SUNPLUS

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2013
ANNUAL REPORT
凌陽科技股份有限公司一〇二年年報

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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.

SPOKESPERSON
Name: Wayne Shen
Title: Vice President
Tel: +886-3-5786005
E-mail: IR@sunplus.com

DEPUTY SPOKESPERSON
Name: Ann Lai
Title: Investor Relations Manager
Tel: +886-3-5786005
E-mail: IR@sunplus.com

SUNPLUS LOCATION
Address: 19, Innovation 1st Road, Hsinchu Science Park, Hsinchu 300, Taiwan
Tel: +886-3-5786005
Fax: +886-3-5786006
http://www.sunplus.com

COMMON SHARES TRANSFER AGENT
Company: China Trust Commercial Bank Corporate Trust Operation and service Department
Address: 5F, 83, Sec. 1, Chung-Ching S. Rd. Taipei 100, Taiwan
Tel: +886-2-21811911
http://www.chinatrust.com.tw

AUDITORS
Name: Yung-Hui Yeh, Hun-Peng Lin
Company: Deloitte & Touche Tohmatsu Limited
Address: 6F, 2, Prosperity Road 1, Hsinchu Science Park, Hsinchu 300, Taiwan
Tel: +886-3-5780899
http://www.tw.deloitte.com

GDR DEPOSITARY BANK
Company: The Bank of New York
Address: 101 Barclay Street New York, N.Y. 10286
Tel: +1-212-815-2476
http://www.adrbnymellon.com
Please refer to London Stock Exchange official website for Sunplus' Market Price.
http://www.londonstockexchange.com

SUNPLUS WEBSITE
http://www.sunplus.com

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I. LETTER TO SHAREHOLDERS

2013 Business Report

FINANCIAL RESULTS

Sunplus consolidated net operating revenue totaled NT$8,522 million and the gross profit were NT$3,398 million in 2013. While R&D expense totaled NT$2,365 million and the SG&A expenses were NT$1,048 million, the loss from operations summed up NT$14 million in 2013. Including total non-operating net income NT$180 million, the profit before tax were NT$166 million. Excluding the income tax expense NT$37 million, the net revenue in 2013 were NT$129 million. The net profit attributable to owner of the Company were NT$53 million which the earning per share for 2013 was NT$0.09.

The other comprehensive income for 2013, net of income tax, including exchange differences on translating foreign operations, unrealized loss on available-for-sale financial assets, actuarial gain on defined benefit plan and share of other comprehensive income of associates and joint venture, summed up NT$162 million. The total comprehensive profit for 2013 were NT$291 million, while the comprehensive profit attributable to owner of the Company were NT$195 million.

The consolidated net operating revenue declined 1% Year- on-Year, but the product gross margin rate was up 2% to 40% comparing with 2012. The total the gross profit in 2013 NT$3,398 million increased 4% YoY and the total operating expenses reduced 8% year-on year. As aggregate, the loss from operations dropped 97% YoY. Meanwhile, with improving the non-operating income and reducing the expenses, Sunplus has turnaround on the net profit attributable to owner of the Company NT$53 million in 2013 compared to loss of NT$934 million in 2012.

PRODUCTS, TECHNOLOGIES AND OUTLOOK

Sunplus Technology Co., Ltd. is a leading provider of home entertainment multimedia IC solutions for DVD players, automotive DVD/CD players and HD DVB-T1, DVB-S2 Set-Top-Boxes, meanwhile, Sunplus is offering high-speed I/O IPs, high performance data conversion IPs, and analog IPs for a broad range of applications on consumer, portable, and connected devices.

Generalplus leads in supplying consumer IC solutions including LCD IC, micro-controller IC, Speech IC, Music Synthesizer, Tel-Communication IC, Remote controller IC, Driver IC and ASICs which can be applied to multimedia interactive toys, educational learning aids, camcorders, MP3 and so on. Besides, Generalplus is the 1st Taiwanese company who has successfully developed ASIC for QI Wireless Charger certified by Wireless Power Consortium (WPC).

Sunplus Innovation Technology focus on providing best cost-performance IC solutions for PC Peripherals targeting Human Interface Devices, PC/NB Camera, Industry Control, optical sensor, RF transceiver, etc. Sunplus Innovation Technology also engages in product development of gesture recognition and control for potential future growth.

iCatch Technology Inc. focuses on developing the digital video & image SoC solutions. Despite of crowding out effect from handset devices, there are still growing demands of DSLR, wearable camera, dashcam, video camcorder with high performance, high definition, high frame rate, and H.264/H.265 video compression that iCatch will keep focusing on those image processing applications in the future.

Sunext Technology delivers semiconductors and solutions for CD, DVD and Blue-Laser Optical Disk drives. Along with more presenting Ultra HD television, Sunext will develop IC solutions of ultra-high-definition (UHD) playback for 4K / 2160p televisions.

In general speaking, consumer market looking forward into 2014 are more positive because of the recovering economics, high growth of emerging markets, controlled Eurozone crisis and the coming 2014 FIFA World Cup Brazil. But there is still risk such if Fed discontinues QE policies in 2014. Sunplus and subsidiaries will try hard to focusing its core business, developing highly valued products, enhancing product portfolio and margin, gaining market shares, and improving operating and non-operating profits in order to make the better return of equities for our shareholders.

We would like to thank you for your consistent support with our sincere wishes.

All the best,
Chairman & CEO,

Chou-Chye Huang

II. COMPANY PROFILE

2.1 Foundation of Sunplus

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

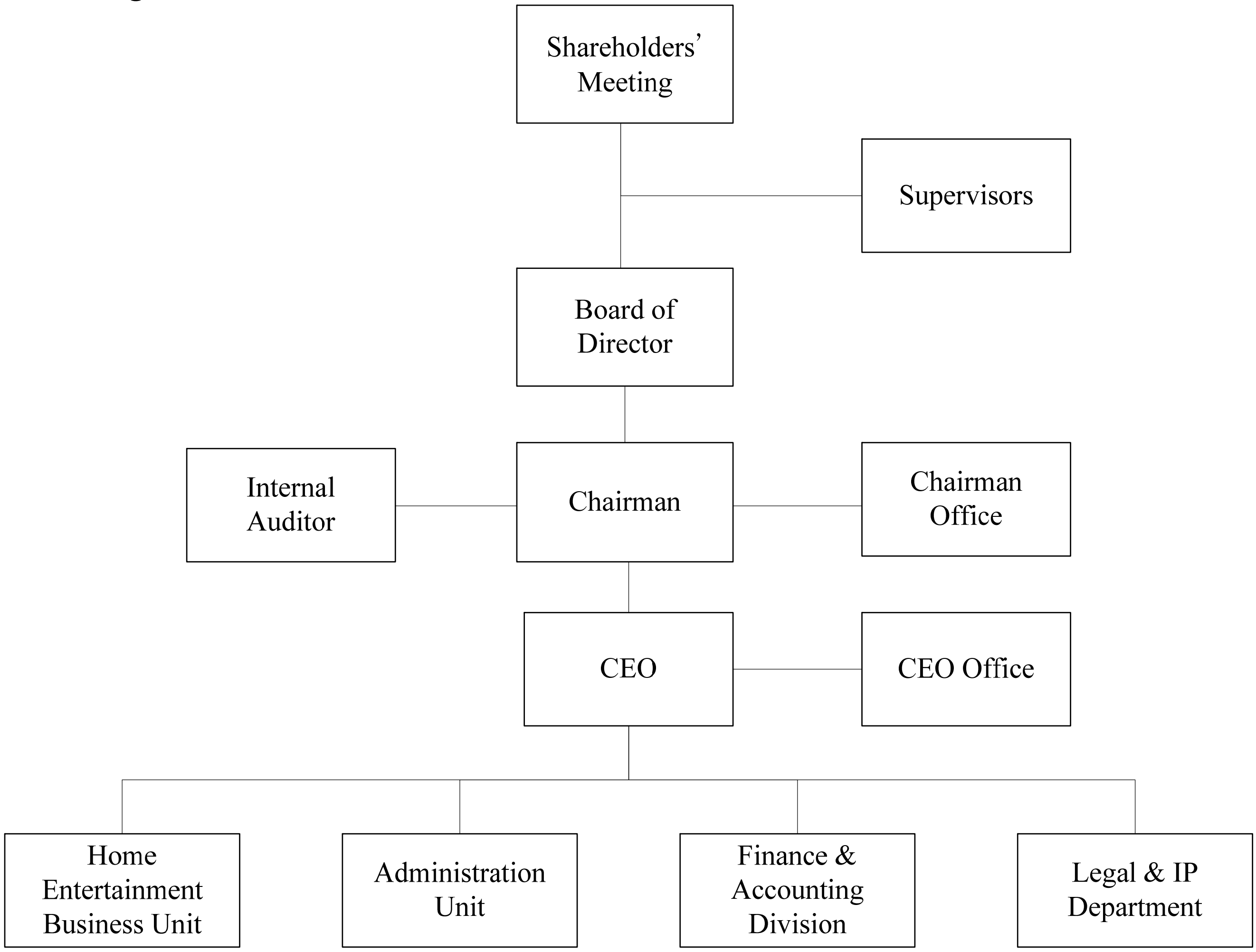
2.2 Milestones

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.
March 2004	Established a new subsidiary, Generalplus Technology to focus on consumer IC design
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".
November 2013	"DVD Product Center" renamed to "Automotive Product Center".

III. Corporate Governance
3.1 Organization
3.1.1 Organization Chart



3.1.2 Major Corporate Functions

March 31st, 2014

Department	Job Description
Chairman Office	(1) Engaging the strategic alliances (2) Planning and executing investment plans (3) Arranging Board of Directors Meetings
CEO Office	(1) Establishing company's operational strategies, and goals (2) Auditing and improving the operating performances (3) Communicating with investors, public and media (4) Executing and managing the strategic alliances (5) Managing strategic investments
Internal Auditor	(1) Executing internal auditing plan as routine (2) Auditing subsidiaries regularly (3) Auditing special cases (4) Re-certification auditing of self-examination (5) Establishing the internal control system
Home Entertainment Business Unit	(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	(1) Conducting general administration (2) Managing human resources and personnel (3) Establishing corporate information service to upgrade the productivity (4) Automating of business process to be more competitive (5) Consulting for management to making business decisions
Finance & Accounting Division	(1) Managing finance & accounting affairs (2) Arranging annual shareholders' meeting
Legal & IP Department	(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, 2014/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	15.67	1,370,993	0.23	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	**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, Weiying Investment, Sunplus Management Consulting, Generalplus International (SAMOA)Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Orise, Sunplus mMedia, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Ytrip Technology , Magic Sky Limited, S^2-Tek **Chairman & President**: Sunext, iCatch, Beijing Sunplus-Ehue Tech Co., Ltd **Director**: Avl Technology, Spring Foundation of NCTU, Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Hua-Wan Foundation, Global View Co., Ltd.
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	**Chairman**: Fine Ace Asset Management, Lafemarket **Director**: Ability Enterprise, iCatch, Sunext, Orise, Capital hotel, Sunplus mMedia **Supervisor**: Epileds Technologies, Inc., Mildex Optical Inc. **Independent Director:** Ko Ja (Cayman)
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	1.70	0	0.00	B.S., Electronics Engineering, National Chiao-Tung University, Taiwan	**Chairman & President:** Radiant, **Chairman:** Radiant (Kun Sun)
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	**Chairman**: Higher Way, Higher Way Software Design (Shenzhen), IPCC, Higher Way Holding Inc., Ji-Shen Investment **Director**: Yu-Zhun Investment, M-Com, Yu-zhi Technology
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	**Independent Director:** TaiGen Biotechnology **Compensation Committee:** E-Ink, Sunplus
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	**Independent Director & Compensation Committee**: Genesis Photonics Inc., Zentel Electronics Corp. **Director**: Unizyx Holding Corporation, Arcadyan Technology
Supervisor	De-Zhong Liu	2012.06.18	2009.04.30	3 years	13,045,795	2.19	13,045,795	2.20	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	CPA Auditor of Wei-Min Lin Accounting Firm Director: Fu-Shin holding Cayman

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, 2014

Criteria / Name (Note 1)	With over 5 years of working experience and one of the following professional requirements			Independent Status (Note 2)										Numbers of other public companies concurrently serving as an independent director
	An instructor of higher position in a department of commerce, law, finance, accounting, or other departments related to the Company's business in a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the Company's business	With an experience in commerce, law, finance, accounting or other specialties necessary to the Company's business	1	2	3	4	5	6	7	8	9	10	
Chou-Chye Huang			✓				✓	✓		✓	✓	✓	✓	
Wen-Shiung Jan			✓	✓		✓	✓	✓	✓		✓	✓	✓	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, 2014

Shareholder	Holding
Sunplus Technology	13.06%
Meng-Huei Lin	8.99%
HSBC as trustee for ING AG	8.42%
Jhih-Yuan Chou	7.29%
HSBC as trustee for HSBC AG Singapore	4.31%
Citi bank as trustee for First Securities (HK)	3.31%
Kun-Ting Huang	2.97%
Yun-Long Hunag	2.09%
Xing-Fei Ma	1.53%
Kuo-Chen Hsu	1.51%

b) Higher Way's Top 10 Shareholders

April 13th, 2014

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%
Fuo-Shen Wu	1.57%
Guo-Yaun Lee	1.41%
Jiang-De Chang	1.20%
Son-Po Hung	1.18%

(1) Ji-Sheng Investment Ltd.

April 13th, 2014

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

(2) Yu-Zhun Investment Ltd.

April 13th, 2014

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

3.2.4 Management Team

April 13th, 2014/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	15.67	1,370,993	0.23	M.S., Electrical Engineering, National Tsing Hua University, Taiwan	**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, Weiying Investment, Sunplus Management Consulting, Generalplus International (SAMOA)Inc., Sunplus Innovation Technology, Sunplus mMobile, Generalplus (MAURITIUS) Inc., Generalplus (Shenzhen), Orise, Sunplus mMedia, Sunplus Prof-tek, Sunmedia, Generalplus, Sunplus APP, Ytrip Technology , Magic Sky Limited, S^2-Tek **Chairman & President**: Sunext, iCatch, Beijing Sunplus-Ehue Tech Co., Ltd **Director**: Avl Technology, Spring Foundation of NCTU, Li-Shin Hospital Research Foundation, Pan Wen Yuan Foundation, Sinocon Industrial standards Foundation, SIPP Technology, Hua-Wan Foundation, Global View Co., Ltd.
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.、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, **President:** 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, LinShih Investment, Weiying Investment, Sunplus Management Consulting, Sunplus Innovation Technology Sunplus-Ehue Tech
Assistant VP	Johnson Hung	2011.05.01	184,824	0.03	578	0.00	Ph.D., Electronics Engineering, National Chiao Tung University	None
Assistant VP	Alex Chang	2013.07.01	0	0.00	0	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	None
Assistant VP	Jason Lin	2013.11.01	146,111	0.02	8,637	0.00	Master, Industrial Engineering, National Chiao-Tung University, Taiwan	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)				Salary, Bonus, etc. (E) (Note 5)		Pension (F)		Employee Bonus from Profit Distribution (G) (Note 6)				Stock Option (H) (Note 7)				
		Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus		Consolidated Subsidiaries (Note 8)		Sunplus	Consolidated Subsidiaries (Note 8)	Sunplus	Consolidated Subsidiaries (Note 8)	
																Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus					
Chairman	Chou-Chye Huang	0	0	0	0	0	0	120,000	236,000	0.22	0.45	5,312,043	5,312,043	91,704	91,704	0	0	0	0	0	0	10.46	10.68	56,000
Director	Higherway Electronic Kun-Fung Huang Representative of Legal Entity	0	0	0	0	0	0	1,090,500	1,160,500	2.07	2.20	0	0	0	0	0	0	0	0	0	0	2.07	2.20	5,263,699
Director	Wen-Shiung Jan																							
Director	Global View Chu-Chien Feng Representative of Legal Entity																							
Independent Director	Po-Young Chu																							
Independent Director	Che-Ho Wei																							

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, Po-Young Chu, Che-Ho Wei,
NT$2,000,000~NT$5,000,000				Chu-Chien Feng,
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.

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: Salary (A) (Note 2): Sunplus	Salary (A): Consolidated Subsidiaries (Note 5)	Bonus from Profit Distribution (B) (Note 3): Sunplus	Bonus from Profit Distribution (B): Consolidated Subsidiaries (Note 5)	Allowance (C) (Note 4): Sunplus	Allowance (C): Consolidated Subsidiaries (Note 5)	(A)+(B)+(C) of Net Income (Note 8): Sunplus	(A)+(B)+(C) of Net Income: Consolidated Subsidiaries (Note 5)	Remuneration from Long-term Investments Except Subsidiaries (Note 9)
Supervisor	De-Zhong Liu	0	0	0	0	840,000	840,000	1.59	1.59	85,000
Supervisor	Wei-Min Lin									
Supervisor	Pei-Yu Lee									

Remuneration to Supervisors	Names of Supervisors (A)+(B)+(C): Sunplus (Note 6)	Names of Supervisors (A)+(B)+(C): 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.

c) Remuneration to Management Team

Unit: NT$, shares

Title	Name (Note 1)	Salary (A) (Note 2): Sunplus	Salary (A): Consolidated Subsidiaries (Note 6)	Pension (B): Sunplus	Pension (B): Consolidated Subsidiaries (Note 6)	Reward, Allowance, etc. (C) (Note 3): Sunplus	Reward, Allowance, etc. (C): Consolidated Subsidiaries (Note 6)	Bonus from Profit Distribution (D) (Note 4): Sunplus: Cash Bonus	Sunplus: Stock Bonus	Consolidated Subsidiaries (Note 5): Cash Bonus	Consolidated Subsidiaries (Note 5): Stock Bonus	(A)+(B)+(C)+(D) on Net Income (Note 9): Sunplus	(A)+(B)+(C)+(D) on Net Income: Consolidated Subsidiaries (Note 6)	Employee Stock Option (Note 5): Sunplus	Employee Stock Option: Consolidated Subsidiaries (Note 6)	Remuneration from Long-term Investments Except Subsidiaries (Note 10)
CEO	Chou-Chye Huang	4,563,600	4,563,600	91,704	91,704	748,433	748,433	0	0	0	0	10.24	10.24	0	0	56,000
President	Archie Yeh	10,480,213	10,480,213	440,340	440,340	1,525,600	1,525,600	0	0	0	0	23.58	23.58	0	0	0
VP	Steven Huang															
VP	Wayne Shen															

Remuneration to Management	Names of Presidents and Vice Presidents: Sunplus (Note 7)	Names of Presidents and Vice Presidents: 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.

