd.	3	Marketing Expense	7,801	Note 2	0.08%
	Sunext Technology (Shanghai)	3	Sales	887	Note 1	-
	Generalplus Technology (Shenzhen) Corp.	3	Sales	9,961	Note 1	0.11%

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 Statements-Standalone by Taiwan GAAP

Sunplus Technology Company Limited

**Financial Statements for the
Years Ended December 31, 2012 and 2011 and
Independent Auditors' Report**

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 (the "Company") as of December 31, 2012 and 2011, 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, 2012 and 2011, 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.

We have also audited the consolidated financial statements of Sunplus Technology Company Limited and subsidiaries as of and for the years ended December 31, 2012 and 2011 and have issued an unqualified opinion thereon in our reports dated March 14, 2013 and March 21, 2012, respectively.

February 27, 2013

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, 2012 AND 2011

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

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash (Note 4)	\$ 1,765,628	14	\$ 1,805,704	16	Short-term bank loans (Note 13)	\$ 101,640	1	\$ 381,100	3
Available-for-sale financial assets - current (Notes 2 and 5)	391,880	3	362,947	3	Accounts payable (Note 22)	267,283	2	347,378	3
Accounts receivable, net (Notes 2, 3, 6 and 22)	476,950	4	539,669	5	Income tax payable (Notes 2 and 19)	148,628	1	382,634	4
Other receivables	79,387	1	99,556	1	Accrued expenses (Note 22)	208,168	2	207,185	2
Other receivables - related parties (Note 22)	188,254	2	32,969	-	Long-term bank loans - current portion (Notes 14 and 23)	496,806	4	208,000	2
Inventories (Notes 2 and 7)	1,123,641	9	534,610	5	Deferred income (Notes 2 and 22)	599	-	2,048	-
Deferred income tax assets (Notes 2 and 19)	15,355	-	6,471	-	Other current liabilities (Notes 2, 8 and 22)	392,575	3	484,054	4
Other current assets	61,641	-	40,568	-					
Total current assets	4,102,736	33	3,422,494	30	Total current liabilities	1,615,699	13	2,012,399	18
LONG-TERM INVESTMENTS					LONG-TERM BANK LOANS, NET OF CURRENT PORTION				
Equity-method investments (Notes 2, 8 and 23)	7,091,323	56	5,566,800	49	(Notes 14 and 23)	1,223,194	10	-	-
Available-for-sale financial assets (Notes 2 and 5)	237,565	2	860,009	8					
Financial assets carried at cost (Notes 2 and 9)	14,889	-	18,889	-	OTHER LIABILITIES				
Total long-term investments	7,343,777	58	6,445,698	57	Deferred income (Notes 2 and 22)	1,910	-	2,509	-
PROPERTIES (Notes 2, 10 and 23)					Accrued pension liability (Notes 2 and 15)	50,330	-	52,029	1
Cost					Guarantee deposits	79,163	1	138,005	1
Buildings	892,934	7	806,908	7	Others	1,705	-	-	-
Auxiliary equipment	63,925	1	62,458	1	Total other liabilities	133,108	1	192,543	2
Machinery and equipment	134,055	1	153,192	1					
Testing equipment	125,169	1	95,930	1	Total liabilities	2,972,001	24	2,204,942	20
Furniture and fixtures	17,862	-	12,987	-					
Total cost	1,233,945	10	1,131,475	10	SHAREHOLDERS' EQUITY (Notes 2, 16 and 17)				
Less: Accumulated depreciation	469,090	4	409,782	3	Capital stock - NT\$10.00 par value				
Net properties	764,855	6	721,693	7	Authorized - 1,200,000 thousand shares				
INTANGIBLE ASSETS, NET (Notes 2 and 11)					Issued and outstanding - 596,910 thousand shares	5,969,099	47	5,969,099	53
	253,732	2	269,542	2	Capital surplus				
OTHER ASSETS					Additional paid-in capital - share issuance in excess of par	709,215	6	709,215	6
Rental assets, net (Notes 2, 22 and 23)	64,717	1	136,693	1	Treasury stock transactions	71,228	1	71,228	1
Deferred charges and others (Notes 2, 12 and 22)	43,290	-	84,729	1	Merger and others	936,212	7	950,022	8
Deferred income tax assets (Notes 2 and 19)	55,117	-	180,021	2	Retained earnings				
Restricted assets (Notes 4, 23 and 24)	6,000	-	6,000	-	Legal reserve	2,426,181	19	2,450,003	22
Total other assets	169,124	1	407,443	4	Special reserve	191,229	1	191,229	1
					Unappropriated deficit	(676,970)	(5)	(23,822)	-
TOTAL	\$ 12,634,224	100	\$ 11,266,870	100	Others				
					Cumulative translation adjustments	3,155	-	90,505	1
					Unrealized gain (loss) on financial assets	188,110	1	(1,190,315)	(11)
					Treasury stock (at cost) - 8,475 thousand shares	(155,236)	(1)	(155,236)	(1)
					Total shareholders' equity	9,662,223	76	9,061,928	80
					TOTAL	\$ 12,634,224	100	\$ 11,266,870	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
GROSS SALES	\$ 3,437,059		\$ 3,734,610	
SALES RETURNS AND ALLOWANCES	<u>295,899</u>		<u>134,863</u>	
NET SALES (Notes 2 and 22)	3,141,160	100	3,599,747	100
COST OF SALES (Notes 2, 7, 18 and 22)	2,046,669	65	2,669,673	74
REALIZED INTERCOMPANY GAIN, NET (Note 2)	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>1</u>
GROSS PROFIT	<u>1,094,491</u>	<u>35</u>	<u>958,074</u>	<u>27</u>
OPERATING EXPENSES (Notes 18 and 22)				
Marketing	123,754	4	157,230	5
General and administrative	210,884	7	119,943	3
Research and development	<u>1,137,173</u>	<u>36</u>	<u>1,235,882</u>	<u>34</u>
Total operating expenses	<u>1,471,811</u>	<u>47</u>	<u>1,513,055</u>	<u>42</u>
OPERATING LOSS	<u>(377,320)</u>	<u>(12)</u>	<u>(554,981)</u>	<u>(15)</u>
NONOPERATING INCOME AND GAINS				
Interest income (Note 22)	22,011	1	19,971	1
Administrative and support service revenue (Note 22)	15,750	1	33,356	1
Gain on disposal of investments, net (Note 2)	12,670	-	223,364	6
Rental revenue (Note 22)	8,342	-	16,411	-
Dividend income (Note 2)	6,440	-	9,122	-
Foreign exchange gain, net (Note 2)	-	-	12,828	-
Gain on disposal of fixed assets (Note 2)	-	-	1,251	-
Others (Notes 2 and 22)	<u>38,497</u>	<u>1</u>	<u>27,027</u>	<u>1</u>
Total nonoperating income and gains	<u>103,710</u>	<u>3</u>	<u>343,330</u>	<u>9</u>
NONOPERATING EXPENSES AND LOSSES				
Investment loss recognized by the equity-method, net (Notes 2 and 8)	199,571	6	839,722	23
Impairment loss (Notes 2, 5, 8, 9 and 22)	154,036	5	703,585	20
Interest expense	27,409	1	10,775	-
Foreign exchange loss, net (Note 2)	12,926	1	-	-
Loss on disposal of fixed assets (Note 2)	44	-	244	-
Others (Note 2)	<u>9,374</u>	<u>-</u>	<u>3,398</u>	<u>-</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
Total nonoperating expenses and losses	<u>403,360</u>	<u>13</u>	<u>1,557,724</u>	<u>43</u>
LOSS BEFORE INCOME TAX	(676,970)	(22)	(1,769,375)	(49)
INCOME TAX EXPENSE (Notes 2 and 19)	<u>-</u>	<u>-</u>	<u>215,547</u>	<u>6</u>
NET LOSS	<u>\$ (676,970)</u>	<u>(22)</u>	<u>\$ (1,984,922)</u>	<u>(55)</u>
	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
LOSS PER SHARE (New Taiwan Dollars; Note 20)				
Basic	<u>\$ (1.15)</u>	<u>\$ (1.15)</u>	<u>\$ (3.00)</u>	<u>\$ (3.37)</u>
Diluted	<u>\$ (1.15)</u>	<u>\$ (1.15)</u>	<u>\$ (3.00)</u>	<u>\$ (3.37)</u>

The pro forma net loss and loss per share (EPS/LPS) on the assumption that the stock of a parent company held by its subsidiary is treated as an available-for-sale financial asset and not as treasury stock are as follows (Note 17):

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
NET LOSS	<u>\$ (676,970)</u>	<u>\$ (676,970)</u>	<u>\$(1,766,504)</u>	<u>\$(1,982,051)</u>
BASIC AND DILUTED EPS				
Based on weighted-average shares outstanding - 591,995 thousand shares in 2012 and 593,387 thousand shares in 2011	<u>\$(1.14)</u>	<u>\$(1.14)</u>	<u>\$(2.98)</u>	<u>\$(3.34)</u>

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

	Capital Stock Issued and Outstanding (Note 16)		Capital Surplus (Notes 2 and 16)				Retained Earnings (Notes 2 and 16)				Others (Notes 2, 16 and 17)			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 (Accumulated Deficit)	Total	Cumulative Translation Adjustments	Unrealized Valuation (Loss) Gain on Financial Assets		Treasury Stock
BALANCE, JANUARY 1, 2011	596,910	\$ 5,969,099	\$ 709,215	\$ 68,357	\$ 1,034,600	\$ 157,423	\$ 1,969,595	\$ 2,372,631	\$ -	\$ 2,707,229	\$ 5,079,860	\$ (18,662)	\$ (172,567)	\$ (63,401)	\$ 12,763,924
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,835)	(91,835)
Appropriation of prior year's earnings:															
Legal reserve	-	-	-	-	-	-	-	77,372	-	(77,372)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	191,229	(191,229)	-	-	-	-	-
Cash dividends NTS0.8 per share	-	-	-	-	-	-	-	-	-	(477,528)	(477,528)	-	-	-	(477,528)
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(198,021)	-	(198,021)	-	-	-	-	-	-	-	(198,021)
Adjustment of capital surplus - others	-	-	-	-	(43,980)	-	(43,980)	-	-	-	-	-	-	-	(43,980)
Net loss in 2011	-	-	-	-	-	-	-	-	-	(1,984,922)	(1,984,922)	-	-	-	(1,984,922)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	109,167	-	-	109,167
Cash dividends received by subsidiaries from parent company	-	-	-	2,871	-	-	2,871	-	-	-	-	-	-	-	2,871
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(210,304)	-	(210,304)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(807,444)	-	(807,444)
BALANCE, DECEMBER 31, 2011	596,910	5,969,099	709,215	71,228	792,599	157,423	1,730,465	2,450,003	191,229	(23,822)	2,617,410	90,505	(1,190,315)	(155,236)	9,061,928
Deficit offset against legal reserve	-	-	-	-	-	-	-	(23,822)	-	23,822	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(13,810)	-	(13,810)	-	-	-	-	-	-	-	(13,810)
Net loss in 2012	-	-	-	-	-	-	-	-	-	(676,970)	(676,970)	-	-	-	(676,970)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(87,350)	-	-	(87,350)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	157,649	-	157,649
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	1,220,776	-	1,220,776
BALANCE, DECEMBER 31, 2012	596,910	\$ 5,969,099	\$ 709,215	\$ 71,228	\$ 778,789	\$ 157,423	\$ 1,716,655	\$ 2,426,181	\$ 191,229	\$ (676,970)	\$ 1,940,440	\$ 3,155	\$ 188,110	\$ (155,236)	\$ 9,662,223

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (676,970)	\$ (1,984,922)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	223,384	325,887
Gain on disposal of investments, net	(12,670)	(223,364)
Impairment loss	154,036	703,585
Investment loss recognized by the equity-method, net	199,571	839,722
Realized intercompany gain, net	-	(28,000)
Realized royalty income	(2,048)	(2,172)
Unrealized royalty income	-	2,897
Loss (gain) on disposal of properties, net	44	(1,007)
Cash dividends received from equity-method investees	112,297	298,381
Deferred income tax	116,020	84,660
Accrued pension liability	(1,699)	(2,390)
Net changes in operating assets and liabilities		
Accounts receivable	62,719	340,942
Other receivables	20,169	27,747
Other receivables - related parties	(1,562)	(5,065)
Inventories	(587,821)	820,749
Other current assets	(21,073)	(790)
Accounts payable	(80,095)	(193,968)
Income tax payable	(234,006)	119,926
Accrued expenses	983	(148,867)
Other current liabilities	(3,488)	7,109
Net cash (used in) provided by operating activities	<u>(732,209)</u>	<u>981,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the disposal of:		
Available-for-sale financial assets	473,277	856,694
Return of capital on financial assets carried at cost	2,667	2,222
Equity-method investments	-	283,602
Return of capital on investments accounted for by the equity method	-	11,172
Properties	-	1,252
Acquisition of:		
Available-for-sale financial assets	(490,000)	(459,641)
Equity-method investments	(202,605)	(243,350)
Properties	(12,927)	(35,311)
Increase in intangible assets	(88,021)	(171,326)
Increase in deferred charges and others	(9,126)	(85,341)
Other receivable - related parties	(154,830)	(652,000)
Increase in restricted assets	-	(6,000)
Net cash used in investing activities	<u>(481,565)</u>	<u>(498,027)</u>

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2012 AND 2011 (In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(279,460)	206,320
(Decrease) increase in guarantee deposits	(58,842)	385
Increase in long-term loans	1,750,000	-
Repayments of long-term bank loans	(238,000)	(412,500)
Cash dividends	-	(477,528)
Cash paid for the acquisition of treasury stock	-	(91,835)
	<u>1,173,698</u>	<u>(775,158)</u>
Net cash provided by (used in) financing activities		
NET DECREASE IN CASH	(40,076)	(292,125)
CASH, BEGINNING OF YEAR	<u>1,805,704</u>	<u>2,097,829</u>
CASH, END OF YEAR	<u>\$ 1,765,628</u>	<u>\$ 1,805,704</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Income tax paid	<u>\$ 83,876</u>	<u>\$ 10,961</u>
Interest paid	<u>\$ 25,935</u>	<u>\$ 12,064</u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Reclassifications of rental assets to properties	<u>\$ 70,394</u>	<u>\$ 10,392</u>
Reclassifications of available-for-sale financial assets to long-term investment	<u>\$ 1,797,347</u>	<u>\$ -</u>
Reclassification of credit balance on carrying value of long-term investments to other current liabilities	<u>\$ 85,855</u>	<u>\$ 171,299</u>
Reclassifications of other receivable - related parties to long-term investment	<u>\$ -</u>	<u>\$ 489,000</u>
Current portion of long-term bank loans	<u>\$ 496,806</u>	<u>\$ 208,000</u>
PARTIAL CASH INVESTING AND FINANCING ACTIVITIES:		
Acquisition of properties	\$ (37,031)	\$ (27,289)
Increase in other receivables - related parties	24,535	-
Decrease in payables to contractors and equipment suppliers	(431)	(8,022)
Cash paid	<u>\$ (12,927)</u>	<u>\$ (35,311)</u>

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(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 processors. 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 16).