Note 11: If any restricted stock issued to management, the company should state and disclose the related information in this table and table15-1

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	2012		2013	
	Amount	% of Net income(Loss)	Amount	% of Net income (Loss)
Director Supervisor Management	22,022,000	-3.25%	19,900,000	37.70%

(2) There is no remuneration paid to board of directors, supervisors, presidents and vice presidents for the company didn't make profit in 2012 and the profits in 2013 has to appropriate the loss in 2012. 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

10 meetings were held in 2013 and the attendance of directors is as follow:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Chou-Chye Huang	10	0	100.00	
Director	Wen-Shiung Jan	10	0	100.00	
Director	Feng, Chu-Chien (Global View Co., Ltd., Representative of Legal Entity)	10	0	100.00	
Director	Kun-Fang Huang (Higherway Electronic Co., Ltd., Representative of Legal Entity)	9	1	90.00	
Independent Director	Po-Young Chu	10	0	100.00	
Independent Director	Che-Ho Wei	10	0	100.00	

Other information required to be disclosed:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified:
   1) Discussion to the investment in China at the board meeting on August 19th, 2013.
      Chairman, Chou-Chye Huang doubles as chairmen in Sunplus' investment companies in China, so he didn't involve in the discussion and vote to avoid conflicts of interest. Other members of Sunplus board of directors approved as proposed without dissent.
   2) Discussion to the merger between long-term investment company, Orise Technology Co., Ltd., and FocalTech Systems Co., Ltd. at the board meeting on April 7th, 2014.
      Chairman, Chou-Chye Huang, and Director, Wen-Shiung Jan, are assigned to be Sunplus' representative of legal entity in the board of directors of Orise Technology Co., Ltd., and therefore both of them didn't involve in the discussion and vote to avoid conflict of interest. Other members of Sunplus board of directors approved as proposed without dissent.
3. Measures taken to strengthen the functionality of the Board: All directors including independent directors were active in the board of directors and had good attendance in 2013.

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

10 meetings were held in 2013 and the attendance of supervisors is as follow:

Title	Name	Attendance in Person	Attendance Rate (%)	Remarks
Supervisor	De-Zhong Liu	10	100.00	
Supervisor	Wei-Min Lin	9	90.00	
Supervisor	Pei-Yu Lee	9	90.00	

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. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of meetings, sessions, contents of motions, resolutions of the directors' meetings and the Company's response to supervisor's opinion should be specified:
   1) Discussion to make NT$119 million loan to Sunplus mMobile Inc. at the 10th meeting of 9th Board of Directors on May 14th, 2014.
      Supervisor, Pei-Yu Lee, proposed adjusting the amount of loan due to the loan to Sunplus mMobile Inc. has been over 5% of Sunplus' net worth.
      The amount of loan was adjusted to NT$76.5 million and Sunplus board of directors approved as proposed without dissent.

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	(1) Sunplus has two independent directors. (2) Auditors' independence is evaluated at the end of every year and the	Not Applicable

2) Regular evaluation of external auditors' independency	engagement of auditors would be submitted to BOD for approval.	
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 2 compensation committee meetings in 2013.	
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

Stauts(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 2013.

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Che-Ho Wei	2	0	100.00	
Member	Po-Young Chu	2	0	100.00	
Member	Ze-Ren Huang	2	0	100.00	

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
1. Exercising Corporate Governance 1) The company declares its corporate social responsibility policy and examines the results of the implementation. 2) The company establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies. 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.	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.	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
2. Fostering a Sustainable Environment 1) The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment. 2) The company establishes proper environmental management systems based on the characteristics of their industries. 3) The company establishes dedicated units or assigns dedicated personnel for environment management to maintain the environment. 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.	Sunplus has established the environment protection system for fulfilling policies, social responsibilities and obligations. 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.	There is no clear policy for carbon reduction because the major business operations of the company are research and development.
3. Preserving Public Welfare 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. 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. 3) The company sets up communication system and fairly discloses the operation policies to employees 4) The company establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints. 5) The company cooperates with its suppliers to jointly foster a stronger sense of corporate social responsibility. 6) The company, through commercial activities, non-cash property endowments, volunteer service or other free professional services, participates in community development and charities events.	(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. (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. (3) The company establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints. (4) The company has priority to choose suppliers with environmentally responsible. (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.	Not Applicable
4. Enhancing Information Disclosure 1) The measures of disclosing relevant and reliable information relating to their corporate social responsibility. 2) The company produces corporate social responsibility reports disclosing the status of their implementation of the corporate social responsibility policy.	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.	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
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".		
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.): 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 10th, 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 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
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,11th, 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 10th, 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 1st 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: **March 24th, 2014**

Based on the findings of a self-assessment, Sunplus states the following with regard to our internal control system during **January 1st – December 31st, 2013**:

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.

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.

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.

Sunplus has evaluated the design and operating effectiveness of our internal control system according to the aforesaid criteria.

Based on the findings of the evaluation mentioned in the preceding paragraph, Sunplus believe that, during the **year 2013**, 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.

This statement is an integral part of Sunplus' annual report for the **year 2013** 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".

This statement has been passed by the Board of Directors Meeting held on **March 24th, 2014**, 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

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
2013.05.14	Board Meeting	1. Approval of 1Q'2013 consolidated financial statements 2. Amending the "Operational Procedures for Loaning Funds to Others" 3. Lifting ban on directors against joining competitors	Approved as proposed without dissent.
2013.06.11	Shareholders' Meeting	1. 2012 business report 2. Supervisors' report 3. Report on adjustment of un-appropriated earnings due to launching IFRSs 4. Report on "Procedures for Ethical Management and Guidelines for Conduct" 5. Approval of 2012 business report and financial statements 6. Approval of appropriation of 2012 losses 7. Amending the "Procedures for Endorsements and Guarantees" 8. Amending the "Operational Procedures for Loaning Funds to Others" 9. Lifting ban on directors against joining competitors	Approved as proposed without dissent.
2013.08.14	Board Meeting	1. Approval of 1H'2013 consolidated financial statements	Approved as proposed without dissent.
2013.08.19	Board Meeting	1. Approval of investments in China	Approved as proposed without dissent.
2013.10.24	Board Meeting	1. Approval of product center renaming and personnel changes	Approved as proposed without dissent.
2013.11.13	Board Meeting	1. Approval of 3Q'2013 consolidated financial statements 2. Lifting ban on directors against joining competitors 3. Approval of investments in China	Approved as proposed without dissent.
2014.02.26	Board Meeting	1. Approval of treasury stocks write-off	Approved as proposed without dissent.
2014.03.24	Board Meeting	1. Approval of 2013 financial statement 2. Approval of 2013 consolidated financial statement 3. Amending the "Articles of Incorporation" 4. Amending the "Election Procedures for Board of Directors and Supervisors" 5. Amending the "Procedures for Acquisition or Disposal Assets" 6. Amending the "Procedures for Endorsements and Guarantees" 7. Amending the "Operational Procedures for Loaning Funds to Others" 8. 2013 business report 9. Approval of appropriation of 2013 losses 10. Lifting the ban to directors against joining competitors 11. Lifting the ban to executives against joining competitors	Approved as proposed without dissent.

		12. Discussion of 2014 Shareholders' Meeting	
2014.04.07	Board Meeting	1. Approval of the merger between long-term investment company, Orise Technology Co., Ltd., and FocalTech Corporation Ltd.	Approved as proposed without dissent.
2014.05.14	Board Meeting	1. Approval of 1Q'2014 consolidated financial statements	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, 2014

Tittle	Name	Date Boarded	Date Discharged	Reason
President of HE BU and Acting Assistant VP of Automotive Center of HE BU	Archie Yeh	2012.11.01	2013.11.01	Internal adjustment (discharged Acting AVP for replacement by Jason Lin)

3.4 Audit Fees

Audit Firm	Name of Auditor		Duration of auditing	Remarks
Deloitte & Touche	Tung-Hui Yeh	Hung-Peng Lin	2013.01.01~2013.12.31	

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	2013		Ended of April 13th, 2014	
		Shareholding Increased (decreased)	Shares Pledged (Released)	Shareholding Increased (decreased)	Shares Pledged (Released)
Chairman	Chou-Chye Huang	0	3,00,000	0	(10,000,000)
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	Alex Chang (2013.07.01 boarded)	0	0	0	0
AVP	Jason Lin (2013.11.01 boarded)	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, 2014

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
None	None	None	None	None	None	None	None	None

Note 1: Including Directors, supervisors, mangers 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	15.67%	1,370,993	0.23%	-	-	Lin-Shih. Global View	Board Director (Representative of Legal Entity)
De-Zhong Liu	13,045,795	2.20%	2,006,943	0.34%	-	-	-	-
Global View Co., Ltd.	10,038,049	1.70%	-	-	-	-	-	-
Feng, Chu-Chien Representative of Legal Entity)	-	-	-	-	-	-	-	-
Chih-Hao King	8,697,160	1.47%	771,433	0.13%	-	-	-	-
Wen-Qin Lee	7,092,756	1.20%	1,647,542	0.28%	-	-	-	-
Citibank in custody for emerging market investment	6,902,620	1.17%	-	-	-	-	-	-
JP Morgan for custody for Norway Central Bank	4,838,093	0.82%	-	-	-	-	-	-
Bin Huang Shih	3,877,505	0.65%	-	-	-	-	-	-
Lin-Shih Investment	3,559,996	0.60%	-	-	-	-	Chou-Chye Huang	Board Director (Representative of Legal Entity)
Chou-Chye Huang (Representative of Legal Entity)	92,737,817	15.67%	1,370,993	0.23%	-	-	-	-
China Trust Bank in custody for Sunplus employee shareholding trust	3,157,499	0.53%	-	-	-	-	-	-

3.9 Long-term Investment Ownership

December 31st, 2013/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 %
Sunext Technology	38,836	61	8,251	13	47,087	74
Generalplus Technology	37,324	34	19,301	18	56,625	52
Orise Technology	47,290	33	865	1	48,155	34
Sunplus Innovation Technology	31,450	61	4,031	8	35,481	69
Sunplus mMedia Inc.	12,441	83	2,488	16	14,928	99
iCatch Technology Inc.	20,735	38	4,246	7	24,981	45
S2-Tek Inc.	908	2	19,592	49	20,500	51
Global View Co., Ltd.	11,756	13	22	-	11,778	13
Ritek Corp.	5,000	-	1,667	-	6,667	-
Giantplus Technology Co., Ltd.	13,814	3	8,661	2	22,475	5
Tatung Company	46,094	2	1,152	-	47,246	2

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

IV. Capital & Shares

4.1 Capitalization

April 13th, 2014

Month/Year	Price (NT$)	Authorized capital		Issued capital		Remark		
		Shares (thousand shares)	Amount (NT$K)	Shares (thousand shares)	Amount (NT$K)	Funding (NT$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
03/2014	10	1,200,000	12,000,000	591,995	5,919,949	Treasury Stock write-off 12,929	None	TSE No.13000058351

April 13th, 2014/Unit: shares

Type	Authorized Capital				Remark
	Issued Shares	Treasury Stock Shares	Un-issued Shares	Total	
Common Share	591,994,919	0	608,005,081	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			
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

4.1.1 Composition of Shareholders

April 13th, 2014/Unit: shares, %

Shareholder Amount	Government	Financial Institutions	Others Juridical Person	Foreign Institutions and natural Person	Domestic Retail investors	Treasury Stock	Total
Persons	0	7	95	126	56,120	0	56,348
Shares	0	3,211,632	25,625,215	44,285,284	518,872,788	0	591,994,919
Shareholding	0.00%	0.54%	4.33%	7.48%	87.65%	0.00%	100.00%

4.1.2 Distribution Profile of Shareholder Ownership – Common Share

April 13th, 2014/Par value per share: NT$10

Shareholding Ownership	Number of Shareholders (persons)	Shares Owned (shares)	Holding (%)
1~999	20,464	3,311,288	0.56%
1,000~5,000	23,882	54,719,817	9.24%
5,001~10,000	5,861	46,418,912	7.84%
10,001~15,000	1,784	21,941,371	3.71%
15,001~20,000	1,300	24,268,246	4.10%
20,001~30,000	1,037	26,654,731	4.50%
30,001~40,000	496	17,870,345	3.02%
30,001~50,000	397	18,560,853	3.14%
50,001~100,000	622	44,413,994	7.50%
100,001~200,000	258	36,170,985	6.11%
200,001~400,000	123	33,492,573	5.66%
400,001~600,000	44	22,010,405	3.72%
600,001~800,000	19	13,553,613	2.29%
800,001~1,000,000	13	12,180,998	2.06%
Over 1,000,001	48	216,426,788	36.55%
Total	56,348	591,994,919	100.00%

4.1.3 Distribution Profile of Shareholder Ownership – Preferred Shares

Not Applicable

4.1.4 Major Shareholders

April 13th, 2014

Name \ Shareholding	Shares Owned	Holding %
Chou-Chye Huang	92,737,817	15.67%
De-Zhong Liu	13,045,795	2.20%
Global View Co., Ltd.	10,038,049	1.70%
Chih-Hao King	8,697,160	1.47%
Wen-Qin Lee	7,092,756	1.20%
Citibank in custody for emerging market investment	6,902,620	1.17%
JP Morgan for custody for Norway Central Bank	4,838,093	0.82%
Bin Huang Shih	3,877,505	0.65%
Lin-Shih Investment	3,559,996	0.60%
China Trust Bank in custody for Sunplus employee shareholding trust	3,157,499	0.53%

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

Item \ Year			2012	2013	Ended of March 31st, 2014
Market Price	Highest		13.25	12.75	13.80
	Lowest		7.61	8.50	11.45
	Average		9.64	10.24	12.34
Net Worth	Before Distribution		14.36	14.70	15.24
	After Distribution		14.36	(Note 1)	(Note 1)
Earnings Per Share	Weighted Average Shares		588,434,923	588,434,923	588,434,923
	EPS (Note 2)	Before Adjustment	(1.59)	0.09	0.01
		After Adjustment	(1.59)	(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)	113.78	1,234.00
	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

Note 6: Net losses 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 2014 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 2013.

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

Approval by shareholders' meeting on June 11th, 2013, the company decided not to distribute the profits of 2012.

4.1.9 Buyback of Common Shares

None

4.2 Issuance of Corporate Bonds

None

4.3 Preferred Shares

None

4.4 Issuance of GDR

March 31st, 2014

<table>
<tr><th colspan="3">Issuing Date / Item</th><th>March 16, 2001</th></tr>
<tr><td colspan="3">Issuing Date</td><td>March 16, 2001</td></tr>
<tr><td colspan="3">Issuance & Listing</td><td>London Stock Exchange Listed</td></tr>
<tr><td colspan="3">Total Amount</td><td>US$191,400,000</td></tr>
<tr><td colspan="3">Offering Price per Unit</td><td>US$9.57</td></tr>
<tr><td colspan="3">Issued Units</td><td>14,737,222.5</td></tr>
<tr><td colspan="3">Underlying Securities</td><td>Offering 20,000,000 new shares of common stock of par value NT$10</td></tr>
<tr><td colspan="3">Common Shares Represented</td><td>29,474,455 Common Shares</td></tr>
<tr><td colspan="3">Rights and Obligations of GDR holders</td><td>Same as common share holders</td></tr>
<tr><td colspan="3">Trustee</td><td>N/A</td></tr>
<tr><td colspan="3">Depositary Bank</td><td>The Bank of New York</td></tr>
<tr><td colspan="3">Custodian Bank</td><td>Mega International Commercial Bank</td></tr>
<tr><td colspan="3">GDRs Outstanding</td><td>176,225 units</td></tr>
<tr><td colspan="3">Apportionment of the expenses for the issuance and maintenance</td><td>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</td></tr>
<tr><td colspan="3">Terms and Conditions in the Deposit Agreement and Custody Agreement</td><td>-</td></tr>
<tr><td rowspan="6">Closing price per GDRs</td><td rowspan="3">2013</td><td>Highest</td><td>US$0.85</td></tr>
<tr><td>Lowest</td><td>US$0.57</td></tr>
<tr><td>Average</td><td>US$0.69</td></tr>
<tr><td rowspan="3">Ended of March 31st, 2014</td><td>Highest</td><td>US$0.90</td></tr>
<tr><td>Lowest</td><td>US$0.77</td></tr>
<tr><td>Average</td><td>US$0.81</td></tr>
</table>

4.5 Employee Stock Options Plan

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

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

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	2013	
	Amount	Percentage
Multimedia ICs	8,209,682	96.34
Other ICs	312,186	3.66
Total	8,521,868	100.00

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, %

Year / Item	2013	Ended March 31st, 2014
Expense	2,365,046	542,991
Percentage to Revenue	28%	32%

b) R&D Accomplishment

(1) DVB-T/DVB-S/DTMB technology
(2) H.264 decoding technology
(3) MPEG2/MPEG4 decoding
(4) Servo control technology

(5) HDMI DVD player IC
(6) JPEG decoding technology
(7) Video decoding technology for

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-can 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	2013	
	Amount (NT$K)	**Percentage (%)**
Asia	6,392,935	75.02
Taiwan	2,124,477	24.93
Others	4,457	0.05
Total	8,521,869	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$459.4 billion, and Sunplus Group took around 1.86% market share with 2013 revenue of NT$8.52 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 March 31st 2014, Sunplus has totaled 483 patents in Taiwan, 435 patents in P.R.C., 389 patents in U.S.A and 63 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.

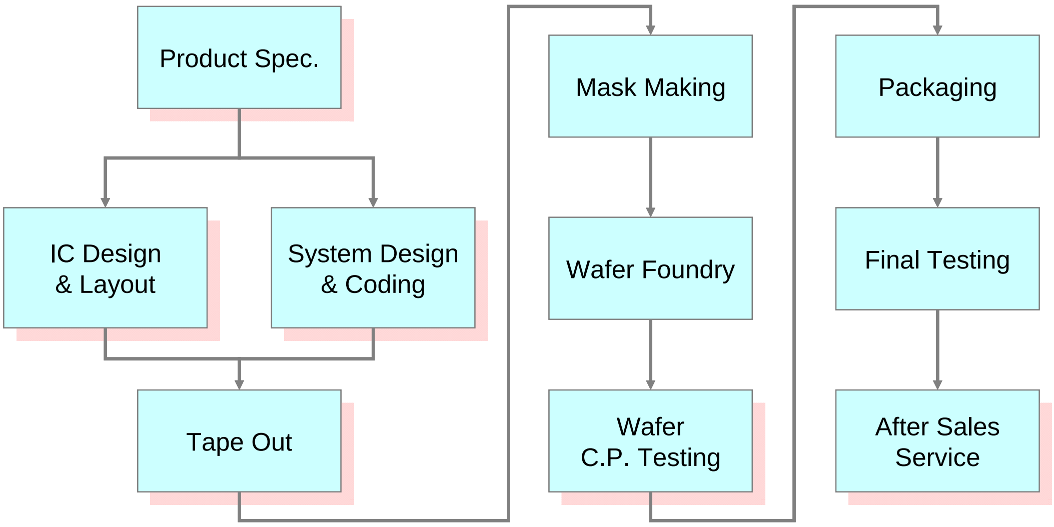
(2) Advantages
(a) Sunplus offers high value-added products to enable customer to win the market.
(b) The growing demand for SoC complicates IC product development and raises the entry barrier, which benefits IC design companies with rich resources like Sunplus.
(c) Sunplus has strong IC design capability 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.
(c) Consumer application demands link to world economics.

(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) 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

2012				2013				End of March, 31, 2014			
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	1,405,721	16.32	No	A	1,167,008	13.69	No	A	275,611	16.15	No
B	1,152,118	13.37	No	B	1,055,384	12.38	No	B	260,178	15.25	No
C	884,685	10.27	No	C	1,033,683	12.13	No	D	160,609	9.41	No
Others	5,172,740	60.04		Others	5,265,793	61.80		Others	1,010,144	59.19	
Net sales	8,615,264	100.00		Net sales	8,521,868	100.00		Net sales	1,706,542	100.00	

b) Major Supplier

Unit: NT$K

2012				2013				End of March, 31, 2014			
Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus	Supplier	Purchasing Value	% of Total Purchasing	Relation with Sunplus
A	1,950,315	46.43	No	A	1,233,994	64.74	No	A	483,220	49.84	No
B	623,968	14.85	No	C	419,747	22.02	No	E	96,308	9.93	No
C	481,369	11.46	No	D	247,486	12.98	No	F	89,264	9.21	No
Others	1,144,788	27.26		Others	4,740	0.26		Others	300,768	31.02	
Net purchase	4,200,440	100.00		Net purchase	1,905,967	100.00		Net purchase	969,560	100.00	

6.2.5 Production

Unit: thousand pcs, NT$K

Product \ Year	2012			2013		
	Capacity	Output	Value	Capacity	Output	Value
Multimedia ICs	-	774,963	5,687,929	-	767,878	5,164,379
Other ICs	-	-	-	-	-	-
Total	-	774,963	5,687,929	-	767,878	5,164,379

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

6.2.6 Sales

Unit: thousand pcs, NT$K

Product \ Year	2012				2013			
	Local		Export		Local		Export	
	Quantity	Sales	Quantity	Sales	Quantity	Sales	Quantity	Sales
Multimedia IC	339,900	2,264,973	422,473	6,187,040	292,395	2,053,079	484,647	6,156,603
Other ICs	-	158,400	-	4,851	-	276,747	-	35,439
Total	339,900	2,423,373	422,473	6,191,891	292,395	2,329,826	484,647	6,192,042

6.3 Personnel Structure

Year		2012	2013	End of March 31, 2014
Workforce Structure by Job Function	R&D	1,642	1,464	1,477
	Production	145	132	136
	Administration	323	336	354
	Total	2,110	1,932	1,967
Average Age		32.6	33.1	32.9
Average Years Served		4.94	5.35	5.28
Workforce Structure by Education Degree	Ph.D.	1%	1%	1%
	Master	39%	36%	36%
	Bachelor	49%	50%	50%
	Other Higher Education	7%	8%	8%
	High School	4%	5%	5%
	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 employees' family 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 based 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 various kinds of external professional training courses & internal training regarding management, professional skills, general skills, special skills, and self-development.

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
Lease of office	Hsinchu Science Park Administration	2012/01/01~2018.12.31	Lease of office	-
Licensing	KPENV	2006.Feb ~	IP Licensing	
Licensing	Broadcom International	2008.Feb ~	IP Licensing	
Licensing	ARM Limited	2007.12.27 ~	ARM7 TDMI-Score	Only license Generalplus
Licensing	ARM Limited	2010.03.01 ~	CORETEX-A8 Score	Only license Generalplus
Licensing	ARM Limited	2008.03.09 ~	ARM926EJ-Score	Only license Generalplus

VII. Financial Statements

7.1 Condensed Financial Statement and Auditors' Opinions by adopting IFRSs

7.1.1 Condensed Balance Sheet by adopting IFRSs-Consolidated

Unit: NT$K

Item \ Year		Recent 5 Years (Note 1)					End of March 31, 2014 (Note 1)
		2009	2010	2011	2012	2013	
Current Assets					9,038,348	8,275,040	7,594,771
Fixed Assets					1,943,786	2,154,641	2,123,072
Intangible Assets					442,646	335,098	358,435
Other Assets					3,138,650	3,436,833	4,394,925
Total Assets					14,563,430	14,201,612	14,471,203
Current Liabilities	Before Distribution				2,697,452	2,709,677	2,636,206
	After Distribution				2,697,452	(Note 2)	(Note 2)
Non-Current Liabilities					1,738,161	1,126,423	1,240,063
Total Liabilities	Before Distribution				4,435,613	3,836,100	3,876,269
	After Distribution				4,435,613	(Note 2)	(Note 2)
Equity Attributed to Shareholder of the parent					8,570,655	8,776,889	9,021,268
Capital Stock					5,969,099	5,969,099	5,919,949
Capital Surplus					939,124	950,179	912,528
Retain Earnings	Before Distribution				1,714,020	1,813,177	1,821,637
	After Distribution				1,714,020	(Note 2)	(Note 2)
Unrealized Gain (Loss) on Financial Merchandise					103,648	199,670	430,555
Cumulative translation adjustments					(155,236)	(155,236)	(63,401)
Unrealized Net Loss on the Costs of Pensions					1,557,162	1,588,623	1,573,666
Total Equity	Before Distribution				10,127,817	10,365,512	10,594,934
	After Distribution				10,127,817	(Note 2)	(Note 2)

Note 1: Figures are audited by adopting IFRSs

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

Note 3: Figures of 1Q'2014 are audited by adopting IFRSs

7.1.2 Balance Sheet by adopting IFRSs- Standalone

Unit: NT$K

Item \ Year		Recent 5 Years (Note 1)				
		2009	2010	2011	2012	2013
Current Assets					4,129,502	3,021,678
Fixed Assets					829,572	815,874
Intangible Assets					268,059	225,196
Other Assets					6,333,581	6,800,274
Total Assets					11,560,714	10,863,022
Current Liabilities	Before Distribution				1,624,269	1,348,302
	After Distribution				1,624,269	(Note 2)
Non-Current Liabilities					1,365,790	737,831
Total Liabilities	Before Distribution				2,990,059	2,086,133
	After Distribution				2,990,059	(Note 2)
Equity Attributed to Shareholder of the parent						
Capital Stock					5,969,099	5,969,099
Capital Surplus					939,124	950,179
Retain Earnings	Before Distribution				1,714,020	1,813,177
	After Distribution				1,714,020	(Note 2)
Unrealized Gain (Loss) on Financial Merchandise					103,648	199,670
Cumulative translation adjustments					(155,236)	(155,236)
Unrealized Net Loss on the Costs of Pensions					-	-
Total Equity	Before Distribution				8,570,655	8,776,889
	After Distribution				8,570,655	(Note 2)

Note 1: Figures of 1Q’2014 are audited by adopting IFRSs

Note 2: Appropriation is waiting to be approved in Shareholders’ Meeting 2014.

7.1.3 Condensed Income Statement adopting IFRSs -Consolidated

Unit: NT$K

Year / Item	Recent 5 Years (Note 1)					End of March 31, 2014 (Note 2)
	2009	2010	2011	2012	2013	
Net Sales				8,615,264	8,521,868	1,706,542
Gross Profit (Loss)				3,269,420	3,398,468	667,571
Income from Operation (Loss)				(435,426)	(14,260)	(100,009)
Non-operating Income (Expense)				(460,228)	180,004	105,809
Income (Loss)Before Tax				(895,654)	165,744	5,800
Income (Loss) From Operations of Continued Segments (Loss)				(916,235)	128,547	390
Income (Loss) From Operations of Discontinued Segments				-	-	-
Consolidated Net Income (Loss)				(916,235)	128,547	390
Other comprehensive income (Loss) for the period, net of income tax				456,145	162,015	230,362
Total Comprehensive Income (Loss) for the Period				(460,090)	290,562	230,752
Net Profit (Loss) Attributable to: Owner of the Company				(933,609)	52,785	8,460
Net Profit (Loss) Attributable to: Non-controlling interests				17,374	75,762	(8,070)
Total Comprehensive Income (Loss) Attributable to: Owner of the Company				(472,162)	195,179	239,345
Total Comprehensive Income (Loss) Attributable to: Non-controlling interests				12,072	95,383	(8,593)
Earnings per share (Loss)				(1.59)	0.09	0.01

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

Note 2: Figures of 1Q’2014 are audited by adopting IFRSs

7.1.4 Condensed Income Statement adopting IFRSs -Standalone

Unit: NT$K

Year / Item	Recent 5 Years (Note 1)				
	2009	2010	2011	2012	2013
Net Sales				3,141,160	3,112,736
Gross Profit(Loss)				1,094,491	1,082,554
Income from Operation(Loss)				(375,271)	(54,374)
Non-operating Income (Expense)				(558,338)	84,323
Income (Loss)Before Tax				(933,609)	29,949
Income(Loss) From Operations of Continued Segments(Loss)				(933,609)	52,785
Income(Loss) From Operations of Discontinued Segments				-	-
Consolidated Net Income (Loss)				(933,609)	52,785
Other comprehensive income (Loss) for the period, net of income tax				461,447	142,394
Total Comprehensive Income(Loss) for the Period				(472,162)	195,179
Net Profit(Loss) Attributable to: Owner of the Company				(933,609)	52,785
Net Profit (Loss)Attributable to: Non-controlling interests				-	-
Total Comprehensive Income (Loss)Attributable to: Owner of the Company				(472,162)	195,179
Total Comprehensive Income (Loss)Attributable to: Non-controlling interests				-	-
Earnings per share (Loss)				(1.59)	0.09

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

7.2 Condensed Financial Statement and Auditors' Opinions by Taiwan GAAP

7.2.1 Condensed Balance Sheet -Taiwan GAAP-Consolidated

Item \ Year		For recent 5 years (Note 1) 2008	2009	2010	2011	2012
Current Assets		9,796,714	10,822,015	11,486,582	8,682,455	9,053,872
Bond& Investment		3,207,420	4,840,639	4,239,553	2,394,980	3,598,655
Fixed Assets		1,612,190	1,226,172	1,173,773	1,649,559	1,943,055
Intangible Assets		1,632,022	1,121,928	891,766	676,915	558,783
Other Assets		1,343,542	1,126,403	718,363	694,064	404,271
Total Assets		17,591,888	19,137,157	18,510,037	14,097,973	15,558,636
Current Liabilities	Before Distribution	4,514,455	4,241,446	3,752,814	3,069,081	2,654,495
	After Distribution	4,514,455	4,241,446	4,230,342	3,069,081	2,654,495
Long-term Liabilities		-	1,470,500	132,500	-	1,368,398
Other Liabilities		538,134	365,182	349,169	363,997	308,144
Total Liabilities	Before Distribution	5,052,589	6,077,128	4,234,483	3,433,078	4,331,037
	After Distribution	5,052,589	6,077,128	4,712,011	3,433,078	4,331,037
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	1,940,440
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		-	-	-	-	-
Total Equity	Before Distribution	12,539,299	13,060,029	14,275,554	10,664,895	11,227,599
	After Distribution	12,539,299	13,060,029	13,798,026	10,664,895	11,227,599

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

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7.2.2 Condensed Income Statement-Taiwan GAAP-Standalone

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
Bond& 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	1,615,699
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	2,972,001
Capital Stock		5,982,028	5,982,028	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	1,940,440
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						
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	12,763,924	9,061,928	9,662,223

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

7.2.3 Condensed P&L by Taiwan GAAP-Consolidated

Unit: NT$K

Year / Item	For recent 5 years (Note 1)				
	2008	**2009**	**2010**	**2011**	**2012**
Net Sales	16,177,800	17,891,157	12,765,140	9,251,963	8,615,264
Gross Profit	4,713,417	5,624,097	4,992,470	3,097,921	3,269,420
Income from Operation	(943,667)	549,993	749,647	(803,383)	(433,457)
Non-operating Income	1,254,017	724,991	1,000,274	508,290	231,526
Non-operating Expense	174,219	361,069	396,860	1,415,653	435,483
Income From Operations of Continued Segments-Before Tax	136,131	913,915	1,353,061	(1,710,746)	(637,414)
Income From Operations of Continued Segments-After Tax	77,630	496,977	921,992	(2,005,564)	(657,995)
Income From Operations of Discontinued Segments	-	-	-	-	-
Extraordinary Gain (Loss)	-	-	-	-	-
Cumulative Effect of Changes in Accounting Principles	-	-	-	-	-
Net Income	77,630	496,977	921,992	(2,005,564)	(657,995)
EPS	0.01	0.64	1.3	(3.37)	(1.15)

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

7.2.4 Condensed P&L by Taiwan GAAP-Standalone

Unit: NT$K

Year / Item	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)	(6 76,970)
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	-	-	-	-	-
Extraordinary Gain (Loss)	-	-	-	-	-
Cumulative Effect of Changes in Accounting Principles	-	-	-	-	-
Net Income	8,383	381,515	773,711	(1,984,922)	(676,970)
EPS	0.01	0.64	1.30	(3.37)	(1.15)

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

7.2.5 Auditors' Opinions

Year	CPA	Audit Opinion
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
2013	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 (Note 1)					End of March 31, 2014 *(Note 2)*
					2012	2013	
Capital Structure	Debts ratio (%)				30.45	27.01	26.78
	Long-term fund to Property, plant and equipment (%)				591.43	513.78	538.20
Liquidity	Current ratio (%)				335.06	305.38	288.09
	Quick ratio (%)				262.11	262.76	231.74
	Times interest earned (times)				Note 4	541.79	177.33
Operating Performance	Average collection turnover (times)				6.29	5.81	4.72
	Average collection days				58	63	77
	Inventory turnover (times)				3.83	3.88	3.84
	Payment turnover (times)				7.00	6.48	4.52
	Average inventory turnover days				95	94	81
	Fixed assets turnover (times)				4.43	3.96	3.22
	Property, plant and equipment turnover (times)				0.59	0.60	0.47
Profitability	Return on total assets (%)				(6.16)	1.11	0.18
	Return on stockholders' equity (%)				(8.82)	1.25	0.01
	Profit before tax to paid-in capital (%) (Note 8)				(15.00)	2.78	0.10
	Profit after tax to net sales (%)				(10.63)	1.50	0.02
	Earnings per share (NT$)				(1.59)	0.09	0.01
Cash Flow	Cash flow ratio (%)				Note 5	49.23	Note 5
	Cash flow adequacy ratio (%) (Note3)				63.37	96.14	55.09
	Cash flow reinvestment ratio (%)				Note 6	10.35	Note 6
Leverage	Operating leverage				Note 7	Note 7	Note 7
	Financial leverage				Note 7	Note 7	0.93

Variation Analysis 2013 vs. 2012

1. Return on total assets and return on stockholders' equity increased because of more disposal gains, less impairment losses and higher net income after tax compared to last year.
2. Profit after tax and profit before tax increased because of more disposal gains, less impairment losses and higher net income after tax compared to last year.
3. Earnings per share increased because of more disposal gains, less impairment losses and higher net income after tax compared to last year.
4. Cash flow adequacy ratio increased because of the increase on net cash provided by operating activities in 2013.