As of December 31, 2012 and 2011, the Company had 534 and 611 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, the Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China (ROC). Significant accounting policies are summarized as follows:

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 the 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.

Accounting Estimates

Under the above guidelines, law 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.

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.

Available-for-sale Financial Assets

Investments designated as available-for-sale financial assets include open-end mutual funds and domestic 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 Company recognizes a financial asset in its balance sheet when the Company becomes a party to the contractual provisions of the financial instruments. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset.

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 the 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 as of the balance sheet date, and those of domestic listed stocks, the closing prices 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.

Impairment of Accounts Receivable

Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It becoming probable that the debtor will enter into bankruptcy or undergo financial reorganization.

Accounts receivable that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment of a portfolio of accounts receivable could include the Company's past experience of collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collaterals and guarantees, discounted at the receivable's original effective interest rate.

The carrying amount of the accounts receivable is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Allowance for Sales Returns and Discounts

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. This allowance is 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. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at 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 domestic unlisted 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. Based on the revised Statement of Financial Accounting Standards - "Long-Term Investments under the Equity Method," the cost of an investment should be analyzed and the cost of investment in excess of the fair value of identifiable net assets acquired, representing goodwill, should not be amortized and should instead be tested for impairment annually.

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

When the Company'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 at the Company's percentage of ownership of the investee that has the gain or loss. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred at a percentage resulting from the multiplication of a percentage of ownership of one investee by the percentage of ownership of the other investee. All deferred gains and losses are realized upon the 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 useful lives estimated as follows: buildings - 8 to 56 years; auxiliary equipment - 3 to 11 years; machinery and equipment - 4 years; testing equipment - 2 to 4 years; transportation equipment - 4 to 6 years; furniture and fixtures - 2 to 4 years; leasehold improvements - 3 years; and rental assets - 8 to 56 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 basis 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 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.

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.

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, loss carryforwards 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 income tax asset or liability is classified as current or noncurrent in accordance with the classification of the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent on the basis of the expected length of time before it is realized or settled.

If the Company can control the timing of the reversal of a temporary difference arising from the difference between the book value and the tax basis of a long-term equity investment in a foreign subsidiary or joint venture and if the temporary difference is not expected to reverse in the foreseeable future and will, in effect, exist indefinitely, then a deferred tax liability or asset is not recognized.

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 shareholders approve the retention of earnings.

The Company and Sunplus mMobile Inc. (SmMI) use consolidated income tax filing. The income taxes payable arising from the differences between the consolidated current and deferred taxes and the sum of SmMI's current and deferred taxes are adjusted in the Company's account receivable or account payable.

Stock-based Compensation

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.

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.

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 upon 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.

3. ACCOUNTING CHANGES

SFAS No. 34 - "Financial Instruments: Recognition and Measurement"

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34 - "Financial Instruments: Recognition and Measurement." The main revisions include (1) finance lease receivables are now covered by SFAS No. 34; (2) the scope of the applicability of SFAS No. 34 to insurance contracts is amended; (3) loans and receivables originated by the Company are now covered by SFAS No. 34; (4) additional guidelines on impairment testing of financial assets carried at amortized cost when a debtor has financial difficulties and the terms of obligations have been modified; and (5) accounting treatment by a debtor for modifications in the terms of obligations. This accounting change had no effect on the financial statements for the year ended December 31, 2011.

SFAS No. 41 - "Operating Segments"

On January 1, 2011, the Company adopted the newly issued SFAS No. 41 - "Operating Segments." The statement requires that segment operation be disclosed on the basis of the information on the components of the Company that management uses to make operating decisions. SFAS No. 41 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance. This statement supersedes SFAS No. 20 - "Segment Reporting." This accounting change had no effect on the disclosures of the operating segments of the Company.

4. CASH CHANGES

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Savings accounts	\$ 274,645	\$ 563,661
Time deposits	1,496,000	1,247,100
Checking accounts	467	260
Cash on hand	<u>516</u>	<u>683</u>
	1,771,628	1,811,704
Deduct: Restricted assets (Note 23)	<u>6,000</u>	<u>6,000</u>
	<u>\$ 1,765,628</u>	<u>\$ 1,805,704</u>

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Open-end funds	\$ 391,880	\$ 362,947
Domestic listed stocks	<u>237,565</u>	<u>860,009</u>
	629,445	1,222,956
Deduct: Current portion	<u>391,880</u>	<u>362,947</u>
	<u>\$ 237,565</u>	<u>\$ 860,009</u>

Some of the domestic listed shares held by the Company are private-placement shares, on which there is a legally enforceable restriction that prevents their being traded within a specified period. As of December 31, 2012 and 2011, the effects of restriction could be reliably measured and were consistent with those of other market participants, so those shares previously classified as financial assets carried at cost were transferred to available-for-sale financial assets, resulting in unrealized losses of \$ thousand and \$70,292 thousand, respectively.

As of December 31, 2012 and 2011, the Company had recognized \$46,333 and \$283,573 thousand, respectively, as impairment losses on its available-for-sale financial assets.

As of December 31, 2012, the Company had gain significant influence on Giantplus. Thus, the Company reclassified its holding of Giantplus shares from available-for-sale financial asset to equity-method investment.

6. ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Accounts receivable - other	\$ 494,763	\$ 542,406
Accounts receivable - related parties	<u>5,168</u>	<u>6,038</u>
	499,931	548,444
Deduct: Allowance for doubtful accounts	416	160
Deduct: Allowance for sales returns and discounts	<u>22,565</u>	<u>8,615</u>
	<u>\$ 476,950</u>	<u>\$ 539,669</u>

Movements of the allowance for doubtful accounts were as follows:

	<u>Years Ended December 31</u>	
	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 160	\$ 56,912
Add: Amount recovered	256	160
Deduct: Reversal of the allowance for doubtful accounts	<u>-</u>	<u>56,912</u>
Balance, end of year	<u>\$ 416</u>	<u>\$ 160</u>

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

	<u>Years Ended December 31</u>	
	<u>2012</u>	<u>2011</u>
Balance, beginning of year	\$ 8,615	\$ 25,000
Add: Amount recovered	13,950	-
Deduct: Reversal of allowance for sales returns and discounts	<u>-</u>	<u>16,385</u>
Balance, end of year	<u>\$ 22,565</u>	<u>\$ 8,615</u>

7. INVENTORIES

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Finished goods and merchandise	\$ 332,925	\$ 270,511
Work-in-process	753,352	250,974
Raw materials	<u>37,364</u>	<u>13,125</u>
	<u>\$ 1,123,641</u>	<u>\$ 534,610</u>

As of December 31, 2012 and 2011, the allowances for inventory devaluation were \$274,430 thousand and \$330,290 thousand, respectively.

The costs of inventories recognized as costs of goods sold were \$2,046,669 thousand in 2012 and \$2,669,673 thousand in 2011, and these inventory costs included the following:

	Years Ended December 31	
	2012	2011
Inventory write-downs	\$ 12,283	\$ 195,127
Income from scrap sales	<u>(1,594)</u>	<u>(12,379)</u>
	<u>\$ 10,689</u>	<u>\$ 182,748</u>

8. EQUITY-METHOD INVESTMENTS

	December 31			
	2012		2011	
	Amount	% of Owner- ship	Amount	% of Owner- ship
Giantplus Technology Co., Ltd.	\$ 1,760,279	19	\$ -	-
Ventureplus Group Inc.	978,780	100	1,046,788	100
Orise Technology Co., Ltd.	875,106	34	870,358	34
Lin Shih Investment Co., Ltd.	789,337	100	654,033	100
Sunplus Venture Capital Co., Ltd.	704,658	100	652,884	100
Generalplus Technology Inc.	622,990	34	659,141	34
Sunplus Innovation Technology Inc.	573,911	63	576,004	64
Russell Holdings Limited	274,280	100	409,664	100
Sunext Technology Co., Ltd.	223,658	61	432,445	61
iCatch Technology, Inc.	200,722	38	185,251	38
Sunplus mMedia Inc.	64,235	83	58,910	83
Wei-Young Investment Inc.	8,584	100	6,184	100
Global Techplus Capital Inc.	6,578	100	6,882	100
Sunplus Management Consulting Inc.	4,151	100	4,165	100
Sunplus Technology (H.K.) Co., Ltd.	4,054	100	4,091	100
Magic Sky Limited	-	100	-	100
HT mMobile Inc.	-	32	-	32
Waveplus Technology Co., Ltd.	<u>-</u>	-	<u>-</u>	-
	<u>\$ 7,091,323</u>		<u>\$ 5,566,800</u>	
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)				
Sunplus mMobile Inc.	\$ 367,102	99	\$ 333,455	99
Sunplus Core technology Co., Ltd.	<u>18,855</u>	99	<u>138,357</u>	70
	<u>\$ 385,957</u>		<u>\$ 471,812</u>	

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, 2012 and 2011 were as follows:

	Year Ended December 31, 2012		
	Balance, Beginning of Year	Decrease	Balance, End of Year
Goodwill	<u>\$ 146,857</u>	<u>\$ 134,195</u>	<u>\$ 12,662</u>
	Year Ended December 31, 2011		
	Balance, Beginning of Year	Decrease	Balance, End of Year
Goodwill	<u>\$ 161,257</u>	<u>\$ 14,400</u>	<u>\$ 146,857</u>

The Company participated in issue new shares for cash of Sunplus Core Technology Co., Ltd. in March 2012 and Ventureplus Group Inc. in September 2012 and increased investment amount to \$167,000 thousand and \$35,605 thousand, so Sunplus Core Technology Co., Ltd.'s rose from 70% to 99%. Earlier, the Company participated in issue new shares for cash of Venturplus Group Inc. in March 2011 and December 2011, in HT mMobile Inc. in April 2011 and Sunplus mMobile Inc. in December 2011 and thus increased its investment amount to \$32,290 thousand, \$211,060 thousand and \$489,000 thousand, respectively. With this increase, the Company's equity in HT mMobile Inc.'rose from 25%to 32%. The registration of all the Company's participation in share issuances had been completed as of February 7, 2013.

The Company signed a contract with Silicon Integrated Systems Corp. to invest in Sunplus Core Technology Co., Ltd. to have a joint investment in Sunplus Core to improve market share.

An analysis of the cost of an investment of Sunext Technology Co., Ltd. as of December 31, 2012 and it showed that this cost had exceeded the fair value of identifiable net assets acquired; thus, goodwill was recognized. In addition, an investment impairment loss of \$134,195 thousand was recognized.

An analysis of the cost of an investment of Sunplus mMobile Inc. as of December 31, 2011 showed that this cost had exceeded the fair value of identifiable net assets acquired; thus, goodwill was recognized. In addition, an investment impairment loss of \$14,400 thousand was recognized.

On February 29, 2012, HT mMobile Inc.'s (HT) board of directors approved a downsizing of its operations because of (a) the termination of merger negotiations with another company and (b) the resignation of high-level employees of the research and development (R&D) department, which have hampered product R&D. On the basis of a resolution passed in a meeting of HT's board of directors, the Company recognized an investment loss on HT, as well as the reduction of the carrying value of this investment to zero. HT's third interim board of directors also approved a plan for HT to undergo liquidation.

The consolidated financial statements as of and for the years ended December 31, 2012 and 2011 had included all the above subsidiaries.

The financial statements used as basis for calculating the carrying values of equity-method investments and related investment income and losses in 2012 and 2011 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	
	2012	2011
Giantplus Technology Co., Ltd.	\$ (9,240)	\$ -
Ventureplus Group Inc.	(65,814)	(71,179)
Orise Technology Co., Ltd.	42,092	48,323
Lin Shih Investment Co., Ltd.	8,093	(116,107)
Sunplus Venture Capital Co., Ltd.	(9,354)	(64,945)
Generalplus Technology Inc.	20,955	64,925
Sunplus Innovation Technology Inc.	17,395	31,392
Russell Holdings Limited	(108,578)	4,111
Sunext Technology Co., Ltd.	(73,692)	(108,779)
iCatch Technology, Inc.	15,471	(36,820)
Sunplus mMedia Inc.	5,325	41,771
Wei-Young Investment Inc.	(7,251)	35
Global Techplus Capital Inc.	(24)	(77)
Sunplus Management Consulting Inc.	(14)	53
Sunplus Technology (H.K.) Co., Ltd.	123	(64)
Magic Sky Limited	-	(176,344)
HT mMobile Inc.	-	(118,347)
Sunplus mMobile Inc.	(33,986)	(250,585)
Sunplus Core Technology Co., Ltd.	<u>(1,072)</u>	<u>(87,085)</u>
	<u>\$ (199,571)</u>	<u>\$ (839,722)</u>

Fair values of listed equity-method investments calculated at their closing prices and partly private stocks of Giantplus Technology Co., Ltd. as of December 31, 2012 and 2011 were as follows:

	December 31	
	2012	2011
Orise Technology Co., Ltd.	\$ 1,834,851	\$ 1,321,755
Giantplus Technology Co., Ltd.	767,076	-
Generalplus Technology Inc.	<u>727,824</u>	<u>733,423</u>
	<u>\$ 3,329,751</u>	<u>\$ 2,055,178</u>

9. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2012	2011
Domestic unlisted stocks	<u>\$ 14,889</u>	<u>\$ 18,889</u>

The Company recognized an impairment loss of \$1,333 thousand on its investment in Network Capital Global Fund and recorded this loss under nonoperating expenses and losses - impairment loss.

This above investment, which had no quoted price in an active market and had a fair value that could not be reliably measured, was carried at cost.

10. PROPERTIES

	Year Ended December 31, 2012					
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Total
<u>Cost</u>						
Balance, beginning of year	\$ 806,908	\$ 62,458	\$ 153,192	\$ 95,930	\$ 12,987	\$1,131,475
Increase	-	1,467	1,306	29,383	4,875	37,031
Decrease	-	-	20,443	144	-	20,587
Reclassification	86,026	-	-	-	-	86,026
Balance, end of year	<u>892,934</u>	<u>63,925</u>	<u>134,055</u>	<u>125,169</u>	<u>17,862</u>	<u>1,233,945</u>
<u>Accumulated depreciation</u>						
Balance, beginning of year	177,430	30,295	134,029	62,307	5,721	409,782
Depreciation	18,572	5,865	12,005	23,109	4,668	64,219
Decrease	-	-	20,443	100	-	20,543
Reclassification	15,632	-	-	-	-	15,632
Balance, end of year	<u>211,634</u>	<u>36,160</u>	<u>125,591</u>	<u>85,316</u>	<u>10,389</u>	<u>469,090</u>
Balance, end of year, net	<u>\$ 681,300</u>	<u>\$ 27,765</u>	<u>\$ 8,464</u>	<u>\$ 39,853</u>	<u>\$ 7,473</u>	<u>\$ 764,855</u>

	Year Ended December 31, 2011							
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Total
<u>Cost</u>								
Balance, beginning of year	\$ 795,683	\$ 190,696	\$ 381,524	\$ 338,129	\$ 1,209	\$ 80,811	\$ 89	\$ 1,788,141
Increase	-	3,827	2,106	16,380	-	4,976	-	27,289
Decrease	1,320	132,065	230,438	258,579	1,209	72,800	89	696,500
Reclassification	12,545	-	-	-	-	-	-	12,545
Balance, end of year	<u>806,908</u>	<u>62,458</u>	<u>153,192</u>	<u>95,930</u>	<u>-</u>	<u>12,987</u>	<u>-</u>	<u>1,131,475</u>
<u>Accumulated depreciation</u>								
Balance, beginning of year	159,835	154,325	329,260	287,416	1,139	71,256	88	1,003,319
Depreciation	16,762	8,035	35,197	33,429	70	7,071	1	100,565
Decrease	1,320	132,065	230,428	258,538	1,209	72,606	89	696,255
Reclassification	2,153	-	-	-	-	-	-	2,153
Balance, end of year	<u>177,430</u>	<u>30,295</u>	<u>134,029</u>	<u>62,307</u>	<u>-</u>	<u>5,721</u>	<u>-</u>	<u>409,782</u>
Balance, end of year, net	<u>\$ 629,478</u>	<u>\$ 32,163</u>	<u>\$ 19,163</u>	<u>\$ 33,623</u>	<u>\$ -</u>	<u>\$ 7,266</u>	<u>\$ -</u>	<u>\$ 721,693</u>

Note: For the assets mortgaged or pledged, please refer to Note 23.

11. INTANGIBLE ASSETS

	Year Ended December 31, 2012		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of year	\$ 535,005	\$ 97,099	\$ 632,104
Increase	<u>88,021</u>	<u>-</u>	<u>88,021</u>
Balance, end of year	<u>623,026</u>	<u>97,099</u>	<u>720,125</u>
<u>Accumulated amortization</u>			
Balance, beginning of year	315,362	47,200	362,562
Amortization expense	<u>98,437</u>	<u>5,394</u>	<u>103,831</u>
Balance, end of year	<u>413,799</u>	<u>52,594</u>	<u>466,393</u>
	<u>\$ 209,227</u>	<u>\$ 44,505</u>	<u>\$ 253,732</u>
	Year Ended December 31, 2011		
	Technology License Fee	Patents	Total
<u>Cost</u>			
Balance, beginning of year	\$ 2,696,304	\$ 97,849	\$ 2,794,153
Increase	171,326	-	171,326
Decrease	<u>2,332,625</u>	<u>750</u>	<u>2,333,375</u>
Balance, end of year	<u>535,005</u>	<u>97,099</u>	<u>632,104</u>
<u>Accumulated amortization</u>			
Balance, beginning of year	2,534,851	42,555	2,577,406
Amortization expense	113,136	5,395	118,531
Decrease	<u>2,332,625</u>	<u>750</u>	<u>2,333,375</u>
Balance, end of year	<u>315,362</u>	<u>47,200</u>	<u>362,562</u>
	<u>\$ 219,643</u>	<u>\$ 49,899</u>	<u>\$ 269,542</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.

12. DEFERRED CHARGES AND OTHERS

	December 31	
	2012	2011
Software and system design, net	\$ 33,883	\$ 75,212
Certificate of golf club membership	7,800	7,800
Refundable deposits	<u>1,607</u>	<u>1,717</u>
	<u>\$ 43,290</u>	<u>\$ 84,729</u>

13. SHORT-TERM BANK LOANS

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Working capital loans - US\$3,500 thousand; annual interest rate from 0.77%-0.88% in 2012 and US\$ 4,000 thousand; annual interest rate from 0.98% in 2011	\$ 101,640	\$ 121,100
Working capital loans - \$260,000 thousand; annual interest rate from 1.2%-1.475% in 2011	<u>-</u>	<u>260,000</u>
	<u>\$ 101,640</u>	<u>\$ 381,100</u>

14. LONG-TERM BANK LOANS

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Medium- to long-term credit bank loans:		
Repayable quarterly from March 2012 to March 2015; annual floating-rate interest - 1.942% in 2012	\$ 500,000	\$ -
Repayable quarterly from March 2012 to March 2015; annual floating-rate interest - 1.994% in 2012	250,000	-
Repayable semiannually from February 2012 to February 2015; annual floating-rate interest - 1.98% in 2012	135,000	-
Repayable quarterly from February 2010 to February 2012; annual floating-rate interest - 1.7725% in 2011	-	102,500
Repayable semiannually from March 2010 to March 2014; annual floating-rate interest - 2.12% in 2011; repay early in 2012	-	75,500
Medium- to long-term secured loans:		
Repayable semiannually from March 2012 to March 2017; annual floating-rate interest - 1.97% in 2012	700,000	-
Repayable semiannually from February 2012 to February 2015; annual floating-rate interest - 1.98% in 2012	135,000	-
Repayable semiannually from February 2009 to February 2012; annual floating-rate interest - 2.17% in 2011	<u>-</u>	<u>30,000</u>
	1,720,000	208,000
Deduct: Current portion	<u>496,806</u>	<u>208,000</u>
	<u>\$ 1,223,194</u>	<u>\$ -</u>

Under 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 23). The loan contracts contain financial covenants which require the Company to maintain certain financial ratios (debt ratio, current ratio and restrictions in net tangible assets in 2012; debt ratio, current ratio, times interest-earned ratio and financing provided in 2011) on the basis of semiannual and annual consolidated financial statements. However, the Company's not being able to meet these ratio requirements is not deemed to be a violation of the contracts. As of December 31, 2012 and 2011, the Company was in compliance with those financial covenants except times interest-earned ratio violating the contract.

15. PENSION PLAN

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. Based on the LPA, the rate of the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Related costs were \$32,220 thousand and \$32,815 thousand for 2012 and 2011, respectively.

Before the promulgation of the LPA, 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 based on the length of service and the average basic salary of the employee's final six months of service. In addition, the Company makes monthly contributions, equal to 2% of salaries and wages, 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. The Company recognized pension costs of \$2,741 thousand for 2012 and \$2,441 thousand for 2011.

Defined benefit pension fund balances were \$129,906 thousand and \$124,384 thousand as of December 31, 2012 and 2011, respectively.

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

a. Components of net pension costs

	Years Ended December 31	
	2012	2011
Service costs	\$ 1,498	\$ 1,288
Interest costs	3,285	3,158
Projected return on plan assets	(2,533)	(2,435)
Amortization	<u>491</u>	<u>430</u>
Net pension costs	<u>\$ 2,741</u>	<u>\$ 2,441</u>

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

	December 31	
	2012	2011
Benefit obligation		
Vested benefit obligation	\$ 5,997	\$ -
Non-vested benefit obligation	<u>83,296</u>	<u>67,318</u>
Accumulated benefit obligation	89,293	67,318
Additional benefits based on future salaries	<u>88,339</u>	<u>96,954</u>
Projected benefit obligation	177,632	164,272
Fair value of plan assets	<u>(131,142)</u>	<u>(124,384)</u>
Funded status	46,490	39,888
Unrecognized net transition obligation	(384)	(875)
Unrecognized net gain	<u>4,224</u>	<u>13,016</u>
Accrued pension liability	<u>\$ 50,330</u>	<u>\$ 52,029</u>
Vested benefit	<u>\$ 6,576</u>	<u>\$ -</u>

c. Actuarial assumptions

	Years Ended December 31	
	2012	2011
Discount rate used in determining present values	2.00%	2.00%
Future salary increase rate	5.75%	5.75%
Expected rate of return on plan assets	2.00%	2.00%

	Years Ended December 31	
	2012	2011
d. Contributions to the fund	<u>\$ 4,440</u>	<u>\$ 4,831</u>
e. Payments from the fund	<u>\$ -</u>	<u>\$ -</u>

16. SHAREHOLDERS' EQUITY

a. Employee stock option plan

On 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 280,000 thousand options in 2007 plan, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 280,000 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, 2012.

Outstanding option rights were as follows:

	2007 Option Plan			
	2012		2011	
	Unit (In Thousands)	Weighted- average Price (NT\$)	Unit (In Thousands)	Weighted- average Price (NT\$)
Beginning outstanding balance	19,847	\$ 38.03	21,433	\$ 38.03
Options canceled	<u>(967)</u>		<u>(1,586)</u>	-
Ending outstanding balance	<u>18,880</u>		<u>19,847</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 2007 plans.

As of December 31, 2011, 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\$)
\$ 37.9	12,580	0.87	\$ 37.9	12,580	\$ 37.9
38.3	6,300	0.99	38.3	6,300	38.3

No compensation costs were recognized under the intrinsic value for 2012 and 2011. Had the Company used the fair value method to evaluate the options in accordance with Statement of Financial Accounting Standards No. 39 - "Share-Based Payment", the pro forma net loss and basic loss per share are the same with those reported in the income statements due to the expiration of valid period.

In their meeting on June 18, 2012, the shareholders approved a restricted stock plan for employees with a total amount of NT\$280,000 thousand, consisting of 28,000 thousand shares, and authorize the board of directors to determine the issue prices of the restricted shares when they are issued.

As of December 31, 2012, the Company had not yet issued any restricted shares employees.

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 that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US\$9.57 per unit. As of December 31, 2012, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

c. Capital surplus

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, treasury stock transactions) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments, employee stock options and conversion options 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.

Under an approved shareholders' resolution, 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. The Company's policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT\$0.5 per share.

Under 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, but excluding treasury stock) should be allocated 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, for working capital retention, the bonus to employees and remuneration to directors and supervisors was zero for the year ended December 31, 2012 and 2011. For the year ended December 31, 2012, 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 year of the proposal. 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.

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

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 from the 2011 and 2010 earnings were approved at the shareholders' meetings on June 10, 2012 and June 10, 2011, respectively. The appropriations, including dividends, were as follows:

	<u>For Fiscal Year 2011</u>		<u>For Fiscal Year 2010</u>	
	Appropriation of Earnings	Dividends Per Share (NT\$)	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$	\$	\$ 77,372	\$ -
Special reserve			191,229	-
Legal reserve offset deficit	23,822		-	-
Cash dividend			<u>477,528</u>	0.8
	<u>\$ 23,822</u>		<u>\$ 746,129</u>	

In their meeting on June 10, 2011, the shareholders approved a bonus to employees of \$96,579 thousand and a remuneration to directors and supervisors of \$2,204 thousand.

The amounts approved by the Company's board of directors on April 27, 2011 and April 27, 2012 did not differ from the amounts approved by the shareholders.

The information on the appropriation of bonuses 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

In 2012 and 2011, 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, 2012</u>			
Balance, beginning of year	\$(1,247,657)	\$ 57,342	\$(1,190,315)
Recognized in shareholders' equity	1,174,443	157,649	1,332,092
Transferred to profit	<u>46,333</u>	<u>-</u>	<u>46,333</u>
Balance, end of year	<u>\$(26,881)</u>	<u>\$ 214,991</u>	<u>\$(188,110)</u>
<u>Year ended December 31, 2011</u>			
Balance, beginning of year	\$ (440,213)	\$ 267,646	\$ (172,567)
Recognized in shareholders' equity	(1,091,017)	(210,304)	(1,301,321)
Transferred to profit	<u>283,573</u>	<u>-</u>	<u>283,573</u>
Balance, end of year	<u>\$(1,247,657)</u>	<u>\$ 57,342</u>	<u>\$(1,190,315)</u>

17. TREASURY STOCK

(Units: Shares in Thousands)

Status/Purpose of Purchase	Beginning Shares	Increase	Ending Shares
<u>Year ended December 31, 2012</u>			
Company stocks held by a subsidiary	3,560		3,560
For subsequent transfer to employees	<u>4,915</u>	<u> </u>	<u>4,915</u>
	<u>8,475</u>	<u> </u>	<u>8,475</u>
<u>Year ended December 31, 2011</u>			
Company stocks held by a subsidiary	3,560	-	3,560
For subsequent transfer to employees	<u> </u>	<u>4,915</u>	<u>4,915</u>
	<u>3,560</u>	<u>4,915</u>	<u>8,475</u>

Since January 2002, the Company has accounted for its issued shares amounting to \$95,605 thousand and held by a subsidiary, Lin Shih Investment Co., Ltd., as treasury stock. As of December 31, 2012, these treasury shares had a book value of \$63,401 thousand and a market value of \$32,645 thousand. As of December 31, 2011, the these these treasury shares had a book value of \$63,401 thousand and a market value of \$35,493 thousand.