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	= {Net Income + Interest Expense × (1 – Effective tax rate)}/Average Total Assets
(2) Return Ratio on Stockholders' Equity	= Net Income/Average **Total** Equity
(3) Profit after Tax to Net Sales	= Net Income/Net Sales
(4) Earnings Per Shares	= (**Net Profit Attributable to Owner of the Company** – Preferred Stock Dividend)/ Weighted Average Number of Shares Outstanding

5. Cash Flow

(1) Cash Flow Rate	= Net Cash Provided by Operating Activities/Current Liabilities
(2) Cash Flow Adequacy Ratio	= Five-Year Cash from Sum of Operations /(Five-Year Capital Expenditure + Inventory Increase + Cash Dividend)
(3) Cash flow reinvestment ratio	= (Net Cash Provided by Operating Activities – Cash Dividend)/(**Property, plant and equipment** + Long-term Investment + Other **Non-current** Assets + Working Capital)

6. Leverage

(1) Operating Leverage	= (Net Sales – Operating Expenses & Cost)/Operating Income
(2) Financial Leverage	= Operating Income/(Operating Income – Interest Expenses)

Note 1: Figures have been audited by adopting IFRSs.
Note 2: Figures 1Q'14 have been audited by adopting IFRSs.
Note 3: Cash flow adequacy ratio is calculated based on the data by Taiwan GAAP.
Note 4: Figures not listed due to loss before tax and interests
Note 5: Figures not listed due to negative cash flow
Note 6: Figures not listed due to cash flow from operating less than cash dividends
Note 7: Figures not listed due to operating loss
Note 8: for those stock without par value or par value not equal to NT$10, the ratio of Operating income to paid-in capital (%) is calculated by ratio to attributable to Owner of the Company

7.3.2 Financial Analysis (Standalone) by IFRSs

Analysis Item / Year		Recent 5 years (Note 1)				
					2012	**2013**
Capital Structure	Debts ratio (%)				25.86	19.20
	Long-term fund to Property, plant and equipment (%)				1,180.59	1,153.30
Liquidity	Current ratio (%)				254.24	224.11
	Quick ratio (%)				139.46	186.24
	Times interest earned (times)				Note 4	1.97
Operating Performance	Average collection turnover (times)				6.00	4.90
	Average collection days				61	74
	Inventory turnover (times)				2.47	2.60
	Payment turnover (times)				6.66	6.25
	Average inventory turnover days				148	140
	Fixed assets turnover (times)				3.79	3.82
	Property, plant and equipment turnover (times)				0.27	0.29
Profitability	Return on total assets (%)				(7.98)	0.69
	Return on stockholders' equity (%)				(10.60)	0.60
	Profit before tax to paid-in capital (%) (Note 6)				(15.64)	0.50
	Profit after tax to net sales (%)				(29.72)	1.69
	Earnings per share (NT$)				(1.59)	0.09
Cash Flow	Cash flow ratio (%)				Note 5	57.72
	Cash flow adequacy ratio (%) (Note2)				126.64	150.42
	Cash flow reinvestment ratio (%)				Note 5	7.86
Leverage	Operating leverage				Note 3	Note 3
	Financial leverage				Note 3	Note 3

Variation Analysis 2013 vs. 2012

1. Debts ratio decreased because of the decline in long-term loans in 2013.
2. Quick ratio increased because of the decline in current liability in 2013.
3. The decrease on average collection turnover and the increase on average collection days were due to the increase on account receivable.
4. Return on total assets and return on stockholders' equity increased because of less investment losses by equity-method, more disposal gains, less impairment losses and the increased net income after tax compared to last year.
5. Profit after tax to net sales and profit before tax to paid-in capital increased because of less investment losses by equity-method, more disposal gains, less impairment losses and the increased net income after tax compared to last year.
6. Earnings per share increased because of the decline in numbers of less investment losses by equity-method, more disposal gains, less impairment losses and the increased net income after tax compared to last year.

Note 1: Figures have been audited by adopting IFRSs.

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

Note 3: Figures not listed due to operating loss

Note 4: Figures not listed due to loss before tax and interests

Note 5: Figures not listed due to negative cash flow

Note 6: For those stock without par value or par value not equal to NT$10, the ratio of Operating income to paid-in capital (%) is calculated by ratio to attributable to Owner of the Company

7.3.3 Financial Analysis (Consolidated) by Taiwan GAAP

Analysis / Year		Fore recent 5 years (Note 1)				
		2008	2009	2010	2011	2012
Capital Structure	Debts ratio (%)	28.72	31.76	22.88	24.35	27.84
	Long-term fund to fixed assets (%)	777.78	1185.03	1227.50	646.53	648.26
Liquidity	Current ratio (%)	217.01	255.15	306.08	282.82	341.08
	Quick ratio (%)	142.50	216.20	245.51	242.46	268.52
	Times interest earned (times)	2.49	12.89	31.25	Note 4	Note 4
Operating Performance	Average collection turnover (times)	5.21	7.68	6.12	5.95	6.37
	Average collection days	70	48	60	61	57
	Inventory turnover (times)	3.90	5.9	4.62	3.98	3.84
	Payment turnover (times)	7.34	11.92	6.91	5.93	7.00
	Average inventory turnover days	94	62	79	92	95
	Fixed assets turnover (times)	10.03	14.56	10.88	5.61	4.43
	Total assets turnover (times)	0.92	0.93	0.69	0.66	0.55
Profitability	Return on total assets (%)	0.76	3.04	5.08	(0.12)	(0.04)
	Return on stockholders' equity (%)	0.58	3.88	6.75	(0.16)	(0.06)
	Operating income to paid-in capital (%)	(10.77)	8.58	12.56	(13.46)	(0.07)
	Profit before tax to paid-in capital (%)	2.28	15.31	22.67	(28.66)	(0.11)
	Profit after tax to net sales (%)	0.48	2.78	7.22	(21.68)	(0.08)
	Earnings per share (NT$)	0.01	0.64	1.30	(3.37)	(1.15)
Cash Flow	Cash flow ratio (%)	18.07	46.25	34.01	34.19	Note 5
	Cash flow adequacy ratio (%)	125.30	124.87	97.31	95.41	63.48
	Cash flow reinvestment ratio (%)	Note 2	11.29	7.55	3.80	Note 2
Leverage	Operating leverage	Note 3	8.73	5.55	Note 3	Note 3
	Financial leverage	Note 3	1.00	1.00	Note 3	Note 3

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

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) Fixed Assets Turnover = Net Sales/Net Fixed Assets
   - (7) Total Assets Turnover = Net Sales/Total Assets

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

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

6. Leverage
   (1) Operating Leverage = (Net Sales – Operating Expenses & Cost)/Operating Income
   (2) Financial Leverage = Operating Income/(Operating Income – Interest Expenses)

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

7.3.4 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	Note 3
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	1.3	(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

Note 1: Figures are audited for the past-5 years
Note 2: Figures not listed due to operating loss.
Note 3: Figures not listed due to net loss before tax.
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 2013 business report, financial statements and appropriation of 2013 losses. The Deloitte & Touche CPA firm has audited the financial statements, and issued an audit report. I, Sunplus’ supervisor, have reviewed the 2013 business report, financial statements and appropriation of 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 2014 Annual General Shareholders’ Meeting

Sunplus Technology Co., Ltd.
Supervisor,

Liu, De-Zhong

Lee, Pei-Yu

Lin, Wei-Min

March 25th , 2014

7.5 Consolidated Financial Statements

Sunplus Technology Company Limited and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

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 (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sunplus Technology Company Limited and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Sunplus Technology Corporation, as of and for the years ended December 31, 2013 and 2012, on which we have issued an unqualified report.

March 24, 2014

<u>Notice to Readers</u>

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 4,331,395	30	$ 4,492,896	31	$ 4,775,205	34
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,994	-	-	-	44,644	-
Available-for-sale financial assets - current (Notes 4 and 8)	1,150,505	8	1,076,456	7	1,055,235	7
Debt investments with no active market - current (Notes 4 and 9)	-	-	14,520	-	-	-
Notes and trade receivables, net (Notes 4, 5, 11 and 35)	1,536,101	11	1,395,122	9	1,340,635	10
Other receivables (Note 35)	94,128	1	91,313	1	125,413	1
Inventories (Notes 4, 5 and 12)	922,217	6	1,722,048	12	1,062,945	8
Other current assets (Notes 17 and 36)	232,700	2	245,993	2	304,158	2
Total current assets	8,275,040	58	9,038,348	62	8,708,235	62
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	1,018,727	7	632,573	4	1,126,099	8
Financial assets carried at cost (Notes 4 and 10)	311,448	2	216,080	2	353,037	2
Investments accounted for using the equity method (Notes 4, 13 and 36)	1,161,455	8	1,635,793	11	882,881	6
Property, plant and equipment (Notes 4, 5 , 14 and 36)	2,154,641	15	1,943,786	13	1,702,205	12
Investment properties (Notes 4, 5 and 15)	293,069	2	274,841	2	265,457	2
Intangible assets (Notes 4, 5 and 16)	335,098	3	442,646	3	662,274	5
Deferred tax assets (Notes 4, 5 and 26)	54,625	1	125,975	1	255,715	2
Other noncurrent assets (Notes 17, 32 and 36)	597,509	4	253,388	2	146,714	1
Total noncurrent assets	5,926,572	42	5,525,082	38	5,394,382	38
TOTAL	$ 14,201,612	100	$ 14,563,430	100	$ 14,102,617	100

LIABILITIES AND EQUITY	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT LIABILITIES						
Short-term bank borrowings (Notes 4 and 18)	$ 165,151	1	$ 485,991	3	$ 943,612	7
Trade payables (Note 19)	823,034	6	758,909	5	767,878	5
Current tax liabilities (Notes 4 and 26)	51,781	-	160,428	1	437,553	3
Provisions - current (Notes 4, 5 and 20)	23,915	-	23,028	-	9,059	-
Current portion of long-term bank loans (Notes 4, 18 and 36)	938,447	7	496,806	4	265,000	2
Deferred revenue - current (Notes 4, 21 and 29)	3,314	-	1,522	-	1,522	-
Other current liabilities (Notes 21 and 35)	704,035	5	770,768	5	660,462	5
Total current liabilities	2,709,677	19	2,697,452	18	3,085,086	22
NONCURRENT LIABILITIES						
Long-term bank loans, net of current portion (Notes 4, 18 and 36)	704,616	5	1,368,398	10	-	-
Accrued pension liabilities (Notes 4 and 22)	116,289	1	164,040	1	130,251	1
Guarantee deposits (Note 32)	223,573	2	198,513	1	256,016	2
Deferred revenue - noncurrent, net of current portion (Notes 4, 21 and 29)	81,056	-	4,616	-	5,215	-
Other noncurrent liabilities, net of current portion (Notes 4 and 21)	889	-	2,594	-	889	-
Total noncurrent liabilities	1,126,423	8	1,738,161	12	392,371	3
Total liabilities	3,836,100	27	4,435,613	30	3,477,457	25
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital (Notes 23)						
Common shares	5,969,099	42	5,969,099	41	5,969,099	42
Capital surplus (Notes 4, 23 and 28)	950,179	7	939,124	6	937,866	7
Retained earnings (Notes 23)						
Legal reserve	1,909,685	14	2,426,181	17	2,450,003	18
Special reserve	30,755	-	191,229	1	191,229	1
Accumulated deficit (retained earnings)	(127,263)	(1)	(903,390)	(6)	38,475	-
Other equity (Notes 4 and 23)	199,670	1	103,648	1	(389,877)	(3)
Treasury shares (Notes 4, 23 and 36)	(155,236)	(1)	(155,236)	(1)	(155,236)	(1)
Total equity attributable to owners of the Company	8,776,889	62	8,570,655	59	9,041,559	64
NONCONTROLLING INTERESTS (Notes 4 and 23)	1,588,623	11	1,557,162	11	1,583,601	11
Total equity	10,365,512	73	10,127,817	70	10,625,160	75
TOTAL	$ 14,201,612	100	$ 14,563,430	100	$ 14,102,617	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars)

	Years Ended December 31			
	2013		2012	
	Amount	**%**	**Amount**	**%**
NET OPERATING REVENUE (Notes 4 and 24)	$ 8,521,868	100	$ 8,615,264	100
OPERATING COSTS (Notes 12, 22 ,25 and 35)	5,123,400	60	5,345,844	62
GROSS PROFIT	3,398,468	40	3,269,420	38
OPERATING EXPENSES (Notes 22, 25 and 35)				
Selling and marketing	486,706	6	435,778	5
General and administrative	560,976	6	561,599	7
Research and development	2,365,046	28	2,707,469	31
Total operating expenses	3,412,728	40	3,704,846	43
LOSS FROM OPERATIONS	(14,260)	-	(435,426)	(5)
NONOPERATING INCOME AND EXPENSE (Notes 4, 25, 30 and 35)				
Other income	108,012	1	112,334	1
Other gains and losses	89,607	1	(565,589)	(6)
Finance costs	(37,516)	-	(39,896)	-
Share of profit of associates and joint ventures	19,901	-	32,923	-
Total nonoperating income and expenses	180,004	2	(460,228)	(5)
PROFIT (LOSS) BEFORE INCOME TAX	165,744	2	(895,654)	(10)
INCOME TAX EXPENSE (Notes 4 and 26)	37,197	1	20,581	-
NET REVENUE (LOSS)	128,547	1	(916,235)	(10)
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations (Notes 4 and 23)	129,434	2	(86,477)	(1)
Unrealized (loss) gain on available-for-sale financial assets (Notes 4 and 23)	(14,704)	-	578,365	6
Actuarial gain (loss) on defined benefit plans (Notes 4 and 22)	37,780	-	(15,141)	-
Share of other comprehensive income of associates and joint venture (Note 4)	9,505	-	(20,602)	-
Other comprehensive income for the period, net of income tax	162,015	2	456,145	5

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars)

	Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE PERIOD	$ 290,562	3	$ (460,090)	(5)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	$ 52,785	1	$ (933,609)	(11)
Noncontrolling interests	75,762	1	17,374	-
	$ 128,547	2	$ (916,235)	(11)
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 195,179	2	$ (472,162)	(5)
Noncontrolling interests	95,383	1	12,072	-
	$ 290,562	3	$ (460,090)	(5)
EARNINGS (LOSS) PER SHARE (New Taiwan dollars Note 27)				
Basic	$ 0.09		$ (1.59)	
Diluted	$ 0.09		$ (1.59)	

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company											
	Capital Stock Issued and Outstanding (Note 23)			Retained Earnings (Note 23)			Other Equity (Notes 4 and 23)					
	Share (Thousands)	Amount	Capital Surplus (Notes 4, 23 and 29)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares (Notes 4, 23 and 36)	Total	Noncontrolling Interests (Notes 4 and 23)	Total Equity
BALANCE, JANUARY 1, 2012	596,910	$ 5,969,099	$ 937,866	$ 2,450,003	$ 191,229	$ 38,475	$ -	$ (389,877)	$ (155,236)	$ 9,041,559	$ 1,583,601	$ 10,625,160
Offset of the 2011 deficit												
Legal reserve	-	-	-	(23,822)	-	23,822	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	1,258	-	-	-	-	-	-	1,258	-	1,258
Net loss for the year ended December 31, 2012	-	-	-	-	-	(933,609)	-	-	-	(933,609)	17,374	(916,235)
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(32,078)	(84,462)	577,987	-	461,447	(5,302)	456,145
Total comprehensive loss for the year ended December 31, 2012	-	-	-	-	-	(965,687)	(84,462)	577,987	-	(472,162)	12,072	(460,090)
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(38,511)	(38,511)
BALANCE, DECEMBER 31, 2012	596,910	5,969,099	939,124	2,426,181	191,229	(903,390)	(84,462)	188,110	(155,236)	8,570,655	1,557,162	10,127,817
Offset of the 2012 deficit												
Legal reserve	-	-	-	(516,496)	-	516,496	-	-	-	-	-	-
Special reserve	-	-	-	-	(160,474)	160,474	-	-	-	-	-	-
Restricted employee shares distributed by subsidiaries	-	-	(10,715)	-	-	-	-	-	-	(10,715)	10,715	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	19,851	-	-	-	-	-	-	19,851	-	19,851
Gain on disposal of investments accounted for by using equity method	-	-	1,919	-	-	-	-	-	-	1,919	-	1,919
Net profit for the year ended December 31, 2013	-	-	-	-	-	52,785	-	-	-	52,785	75,762	128,547
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	46,372	111,570	(15,548)	-	142,394	19,621	162,015
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	99,157	111,570	(15,548)	-	195,179	95,383	290,562
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(74,637)	(74,637)
BALANCE, DECEMBER 31, 2013	596,910	$ 5,969,099	$ 950,179	$ 1,909,685	$ 30,755	$ (127,263)	$ 27,108	$ 172,562	$ (155,236)	$ 8,776,889	$ 1,588,623	$ 10,365,512