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. On March 1, 2011, the Board of Directors approved a share buyback plan to repurchase up to 10,000 thousand shares of the Company between March 1, 2011 and April 30, 2011, with the buyback price ranging from NT\$16.00 to NT\$22.00. As of April 30, 2011, the Company had bought back 4,915 thousand shares for \$91,835 thousand. The subsidiary holding treasury stock retain shareholders' rights on their holdings, except the rights to participate in any share issuance for cash and to vote.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Years Ended December 31					
	2012			2011		
	Classified as Cost of Sales	Classified as Operating Expense	Total	Classified as Cost of Sales	Classified as Operating Expense	Total
Labor cost						
Salary	\$ 64,299	\$ 711,737	\$ 776,036	\$ 65,503	\$ 712,130	\$ 777,633
Labor/health insurance	4,846	43,424	48,270	5,047	43,910	48,957
Pension	3,421	31,540	34,961	3,509	31,747	35,256
Welfare benefit	624	5,169	5,793	1,191	9,362	10,553
Meal	<u>1,373</u>	<u>10,623</u>	<u>11,996</u>	<u>1,510</u>	<u>11,109</u>	<u>12,619</u>
	<u>\$ 74,563</u>	<u>\$ 802,493</u>	<u>\$ 877,056</u>	<u>\$ 76,760</u>	<u>\$ 808,258</u>	<u>\$ 885,018</u>
Depreciation	<u>\$ 14,924</u>	<u>\$ 49,295</u>	<u>\$ 64,219</u>	<u>\$ 38,457</u>	<u>\$ 62,108</u>	<u>\$ 100,565</u>
Amortization	<u>\$ 414</u>	<u>\$ 157,169</u>	<u>\$ 157,583</u>	<u>\$ 607</u>	<u>\$ 221,317</u>	<u>\$ 221,924</u>

19. INCOME TAX

- a. A reconciliation of income tax expense on loss before income tax at the statutory rate of 17% and current income tax expense before tax credits is shown below:

	Years Ended December 31	
	2012	2011
Income (loss) before income tax at statutory rate	\$ (115,085)	\$ (300,794)
Tax effects of adjustments:		
Permanent differences	11,056	69,067
Temporary differences	16,368	136,267
Tax effects of consolidation income tax filing	<u>(5,778)</u>	<u>(19,959)</u>
Income tax expense before tax credits	<u>\$ (93,439)</u>	<u>\$ (115,419)</u>

- b. Income tax expense consisted of the following:

	Years Ended December 31	
	2012	2011
Income tax expense before tax credits	\$ -	\$ -
Additional tax at 10% on unappropriated earnings	-	2,758
Investment tax credits	-	(2,758)
Net change in deferred income tax assets	116,020	84,660
Adjustment of prior years' income tax expense	<u>(116,020)</u>	<u>130,887</u>
Income tax expense	<u>\$ -</u>	<u>\$ 215,547</u>

- c. Deferred income tax assets were as follows:

	December 31	
	2012	2011
Current:		
Investment tax credits	\$ 238,278	\$ 243,496
Loss carryforwards	13,390	-
Temporary differences	1,965	6,471
Deduct: Valuation allowance	<u>238,278</u>	<u>243,496</u>
	<u>\$ 15,355</u>	<u>\$ 6,471</u>
Noncurrent:		
Investment tax credits	\$ -	\$ 258,063
Loss carryforwards	339,241	280,548
Temporary differences	66,986	71,793
Deduct: Valuation allowance	<u>351,110</u>	<u>430,383</u>
	<u>\$ 55,117</u>	<u>\$ 180,021</u>

As of December 31, 2012, investment tax credits (recorded as deferred tax assets) were as follows:

Regulatory Basis of Tax Credits	Items	Total Creditable Amounts	Remaining Creditable Amounts	Expiry Year
Statute for Upgrading Industries	Purchase of machinery and equipment	\$ <u>1,035</u>	\$ <u>1,035</u>	2013
Statute for Upgrading Industries	Research and development expenditures	\$ <u>222,150</u>	\$ <u>222,150</u>	2013
Statute for Upgrading Industries	Investment in important Technology-based enterprise	\$ <u>15,093</u>	\$ <u>15,093</u>	2013
Income Tax Law	Loss carryforwards	\$ 62,613	\$ 62,613	2019
		87,978	87,978	2020
		108,601	108,601	2021
		<u>93,439</u>	<u>93,439</u>	2022
		<u>\$ 352,631</u>	<u>\$ 352,631</u>	

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

Project	Tax Exemption Period
Eighth expansion	January 1, 2010 to December 31, 2014
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
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2013 to December 31, 2017

The tax returns through 2009 have been assessed by the tax authorities. However, the Company disagreed with the tax authorities' assessment of its 2005 tax returns and thus applied for administrative remedy on these returns. The Company also applied for the correction of the tax authorities' assessment of its 2006 and 2007 tax 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	
	2012	2011
Shareholders' imputation credit account	\$ <u>248,248</u>	\$ <u>201,494</u>
Unappropriated earnings until 1997	\$ <u>-</u>	\$ <u>-</u>

For 2012 and 2011, there was no creditable tax ratio because the Company had a deficit.

20. EARNINGS PER (LOSS) SHARE

The numerators and denominators used in computing earnings (loss) per share (E/LPS) were as follows:

	<u>Amounts (Numerator)</u>		<u>Share (Denominator) (In Thousands)</u>	<u>E/LPS (Dollars)</u>	
	<u>Before Income Tax</u>	<u>After Income Tax</u>		<u>Before Income Tax</u>	<u>After Income Tax</u>
<u>Year Ended December 31, 2012</u>					
Net income	\$ (676,970)	\$ (676,970)			
Basic income per share					
Income of common shareholders	\$ (676,970)	\$ (676,970)	588,435	\$ (1.15)	\$ (1.15)
<u>Year Ended December 31, 2011</u>					
Net loss	\$ (1,769,375)	\$ (1,984,922)			
Basic loss per share					
Loss of common shareholders	\$ (1,769,375)	\$ (1,984,922)	589,827	\$ (3.00)	\$ (3.37)

The employee stock option stated in Note 16 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 2012 and 2011. As a result, the potential common shares were excluded from the calculation of diluted LPS.

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. If the Company decides to settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and, if the resulting potential shares have a dilutive effect, these shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

21. FINANCIAL INSTRUMENTS

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

	December 31			
	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Nonderivative instruments</u>				
Assets				
Available-for-sale financial assets (including current and noncurrent portions)	\$ 629,445	\$ 629,445	\$ 1,222,956	\$ 1,222,956
Financial assets carried at cost	14,889	-	18,889	-
Liability				
Long-term bank loans (including current portion)	1,720,000	1,720,000	208,000	208,000

- 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, accounts receivable, other receivables, short-term bank 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) The fair values of long-term bank loans are estimated using the present value of future cash flows discounted at interest rates the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term bank loans with floating interest rates are equivalent to their carrying values.
- c. The Company did not enter into derivative contracts in 2012 and 2011.
- d. As of December 31, 2012 and 2011, financial assets exposed to cash flow interest rate risk amounted to \$274,645 thousand and \$563,661 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,496,000 thousand and \$1,247,100 thousand, respectively. As of December 31, 2012 and 2011, financial liabilities exposed to fair value interest rate risk amounted to \$101,640 thousand and \$381,100 thousand, respectively. As of December 31, 2012 and 2011, financial liabilities exposed to cash flow interest rate risk amounted to \$1,720,000 thousand and \$208,000 thousand, respectively.
- e. In 2012 and 2011, on financial assets other than financial assets at fair value through profit or loss, interest revenues were \$22,011 thousand and \$19,971 thousand, respectively, and interest expenses were \$27,409 thousand and \$10,775 thousand, respectively.

f. Financial risks

- 1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks. Fair values of available-for-sale security investments are affected by fluctuations of quoted prices.
- 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach financial instrument 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. 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, 2012 and 2011, the interest rates for long-term bank loans were floating, i.e., these rates fluctuated as market interest rates changed.

22. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

- a. Sunext Technology Co., Ltd. ("Sunext") - 61% subsidiary
- b. Sunplus Core Technology Co., Ltd. ("Sunplus Core") - 99% subsidiary
- c. Generalplus Technology Inc. ("Generalplus") - 34% subsidiary
- d. Sunplus Innovation Technology Inc. ("Sunplus Innovation") - 63% subsidiary
- e. Sunplus mMobile Inc. ("Sunplus mMobile") - 99% subsidiary
- f. HT mMobile Inc. ("HT mMobile") - equity-method investee
- g. Sunplus Technology (H.K.) Co., Ltd. ("Sunplus H.K.") - 100% subsidiary
- h. Orise Technology Co., Ltd. ("Orise") - equity-method investee
- i. Sunplus mMedia Inc. ("Sunplus mMedia") - 83% subsidiary
- j. Sunplus Technology (Shanghai) Co., Ltd. ("Sunplus Shanghai") - 99% indirect subsidiary
- k. Others - please refer to Note 26 for related parties that did not have business transactions with the Company in the current period.

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Sales				
Orise	\$ 13,667	1	\$ 17,315	1
Generalplus	13,628	-	15,736	-
iCatch	3,884	-	9,323	-
Sunext	2,642	-	3,197	-
HT mMobile	644	-	3,099	-
Sunplus Innovation	385	-	1,181	-
Sunplus Core	<u>-</u>	<u>-</u>	<u>28,152</u>	<u>1</u>
	<u>\$ 34,850</u>	<u>1</u>	<u>\$ 78,003</u>	<u>2</u>

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Purchase				
HT mMobile	\$ 1,210	-	\$ -	-
Sunext	<u>454</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,664</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Operating expenses				
HT mMobile	\$ 6,277	-	\$ -	-
Sunplus H.K.	1,839	-	1,839	-
Sunplus Core	188	-	792	-
Other	<u>259</u>	<u>-</u>	<u>51</u>	<u>-</u>
	<u>\$ 8,563</u>	<u>-</u>	<u>\$ 2,682</u>	<u>-</u>

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Nonoperating income and gains				
iCatch	\$ 11,685	11	\$ 12,408	4
HT mMobile	8,539	9	24,945	7
Sunplus Innovation	6,865	7	6,709	2
Sunplus mMobile	3,138	3	7,995	2
Sunext	2,223	2	1,738	1
Generalplus	1,793	1	7,273	2
Orise	962	1	2,842	1
Sunplus Core	283	-	5,051	1
Sunplus mMedia	<u>-</u>	<u>-</u>	<u>90</u>	<u>-</u>
	<u>\$ 35,488</u>	<u>34</u>	<u>\$ 69,051</u>	<u>20</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 HT mMobile, Sunext and iCatch and transferred the book value of these leased sections of buildings 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			
	2012		2011	
	Amount	%	Amount	%
Accounts receivable:				
Orise	\$ 2,363	1	\$ 2,066	-
Generalplus	1,496	-	2,070	1
Sunext	488	-	424	-
HT mMobile	416	-	549	-
iCatch	309	-	885	-
Sunplus Innovation	<u>96</u>	<u>-</u>	<u>44</u>	<u>-</u>
	5,168	1	6,038	1
Less: Allowance for doubtful accounts	<u>416</u>	<u>-</u>	<u>160</u>	<u>-</u>
	<u>\$ 4,752</u>	<u>1</u>	<u>\$ 5,878</u>	<u>1</u>
Other receivables				
Sunplus mMobile	\$ 181,018	96	\$ 25,490	77
iCatch	2,985	2	3,124	10
Generalplus	1,985	1	608	2
Sunplus Innovation	1,177	-	979	3
Sunext	1,036	1	383	1
Orise	53	-	1,322	4
HT mMobile	-	-	1,054	3
Sunplus mMedia	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>
	<u>\$ 188,254</u>	<u>100</u>	<u>\$ 32,969</u>	<u>100</u>

The Company assessed the recoverable amount of the interest and rental by HT mMobile Company and recognized an impairment loss of \$9,715 thousand in 2012.

The Company provided financing to Sunplus mMobile in 2012 and 2011, as follows:

Financing to Related Party	Year Ended December 31, 2012			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
Sunplus mMobile	<u>\$ 400,400</u>	<u>\$ 315,400</u> (Note 1)	1.475%-1.655%	<u>\$ 1,716</u>
HT mMobile	<u>\$ 400,000</u>	<u>\$ 362,460</u> (Note 2)	1.475%-1.655%	<u>\$ 6,259</u>

Year Ended December 31, 2011

Financing to Related Party	Maximum Balance	Ending Balance	Interest Rate	Interest Income
Sunplus mMobile	<u>\$ 546,000</u>	<u>\$ 64,000</u> (Note 3)	1.475%-1.655%	<u>\$ 5,684</u>
HT mMobile	<u>\$ 400,000</u>	<u>\$ 400,000</u> (Note 4)	1.475%-1.655%	<u>\$ 1,497</u>

Note 1: The loan actual provided was \$180,400 thousand.

Note 2: In 2012, HT mMobile repaid about \$37,540 thousand of its loan, using inventories, fixed assets software, etc. The Company thus recognized the reversal of an allowance for impairment loss by about \$37,540 thousand. Later, HT mMobile could not repay the loan balance. Therefore, the actual of loan amount of \$362,460 thousand and was recognized as impairment loss.

Note 3: The loan actually provided was \$25,000 thousand.

Note 4: The loan actually provided was \$400,000 thousand, which was recognized as impairment loss in 2011.

	December 31			
	2012		2011	
	Amount	%	Amount	%
Account payable				
Sunext	<u>\$ 213</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Accrued expenses				
Sunplus Core	<u>\$ -</u>	<u>-</u>	<u>\$ 340</u>	<u>-</u>
Other current liability				
Sunplus Core	<u>\$ -</u>	<u>-</u>	<u>\$ 142</u>	<u>-</u>
Deferred royalty income (including current and noncurrent)				
Orise	\$ 2,297	92	\$ 2,897	64
Generalplus	<u>-</u>	<u>-</u>	<u>1,448</u>	<u>32</u>
	<u>\$ 2,297</u>	<u>92</u>	<u>\$ 4,345</u>	<u>96</u>

	December 31	
	2012	2011
Endorsement/guarantee provided		
Sun Media	\$ 448,800	\$ -
Sunplus mMobile	220,000	620,000
Sunplus Shanghai	149,575	203,350
Sunext	47,342	80,000
Generalplus	27,126	-
Sunplus Innovation	17,564	-
iCatch	12,701	-
Sunplus Core	-	250,000
HT mMobile	<u>-</u>	<u>30,000</u>
	<u>\$ 923,108</u>	<u>\$ 1,183,350</u>

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Proceeds of the disposal of properties:				
Orise	\$ -	-	\$ 1,201	96
Generalplus Technology	<u>-</u>	<u>-</u>	<u>50</u>	<u>4</u>
	<u>\$ -</u>	<u>-</u>	<u>\$ 1,251</u>	<u>100</u>
Acquisition of properties				
HT mMobile	\$ 24,535	66	\$ -	-
Sunplus Core Technology	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>
	<u>\$ 24,535</u>	<u>66</u>	<u>\$ 135</u>	<u>-</u>

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Deferred expense				
HT mMobile	<u>\$ 3,187</u>	<u>35</u>	<u>\$ -</u>	<u>-</u>

	2012		2011	
	Amount	%	Amount	%
	Compensation of directors, supervisors and management personnel:			
Salaries and bonus			\$ 29,910	\$ 30,904
Professional Practice expense			<u>2,172</u>	<u>2,040</u>
			<u>\$ 32,082</u>	<u>\$ 32,944</u>

23. MORTGAGED OR PLEDGED ASSETS

The Company's assets pledged as collaterals for long-term bank loans and operating lease were as follows:

	December 31	
	2012	2011
Buildings, net (including rental assets)	\$ 732,696	\$ 752,516
Giantplus stock	415,887	-
Orise stock	407,112	-
Pledged time deposit	<u>6,000</u>	<u>6,000</u>
	<u>\$1,561,695</u>	<u>\$ 758,516</u>

24. SIGNIFICANT LONG-TERM OPERATING LEASES

The Company leases land from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in July 2015, December 2020 and December 2021. The SBIPA has the right to adjust the annual lease amount of \$7,929 thousand. The Company deposited \$6,000 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

Year	Amount
2013	\$ 7,929
2014	7,929
2015	6,578
2016	4,686
2017	4,686
2018 and thereafter	<u>16,776</u>
	<u>\$ 48,584</u>

25. OTHER

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

	2012		2011	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	21,691	29.04	30,687	30.28
EUR	1	38.49	2	39.18
JPY	247	0.336	381	0.391
RMB	25	4.660	22	4.807
GBP	4	46.83	10	46.73
HKD	19	3.747	12	3.897
Equity-method investments				
USD	43,508	29.04	48,462	30.28
HKD	1,082	3.747	1,050	3.897
<u>Financial liabilities</u>				
Monetary items				
USD	13,456	29.04	15,797	30.28
RMB	136	4.660	167	4.807
GBP	-	-	5	46.73
EUR	-	-	2	39.18

26. 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. Names, locations, and related information of investees on which the Company exercises significant influence: Table 5 (attached)
- f. Investment in Mainland China: Table 6 (attached)

27. OPERATING SEGMENT FINANCIAL INFORMATION

The chief operating decision-maker reviews information of the Company as one segment. The information of the operating segment is the same as that presented in the accompanying financial statements. The revenue by segment and operating results for the year ended December 31, 2012 and 2011 are disclosed in the consolidated financial statements for the same periods.

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2012

(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	Sun Media Technology Co., Ltd.	100% indirect subsidiary	\$ 966,222 (Note 1)	\$ 448,000	\$ 448,000	\$ -	4.64%	\$ 1,932,445 (Note 2)
		Sunplus mMobile Inc.	99% subsidiary	966,222 (Note 1)	620,000	220,000	-	2.28%	1,932,445 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	966,222 (Note 1)	209,815	149,575	-	1.55%	1,932,445 (Note 2)
		Sunext Technology Co., Ltd.	61% subsidiary	966,222 (Note 1)	80,000	47,342	-	0.49%	1,932,445 (Note 2)
		Generalplus Technology Inc.	34% subsidiary	966,222 (Note 1)	27,126	27,126	-	0.28%	1,932,445 (Note 2)
		Sunplus Innovation Technology Inc.	63% subsidiary	966,222 (Note 1)	17,564	17,564	-	0.18%	1,932,445 (Note 2)
		iCatch Technology Inc.	38% subsidiary	966,222 (Note 1)	12,701	12,701	-	0.13%	1,932,445 (Note 2)
		Sunplus Core Technology Co., Ltd.	99% subsidiary	966,222 (Note 1)	250,000	-	-	-	1,932,445 (Note 2)
		HT mMobile Inc.	Equity-method investee	966,222 (Note 1)	30,000	-	-	-	1,932,445 (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.

SUNPLUS TECHNOLOGY COMPANY LIMITED

FINANCINGS PROVIDED

NINE MONTHS ENDED DECEMBER 31, 2012

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

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	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	\$ 400,000	\$ 315,400 (Note 11)	1.475%- 1.655%	Note 1	\$ -	Note 2	\$ -	-	\$ -	\$ 483,111 (Note 8)	\$ 966,222 (Note 9)
		HT mMobile Inc.	Other receivables	400,000	362,460 (Note 12)	1.475%- 1.655%	Note 1	-	Note 3	362,460	Note 14	-	483,111 (Note 8)	966,222 (Note 9)
1	Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Other receivables	6,566	6,566 (Note 13)	2.575%- 2.59%	Note 1	-	Note 4	-	-	-	22,996 (Note 8)	45,991 (Note 9)
		Ytrip Technology Co., Ltd.	Other receivables	5,957	-	2.575%- 2.59%	Note 1	-	Note 5	-	-	-	22,996 (Note 8)	45,991 (Note 9)
		Sunplus Pro-tek (Shenzhen) Co., Ltd.	Other receivables	17,412	-	2.575%- 2.59%	Note 1	-	Note 6	-	-	-	160,969 (Note 10)	183,964 (Note 10)
		Sun Media Technology Co., Ltd.	Other receivables	10,080	10,080 (Note 15)	2.575%- 2.59%	Note 1	-	Note 7	-	-	-	160,969 (Note 10)	183,964 (Note 10)

Note 1: Short-term financing.

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

Note 3: Sunplus Technology Company Limited provided cash for the operation of HT mMobile Inc.

Note 4: Sunplus Technology (Shanghai) Co., Ltd. provided funds for ShenZhen Suntop Technology Co., Ltd. to for its need of operation.

Note 5: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Ytrip Technology Co., Ltd. to for its need of operation.

Note 6: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sunplus Pro-tek (Shenzhen) Co., Ltd. to for its need of operation.

Note 7: Sunplus Technology (Shanghai) Co., Ltd. Provided funds for Sun Media Technology Co., Ltd. to for its need of operation.

Note 8: For each transaction entity, the amount should not exceed 5% of the Company's and Sunplus Technology (Shanghai) Co., Ltd. net equity as of the latest financial statements.

Note 9: The amount should not exceed 10% of the Company's and Sunplus Technology (Shanghai) Co., Ltd. net equity based on the latest financial statements.

Note 10: For each transaction entity, the amount should not exceed 40% of Sunplus Technology (Shanghai)'s net equity as of the latest financial statement, and the each amount should not exceed 35% of the Company's net equity as of the latest financial statement because the borrowing company is the company's parent company holding 100% by directly or indirectly.

(Continued)

Note 11: Actual provided was \$180,400 thousand.

Note 12: During the year ended December 31, 2012, the loan of HT mMobile had been repaid about \$37,340 thousand with inventories, fixed assets and soft ware, etc. The company had recognized the reversal of an allowance for impairment loss about \$37,340 thousand. Therefore, the actual amount of loan are \$362,460 thousand and have been recognized as impairment loss.

Note 13: Actual provided was \$6,566 thousand.

Note 14: Self-developed technology.

Note 15: Actual provided was \$10,080 thousand.

(Concluded)

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

(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, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	<u>Stock</u>							
	Giantplus Technology Co., Ltd.	Equity-method investee	Equity-method investments	84,652	\$ 1,760,279	19	\$ 1,760,279	Note 1
	Ventureplus Group Inc.	Equity-method investee	Equity-method investments	44,175	978,780	100	978,780	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	47,290	875,106	34	875,106	Note 1
	Lin Shih Investment Co., Ltd.	Equity-method investee	Equity-method investments	70,000	789,337	100	789,337	Notes 1 and 4
	Sunplus Venture Capital Co., Ltd.	Equity-method investee	Equity-method investments	100,000	704,658	100	704,658	Note 1
	Generalplus Technology Inc	Equity-method investee	Equity-method investments	37,324	622,990	34	622,990	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	31,450	573,911	63	574,069	Notes 1 and 7
	Russell Holdings Limited	Equity-method investee	Equity-method investments	14,760	274,280	100	278,119	Notes 1 and 9
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	38,837	223,658	61	223,658	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	20,735	200,722	38	200,722	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	12,441	64,235	83	88,012	Notes 1 and 8
	Wei-Young Investment Inc.	Equity-method investee	Equity-method investments	1,400	8,584	100	8,584	Note 1
	Global Techplus Capital Inc.	Equity-method investee	Equity-method investments	200	6,578	100	6,578	Note 1
	Sunplus Management Consulting Inc.	Equity-method investee	Equity-method investments	500	4,151	100	4,151	Note 1
	Sunplus Technology (H.K.) Co., Ltd.	Equity-method investee	Equity-method investments	11,075	4,054	100	4,054	Note 1
	Magic Sky Limited	Equity-method investee	Equity-method investments	6,000	-	100	-	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	56,448	-	32	-	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	48,999	(367,102)	99	(334,834)	Notes 1 and 6
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	16,770	(18,855)	99	9,014	Notes 1 and 6
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	13,568	194,695	13	194,695	Note 3
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	23,021	-	23,021	Note 3
	RITEK Corp.	-	Available-for-sale financial assets	5,000	19,848	-	19,848	Note 3
	<u>Fund</u>							
	Mega Diamond Bond Fund	-	Available-for-sale financial assets	8,273	100,563	-	100,563	Note 5
	JF (Taiwan) First Money Market Fund	-	Available-for-sale financial assets	6,099	90,002	-	90,002	Note 5
	FSITC Money Market	-	Available-for-sale financial assets	290	50,264	-	50,264	Note 5
FSITC Global Socially Rspnb Invmt Bd	-	Available-for-sale financial assets	5,000	50,211	-	50,211	Note 5	
JPMorgan GIBI EM Corp Bd	-	Available-for-sale financial assets	3,000	30,740	-	30,740	Note 5	
UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,044	-	30,044	Note 5	
Taishin Ta-Chong Money Market	-	Available-for-sale financial assets	2,178	30,043	-	30,043	Note 5	
Prudential Financial Money Market	-	Available-for-sale financial assets	652	10,013	-	10,013	Note 5	
Network Capital Global Fund	-	Financial assets carried at cost	933	9,333	7	9,333	Note 2	
Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	556	5,556	11	5,556	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note	
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value		
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	14,892	\$ 247,936	14	\$ 247,522	Note 1	
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	3,360	19,389	5	19,389	Note 1	
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	1,075	17,123	2	19,331	Note 1	
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	965	9,337	2	9,337	Note 1	
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	579	9,040	4	4,954	Note 1	
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	15	197	-	197	Note 1	
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	8	31	-	31	Note 1	
	HT mMobile Inc.	Equity-method investee	Equity-method investments	4,695	-	3	-	Note 1	
	Ability Enterprise Co., Ltd.	-	-	Available-for-sale financial assets	5,274	143,454	1	143,454	Note 3
	Radiant Innovation Inc.	-	-	Available-for-sale financial assets	2,397	135,181	7	135,181	Note 3
	Sunplus Technology Co., Ltd.	Parent Company	-	Available-for-sale financial assets	3,560	32,645	1	32,645	Note 3
	RITEK Technology Co., Ltd.	-	-	Available-for-sale financial assets	833	3,308	-	3,308	Note 3
	Aiptek International Inc.	-	-	Available-for-sale financial assets	60	-	-	-	Note 3
	Paradigm Pion Money Market	-	-	Available-for-sale financial assets	3,579	40,158	-	40,158	Note 3
	Pegatron Corp.	-	-	Available-for-sale financial assets	90	3,379	-	3,379	Note 3
	Catcher Technology Co., Ltd.	-	-	Available-for-sale financial assets	23	3,312	-	3,312	Note 3
	Pou Chen Corp.	-	-	Available-for-sale financial assets	80	2,440	-	2,440	Note 3
	Hon Hai Precision Ind. Co., Ltd.	-	-	Available-for-sale financial assets	27	2,436	-	2,436	Note 3
	Miracle Technology Co., Ltd.	-	-	Financial assets carried at cost	1,295	13,940	9	13,940	Note 2
	MaxEmil Photonics Corp.	-	-	Financial assets carried at cost	426	4,136	2	4,136	Note 2
	Genius Vision Digital Co., Ltd.	-	-	Financial assets carried at cost	600	3,676	7	3,676	Note 2
	Lingri Technology Co., Ltd.	-	-	Financial assets carried at cost	304	3,040	19	3,040	Note 2
	Socle Technology Corp.	-	-	Financial assets carried at cost	250	2,121	-	2,121	Note 2
	GemFor Tech. Co., Ltd.	-	-	Financial assets carried at cost	373	1,764	6	1,764	Note 2
	Minton Optic Industry Co., Ltd.	-	-	Financial assets carried at cost	4,272	-	7	-	Note 2
	WayTech Development Inc.	-	-	Financial assets carried at cost	1,500	-	5	-	Note 2
	Sanjet Technology Corp.	-	-	Financial assets carried at cost	8	-	-	-	Note 2
Russell Holdings Limited	<u>Stock</u>								
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	442	US\$ 88 thousand	1	US\$ 88 thousand	Note 1	
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US\$ 1,721 thousand	-	US\$ 1,721 thousand	Note 2	
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US\$ 456 thousand	5	US\$ 456 thousand	Note 2	
	Aicent, Inc.	-	Financial assets carried at cost	500	US\$ 250 thousand	1	US\$ 250 thousand	Note 2	
	Aruba Networks, Inc.	-	Financial assets carried at cost	10	US\$ 230 thousand	-	US\$ 230 thousand	Note 2	
	VisualOn Inc.	-	Financial assets carried at cost	377	US\$ 131 thousand	3	US\$ 131 thousand	Note 2	
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US\$ 87 thousand	15	US\$ 87 thousand	Note 2	