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Years Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 165,744	$ (895,654)
Adjustments for:		
Depreciation expenses	266,547	183,144
Amortization expenses	204,872	223,723
Financial costs	37,516	39,896
Interest income	(35,402)	(44,695)
Dividend income	(30,247)	(31,644)
Share of profits of associates and joint ventures	(19,901)	(32,923)
(Gain) loss on disposal of property, plant and equipment	(6,464)	1,200
Loss on disposal of intangible assets	532	407
(Gain) loss on disposal of investments	(60,003)	179,003
(Gain) loss on disposal of subsidiaries	(22,752)	-
Impairment loss recognized on financial assets	17,373	102,014
Gain on reversal of impairment loss on financial assets	(3,888)	(27,825)
Impairment loss recognized on property, plant and equipment	11,498	-
Unrealized gain on the transactions with associates and joint ventures	1,351	-
Realized gain on the transactions with associates and joint ventures	(599)	(599)
Net gain (loss) on foreign currency exchange	6,510	(7,943)
Impairment loss recognized on goodwill	-	196,159
Impairment loss recognized on available-for-sale financial assets	13,350	84,770
Amortization of prepaid lease payments	2,975	715
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets held for trading	(7,036)	48,174
Increase in trade receivables	(146,063)	(51,512)
Increase in other receivables	(50,618)	(11,947)
Decrease (increase) in inventories	799,831	(657,893)
Decrease in other current assets	13,337	32,027
Decrease (increase) in trade payables	66,199	(9,032)
Increase in provisions	887	13,969
Increase in deferred revenue	78,832	-
Increase in other current liabilities	21,892	111,433
Decrease in accrued pension liabilities	(401)	(382)
Cash generated from operations	1,325,872	(555,415)
Interest received	36,168	43,807
Dividend received	30,247	31,644
Interest paid	(33,830)	(39,965)
Income tax paid	(24,279)	(136,221)
Net cash generated from (used in) operating activities	1,334,178	(656,150)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(1,040,620)	(1,994,191)
Proceeds of the sale of available-for-sale financial assets	1,001,300	2,038,676
Proceeds of the sale of debt investments with no active market	16,176	-
Purchase of financial assets measured at cost	(124,332)	(88,674)
Purchase of debt investments with no active market	-	(14,594)
Proceeds of the sale of financial assets measured at cost	1,414	-
Capital return to the Company on financial assets carried at cost	82,771	17,917
Acquisition of associates	(195,899)	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

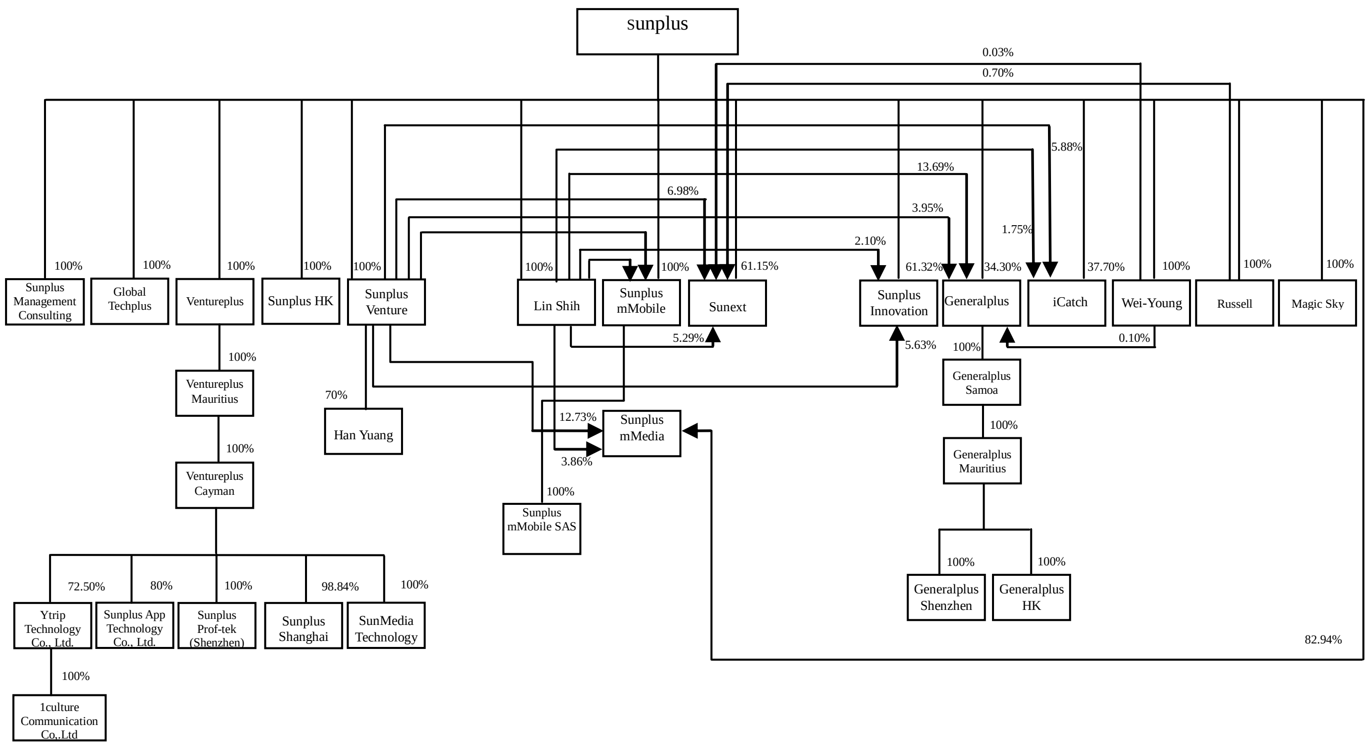
	Years Ended December 31	
	2013	**2012**
Net cash inflow on disposal of associates	319,447	-
Net cash inflow on disposal of subsidiaries	20,340	-
Increase in prepayments for equipment	(345,204)	-
Increase in prepayments for lease	-	(97,751)
Payments for property, plant and equipment	(540,164)	(409,946)
Proceeds of the disposal of property, plant and equipment	9,835	1,927
Decrease in refundable deposits	1,298	10,990
Payments for intangible assets	(114,561)	(165,329)
Proceeds of the disposal of intangible assets	291	-
(Increase) decrease in other assets	(51,559)	28,772
Dividends received from associates	33,603	38,432
Net cash used in investing activities	(925,864)	(633,771)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(465,057)	(457,839)
Proceeds of long-term borrowings	267,648	1,895,204
Repayments of long-term borrowings	(346,853)	(295,000)
Proceeds of guarantee deposits received	23,514	-
Refund of guarantee deposits received	-	(51,622)
Dividends paid to noncontrolling interest	(58,043)	(86,575)
(Decrease) increase in noncontrolling interests	(17,078)	35,700
Net cash (used in) generated from financing activities	(595,869)	1,039,868
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	26,054	(32,256)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(161,501)	(282,309)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,492,896	4,775,205
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 4,331,395	$ 4,492,896

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

1. GENERAL INFORMATION

Sunplus Technology Company Limited ("Sunplus" or the "Company") was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific. Sunplus' shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 23).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the "Group") as of December 31, 2013:



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. manufactures and sells ICs. Ytrip Technology mainly renders system services and manages web businesses. 1culture Communication Co,. Ltd mainly develops web businesses. Shenzhen Suntop Technology researches software and hardware. Han Young mainly enders information supply services and 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 investees are engaged in investing activities.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 24, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. New, amended and revised standards and interpretations (the “New IFRSs”) in issue but not yet effective

The Company and entities controlled by the Company (the “Group”) have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. [As of the date that the consolidated financial statements were authorized for issue, the Financial Supervisory Commission (the “FSC”) has not announced the effective dates for the following new, amended and revised standards and interpretations (the “New IFRSs”). / On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the “New IFRSs”) included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.]

	Effective Date Announced by IASB (Note 1)
The New IFRSs included in the 2013 IFRSs version not yet endorsed by the FSC	
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate

(Continued)

	Effective Date Announced by **IASB** (Note 1)
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013
<u>The New IFRSs not included in the 2013 IFRSs version</u>	
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Note 3
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after 1 July 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after 1 July 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy resulted from New IFRSs in issue but not yet effective

Except for the following, the initial application of the above New IFRSs has not had any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Recognition and measurement of financial liabilities

For financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 11 “Joint Arrangements”

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities - Non-Monetary Contributions by Ventures”. Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Group accounts for its jointly controlled entities using the proportionate consolidation method.

c) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

d) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

Under revised IAS 28, when a portion of an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organization, the Group elects to measure the investment at fair value through profit or loss. Any remaining portion of its investment in that associate that is not held through a venture capital organization is accounted for using the equity method. Under current IAS 28, the entire investment in the associate is accounted for using equity method regardless of whether the investments are held by, or are held indirectly through, an entity that is a venture capital organization.

Under revised IAS 28, when an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest. Under current IAS 28, on the loss of joint control, the Group measures at fair value any investment the Group retains in the former jointly controlled entity. The Group recognizes in profit or loss any difference between the aggregate amounts of fair value of retained investment and proceeds from disposing of the part interest in the jointly controlled entity, and the carrying amount of the investment at the date when joint control is lost.

3) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

5) Revision to IAS 19 “Employee Benefits”

Revision in 2011

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service”. The Group’s unused annual leave, which can be carried forward within [24] months after the end of the annual period in which the employee renders service and which is currently classified as short-term employee benefits, will be classified as other long-term employee benefits under revised IAS 19. Related defined benefit obligation of such other long-term benefit is calculated using the Projected Unit Credit Method. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

Amendment in 2013

Amended IAS 19 states that contributions from employees or third parties affect remeasurements of the net defined benefit liability (asset) if they are not linked to service. If the contributions are linked to service, those contributions could be recognized as a reduction of service cost in which they are payable when they are linked solely to the employees’ service rendered in that period. If the contribution is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service.

6) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

7) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-Based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for 'performance condition' and 'service condition'. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

8) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

c. The impact of the application of the above New IFRSs and the Regulations on the Group's financial position and operating results is as follows:

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the Financial Supervisory Commission (FSC) FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations approved by the FSC.

The consolidated financial statements of the Group and its subsidiaries are the first IFRS interim financial statements for part of the period covered by its first IFRS financial statements, the consolidated financial statements for 2013. The date of transition to IFRSs was January 1, 2012. Refer to Note 40 for the impact of IFRS conversion on the consolidated financial statements.

a. Statement of Compliance

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

b. Basis for Consolidation
The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 40

c. Classification of current and noncurrent assets and liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current are classified as noncurrent.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any noncontrolling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2013	Percentage of Ownership December 31, 2012	Percentage of Ownership January 1, 2012	Note
Sunplus	Sunplus Management Consulting	Management	100.00	100.00	100.00	-
	Global Techplus	Investment	-	100.00	100.00	The investee completed liquidation in September 2013; thus it was excluded from the consolidated financial statement.
	Ventureplus	Investment	100.00	100.00	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	100.00	100.00	-
	Sunplus Venture	Investment	100.00	100.00	100.00	-
	Lin Shih Investment	Investment	100.00	100.00	100.00	-
	Sunplus mMobile .	Design of integrated circuits (ICs)	100.00	99.99	99.99	-
	Sunext Technology	Design and sale of ICs	61.15	61.15	61.15	-
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	99.82	70.48	The investee became a jointly controlled operation in January 2013; thus, the investee was not included in the consolidated financial statements.
	Sunplus Innovation Technology	Design of ICs	61.32	62.91	63.93	-
	Generalplus Technology (“Generalplus”)	Design of ICs	34.30	34.30	34.32	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	iCatch	Design of ICs	37.70	37.70	37.70	Sunplus and its subsidiaries had 45.33% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
	Wei-Young Investment Inc.	Investment	100.00	100.00	100.00	-
	Russell Holdings Limited	Investment	100.00	100.00	100.00	-
	Magic Sky Limited	Investment	100.00	100.00	100.00	-
	Sunplus mMedia Inc.	Design of ICs	82.94	82.94	82.94	-

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2013	December 31, 2012	January 1, 2012	Note
Global Techplus	Techplus Samoa	Investment	-	-	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
Ventureplus	Ventureplus Mauritius	Investment	100.00	100.00	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	Investment	100.00	100.00	100.00	-
Ventrueplus Cayman	Ytrip Technology	Web research and development	72.50	72.50	77.76	-
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	80.00	80.00	80.00	-
	Sunplus Prof-tek Technology (Shenzhen)	Development and sale of computer software and system integration services	100.00	100.00	100.00	-
	Sunplus Technology Technology (Shanghai)	Manufacturing and sale of consumer and rental	98.84	98.84	98.84	-
	SunMedia Technology	Manufacturing and sale of computer software and system integration services	100.00	100.00	100.00	-
Sunplus Technology (Shanghai)	ShenZhen Suntop Technology	Design of software and hardware	-	100.00	100.00	The investee completed liquidation in December; thus it was excluded from the consolidated financial statement
Ytrip Technology	1culture Communication	Development and sale	100.00	-	-	The investee was established in February 2013
Sunplus Venture	Han Young Technology	Design of ICs	70.00	70.00	70.00	-
	Sunext Technology Co., Ltd. (“Sunext”)	Design and sale of ICs	6.98	6.98	6.98	Sunplus and its subsidiaries had 74.15% equity in Sunext.
	Generalplus Technology Inc.	Design of ICs	3.95	3.95	3.96	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	0.07	11.85	The investee became a jointly controlled operation in January 2013; thus, the investee was not included in the consolidated financial statements.
	Sunplus mMobile Inc.	Design of ICs	-	-	-	Sunplus and its subsidiaries had 100% equity in Sunplus mMobile
	Sunplus mMedia	Design of ICs	12.73	12.73	12.73	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.63	5.44	5.41	Sunplus and its subsidiaries had 69.05% equity in Sunplus Innovation
	iCatch Technology, Inc.	Design of ICs	5.88	5.79	5.79	Sunplus and its subsidiaries had 45.33% equity in iCatch Technology, Inc.
Lin Shih	Generalplus Technology	Design of ICs	13.69	13.69	13.69	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunext Technology	Design and sale of ICs	5.29	5.29	5.29	Sunplus and the subsidiaries had 74.15% equity in Sunext.
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	0.09	14.52	The investee become jointly controlled operations on January, thus, the investee was not included in the consolidated financial statements.
	Sunplus mMedia	Design of ICs	3.86	3.86	3.86	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus mMobile	Design of ICs	-	-	-	Sunplus and its subsidiaries had 100% equity in Sunplus mMobile.
	Sunplus Innovation	Design of ICs	2.10	2.15	2.18	Sunplus and its subsidiaries had 69.05% equity in Sunplus Innovation
	iCatch Technology,	Design of ICs	1.75	1.75	1.75	Sunplus and its subsidiaries had 45.33% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
Sunplus mMobile	Sunplus mMobile Holding Inc.	Investment	-	-	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
	Sunplus mMobile SAS	Design of ICs	100.00	100.00	100.00	-

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2013	December 31, 2012	January 1, 2012	Note
Sunext Technology	Great Sun	Investment	-	100.00	100.00	The investee completed liquidation in March.
	Great Prosperous Corp.	Investment	-	100.00	100.00	The investee completed liquidation in October.
Great Sun	Sunext Mauritius	Investment	-	100.00	100.00	The investee completed liquidation in October.
Sunext Mauritius	Sunext (Shanghai)	Research, development, manufacture and sale of ICs.	-	-	100.00	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
Generalplus	Generalplus Samoa	Investment	100.00	100.00	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	100.00	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	After-sales service	100.00	100.00	100.00	-
	Generalplus HK	Sales	100.00	100.00	100.00	-
Wei-Young	Generalplus	Design of Ics	0.10	0.10	0.10	Sunplus and its subsidiaries had 52.04% equity in Generalplus
	Sunext Technology	Design and sale of Ics	0.03	0.03	0.03	Sunplus and its subsidiaries had 74.15% equity in Sunext
Russell	Sunext Technology	Design and sale of Ics	0.70	0.70	0.70	Sunplus and its subsidiaries had 74.15% equity in Sunext

(Concluded)

e. Foreign currencies

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

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

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

f. Inventories

Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The inventories of Sunplus Technology Company Limited, Generalplus Technology Inc., Sunplus Innovation Technology Inc., Sunplus mMobile Inc., iCatch Technology Inc., and Sunplus mMedia Inc. are generally recorded at standard cost. On the balance sheet date, the cost is adjusted to approximate weighted-average cost method. Other subsidiaries' inventories are recorded at the weighted-average cost.

g. Investments in associates and jointly controlled entities

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

i. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

ii. Available-for-sale financial assets

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

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

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

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

iv. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments and Financial liabilities

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

a) Equity instruments

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

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

b) Financial liabilities

i Subsequent measurement

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

i) Derecognition of financial liabilities

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

n. Provisions

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

o. Revenue recognition

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

<u>Sale of goods</u>

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

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

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

3) The amount of revenue can be measured reliably;

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

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

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

Dividend and interest income

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

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

p. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred other than stated above.

r. Government grants

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

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

s. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

t. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

At the end of each reporting period, The Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

u. Taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated provision for sales returns and discounts

Sales are recognized when the earnings process is completed. The provision for sales returns and discounts is estimated on the basis of historical return information available and any known factors which would result in sales returns and discounts. The provision for sales returns and discounts is recorded as reduction of sales. Management regularly reviews the reasonableness of provision estimates.

As of December 31, 2013, December 31, 2012, and January 1, 2012, the provisions for sales returns and discounts were $23,915 thousand, $23,028 thousand and $9,059 thousand, respectively.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of goodwill was $30,596 thousand, $30,596 thousand, and $228,221 thousand, respectively

For the year ended December 31,2013, the Group did not recognized any impairment loss, and for the year ended December 31, 2012, the Group recognize impairment loss.for the amount of $196,159 thousand respectively.

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

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

For the year ended December 31, 2013, the Group recognize impairment loss.for the amount of $11,498 thousand and for the year ended December 31, 2012 did not recognized any impairment loss.

Estimated impairment of trade receivables

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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of trade receivables was $1,535,944 thousand, $1,394,802 thousand and $1,340,562 thousand, respectively (after deducting allowance of 0, $48,411 thousand and $58,781 thousand, respectively).