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Synerchip Co., Ltd.	-	Financial assets carried at cost	6,452	US\$ - thousand	12	US\$ - thousand	Note 2
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US\$ - thousand	-	US\$ - thousand	Note 2
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US\$ - thousand	1	US\$ - thousand	Note 2
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US\$ - thousand	8	US\$ - thousand	Note 2
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US\$ - thousand	3	US\$ - thousand	Note 2
	InveStar Excelsus Venture Capital (Int'l), Inc., LDC	-	Financial assets carried at cost	-	US\$ - thousand	19	US\$ - thousand	Note 2
Sunplus Venture Capital Co., Ltd.	Stock Security	-	Investment in debt security with no activity Market	1	\$ 14,520	-	14,520	Note 11
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	4,301	84,136	4	70,869	Note 1
	Sunplus Innovation Technology Inc.	Equity-method investee	Equity-method investments	2,720	49,680	5	49,680	Note 1
	iCatch Technology, Inc.	Equity-method investee	Equity-method investments	3,182	30,802	6	30,802	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	4,431	25,510	7	25,510	Note 1
	Orise Technology Co., Ltd.	Equity-method investee	Equity-method investments	865	15,517	1	15,517	Note 1
	Sunplus mMedia Inc.	Equity-method investee	Equity-method investments	1,909	12,706	13	12,447	Note 1
	Han Young Technology Co., Ltd.	Equity-method investee	Equity-method investments	420	1,781	70	1,781	Note 1
	Sunplus Core Technology Co., Ltd.	Equity-method investee	Equity-method investments	12	9	-	9	Note 1
	Sunplus mMobile Inc.	Equity-method investee	Equity-method investments	-	3	-	3	Note 1
	HT mMobile Inc.	Equity-method investee	Equity-method investments	9,111	-	5	-	Note 1
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,784	102,925	1	102,925	Note 3
	Aiptek International Inc.	-	Available-for-sale financial assets	351	-	1	-	Note 3
	UED Corp.	-	Available-for-sale financial assets	338	21,936	1	21,936	Note 3
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	45,153	-	45,153	Note 3
	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	5,998	60,060	-	60,060	Note 2
	FSITC Money Market	-	Available-for-sale financial assets	290	50,273	-	50,273	Note 2
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,811	20,734	4	20,734	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	9	14,025	Note 2
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 2
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	6,243	2	6,243	Note 2
	Socle Technology Corp.	-	Financial assets carried at cost	550	4,666	1	4,666	Note 2
	Aruba Networks, Inc.	-	Financial assets carried at cost	4	2,585	-	2,585	Note 2
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	-	-	-	Note 2
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 2
	Simple Act Inc.	-	Financial assets carried at cost	1,990	-	10	-	Note 2
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 2

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	WayTech Development Inc.	-	Financial assets carried at cost	1,000	\$ -	4	\$ -	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	-	-	-	Note 2
Ventureplus Group Inc.	Stock Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	44,175	US\$ 33,712 thousand	100	US\$ 33,712 thousand	Note 1
Ventureplus Mauritius Inc.	Stock Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	44,175	US\$ 33,716 thousand	100	US\$ 33,716 thousand	Note 1
Ventureplus Cayman Inc.	Stock Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 15,653 thousand	99	US\$ 15,653 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 2,075 thousand	100	US\$ 2,075 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 14,776 thousand	100	US\$ 14,776 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 383 thousand	80	US\$ 383 thousand	Note 1
	Ytrip Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 780 thousand	73	US\$ 780 thousand	Note 1
Magic sky Limited	HT mMobile Inc.	Equity-method investee	Equity-method investments	16,888	-	10	-	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Subsidiary of Sunplus Technology (Shanghai) Co., Ltd.	Equity-method investments	-	RMB (893) thousand	100	RMB (893) thousand	Note 1
	GF Money Market Fund class B shares	-	Available-for-sale financial assets	8,090	RMB 8,177 thousand	-	RMB 8,177 thousand	Note 1
Wei-Young Investment Inc.	Stock Elitergroup Computer Systems	-	Available-for-sale financial assets	508	4,565	-	4,565	Note 3
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,715	-	1,796	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	103	-	103	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				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	7,590	\$ 119,512	100	\$ 119,512	Note 1
	<u>Fund</u> Union Money Market	-	Available-for-sale financial assets	4,297	55,100	-	55,100	Note 5
	Jih Sun Money Market	-	Available-for-sale financial assets	2,794	40,126	-	40,126	Note 5
	Eastspring Inv well Pool Money Market	-	Available-for-sale financial assets	1,063	14,037	-	14,037	Note 5
Generalplus International (Samoa) Inc.	<u>Stock</u> Generalplus (Mauritius) Inc.	Subsidiary of Generalplus International (Samoa) Inc.	Equity-method investments	7,590	US\$ 4,114 thousand	100	US\$ 4,114 thousand	Note 1
Generalplus (Mauritius) Inc.	<u>Stock</u> Generalplus Technology (Shenzhen) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	7,200	US\$ 3,862 thousand	100	US\$ 3,862 thousand	Note 1
	Generalplus Technology (Hong Kong) Co., Ltd.	Subsidiary of Generalplus (Mauritius) Inc.	Equity-method investments	390	US\$ 252 thousand	100	US\$ 252 thousand	Note 1
Sunext Technology Co., Ltd.	<u>Stock</u> Great Sun Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	750	\$ 724	100	724	Note 1
	Great Prosperous Corp.	Subsidiary of Sunext Technology Co., Ltd.	Equity-method investments	1,962	-	100	-	Note 1
	<u>Fund</u> IBT 1699 Bond Fund	-	Available-for-sale financial assets	3,047	40,000	-	40,000	Note 5
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	2,243	33,000	-	33,000	Note 5
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	2,156	32,000	-	32,000	Note 5
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,313	27,000	-	27,000	Note 5
	ING Taiwan Money Market	-	Available-for-sale financial assets	1,451	23,000	-	23,000	Note 5
Great Sun Corp.	<u>Stock</u> Sunext (Mauritius) Inc.	Subsidiary of Great Sun Corp.	Equity-method investments	750	US\$ 25 thousand	100	US\$ 25 thousand	Note 1
Sunplus mMobile Inc.	Sunplus mMobile SAS	Subsidiary of Sunplus mMobile Inc.	Equity-method investments	237	\$ (8,188)	100	(8,188)	Notes 1 and 6
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	5,000	50,000	-	50,000	Note 5
Sunplus Innovation Technology Inc.	<u>Fund</u> Mega Diamond Money Market	-	Available-for-sale financial assets	7,426	90,261	-	90,261	Note 5
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	5,451	80,213	-	80,213	Note 5
	<u>Stock</u> Advanced Silicon SA	-	Financial assets carried at cost	2,000	15,993	9	15,993	Note 2
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	1,000	15,391	12	15,391	Note 2

(Continued)

Note 1: The net asset value was based on audited financial data as of December 31, 2012.

Note 2: The market value was based on carrying value as of December 31, 2012.

Note 3: The market value was based on the closing price as of December 31, 2012.

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, 2012.

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

Note 7: Includes the deferred credit of \$158 thousand.

Note 8: Includes the deferred credit of \$36,439 thousand.

Note 9: Includes the deferred credit of \$3,839 thousand.

Note 10: As of December 31, 2012, the above marketable securities, except the holdings of Lin Shih Investment Co., Ltd. of the shares of Sunplus Technology Company Limited with a market value \$33,743 thousand and the holding of Sunplus Technology Company Limited of the shares of Giantplus Technology Co., Ltd. with a market value 415,887 thousand and Orise Technology Co., Ltd. with a market value 407,112 thousand had not been pledged or mortgaged.

Note 11: The value was based on amortization cost as of December 31, 2012.

(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, 2012

(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	Sunplus Core Technology Co., Ltd.	Equity-method investments	11,206	\$ (138,357) (Note 3)	16,700	\$ 167,000	-	\$ -	\$ -	\$ -	16,770 (Note 5)	\$ (18,855) (Note 4)
	Mega Diamond Bond Fund	Available-for-sale financial assets	8,326	100,000	8,273	100,000	8,326	100,468	100,000	468	8,273	100,563 (Note 1)
	Taishin Ta-Chong Money Market	Available-for-sale financial assets	12,852	136,966 (Note 2)	-	-	12,852	138,031	136,966	1,065	-	-
Generalplus Technology Inc.	Union Money Market	Available-for-sale financial assets	-	-	8,217	105,000	3,920	50,072	50,000	72	4,297	55,100 (Note 1)
	Jih Sun Money Market	Available-for-sale financial assets	-	-	6,980	100,000	4,186	60,000	59,980	20	2,794	40,126 (Note 1)
	Hua Nan Phoenix Money Market Fund	Available-for-sale financial assets	2,740	43,080 (Note 2)	6,473	102,000	9,213	145,344	145,033	311	-	- (Note 1)
	ING Taiwain Money Market	Available-for-sale financial assets	-	-	6,968	110,000	6,968	110,100	110,000	100	-	-
Sunplus Innovation Technology Company Limited	Yugnta Wan Tai Money Fund	Available-for-sale financial assets	-	-	8,175	120,000	2,724	40,000	39,961	39	5,451	80,213 (Note 1)
Sunext Technology Inc.	Yugnta Wan Tai Money Fund	Available-for-sale financial assets	5,203	76,000 (Note 2)	5,653	83,000	8,613	126,370	126,000	370	2,243	33,000 (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 amount was the carrying value of the equity-method investment as of December 31, 2011.

Note 4: The amount was the carrying value of the equity-method investment as of December 31, 2012.

Note 5: Shares after reducing the capital to offset a deficit.

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

DECEMBER 31, 2012

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd. Orise Technology Co., Ltd. Ventureplus Group Inc.	Miaoli, Taiwan	LED	\$ 881,314	\$ 881,314	84,652	19	\$ 1,760,279	\$ (628,184)	\$ (9,240)	Investee
		Hsinchu, Taiwan	Design of ICs	536,298	536,298	47,290	34	875,106	123,294	42,092	Investee
		Belize	Investment	US\$ 44,175 thousand	US\$ 42,985 thousand	44,175	100	978,780	(65,814)	(65,814)	Subsidiary
	Lin Shih Investment Co., Ltd. Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	\$ 699,988	\$ 699,988	70,000	100	789,337	8,093	8,093	Subsidiary
		Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	704,658	(9,354)	(9,354)	Subsidiary
	Generalplus Technology Inc. Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	622,990	61,091	20,955	Subsidiary
		Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	63	573,911	25,646	17,395	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US\$ 14,760 thousand	US\$ 14,760 thousand	14,760	100	274,280	(108,578)	(108,578)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	\$ 924,730	\$ 924,730	38,837	61	223,658	(120,508)	(73,692)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	200,722	41,037	15,471	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,441	83	64,235	(37,515)	5,325	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	8,584	(7,251)	(7,251)	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	US\$ 200 thousand	US\$ 200 thousand	200	100	6,578	(24)	(24)	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	\$ 5,000	\$ 5,000	500	100	4,151	(14)	(14)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK\$ 11,075 thousand	HK\$ 11,075 thousand	11,075	100	4,054	123	123	Subsidiary
	Magic Sky Limited	Samoa	Investment	US\$ 6,000	US\$ 6,000	6,000	100	-	-	-	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	\$ 583,668	\$ 583,668	56,448	32	-	33,462	-	Investee
Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,196,392	2,196,392	48,999	99	(367,102)	(33,986)	(33,986)	Subsidiary	
Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	362,285	195,285	16,770	100	(18,855)	(1,143)	(1,072)	Subsidiary	
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	247,936	61,091	8,361	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	19,389	(120,508)	(6,375)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	17,123	25,646	560	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,337	41,037	719	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	9,040	(37,515)	(1,447)	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	36,889	36,889	15	-	197	(1,143)	(40)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	8	-	31	(33,986)	-	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	46,948	46,948	4,695	3	-	33,462	-	Investee
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	84,136	61,091	2,415	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	54,028	52,952	2,720	5	49,680	25,646	1,386	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	31,818	31,818	3,182	6	30,802	41,037	2,374	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	25,510	(120,508)	(8,407)	Subsidiary
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	15,517	123,294	770	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	12,706	(37,515)	(4,774)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,781	-	-	Subsidiary
	Sunplus Core Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	33,846	33,846	12	-	9	(1,143)	(33)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	3	(33,986)	-	Subsidiary
	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	100,204	100,204	9,111	5	-	33,462	-	Investee
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US\$ 2,119 thousand	US\$ 2,119 thousand	442	1	US\$ 88 thousand	(120,508)	US\$ (28) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2012	December 31, 2011	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc. Sunext Technolgy Co., Ltd.	Hsinchu, Taiwan Hsinchu, Taiwan	Design of ICs Design and sale of ICs	\$ 1,800	\$ 1,800	108	-	\$ 1,715	\$ 61,091	\$ 61	Subsidiary
				350	350	18	-	103	(120,508)	(34)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US\$ 44,175 thousand	US\$ 42,985 thousand	44,175	100	US\$ 33,712 thousand	US\$ (2,225) thousand	US\$ (2,225) thousand	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US\$ 44,175 thousand	US\$ 42,985 thousand	44,175	100	US\$ 33,716 thousand	US\$ (2,225) thousand	US\$ (2,225) thousand	Subsidiary
Ventureplus Cayman Inc.	Sunplus Technology Technology (Shanghai) Co., Ltd. Sunplus Prof-tek Technology (Shenzhen) Co., Ltd. SunMedia Technology Co., Ltd. Sunplus App Technology Co., Ltd. Ytrip Technology Co., Ltd.	Shanghai, China	Research, development, manufacture and sale of ICs.	US\$ 17,000 thousand	US\$ 17,000 thousand	-	99	US\$ 15,653 thousand	US\$ 1,071 thousand	US\$ 1,059 thousand	Subsidiary
		ShenZhen, China	Research, development, manufacture and sale of ICs.	US\$ 4,250 thousand	US\$ 4,250 thousand	-	100	US\$ 2,075 thousand	US\$ 696 thousand	US\$ 696 thousand	Subsidiary
		Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 20,000 thousand	US\$ 20,000 thousand	-	100	US\$ 14,776 thousand	US\$ (2,991) thousand	US\$ (2,991) thousand	Subsidiary
		Beijing, China	Research, development, manufacture and sale of ICs.	US\$ 586 thousand	US\$ 586 thousand	-	80	US\$ 383 thousand	US\$ 80 thousand	US\$ 64 thousand	Subsidiary
		Chengdu, China	Research, development, manufacture and sale of ICs.	US\$ 2,275 thousand	US\$ 1,085 thousand	-	73	US\$ 780 thousand	US\$ (1,371) thousand	US\$ (1,046) thousand	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	\$ 724	\$ 4,979	\$ 4,979	Subsidiary
	Great Prosperous Corp.	Mauritius	Investment	US\$ 1,962 thousand	US\$ 1,800 thousand	1,962	100	-	(8,059)	(8,059)	Subsidiary
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US\$ 750 thousand	US\$ 750 thousand	750	100	US\$ 25 thousand	US\$ 42 thousand	US\$ 42 thousand	Subsidiary
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	\$ 119,512	\$ 13,851	\$ 13,851	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US\$ 7,590 thousand	US\$ 7,590 thousand	7,590	100	US\$ 4,114 thousand	US\$ 468 thousand	US\$ 468 thousand	Subsidiary
Generalplus (Mauritius) Inc.	Generalplus Technology (Shenzhen) Co., Ltd.	Shenzhen, China	After-sales service	US\$ 7,200 thousand	US\$ 7,200 thousand	7,200	100	US\$ 3,862 thousand	US\$ 370 thousand	US\$ 370 thousand	Subsidiary
	Generalplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US\$ 390 thousand	US\$ 390 thousand	390	100	US\$ 252 thousand	US\$ 98 thousand	US\$ 98 thousand	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	\$ (8,188)	\$ (18,740)	\$ (18,740)	Subsidiary
Sunplus Technology Co., Ltd. (Shanghai)	ShenZhen Suntop Technology Co.Ltd.	Shenzheu, China	Design of software and hardware	RMB 8,000 thousand	RMB 2,000 thousand	-	100	RMB (893) thousand	RMB (6,573) thousand	RMB (6,573) thousand	Subsidiary
Magic Sky Limited	HT mMobile Inc.	Hsinchu, Taiwan	Design of ICs	US\$ 6,000 thousand	US\$ 6,000 thousand	16,888	10	-	-	-	Investee

(Concluded)

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2012

(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, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					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\$ 1,059 thousand	US\$ 15,653 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	US\$ 4,250 thousand	Note	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100%	US\$ 696 thousand	US\$ 2,075 thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	US\$ 20,000 thousand	Note	US\$ 20,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 20,000 thousand	100%	US\$ (2,991) thousand	US\$ 14,776 thousand	US\$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	RMB 5,000 thousand	Note	US\$ 586 thousand	US\$ - thousand	US\$ - thousand	US\$ 586 thousand	80%	US\$ 64 thousand	US\$ 383 thousand	US\$ - thousand
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	US\$ 20,000 thousand	Note	US\$ 1,085 thousand	US\$ 1,190 thousand	US\$ - thousand	US\$ 2,275 thousand	73%	US\$ (1,046) thousand	US\$ 780 thousand	US\$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$44,111 thousand	US\$46,105 thousand	\$5,797,334

Note: Sunplus Technology Company Limited invested in a company located in Mainland China by investing in a company in a third country.