Reliability of deferred Income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Group's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the deferred tax assets were $54,625 thousand, $125,975 thousand, and $255,715 thousand, respectively.

Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the balance of inventories were $922,217 thousand, $1,722,048 thousand and $1,062,945thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 4,232	$ 4,074	$ 3,626
Checking accounts and demand deposits	1,609,918	1,038,563	1,208,134
Cash equivalent deposits in banks	2,662,716	3,397,466	3,563,445
Repurchase agreements collateralized by bonds	54,529	52,793	-
	$ 4,331,395	$ 4,492,896	$ 4,775,205

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

	December 31, 2013	December 31, 2012	January 1, 2012
Bank balance	0.02%-3.3%	0.01%-3.25%	0.02%-3.5%
Repurchase agreement collateralized by bonds	1.0%-1.625%	1.625%	-

Cash equivalents include time deposits that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments

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

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets held for trading			
Nonderivative financial assets			
Corporate bonds of domestic listed stocks	$ 7,994	$ -	$ 44,644

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic investments			
- Mutual funds	$ 1,125,889	$ 1,064,889	$ 1,035,219
- Quoted shares	1,035,887	644,140	1,146,115
Foreign investments			
- Quoted shares	7,456	-	-
	$ 2,169,232	$ 1,709,029	$ 2,181,334
Current	$ 1,150,505	$ 1,076,456	$ 1,055,235
Noncurrent	1,018,727	632,573	1,126,099
	$ 2,169,232	$ 1,709,029	$ 2,181,334

For the year ended December 31, 2013 and 2012, the Group recognized impairment losses of $13,350 thousand and $84,770 thousand, respectively.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31, 2013	December 31, 2012	January 1, 2012
Fixed income fund	$ -	$ 14,520	$ -

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

10. FINANCIAL ASSETS MEASURED AT COST

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic unlisted common shares	$ 311,448	$ 216,080	$ 353,037

The above shares were classified as available for sale.

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

The Group believed that the above financial asset carried at cost had impairment losses of $17,373 thousand and $102,014 thousand as of December 31, 2013 and 2012, respectively.

The Group recognized disposal gains of $1,400 thousand and $0 as of December 31, 2013 and 2012, respectively.

11. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable	$ 157	$ 320	$ 73
Accounts receivable	1,524,862	1,437,879	1,390,266
Receivable from related parties	11,082	5,334	9,077
Allowance for doubtful accounts	-	(48,411)	(58,781)
	1,535,944	1,394,802	1,340,562
	$ 1,536,101	$ 1,395,122	$ 1,340,635

Accounts receivable

The average credit period on sales of goods was 30 to 90 days without interest. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Of the trade receivables balance (see the aging analysis below) that are past due at the end of the reporting period, the Group had not recognized an allowance for impairment for notes and trade receivables amounting to $116,716 thousand, $1,730 thousand and $9,269 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Group to the counter-party. As of March 24, 2014, the above trade receivables of December 31, 2013 that are past due but not impaired had receive 116,716 thousand.

The aging of the receivables that are past due but not impaired was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 60 days	$ 116,716	$ 1,730	$ 5,395
61-90 days	-	-	3,874
91-120 days	-	-	-
	$ 116,716	$ 1,730	$ 9,269

Movements of the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

	Years Ended December 31	
	2013	2012
Balance at January 1	$ 48,411	$ 58,781
Add: Impairment losses recognized on receivable	-	267
Less: Amounts written off during the period as uncollectible	(51,620)	(9,045)
Less: Reversal of the allowance for doubtful accounts	-	(531)
Foreign exchange translation gains (losses)	3,209	(1,061)
Balance at December 31	$ -	$ 48,411

12. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Finished goods	$ 382,269	$ 557,202	$ 469,285
Work in progress	369,696	1,004,071	498,566
Raw materials	170,252	160,775	95,094
	$ 922,217	$ 1,722,048	$ 1,062,945

The costs of inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 were $5,110,409 thousand and $5,325,031 thousand, respectively.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2103 and 2012 were as follows:

	Years Ended December 31	
	2013	2012
Inventory obsolescence	$ 553	$ 108,367
Losses on physical inventory	-	84
(Gains) losses on inventory value recoveries	2,067	(833)
Income from scrap sales	(1,056)	(2,560)
	$ 1,564	$ 105,058

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investments in associates	$ 1,024,451	$ 1,635,793	$ 882,881
Investments in jointly controlled entities	137,004	-	-
	$ 1,161,455	$ 1,635,793	$ 882,881

a. Investments in associates

	December 31, 2013	December 31, 2012	January 1, 2012
Listed companies			
Orise Technology, Co., Ltd.	$ 1,024,451	$ 910,634	$ 882,881
Giantplus Technology Co., Ltd.	-	725,159	-
Unlisted companies			
HT mMobile Inc.	-	-	-
Jet Focus Ltd	-	-	-
	$ 1,024,451	$ 1,635,793	$ 882,881

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

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Orise Technology, Co., Ltd.	34%	35%	35%
Giantplus Technology Co., Ltd	-	19%	-
HT mMobile Inc.	-	49.5%	49.5%
Jet Focus Ltd	-	-	44%

The Group started to exercise significant influence over Giantplus Technology Co., Ltd on December 3, 2012, so the Group transferred this investment from available-for-sale financial assets to investments in associates.

On March 14, 2013, the Company's board of the directors resolved to participate in the tender offer made by Chunghwa Picture Tubes Ltd ("Chunghwa") to acquire shares in Giantplus Technology Co. ("Giantplus"). The Company planned to sell 77,834 thousand shares of Giantplus for cash of $4.03 per share and 0.72 common share of Tatung Co. for every share of Giantplus. As of April 12, 2013, the expiration date of the acquisition, the Company had disposed of 64,020 thousand shares and recognized a gain on disposal of $42,474 thousand. On April 10, 2013, the Company's board of directors sold 6,818 thousand shares more of Giantplus to Chunghwa for cash at $9.3 per share and recognized a gain on disposal of $5,648 thousand. Therefore, we reclassify investments accounted for using the equity method to available-for-sale financial assets.

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 Group recognized an investment loss on HT, as well as the reduction of the carrying value of this investment to zero. The Group also recognized impairment losses of $405,612 thousand and $1,466 thousand on other receivables from HT mMobile Inc for the year ended December 31, 2011 and 2013, respectively. The Group reversed an impairment loss of $5,354 thousand for the years ended December 31, 2013. HT's third interim board of directors also approved a plan for HT to undergo liquidation, and HT completed its liquidation on March 20, 2013.

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

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Orise Technology, Co., Ltd.	$ 2,142,900	$ 1,868,421	$ 1,345,937
Giantplus Technology Co., Ltd		$ 772,872	

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

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 6,314,221	$ 18,487,785	$ 3,166,286
Total liabilities	$ 3,392,196	$ 8,389,959	$ 628,463

	Years Ended December 31	
	2013	2012
Revenue	$ 9,362,444	$ 18,384,178
Profit for the period	$ 363,725	$ (535,007)
Comprehensive income	$ 363,538	$ (649,853)
Group's share of profits of associates	$ 87,895	$ 32,923

The amounts of investments in jointly controlled entities pledged as collateral for bank loans were disclosed in Note 36.

b. Investments in jointly controlled entities

The Company signed an investment agreement with Silicon Integrated Systems Corp. on December 19, 2012. Both sides agreed to increase capital in Sunplus Core Inc. (renamed S2-Tek Inc. since March 11, 2013), which researches, develops, designs, and sells TV integrated circuits (ICs). The investment agreement was registered on January 21, 2013.

The Company had 99.98% equity in Sunplus Core Inc. before the investment agreement, but when the Company later subscribed for Sunplus Core Inc.'s additional new shares at a percentage different from its existing ownership percentage, the Company's equity decreased to 51.25%. When Sunplus Core Inc. changed its name to S2-Tek Inc. on January 21, 2013, a new investment agreement was made, which stated that the Company no longer had control over S2-Tek Inc. The Company continued to recognize this investment by the equity method.

The interests in the jointly controlled entities which were accounted for using the equity method are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$ 453,707	$ -	$ -
Noncurrent assets	$ 22,474	$ -	$ -
Current liabilities	$ 208,257	$ -	$ -
Noncurrent liabilities	$ -	$ -	$ -

	Years Ended December 31	
	2013	2012
Sales	$ 353,254	$ -
Costs of sales	$ 223,841	$ -
Operating expenses	$ 263,435	$ -
Nonoperating income and expenses	$ 1,976	$ -
Income tax expense	$ -	$ -
Share of profit or loss of associates and joint ventures	$ (67,994)	$ -
Share of comprehensive income of associates and joint ventures	$ (67,994)	$ -

14. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2013									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress	Total
Cost										
Balance, beginning of period	$ 1,330,812	$ 96,182	$ 192,422	$ 267,661	$ 10,217	$ 217,749	$ 30,950	$ 8,509	$ 329,159	$ 2,483,661
Additions	10,286	76,391	24,278	61,436	-	22,311	654	697	274,130	470,183
Disposals	-	-	(30,497)	(21,505)	-	(26,790)	(9,820)	(52)	-	(88,664)
Reclassified to investment property	(51,660)	-	-	-	-	-	-	-	-	(51,660)
Effect of exchange rate changes	(5,229)	433	(279)	(3,185)	134	(5,699)	(1,653)	(335)	(16,440)	(32,253)
Balance, end of period	1,284,209	173,006	185,924	304,407	10,351	207,571	20,131	8,819	586,849	2,781,267
Accumulated depreciation and impairment										
Balance, beginning of period	227,330	43,345	157,581	176,856	4,945	148,271	17,824	5,304	-	781,456
Additions	37,155	14,999	30,121	51,082	1,311	27,387	5,488	1,654	-	169,197
Disposals	-	-	(30,497)	(21,291)	-	(23,883)	(9,820)	(46)	-	(85,537)
Reclassified to investment property	(18,316)	-	-	-	-	-	-	-	-	(18,316)
Effect of exchange rate changes	(4,550)	3,234	(225)	(2,145)	(184)	(3,448)	(1,444)	(557)	-	(9,319)
Balance, end of period	241,619	61,578	156,980	204,502	6,072	148,327	12,048	6,355	-	837,481
Net, end of period	$ 1,042,590	$ 111,428	$ 28,944	$ 99,905	$ 4,279	$ 59,244	$ 8,083	$ 2,464	$ 586,849	$ 1,943,786

	Year Ended December 31, 2013									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress	Total
Cost										
Balance, beginning of Period	$ 1,284,209	$ 173,006	$ 185,924	$ 304,407	$ 10,351	$ 207,571	$ 20,131	$ 8,819	$ 586,849	$ 2,781,267
Additions	-	543	15,540	164,320	-	18,856	-	788	265,398	465,445
Disposals	(171)	(6,408)	(121,109)	(75,413)	-	(12,379)	-	(156)	-	(215,636)
Reclassified to investment property	(32,356)	-	-	-	-	-	-	-	-	(32,356)
Effect of exchange rate changes	17,945	(15,730)	(49,683)	6,025	591	10,494	(13,729)	9,703	20,587	(13,797)
Balance, end of period	1,269,627	151,411	30,672	399,339	10,942	224,542	6,402	19,154	872,834	2,984,923
Accumulated depreciation and impairment										
Balance, beginning of period	241,619	61,578	156,980	204,502	6,072	148,327	12,048	6,355	-	837,481
Impairment loss	-	-	-	11,498	-	-	-	-	-	11,498
Depreciation expense	35,124	18,947	25,995	134,558	1,443	33,896	542	3,065	-	253,570
Disposals	(171)	(6,407)	(121,110)	(72,843)	-	(11,592)	-	(142)	-	(212,265)
Reclassified to investment property	(14,597)	-	-	-	-	-	-	-	-	(14,597)
Effect of exchange rate changes	11,081	(13,553)	(35,252)	(7,779)	480	5,950	(8,306)	1,974	-	(45,405)
Balance, end of period	273,056	60,565	26,613	269,936	7,995	176,581	4,284	11,252	-	830,282
Net, end of period	$ 996,571	$ 90,846	$ 4,059	$ 129,403	$ 2,947	$ 47,961	$ 2,118	$ 7,902	$ 872,834	$ 2,154,641

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

	Xintec
Buildings	8-56 years
Auxiliary equipment	3-20 years
Machinery and equipment	1-10 years
Testing equipment	1-5 years
Transportation equipment	4-10 years
Furniture and fixtures	2-5 years
Leasehold improvements	2-11 years
Other equipment	3-10 years

Refer to Note 36 for the carrying amounts of property, plant and equipment that had been pledged by the Group to secure borrowings.

15. INVESTMENT PROPERTIES

	December 31, 2013	December 31, 2012	January 1, 2012
Completed investment property	$ 293,069	$ 274,841	$ 265,457

	Years Ended December 31	
	2013	2012
Cost		
Balance at January 1	$ 398,499	$ 360,704
Reclassification to investment	32,356	51,660
Effect of exchange rate differences	25,972	(13,865)
Balance at December 31	$ 456,827	$ 398,499
Accumulated depreciation		
Balance at January 1	$ (123,658)	$ (95,247)
Depreciation expense	(12,977)	(13,947)
Reclassification to investment	(14,597)	(18,316)
Effect of exchange rate differences	(12,526)	3,852
Balance at December 31	(163,758)	(123,658)
	$ 293,069	$ 274,841

The investment properties held by the Group were depreciated over their useful lives of 50 years, using the straight-line method.

Fair values were obtained through valuations made by an independent appraisal firm, Suzhou Feng-Zheng PingGu Firm, on March 31, 2013 and January 1, 2012. The Suzhou Feng-Zheng PingGu Firm used the replacement cost method to measure fair value.

The important assumptions and fair value were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value	$ 378,894	$ 354,065	$ 355,920
Discount rate	87.33%	89.33%	91.33%

16. INTANGIBLE ASSETS

Intangible assets consisted of fees paid to Oak Technology ("Oak") for the Group 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 Group to use Philips's optical disc drive (ODD) semiconductor technology.

	Year Ended December 31, 2012					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 887,012	$ 251,772	$ 97,099	$ 228,221	$ 1,922	$ 1,466,026
Additions	37,004	165,516	-	-	-	202,520
Disposals	-	(14,430)	-	-	-	(14,430)
Effect of exchange rate Differences	71,150	792	15,254	(1,466)	480	86,210
Balance at December 31	995,166	403,650	112,353	226,755	2,402	1,740,326
Accumulated amortization						
Balance at January 1	580,967	174,584	47,200	-	1,001	803,752
Impairment losses recognized in profit or loss	-	-	-	196,159	-	196,159
Amortization expense	63,448	154,412	5,394	-	469	223,723
Disposals	-	(14,023)	-	-	-	(14,023)
Effect of exchange rate Differences	87,858	(297)	-	-	508	88,069
Balance at December 31	732,273	314,676	52,594	196,159	1,978	1,297,680
Carrying amounts at December 31, 2012	$ 262,893	$ 88,974	$ 59,759	$ 30,596	$ 424	$ 442,646

	Year Ended December 31, 2013					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 995,166	$ 403,650	$ 112,353	$ 226,755	$ 2,402	$ 1,740,326
Additions	74,355	21,165	1,579	-	-	97,099
Decrease	-	(59,665)	-	-	-	(59,665)
Effect of exchange rate Differences	105	559	-	-	58	722
Balance at December 31	1,069,626	365,709	113,932	226,755	2,460	1,778,482
Accumulated amortization						
Balance at January 1	732,273	314,676	52,594	196,159	1,978	1,297,680
Amortization expense	145,929	52,217	6,287	-	439	204,872
Decrease	-	(58,841)	-	-	-	(58,841)
Effect of exchange rate Differences	(198)	(172)	-	-	43	(327)
Balance at December 31	878,004	307,880	58,881	196,159	2,460	1,443,384
Carrying amounts at December 31, 2013	$ 191,622	$ 57,829	$ 55,051	$ 30,596	$ -	$ 335,098

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

	Xintec
Technology license fees	1-15 years
Software	1-10 years
Patents	8-18 years
Technological know-how	5 years

17. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Prepayment for equipment	$ 345,696	$ 2,310	$ 45,095
Finance lease payables	130,578	125,495	30,991
Pledged time deposits	91,162	89,329	121,287
Prepaid long-term investments	44,707	99,311	30,275
Refundable deposits (Note 32)	7,253	8,551	19,541
Other	210,813	174,385	203,683
	$ 830,209	$ 499,381	$ 450,872
Current	$ 232,700	$ 245,993	$ 304,158
Noncurrent	597,509	253,388	146,714
	$ 830,209	$ 499,381	$ 450,872

The amounts of the Group's finance lease payables for land grants in China as of December 31, 2013, December 31, 2012 and January 1, 2012 were $130,578 thousand, $125,495 thousand and $30,991 thousand, respectively.