7.7 Financial Difficulties

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

VIII. Financial Analysis

8.1 Financial Status

8.1.1 Financial Analysis Comparison 2012 vs. 2011

Unit: NT\$K

Item	Year	2011	2012	Variation	
				Increase (Decrease)	YoY %
Current Assets		3,422,494	4,102,736	680,242	20%
Investment and Fund		6,445,698	7,343,777	898,079	14%
Property, Plant & Equipment		721,693	764,855	43,162	6%
Intangible Assets		269,542	253,732	(15,810)	-6%
Other Assets		407,443	169,124	(238,319)	-58%
Total Assets		11,266,870	12,634,224	1,367,354	12%
Current Liabilities		2,012,399	1,615,699	(396,700)	-20%
Long-term Liabilities		0	1,223,194	1,223,194	-100%
Other Liabilities		192,543	133,108	(59,435)	-31%
Total Liabilities		2,204,942	2,972,001	767,059	35%
Capital Stock		5,969,099	5,969,099	0	0%
Capital Surplus		1,730,465	1,716,655	(13,810)	-1%
Retained Earnings		2,617,410	1,940,440	(676,970)	-26%
Total Shareholder's Equities		9,061,928	9,662,223	600,295	7%

Remark:

1. Current Assets increase due to growing other receivables and inventories.
2. Other Assets declined due to less Investment properties for rent and deferred tax assets
3. Current liabilities declined due to less Short-term borrowings and Current tax liabilities.
4. Long-term Liabilities increased due to new Long-term bank borrowings.
5. Other liabilities declined due to less guarantee deposits
6. Less retained earnings is because of net loss in 2012.

8.2 Operational Results

8.2.1 Operation Results Comparison 2012 vs. 2011

Unit: NT\$K

Item	Year	2011	2012	Variation	
				Increase (decrease)	YoY %
Gross Sale		3,734,610	3,437,059	(297,551)	-8%
Deduct: Sales Returns and Allowances		134,863	295,899	161,036	119%
Net Sales		3,599,747	3,141,160	(458,587)	-13%
Deduct: Realized Gain on Inter-company Profit - Net		28,000	0	(28,000)	-100%
Cost of Sales		2,669,673	2,046,669	(623,004)	-23%
Gross Profit		958,074	1,094,491	136,417	14%
Operating Expenses		1,513,055	1,471,811	(41,244)	-3%
Income From Operating		(554,981)	(377,320)	177,661	-32%
Non-Operating Income		343,330	103,710	(239,620)	-70%
Non-Operating Expense		1,557,724	403,360	(1,154,364)	-74%
Income Before Tax		(1,769,375)	(676,970)	1,092,405	-62%
Income Tax Benefits (Expense)		215,547	0	215,547	-100%
Cumulative Effect of Changes in Accounting Principles		0	0	0	0%
Net Income		(1,984,922)	(676,970)	1,307,952	-66%

Remarks:

1. Less sales and cost, more returns and allowances came from lower demand and ASP.
2. There is no Realized Gain on Inter-company Profit – Net for stopping licensing to subsidiaries in 2012 and the company has collected the receivables for past licensing projects.
3. The operating loss declined due to better gross margins which came from product mix.
4. Non-Operating incomes are less due to less disposal gain.
5. Non-operating expense decreased due to less losses on long-term investment by equity method and impairment of assets
6. Tax expense decreased due to variation of deferred tax assets
7. The Net profits before/after tax increased because of less losses on long-term investment by equity method and impairment of assets

8.3 Cash Flow

8.3.1 Cash Flow Analysis

a) Cash Flow Analysis 2012 vs. 2011

Item	Year	2011	2012	YoY %
Cash flow ratio		48.75	Note1	-
Cash flow adequacy ratio		151.87	126.64	-16.61
Cash flow reinvestment ratio		5.21	Note1	-

Note1: Net cash flow out from operating activities.

b) Cash Flow Forecast

Unit: NT\$K

Cash Balance, beginning of the year (1)	Net Cash Flow from Operating Activities (2)	Net Cash in-flow (3)	Net Cash Balance (1)+(2)+(3)	Remedial Measure if cash not enough	
				Investment plan	Financial leverage plan
\$1,765,628	\$259,783	(656,532)	1,368,879	-	-

Analysis of Cash Flow:

1. From Operating: Cash flow in for predicting making profits in 2013.
2. From Investing: Cash flow in for making loans to subsidiaries and purchasing properties and R&D tools.
3. From Financing: Cash flow out because of the repayment of bank loans.

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		
				2011	2012	2013
Testing Facility	Own	2011~2013	\$49,912	\$2,106	\$1,306	\$46,500

8.4.2 Benefits from the Capital Expenditure

The company could enhance the process of product certification and lower production costs.

8.5 Long-Term Investment

Not applicable

8.6 Risk Management

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

- (1) 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.
- (2) 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.
- (3) 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", and 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.
- (3) The company has made and followed "Procedure of Endorsement and Guarantees", and the Endorsement and Guarantees will only be made to Sunplus affiliates with shareholding 20% and companies with business relations if necessary. The Endorsement and Guarantees are made with risk evaluation and up limit as 10% of the Company net value. The loan has to be under well evaluation before granted. After the loan is granted, the Company follows and traces financial status, business and credit status of the borrower and guarantor frequently, and asks equal collaterals or takes proper actions to secure.
- (4) 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 in-car DVD/CD, HD Set-Top-Box, in high-speed I/O IP, high performance data conversion IP (ADC/DAC/AFE), and analog IP. 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:

For the companies in Taiwan will adopt IFRSs officially instead of the original Taiwan GAAP from 2013, Sunplus has called a special committee in order to launching IFRSs. After evaluation, it shall impact lightly to the shareholders' equity and share price of the company. We will keep watch for any further updates and take actions

to reduce the impacts on the company.

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. Being people-oriented and having integrity are our top priorities when running our business. We disclose our operation and financial statements to public periodically and transparently in order to save the rights of our shareholders.

8.6.7 Mergers & Acquisitions

None

8.6.8 Expansion of Facilities

None

8.6.9 Suppliers & Customers

The company purchases materials from several suppliers and subcontract to backend package and testing houses. The major 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

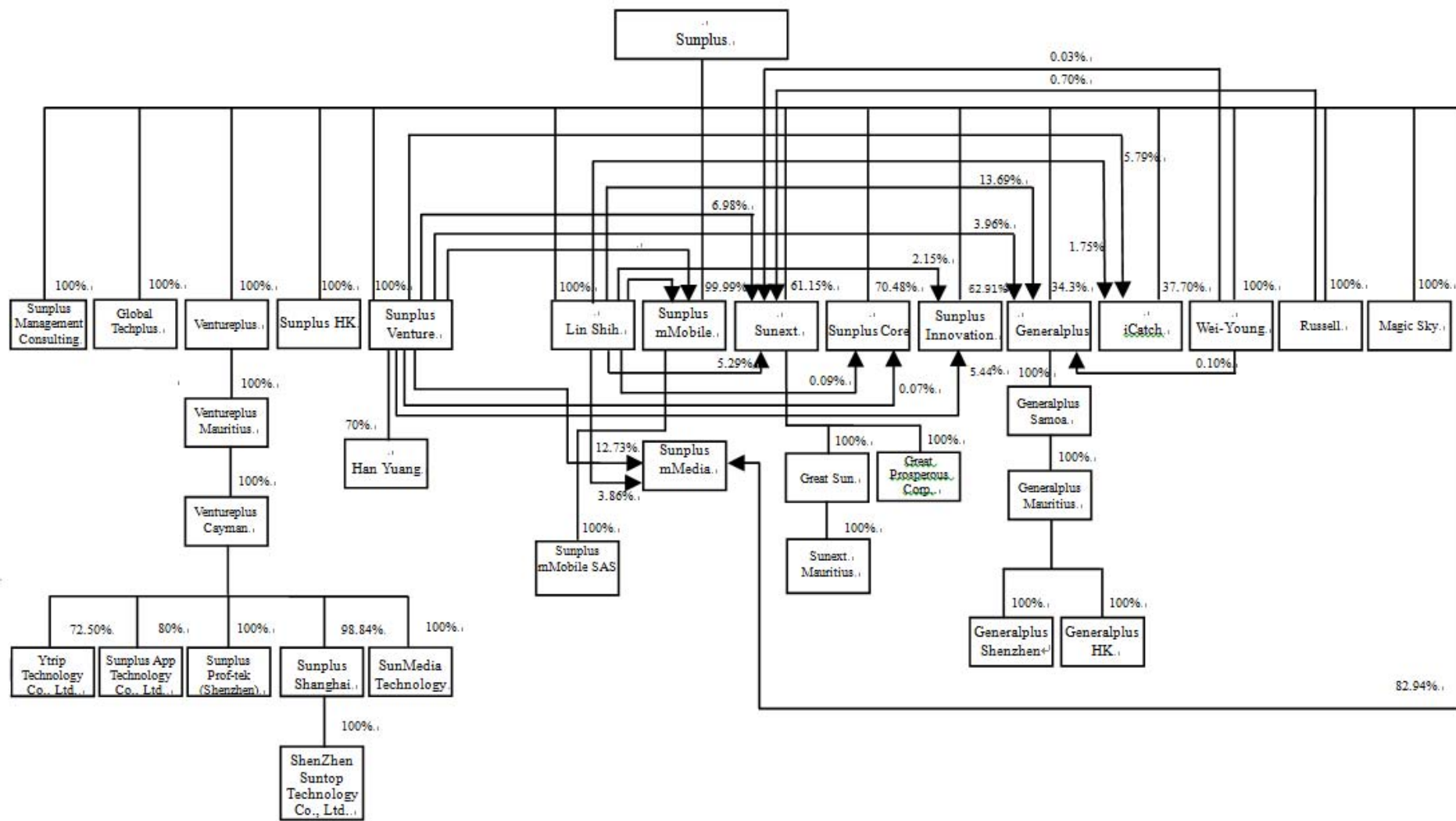
8.7 Other Remarks

None

IX. SPECIAL NOTES

9.1 Affiliates

9.1.1 Affiliated Chart



9.1.2 Affiliated Companies

Unit: NT\$K, unless other specified

Company	Date of Incorporation	Place of Registration	Paid-in Capital	Business Activities
Sunplus Technology (HK) Co., Ltd.	August 31, 1993	Kowloon, HK	HK\$11,075,000 (Note)	International Trading
Lin Shih Investment Co., Ltd.	July 2, 1998	Hsinchu, Taiwan	700,000	Investment
Russell Holdings Ltd.	March 11, 1998	Cayman	US\$14,760,000 (Note)	Investment
Sunplus Venture Capital Co., Ltd.	November 20, 1999	Hsinchu, Taiwan	1,000,000	Investment
Ventureplus Group Inc.	July 27, 2001	Belize	US\$44,175,000 (Note)	Investment
Ventureplus Mauritius Inc.	August 2, 2001	Mauritius	US\$44,175,000 (Note)	Investment
Ventureplus Cayman Inc.	September 14, 2001	Cayman	US\$44,175,000 (Note)	Investment
Shanghai Sunplus Technology Co., Ltd.	December 7, 2001	Shanghai, China	US\$17,200,000 (Note)	CE Products manufacture and sales
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	October 20, 2007	Shenzhen, China	US\$4,250,000 (Note)	Software and System Design
Sunmedia Technology Co., Ltd.	January 8, 2008	Chengdu, China	US\$20,000,000 (Note)	IC Sales and After Service, Software and System Design
Sunplus App Technology Co., Ltd.	October 6, 2008	Beijing, China	RMB5,000,000 (Note)	IC Sales and After Service, Software and System Design
Ytrip Technology Co., Ltd.	February 18, 2011	Chengdu, China	RMB20,000,000(Note)	System and Web Service
ShenZhen Suntop Technology Co, Ltd.	April 18, 2011	Shenzhen, China	RMB8,000,000(Note)	Software and Hardware R&D
Global Techplus Capital Inc. (The original Name: Techplus Capital Niue Inc.)	October 15, 2001	Mahe, Seychelles	US\$200,000 (Note)	Investment
Magic Sky Limited	September 22, 2010	Samoa	US\$6,000,000	Investment
Sunext Technology Co., Ltd.	March 13, 2003	Hsinchu, Taiwan	635,091	IC Design
Great Sun Corporation	January 28, 2003	Samoa	US\$750,000 (Note)	Investment
Sunext (Maruitius) Inc.	August 19, 2004	Mauritius	US\$750,000 (Note)	Investment
Great Prosperous Corporation	February 13,2009	Mauritius	US\$1,800,000 (Note)	Investment & Marketing
Sunplus Management Consulting Inc.	October 29, 2003	Taipei, Taiwan	5,000	Consulting
WeiYing Investment Co., Ltd.	February 13, 2004	Taipei, Taiwan	14,000	Investment
Generalplus Technology Inc.	March 30, 2004	Hsinchu, Taiwan	1,088,158	IC Design
Generalplus International (Samoa) Inc.	November 12, 2004	Samoa	US\$7,590,000 (Note)	Investment
Generalplus (Mauritius) Inc.	November 25, 2004	Mauritius	US\$7,590,000 (Note)	Investment
Generalplus Technology (Shenzhen) Inc.	March 24, 2005	Shenzhen, China	US\$7,200,000 (Note)	Sales Service
Generalplus Technology (HK) Inc.	March 21, 2007	Hong Kong	US\$390,000 (Note)	Sales Service
Sunplus mMobile Inc.	December 20, 2006	Hsinchu, Taiwan	490,000	IC Design
Sunplus mMobile SAS	April 22, 2008	Cannes, France	EUR\$237,000 (Note)	IC Design
Sunplus Innovation Technology Inc.	December 14, 2006	Hsinchu, Taiwan	499,478	IC Design
Sunplus mMedia Inc.	April 18, 2007	Hsinchu, Taiwan	150,000	IC Design
Sunplus Core Technology Co., Ltd.	September 29, 2007	Hsinchu, Taiwan	168,000	IC Design
iCatch Technology Inc.	December 4, 2009	Hsinchu, Taiwan	550,000	IC Design