18. LOANS

Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured borrowings			
Bank loans	$ 165,151	$ 485,991	$ 943,612

The weighted average effective interest rates for bank loans from January 1, 2013 to December 31, 2013 and from January 1, 2012 to December 31, 2012 were 1.9225%-2.06% and 0.77%-2.98% per annum, respectively.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	December 31, 2013	December 31, 2012	January 1, 2012
Floating rate borrowings					
Secured bank borrowings	2017.3.16	Repayable semiannually from March 2012	$ 544,444	$ 700,000	$ -
Unsecured bank borrowings	2015.3.30	Repayable quarterly from March 2012	312,500	500,000	-
Unsecured bank borrowings	2015.3.28	Repayable quarterly from March 2012	156,250	250,000	-
Unsecured bank borrowings	2014.4.10	Repayable in April 2015	119,963	145,204	-
Unsecured bank borrowings	2014.6.15	Repayable in July 2014	149,953	-	-
Unsecured bank borrowings	2014.4.14	Repayable in April 2014	149,953	-	-
Secured bank borrowing	2015.2.28	Repayable semiannually from February 2012	105,000	135,000	-

(Continued)

	Maturity Date	Significant Covenant	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank borrowings	2015.2.28	Repayable semiannually from February 2012	105,000	135,000	-
Unsecured bank borrowings	2012.2.28	Repayable quarterly from November 2009; fully settled	-	-	102,500
Secured banks borrowings	2014.3.31	Repayable semiannually from March 2010	-	-	75,500
Unsecured bank borrowings	2012.2.28	Repayable semiannually from February 2009; fully settled	-	-	30,000
Unsecured bank borrowings	2012.2.28	Repayable quarterly from January 2010; fully settled	-	-	30,000
Unsecured bank borrowings	2012.7.31	Lump sum repayemt; fully settled	-	-	27,000
			$ 1,643,063	$ 1,865,204	$ 265,000
Current			$ 938,447	$ 496,806	$ 265,000
Noncurrent			704,616	1,368,398	-
			$ 1,643,063	$ 1,865,204	$ 265,000

(Concluded)

Under the loan contracts, the Group provided buildings and shares of Giantplus Technology Co., Ltd. and Orise Technology Co., Ltd. as collaterals for the above loans (Note 36).

The effective borrowing rates as of December 31, 2013, December 31, 2012 and January 1, 2012 were 1.64% - 2.54%, 1.942% - 2.54% and 1.7725% - 2.94%.

The loan contracts require the Group to maintain certain financial ratios, such as debt ratio and current ratio as well as a restriction on net tangible assets in 2012 and 2013. However, the Group's not being able to meet the ratio requirement would not be deemed to be a violation of the contracts. As of December 31, 2013, the Group was in compliance with these financial ratio requirements.

19. TRADE PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Payable - operating	$ 823,034	$ 758,909	$ 767,878

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

20. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Customer returns and rebates	$ 23,915	$ 23,028	$ 9,059

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

21. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Other payables			
Salaries or bonuses	$ 370,405	$ 310,606	$ 263,726
Payables for purchases of equipment	51,249	127,786	5,838
Compensation due to directors and supervisors	74,495	1,543	47,406
Labor/health insurance	33,646	36,668	36,834
Payable for royalties	10,639	26,403	25,313
Professional service fees	8,542	10,308	12,352
Others	155,948	260,048	269,882
	$ 704,924	$ 773,362	$ 661,351
Deferred revenue			
Arising from government grants (Note 29)	$ 78,831	$ -	$ -
Other	5,539	6,138	6,737
	$ 84,370	$ 6,138	$ 6,737
Current			
－Other liabiities	$ 704,035	$ 770,768	$ 660,462
－Deferred revenue	3,314	1,522	1,522
	$ 707,349	$ 772,290	$ 661,984
Noncurrent			
－Other current liabiities	$ 889	$ 2,594	$ 889
－Deferred revenue	81,056	4,616	5,215
	$ 81,945	$ 7,210	$ 6,104

22. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Defined benefit plans

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation, Sunplus mMedia and iCatch of the Group had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Group 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 plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, et. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2 year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation on		
	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Discount rate(s)	1.50%-1.85%	1.50%-1.63%	1.69%-1.75%
Expected return on plan assets	1.20%-2.00%	1.20%-1.88%	1.20%-2.00%
Expected rate(s) of salary increase	3.50%-6.25%	4.00%-6.25%	5.00%-6.25%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

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

	For the Year Ended December 31	
	2013	**2012**
Current service cost	$ 2,727	$ 2,727
Interest cost	4,811	4,807
Expected return on plan assets	(2,578)	(3,045)
	$ 4,960	$ 4,489
An analysis by function		
Operating cost	$ 689	$ 539
Marketing expenses	358	327
Administration expenses	1,220	739
Research and development expenses	2,693	2,884
	$ 4,960	$ 4,489

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 was $37,780 thousand and $15,141 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 and 2012 was $22,639 thousand and $(15,141) thousand, respectively.

The amounts included in the consolidated balance sheets arising from the Group's obligation on its defined benefit plans were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 278,476	$ 318,964	$ 275,040
Fair value of plan assets	(166,868)	(158,617)	(148,708)
Net liability arising from defined benefit obligation	$ 111,608	$ 160,347	$ 126,332

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 318,964	$ 275,040
Current service cost	2,727	2,727
Interest cost	4,811	4,807
Actuarial losses/(gains)	(48,026)	36,390
Closing defined benefit obligation	$ 278,476	$ 318,964

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$ 158,617	$ 148,708
Expected return on plan assets	2,707	2,958
Actuarial losses/(gains)	(649)	(387)
Contributions from the employer	6,193	7,338
Closing fair value of plan assets	$ 166,868	$ 158,617

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash	22.86%	24.51%	23.87%
Cash equivalents	4.1%	9.88%	7.61%
Money market fund	-	0.66%	-
Bond	9.37%	10.45%	11.45%
Fixed income	18.11%	16.28%	16.19%
Equity instruments	44.77%	37.43%	40.75%
Others	0.79%	0.79%	0.13%
	100.00%	100.00%	100.00%

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (Note 4):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$278,486	$318,964	$275,040
Fair value of plan assets	$166,868	$158,617	$148,708
Deficit	$111,608	$160,347	$126,332
Experience adjustments on plan liabilities	$ (48,026)	$ 36,390	$ -
Experience adjustments on plan assets	$ 649	$ 387	$ -

The Group expects to make a contribution of $4,171 thousand and $5,038 thousand, respectively to the defined benefit plans in 2014 and 2013, respectively.

23. EQUITY

Share capital

Common shares:

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	1,200,000	1,200,000	1,200,000
Shares authorized	$ 12,000,000	$ 12,000,000	$ 12,000,000

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

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

	December 31, 2013	December 31, 2012	January 1, 2012
Number of shares issued and fully paid (in thousands)	596,910	596,910	596,910
Shares issued	$ 5,969,099	$ 5,969,099	$ 5,969,099

A reconciliation of the carrying amount at the beginning and at the end of 2013 and 2012 for each component of capital surplus was as follows:

	Share Premium	Treasury Share Transactions	Consolidation Excess and Other	Total
Balance at January 1, 2012	$ 709,215	$ 71,228	$ 157,423	$ 937,866
Others	-	-	1,258	1,258
Balance at December 31, 2012	$ 709,215	$ 71,228	$ 158,681	$ 939,124

(Continued)

	Share Premium	Treasury Share Transactions	Consolidation Excess and Other	Total
Balance at January 1, 2013	$ 709,215	$ 71,228	$ 158,681	$ 939,124
Others	-	-	11,055	11,055
Balance at December 31, 2013	$ 709,215	$ 71,228	$ 169,736	$ 950,179

(Concluded)

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital.

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

Retained earnings and dividend policy

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.

(iii) Under an approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions plus the inappropriate prior years' earnings may be distributed as additional dividends.

(iv) 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 $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 inappropriate 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 were zero for 2012 and 2011. For the year ended December 31, 2012, based on the Group's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. Thus, the Group 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 Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

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, a company 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 Group'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 Group has earnings and the original need to appropriate a special reserve is not eliminated. (Please refer to special reserves appropriated following first-time adoption/of IFRSs)

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.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations from the 2012 and 2011 earnings were approved at the shareholders' meetings on June 11, 2013 and June 18, 2012, respectively. The appropriations, including dividends, were as follows:

	For Year 2012		For Year 2011	
	Appropriation of Earnings	**Dividends Per Share (NT$)**	**Appropriation of Earnings**	**Dividends Per Share (NT$)**
Legal reserve	$ 516,496	-	$ 23,822	-
Special reserve	(160,474)	-	-	-

The above appropriations were the same as those approved at the shareholders' meetings on April 10, 2013 and April 27, 2012.

The appropriations of earnings for 2013 had been proposed by the Company's board of directors on March 24, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	$ 119,147
Special reserve	(8,116)

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2013 are subject to the resolution of the shareholders' meeting to be held on June 11, 2014.

Information on the bonus to employees, directors and supervisors proposed by sunplus's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Special reserves appropriated following the first-time adoption of IFRSs

The exchange difference on translating foreign operations, which was transferred to retained earnings, was a negative $18,343 thousand; thus, following IFRSs, the Group did not appropriate a special reserve.

Other equity items

Foreign currency translation reserve:

	Years Ended December 31	
	2013	**2012**
Balance at January 1	$ (84,462)	$ -
Exchange differences arising on translating the foreign operations	111,570	(84,462)
Balance at December 31	$ 27,108	$ (84,462)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Unrealized gain/loss from available-for-sale financial assets:

	Years Ended December 31	
	2013	**2012**
Balance at January 1	$ 188,110	$ (389,877)
Changes in fair value of available-for-sale financial assets	(23,007)	541,534
Cumulative gain/loss reclassified to profit or loss upon disposal of available-for-sale financial assets	(6,666)	(48,317)
Reclassification adjustments to profit or loss on impairment of available-for-sale financial assets	13,350	84,770
The proportionate share of other comprehensive income/losses reclassified to profit or loss upon partial disposal of associates	775	-
Balance at December 31	$ 172,562	$ 188,110

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

Noncontrolling interests

	Years Ended December 31	
	2013	2012
Balance at January 1	$ 1,557,162	$ 1,583,601
Attributable to noncontrolling interests:		
Share of profit for the year	75,762	17,374
Exchange difference arising on translation of foreign entities	17,864	(2,015)
Unrealized gains on available-for-sale financial assets	844	378
Actuarial gains (losses) on defined benefit plans of long-term investments accounted for using the equity method	913	(3,665)
Noncontrolling interest on the acquisition of subsidiaries	(3,582)	-
Partial disposal of interests in subsidiaries	11,618	17,268
Cash dividends distributed by subsidiaries	(58,043)	(86,575)
Disposal of subsidiaries	(27,676)	-
Others	13,761	30,796
Balance at December 31	$ 1,588,623	$ 1,557,162

Treasury shares

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
Number of shares as of January 1, 2012 and December 31, 2012	4,915	3,560	8,475
Number of shares as of January 1, 2013 and December 31, 2013	4,915	3,560	8,475

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

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
December 31, 2013			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,762
December 31, 2012			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 32,645
January 1, 2012			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 35,493

Under the Securities and Exchange Act, Sunplus should neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

Sunplus's board of directors resolve to write off all of the buyback treasury shares, 4,915 thousand shares. As of March 24, 2014, they still not register the change.

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, 2013, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

24. REVENUE

	Years Ended December 31	
	2013	**2012**
Revenue from IC	$ 8,209,682	$ 8,452,013
Rental income from property	123,709	131,921
Other	188,477	31,330
	$ 8,521,868	$ 8,615,264

25. NET PROFIT

Net profit (loss) included the following items:

Other income

	Years Ended December 31	
	2013	**2012**
Interest income		
Bank deposits	$ 35,402	$ 44,695
Dividend imcome	30,247	31,644
Others	42,363	35,995
	$ 108,012	$ 112,334

Other gains and losses

	Years Ended December 31	
	2013	2012
Net foreign exchange gains (losses)	$ 32,662	$ (30,265)
Gain on disposal of subsidiary	22,752	-
Gain (loss) on disposal of investment	60,003	(179,003)
Gain on reversal of impairment loss on financial assets	3,888	27,825
Net loss on financial assets designated as at FVTPL	(10)	(1,656)
Impairment loss on available-for-sale financial assets	(13,350)	(84,770)
Impairment loss on financial assets carried at cost	(17,373)	(102,014)
Impairment loss on nonfinancial assets	(11,498)	(196,159)
Others	12,533	453
	$ 89,607	$ (565,589)

Finance costs

	Years Ended December 31	
	2013	2012
Interest on bank loans	$ 37,516	$ 39,896

Information on capitalized interest is as follows:

	Years Ended December 31	
	2013	2012
Capitalized interest	$ 9,043	$ 905
Capitalization rate	2.5%	3.01%

Depreciation and amortization

	Years Ended December 31	
	2013	2012
Property, plant and equipment	$ 253,570	$ 169,197
Investment property	12,977	13,947
Intangible assets	204,872	223,723
	$ 471,419	$ 406,867
An analysis of depreciation by function		
Operating costs	$ 25,409	$ 30,820
Operating expenses	241,138	152,324
	$ 266,547	$ 183,144

(Continued)

	Years Ended December 31	
	2013	2012
An analysis of amortization by function		
Operating costs	$ 1,521	$ 527
Selling expenses	13,255	1,414
Administrative expenses	11,880	13,608
Research and development expenses	178,216	208,174
	$ 204,872	$ 223,723

(Concluded)

Operating expenses directly related to investment properties

	Years Ended December 31	
	2013	2012
Direct operating expenses from investment property that generated rental income	$ 19,490	$ 20,614
Direct operating expenses from investment property that did not generate rental income	127,086	93,471
	$ 146,576	$ 114,085

Employee benefits expense

	Years Ended December 31	
	2013	2012
Post-employment benefits		
Defined contribution plans	$ 66,486	$ 68,746
Defined benefit plans	4,960	4,489
Other employee benefits	2,150,601	2,317,943
Total employee benefits expense	$ 2,222,047	$ 2,391,178
An analysis of employee benefits expense by function		
Operating costs	$ 149,247	$ 134,313
Operating expenses	2,072,800	2,256,865
	$ 2,222,047	$ 2,391,178

Gain or loss on exchange rate changes

	Years Ended December 31	
	2013	2012
Exchange rate gains	$ 119,752	$ 123,933
Exchange rate losses	(87,090)	(154,198)
	$ 32,662	$ (30,265)

26. INCOME TAXES

Income tax recognized in profit or loss

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

	Years Ended December 31	
	2013	2012
Current tax		
Current period	$ 55,663	$ 14,522
Prior periods	(90,139)	(123,606)
Others	323	(75)
	(34,153)	(109,159)
Deferred tax		
Current period	71,350	129,740
Income tax expense recognized in profit or loss	$ 37,197	$ 20,581

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

	Years Ended December 31	
	2013	2012
Profit before tax	$ 165,744	$ (895,654)
Income tax expense at the 17% statutory rate	$ 28,176	$ (152,261)
Tax effect of adjusting items:		
Nondeductible expenses	(213,401)	(1,806)
Temporary differences	4,247	44,847
Tax-exempt income	(21,289)	(11,031)
Unrecognized temporary differences	3,320	-
Additional income tax on unappropriated earnings	309	561
Investment tax credits used	(381)	(889)
Loss carryforwards	(6,183)	(6,495)
Additional income tax under the Alternative Minimum Tax Act	8,101	2,295
Effects of consolidated income tax filing	(1,325)	(5,778)
Current income tax expense	(198,426)	(130,557)
Deferred income tax expense		
Temporary differences	(3,608)	(2,292)
Loss carryforwards	71,582	110,478
Investment credits	3,376	21,554
Unrecognized loss carryforwards	250,989	142,022
Unrecognized temporary differences	-	3,057
Effect of different tax rates of group entities operating in other jurisdictions	323	(75)
Foreign income tax expense	3,100	-
Adjustments for prior years' tax	(90,139)	(123,606)
Income tax expense recognized in profit or loss	$ 37,197	$ 20,581

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 10% additional income tax on unappropriated earnings are not reliably determinable.

Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	$ 4,099	$ 466	$ -
Current tax liabilities			
Income tax payable	$ 51,781	$ 160,428	$ 437,553

Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities that met the offset criteria.