Note: End of 2011, exchange rate as ref.:

HK\$1=NT\$3.747

US\$1=NT\$29.04

RMB\$1=NT\$4.66

EU\$1=NT\$38.49

9.1.3 Business Scope of Affiliated Companies

Company	Business Activities	Business Relationship
Sunplus Technology (HK) Co., Ltd.	Trading	N/A
Lin Shih Investment Co., Ltd.	Investment	N/A
Russell Holdings Ltd.	Investment	N/A
Sunplus Venture Capital Co., Ltd.	Investment	N/A
Ventureplus Group Inc.	Investment	N/A
Ventureplus Mauritius Inc.	Investment	N/A
Ventureplus Cayman Inc.	Investment	N/A
Shanghai Sunplus Technology Co., Ltd.	Manufacture and Sales Service	China branch
Sunplus Prof-tek Technology (Shenzhen) Co., 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.	Sales and IT Education Service	China branch
Ytrip Technology Co., Ltd.	System and Web Service	China branch
ShenZhen Suntop Technology Co, Ltd.	Software and Hardware R&D	N/A
Global Techplus Capital Inc. (The original Name: Techplus Capital Niue Inc.)	Investment	N/A
Magic Sky Limited	Investment	N/A
Sunext Technology Co., Ltd.	IC Design	Subsidiary
Great Sun Corporation	Investment	N/A
Sunext (Maruitius) Inc.	Investment	N/A
Great Prosperous Corporation	Investment & Marketing	N/A
Sunplus Management Consulting Inc.	Management Consulting	N/A
WeiYing Investment Co., Ltd.	Investment	Subsidiary
Generalplus Technology Inc.	IC Design	N/A
Generalplus International (Samoa) Inc.	Investment	N/A
Generalplus (Mauritius) Inc.	Investment	N/A
Generalplus Technology (Shenzhen) Inc.	Sales Service	N/A
Generalplus Technology (HK) Inc.	Sales Service	N/A
Sunplus mMobile Inc.	IC Design	Subsidiary
Sunplus mMobile SAS	IC Design	N/A
Bright Sunplus mMobile Inc.	IP Licensing	N/A
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

December 31, 2012

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	-	-
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	-	-
Ventureplus Group Inc.		Sunplus Technology	*US\$44,175,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Mauritius Inc.		Ventureplus Group	*US\$44,175,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Cayman Inc.		Ventureplus Mauritius	*US\$44,175,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Shanghai Sunplus Technology Co., Ltd.		Ventureplus Cayman	*US\$17,000,000	98.84%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Tang-Yi Huang	-	-
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.		Ventureplus Cayman	*US\$4,250,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunmedia Technology Co., Ltd.		Ventureplus Cayman	*US\$20,000,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Sunplus App Technology Co., Ltd.		Ventureplus Cayman	*RMB\$4,000,000	80%
	Director	Chou-Chye Huang (repr.)	-	-
	Director & President	Ya-Fei Luo	*RMB\$438,000	8.75%
	Director	Li-Min Lai	-	-
	Supervisor	Huan-Rui Lee	-	-
Ytrip Technology Co., Ltd.		Ventureplus Cayman	*RMB\$14,500,000	72.5%
	Director & Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Cheng-du Ytrip Inc. Chin-Yao Yun(rep)	-	17.5
	Supervisor	Shu-Lan Wang	-	-
ShenZhen Suntop Technology Co, Ltd.		Shanghai Sunplus	*RMB\$8,000,000	100%
	Director	Xing-De Lo	-	-
	Supervisor	Zai-De Wang	-	-
Global Techplus Capital Inc. (The original name: Techplus Capital Niue Inc.)		Sunplus Technology	*US\$200,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Magic Sky Limited		Sunplus Technology	US\$6,00,000	100%
	Director	Chou-Chye Huang (repr.)	-	-

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Sunext Technology Co., Ltd.	Chairman	Sunplus Technology	38,836,391	61.15%
	Director	Chou-Chye Huang (repr.)	-	-
		Wen-Shiung Jan (repr.)	-	-
	Director	Sunplus Venture Capital	4,430,654	6.98%
		Wayne Shen (repr.)	-	-
	Director	Shou-Shan Chen	79,564	0.13%
	Independent Director	Ze-Ren Haung	-	-
	Independent Director	Neng-Chieh Yang	-	-
	Independent Director	Yao-Ching Hsu	-	-
	Supervisor	Chao-Hsien Chen	-	-
Supervisor	Kuei-Ling Min	-	-	
	Supervisor	Wen-Hui Lu	650,000	1.02%
Great Sun Corporation	Director	Sunext Technology Chou-Chye Huang (repr.)	*US\$750,000 -	100% -
Sunext (Mauritius) Inc.	Director	Great Sun Corp. Chou-Chye Huang (repr.)	*US\$750,000 -	100% -
Great Prosperous Corporation	Director	Sunext Technology Chou-Chye Huang (repr.)	*US\$1,800,000 -	100% -
Sunplus Management Consulting Inc.	Director	Sunplus Technology	500,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Supervisor	Bing-Huang Shih Gow-Chin Su	- -	- -
WeiYing Investment Co., Ltd.	Director	Sunplus Technology	1,400,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Supervisor	Bing-Huang Shih Gow-Chin Su	- -	- -
Generalplus Technology Inc.	Chairman	Sunplus Technology	37,324,304	34.30%
	Director	Chou-Chye Huang (repr.)	-	-
		Han-Hwa Lu	-	-
	Director & President	Hou-Shien Chu	1,216,752	1.12%
	Director	Chih-I Yang	1,504,935	1.38%
	Director	Chu-Chien Feng	-	-
	Director	Shi-Hao Liu	-	-
	Independent Director	Chia-Ming Chai	-	-
Independent Director	Nai-Shin Lai	-	-	
	Independent Director	Jing-Min Chen	1,000,000	1.03%
Generalplus International (Samoa) Inc.	Director	Generalplus Technology Chou-Chye Huang (repr.)	*US\$7,590,000 -	100% -
Generalplus (Mauritius) Inc.	Director	Generalplus International (Samoa) Chou-Chye Huang (repr.)	*US\$7,590,000 -	100% -

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Generalplus Technology (Shenzhen) Inc.	Director	Generalplus International (Mauritius) Chou-Chye Huang (repr.)	*US\$7,200,000 -	100% -
Generalplus Technology (HK) Inc.	Director	Sunplus Technology Chih-I Yang (repr.)	*US\$390,000 -	100% -
Sunplus mMobile Inc.	Chairman & President Director Director Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Wayne Shen Sunplus Venture Capital Lin-Shih Investment	48,999,914 - - 1 40	99.98% - - 0.00% 0.04%
Sunplus mMobile SAS	Director	Sunplus mMobile Technology Chou-Chye Huang (repr.)	*EUR 237,000 -	100% -
Sunplus Innovation Technology Inc.	Chairman Director Director Director & President Director Supervisor Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Bing-Huang Shih Wayne Shen Chih-Hao Kung Lin-Shih Investment Chi-Ying Chiu Wen-Chin Li	31,449,751 - - - 1,502,448 1,074,664 522,380 -	62.91% - - - 3.01% 2.15% 1.04% -
Sunplus mMedia Inc.	Chairman & President Director Director Supervisor	Sunplus Chou-Chye Huang (repr.) Archie Yeh Sunplus Venture Capital Lin-Shih Investment	12,440,723 - - 1,909,092- 578,729	82.94% - - 12.73%- 3.86%
Sunplus Core Technology Co., Ltd.	Chairman & President Director Director Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Bing-Huang Shih Lin Shih Investment Sunplus Venture Capital	16,770,451 - - 14,516 11,854	99.82% - - 0.09% 0.07%
iCatch Technology Inc.	Chairman Director Director Director Director Supervisor Supervisor	Sunplus Technology Chou-Chye Huang (repr.) Wen-Shiung Jan Lin Shih Investment Chia Nine Investment Shuttle Inc. Li-Na Yu (repr.) Chi-Ying Chiu Sunplus Venture Capital	20,734,546 - - 964,545 900,000 2,500,000 - - 3,181,818	37.70% - - 1.75% 1.64% 4.55% - - 5.79%

*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

December 31st, 2012
Unit: NT\$, 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.	41,498	5,182	1,128	4,054	2,641	125	123	N/A
Lin Shih Investment Co., Ltd.	700,000	855,250	33,268	821,982	90,940	6,312	8,093	0.12
Russell Holdings Ltd.	428,630	278,268	149	278,119	46,719	(109,914)	(108,578)	N/A
Sunplus Venture Capital Co., Ltd.	1,000,000	737,422	32,764	704,658	50,510	(9,992)	(9,354)	(0.09)
Ventureplus Group Inc.	1,282,842	979,016	236	978,780	0	(65,814)	(65,814)	N/A
Ventureplus Mauritius Inc.	1,282,842	979,134	138	978,996	0	(65,814)	(65,814)	N/A
Ventureplus Cayman Inc.	1,282,842	979,284	173	979,111	0	(65,816)	(65,814)	N/A
Shanghai Sunplus Technology Co., Ltd.	499,488	514,231	54,331	459,900	170,462	57,522	19,041	N/A
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	123,420	94,444	34,198	60,246	247,170	20,198	20,591	N/A
Sunmedia Technology Co., Ltd.	580,800	861,740	432,658	429,082	97,869	(87,381)	(88,440)	N/A
Sunplus App Technology Co., Ltd.	23,101	35,758	21,855	13,903	74,266	2,312	2,354	N/A
Ytrip Technology Co., Ltd.	92,403	37,238	5,985	31,253	0	(40,113)	(40,558)	N/A
ShenZhen Suntop Technology Co, Ltd.	36,961	7,057	11,182	(4,125)	11,009	(30,771)	(30,793)	N/A
Global Techplus Capital Inc. (The original name: Techplus Capital Niue Inc.)	5,808	6,578	0	6,578	0	(25)	(24)	N/A
Han-Yuang	6,000	2,544	0	2,544	0	0	0	N/A
Magic Sky Limited	174,240	0	0	0	0	0	0	N/A
Sunext Technology Co., Ltd.	635,091	408,027	42,325	365,702	238,399	(120,188)	(120,508)	(1.90)
Great Sun Corporation	21,780	724	0	724	0	0	4,979	N/A
Sunext (Maruitius) Inc.	21,780	721	0	721	0	0	1,228	N/A
Great Prosperous Corporation	56,967	0	0	0	0	(8,060)	(8,059)	N/A
Sunplus Management Consulting Inc.	5,000	4,151	0	4,151	0	(57)	(14)	(0.03)
WeiYing Investment Co., Ltd.	41,498	5,182	1,128	4,054	2,641	125	123	N/A
Generalplus Technology Inc.	700,000	855,250	33,268	821,982	90,940	6,312	8,093	0.12
Generalplus International (Samoa) Inc.	428,630	278,268	149	278,119	46,719	(109,914)	(108,578)	N/A
Generalplus (Mauritius) Inc.	1,000,000	737,422	32,764	704,658	50,510	(9,992)	(9,354)	(0.09)
Generalplus Technology (Shenzhen) Inc.	1,282,842	979,016	236	978,780	0	(65,814)	(65,814)	N/A
Generalplus Technology (HK) Inc.	1,282,842	979,134	138	978,996	0	(65,814)	(65,814)	N/A
Sunplus mMobile Inc.	1,282,842	979,284	173	979,111	0	(65,816)	(65,814)	N/A
Sunplus mMobile SAS	499,488	514,231	54,331	459,900	170,462	57,522	19,041	N/A
Sunplus Innovation Technology Inc.	123,420	94,444	34,198	60,246	247,170	20,198	20,591	N/A
Sunplus mMedia Inc.	580,800	861,740	432,658	429,082	97,869	(87,381)	(88,440)	N/A
Sunplus Core Technology Co., Ltd.	23,101	35,758	21,855	13,903	74,266	2,312	2,354	N/A
iCatch Technology Inc.	92,403	37,238	5,985	31,253	0	(40,113)	(40,558)	N/A

9.1.7 Consolidated Financial Statement of Sunplus Affiliates

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, 2012, 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

A handwritten signature in black ink, reading "Chou-Chieh Huang". The signature is written in a cursive, flowing style.

CHOU-CHIEH HUANG
Chairman

March 14th, 2013

9.2 Private Placement Securities

Not Applicable

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

Unit: NT\$, shares

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	-	-	-	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 profits and 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
				2011.10.06	Cash dividend NT\$2,872	-	-	-	None	None	None
				By the date of this report printed	-	-	-	3,559,996 shares \$63,401	3,384,446 shares Pledged	None	None

9.4 Special Notes

None

9.5 Any Events Impact to Shareholders' Equity and Share Price

None

Customers Win we win

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