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

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences				
Impairment loss on financial assets	$ 2,378	$ (2,373)	$ -	$ 5
Unrealized loss on inventories	24,521	(3,028)	-	21,493
Fixed assets	1,100	2,700	-	3,800
Unrealized sales	784	(111)	-	673
Exchange gains	(1,723)	(972)	-	(2,695)
Deferred credits	391	(102)	-	289
Other	2,668	7,494	-	10,162
	30,119	3,608	-	33,727
Investment credits	3,376	(3,376)	-	-
Loss carryforwards	92,480	(71,641)	59	20,898
	$ 125,975	$ (71,409)	$ 59	$ 54,625

For the year ended December 31, 2012

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences				
Impairment loss on financial assets	$ 2,448	$ (70)	$ -	$ 2,378
Unrealized loss on inventories	9,742	14,779	-	24,521
Fixed assets	8,343	(7,243)	-	1,100
Unrealized sales	1,158	(374)	-	784
Exchange (gains) losses	(2,563)	840	-	(1,723)
Deferred credits	739	(348)	-	391
Other	7,960	(5,292)	-	2,668
	27,827	2,292	-	30,119
Investment credits	24,930	(21,554)	-	3,376
Loss carryforwards	202,958	(110,448)	(30)	92,480
	$ 255,715	$ (129,710)	$ (30)	$ 125,975

Unrecognized deferred tax assets

Loss Carryforwards	December 31, 2013	December 31, 2012	January 1, 2012
Expiry in 2014	$ 26,456	$ 45,988	$ 45,988
Expiry in 2015	608,481	566,217	529,011
Expiry in 2016	176,188	176,188	176,188
Expiry in 2017	755,048	755,048	755,048
Expiry in 2018	203,951	254,294	355,686
Expiry in 2019	435,631	435,631	521,145
Expiry in 2020	582,665	557,761	194,452
Expiry in 2021	920,116	867,961	120,088
Expiry in 2022	675,599	301,464	-
Expiry in 2023	1,486,650	-	-
	$ 5,870,785	$ 3,960,552	$ 2,697,606
Investment credits			
Purchase of machinery and equipment	$ -	$ 1,035	$ 1,035
Important technological	-	15,093	15,093
Training	-	-	21
Research and development	-	327,779	708,820
	$ -	$ 343,907	$ 724,969
Deductible temporary differences	$ 43,932	$ 17,124	$ 49,965

Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2013 pertaining to Sunplus:

Unused Amount	Expiry Year
$ 368,313	2019
517,517	2020
638,831	2021
538,986	2022
1,297,572	2023
$ 3,361,219	

Loss carryforwards as of December 31, 2013 pertaining to Sunplus Venture:

Unused Amount	Expiry Year
$ 26,456	2014
199,512	2015
51,820	2017
57,004	2018
30,907	2019
17,891	2020
4,863	2021
$ 388,453	

Loss carryforwards as of December 31, 213 pertaining to Lin Shin:

Unused Amount	Expiry Year
$ 162,198	2015
41,879	2017
33,437	2018
9,864	2019
$ 247,378	

Loss carryforwards as of December 31, 2013 pertaining to Sunplus Innovation:

Unused Amount	Expiry Year
$ 26,480	2023

Loss carryforwards as of December 31, 2013 pertaining to Generalplus:

Unused Amount	Expiry Year
$ 11,862	2018

Loss carryforwards as of December 31, 2013 pertaining to Generalplus (Hong Kong):

Unused Amount	Expiry Year
$ 1,388	Not determined

Loss carryforwards as of December 31, 2013 pertaining to Sunext:

Unused Amount	Expiry Year
$ 246,771	2015
162,829	2016
661,349	2017
18,351	2018
120,088	2021
100,760	2022
154,882	2023
$ 1,465,030	

Loss carryforwards as of December 31, 2013 pertaining to iCatch:

Unused Amount	Expiry Year
$ 68,183	2019
24,904	2020
47,293	2021
$ 140,380	

Loss carryforwards as of December 31, 2013 pertaining to Sunplus mMobile:

Unused Amount	Expiry Year
$ 13,359	2016

Loss carryforwards as of December 31, 2013 pertaining to Sunplus (Hong Kong):

Unused Amount	Expiry Year
$ 22,006	Not determined

Loss carryforwards as of December 31, 2013 pertaining to Sunplus mMedia:

Unused Amount	Expiry Year
$ 92,394	2018
26,547	2019
22,353	2020
109,041	2021
35,853	2022
30,659	2023
$ 316,847	

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

Project	Tax Exemption Period
Sunplus	
Eighth expansion	January 1, 2010 to December 31, 2014
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2013 to December 31, 2017
Fourteenth expansion	January 1, 2015 to December 31, 2019
Fifteenth expansion	January 1, 2015 to December 31, 2019
Generalplus	
Third expansion	January 1, 2009 to December 31, 2013
Fourth expansion	January 1, 2010 to December 31, 2014
Fifth expansion	January 1, 2013 to December 31, 2017
Sunext	
Expansion	January 1, 2009 to December 31, 2013
Sunplus Innovation	
First expansion	January 1, 2009 to December 31, 2013
Second expansion	January 1, 2013 to December 31, 2017

Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Imputation credits accounts	$ 310,327	$ 248,248	$ 201,494

For 2013 and 2012, there was no creditable tax ratio because the Group had a deficit. For the distribution of earnings generated after January 1, 1998, the imputation credit 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.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

Income tax assessments

The income tax returns of Sunplus, Sunplus mMobile and through 2010; the income tax returns of Generaplus, Sunplus Innovation, Sunplus management Consulting, Sunplus Core, Sunext, Wei-Yough, Lin Shih, Sunplus Venture and Sunplus mMedia through 2011. iCatch had been assessed by the tax authorities. Nevertheless, for conservatism purposes, Sunplus and its subsidiaries provided for the income tax assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2013	**2012**
Basic gain (loss) per share	$ 0.09	$ (1.59)
Diluted gain (loss) per share	$ 0.09	$ (1.59)

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

Net Profit (Loss) for the Period

	Years Ended December 31	
	2013	**2012**
Profit (loss) for the period attributable to owners of the Group	$ 52,785	$ (933,609)
Effect of dilutive potential common share:		
Employee share option	-	-
Earnings used in the computation of diluted earnings per share	$ 52,785	$ (933,609)

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

	Years Ended December 31	
	2013	**2012**
Weighted average number of common shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential common shares:		
Employee share option	-	-
Weighted average number of commoc shares used in the computation of diluted earnings per share	588,435	588,435

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

On September 11, 2007, the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan ("2007 option plan"). The plan provided for the grant of 25,000 thousand options, with each unit representing one common share. The option rights had been granted to qualified employees of the Company and subsidiaries. A total of 25,000 thousand common shares had been reserved for issuance. The options were valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights were 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 changed, the exercise price was adjusted accordingly. All options had been granted or canceled as of December 31, 2012.

Outstanding option rights were as follows:

Employee share option plan	2013 Unit (In Thousands)	2013 Weighted-average Price (NT$)	2012 Unit (In Thousands)	2012 Weighted-average Price (NT$)
	Years Ended December 31			
Beginning outstanding balance	18,880	$ 38.03	19,847	$ 38.03
Options canceled	(1,598)		(967)	
Option past due	(17,282)		-	
Ending outstanding balance	-		18,880	
Ending exercisable balance	-		18,880	

The number of shares and exercise prices of outstanding option have been adjusted to reflect the appropriations of cash dividends and issuance of capital stock specified under the 2007 plans.

As of December 31, 2013 the outstanding and exercisable options were as follows:

December 31, 2013 Exercise Price (NT$)	December 31, 2013 Weighted- Average Remaining Contractual Life (Years)	December 31, 2012 Exercise Price (NT$)	December 31, 2012 Weighted- Average Remaining Contractual Life (Years)
$ -	-	$37.9	0.87
-	-	38.3	0.99

January 1, 2012 Exercise Price (NT$)	January 1, 2012 Weighted- Average Remaining Contractual Life (Years)
$37.9	1.87
38.3	1.99

In their meeting on June 18, 2012, the Company’s shareholders approved a restricted stock plan for employees with a total amount of $280,000 thousand, consisting of 28,000 thousand shares, and authorized the board of directors to determine the issue prices of the restricted shares.

As of December 31, 2013, the restricted stock plan for the Company’s employees had not been approved by the authorities, so it became invalid.

Generalplus Technology Inc.

Generalplus Technology Inc.’s Employee Stock Option Plans consisted of the 2007 plan and the 2009 plan. The options authorized to be granted under the 2007 plan and 2009 plan were at maximums of 2,700 thousand and 2,200 thousand, respectively. The 2007 plan options had all been granted. Under the 2009 plan, 2,177 options had been granted; this plan was later canceled and the options had expired as of December 31, 2010.

Information about the Generalplus's outstanding options for the year ended December 31, 2012 was as follows:

	2007 Plan	
	Year ended December 31, 2012	
	Number of Options (In Thousands)	Weightedaverage Exercise Price (NT$)
Share-Based Payment		
Balance, beginning of period	59	$ 10.00
Options exercised	(59)	10.00
Balance, end of period	-	

Sunplus Innovation Technology Inc.

Sunplus Innovation Technology Inc.'s Employee Stock Option Plans were approved on April 18, 2007. The maximum number of options authorized to be granted was 2,200 thousand, with each option eligible to subscribe for one common share. The options of all the plans are valid for six years and exercisable at certain percentages after the second anniversary of the grant date.

Information about the Group's outstanding options for the three months ended September 30, 2013 and 2012 is as follows:

	Years Ended December 31			
	2013		2012	
	Number of Options (In Thousands)	Weighted-averag e Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-averag e Exercise Price (NT$)
Balance, beginning of period	752	$ 10.90	809	$ 11.60
Option issued	24	10.50	45	11.60
Options exercised	(298)	10.55	(102)	11.31
Options canceled	(478)	10.50	-	-
Ending outstanding balance	-	-	752	10.90
Ending exercisable balance	-		752	
Weighted average fair value of options granted in reporting period	-		-	

Information about the Group's outstanding options is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Exercise Price (NT$)	$ -	$ 10.9	$ 11.6
Weighted-average Remaining Contractual Life (Years)	-	0.61	1.61

In their meeting on September 28, 2012, the shareholders of Sunplus Innovation Techology Inc. (SITI) approved a plan on a restricted employee stock ownership plan (ESOP), through which employees would receive 2,400 thousand shares amounting to $24,000 thousand, with no up-front cost and at a par value of $10.00; the Financial Supervisory Commission approved this plan on September 28, 2012.

On August 7, 2013, under the board of directors' approval, SITI executed the restricted ESOP, through which employees received 1,000 thousand shares at a par value of $10.00 with no up-front cost

Under the restricted ESOP, employees who are still employed by SITI and pass the annual performance appraisal are eligible for a certain percentage of shareholding, as stated below.

a. 50% shareholding ratio after the second anniversary from the grant date;

b. 50% of the shareholding ratio after the third anniversary from the grant date. The restrictions under the ESOP are as follows:

a. During the duration of the restricted ESOP,the employee may not vend, discount, transfer, grant, enact, or any other methods.

b. During the duration of the restricted ESOP, employees will still receive stock and/or cash dividends, and also have rights to join the capital increase by cash plan (if any).

c. Shares must be handed over to the trustees after the publication of the ESOP , and the company may not request a return of the ESOP before the realization of the vestin condition. If employees fail to meet the vesting condition, SITI has the right to take back and cancel the limited employee stock ownership, but the Company will still grant employees stock and cash dividends generated during the vesting period.

iCatch Technology Inc.

iCatch Technology Inc. had authorized 5,929 thousand units employee stock options as at September, 2013, each unit could acquired for 1,000 shares. Stock options were given to employees those who stasified specific conditions. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Exercise price was $10 per share. If there is any changes of common stocks after granted date, option exercise price will be adjusted.

Information about the iCatch's outstanding options for the year ended December 31, 2012 was as follows:

	Year ended December 31, 2013	
	Number of Options (In Thousands)	**Weightedaverage Exercise Price (NT$)**
Share-Based Payment		
Balance, beginning of period	-	$ -
Options exercised	5,929	10.00
Balance, end of period	5,929	10.00

As of December 31, 2013, information about iCatch's outstanding and exercisable options was as follows:

	Outstanding Options			Options Exercisable	
Range of Exercise Price (NT$)	**Number Outstanding (Thousand)**	**Remaining Contractual Life (In Years)**	**Exercise Price (NT$/Per Share)**	**Number Exercisable (Thousand)**	**Exercise Price (NT$/Per Share)**
$10.00	5,929	5,7	$10.00	-	$ -

Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

Grant-date share price (NT$)	$ 3.25
Exercise price (NT$)	10.00
Expected volatility	31.89%
Expected life (years)	4.375 years
Expected dividend yield	-
Risk-free interest rate	1.67%

29. GOVERNMENT GRANTS

In August 2013, Sun Media Technology Co., Ltd. received a government grant amounting to RMB16,390 thousand ($79,213 thousand) for the purchase of land on which to build ta plant. This amount, which was recognized as deferred revenue, will be recognized in profit or loss over the useful life of the land.

The total revenue recognized as profit for the years ended December 31, 2013 was 1,745 thousand.

30. DISPOSAL OF SUBSIDIARIES

As stated in Note 13(2), the Group lost its control over Sunplus Core Technology Co., Ltd. and disposed of another subsidiary.. Related information is as follows:

Analysis of assets and liabilities over which control was lost

	January 21, 2013
Current assets	
Cash and cash equivalents	$ 1,168
Other receivables	1
Prepaid expenses	7,562
Noncurrent assets	
Refundable deposits	360
Current liabilities	
Payables	(20)
Net assets disposed of	$ 9,071

Gain on disposal of subsidiary

	Year Ended December 31
Fair Value on January 21,2013	$ 204,998
Noncontrolling interests	22,724
Cash	(195,899)
Net assets disposed of	(9,071)
Gain on disposal	$ 22,752

As described in Note 4(2), Global Techplus, Great Prosperous Corp. and ShenZhen Suntop Technology completed liquidation in September 2013, October 2013 and December 2013, respectively; related information is as follows:

a. Loss on liquidation of subsidiary

	For the Nine Months Ended September 30
	$ 6,722
Capital return	(11,410)
Net assets	
Gain on disposal	$ (4,688)

The gain on disposal was included in the operating profit for the period from January 1, 2013 to the liqudation date.

31. NON-CASH TRANSACTIONS

For the years ended December 31, 2013 and 2012, the Company reduced payables on equipment by $76,537 thousand and $1,705 thousand, respectively, to obtain equipment. For 2012, the Company reduced other receivable - related parties by $24,504 thousand to get equipment and increased accrued expenses by $19,484 thousand and reduced other receivables – related parties by $14,520 thousand to obtain intangible assets. For 2013, the Company reduced accrued expenses by $17,462 thousand to obtain intangible assets.

32. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to leases of land with lease terms between 2 and 8 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

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. The amount had been rised from $7,929 thousand to $8,034 thousand for the period ended. Sunplus had pledged $6,000 thousand time deposits (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 1 year	$ 8,034	$ 7,929	$ 7,929
Over 1 year to 5 years	20,910	23,879	27,122
Over 5 years	12,250	16,776	21,462
	$ 41,194	$ 48,584	$ 56,513
Refundable deposits	$ 296	$ 296	$ 296

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:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 1 year	$ 9,961	$ 9,961	$ 10,081
Over 1 year to 5 years	38,840	13,506	23,467
	$ 48,801	$ 23,467	$ 33,548
Refundable deposits	$ 1,660	$ 1,660	$ 2,490

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 $1,474 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:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 1 year	$ 1,474	$ 1,474	$ 1,356
Over 1 year to 5 years	5,896	5,896	5,424
Over 5 years	2,948	4,422	5,424
	$ 10,318	$ 11,792	$ 12,204

Sunext

Sunext leases an office from Global View Co., Ltd. under renewable agreements expiring in August 2015. The annual lease payment was $2,760 thousand, respectively. This agreements had been rescinded at November, 2013.

The future lease payments are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 1 year	$ -	$ 2,760	$ 4,551
Over 1 year to 5 years	-	4,485	-
	$ -	$ 7,245	$ 4,551
Refundable deposits	$ -	$ 460	$ 1,472

i Catch Technology, Inc. ("i Catch")

i Catch leases offices from Siming Inc. and Siha Inc. under renewable agreements expiring in February 2016; the lease payments in 2013 were $1,688 thousand and $1,274 thousand, respectively.

The future lease payments are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 1 year	$ 2,962	$ 2,827	$ 2,827
Over 1 year to 5 years	3,455	6,125	471
Over 5 years	-	-	-
	$ 6,417	$ 8,952	$ 3,298
Refundable deposits	$ 521	$ 521	$ 521

The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1to 5years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2013, December 31, 2012 and January 1, 2012, deposits received under operating leases amounted to $21,143 thousand, $18,737 thousand and $15,547 thousand, respectively.

The future minimum lease payments for noncancellable operating lease are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 1 year	$ 104,105	$ 69,743	$ 112,954
Over 1 year to 5 years	95,915	40,075	127,997
	$ 200,020	$ 109,818	$ 240,951

33. CAPITAL MANAGEMENT

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

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

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

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

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

	December 31, 2013		December 31, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Financial assets carried at cost	$ 311,448	$ -	$ 216,080	$ -
Debt investment with no active market	-	-	14,520	-

	January 1, 2012	
	Carrying Amount	**Fair Value**
Financial assets		
Financial assets carried at cost	$ 353,037	$ -

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 7,994	$ -	$ -	$ 7,994
Available-for-sale financial assets				
Mutual funds	$ 1,125,889	$ -	$ -	$ 1,125,889
Securities listed in ROC	1,035,887	-	-	1,035,887
Securities listed in foreign	7,456	-	-	7,456
	$ 2,169,232	$ -	$ -	$ 2,169,232

December 31, 2012

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 1,064,889	$ -	$ -	$ 1,064,889
Securities listed in ROC	644,140	-	-	644,140
	$ 1,709,029	$ -	$ -	$ 1,709,029

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 44,644	$ -	$ -	$ 44,644
Available-for-sale financial assets				
Mutual funds	$ 1,035,219	$ -	$ -	$ 1,035,219
Securities listed in ROC	1,146,115	-	-	1,146,115
	$ 2,181,334	$ -	$ -	$ 2,181,334

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

3) Valuation techniques and assumptions for the purpose of measuring fair value

The fair value of financial instruments which has standard clause and will been transacted in active market is according to market value.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 7,994	$ -	$ 44,644
Loans and receivables (i)	5,968,877	6,002,402	6,260,794
Available-for-sale financial assets (ii)	2,480,680	1,925,109	2,534,371
Financial liabilities			
Measured at amortized cost (iii)	2,854,821	3,308,617	2,232,506

(i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, refundable deposit, debt investments with no active market, and trade and other receivables. Those reclassified to held-for-sale disposal groups are also included.

(ii) The balance included available - for - sale financial assets carried at cost.

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows.

	December 31, 2013	December 31, 2012	January 1, 2012
Assets			
USD	$ 64,585	$ 60,472	$ 65,352
RMB	43,497	650	453
JPY	328	550	638
HKD	102	112	169
GBP	3	456	460
EUR	2	35	95
Liabilities			
USD	57,938	42,040	36,427
EUR	300	-	2
RMB	30	147	187
JPY	25	-	
HKD	-	20	10
GBP	-	-	5

Sensitivity analysis

The Group was mainly exposed to the USD and RMB

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

	USD impact	
	Years Ended December 31	
	2013	2012
Profit or loss	$ (6,647)	$ (18,432)

	RMB impact	
	Years Ended December 31	
	2013	2012
Profit or loss	$ (43,467)	$ (503)

b) Interest rate risk

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

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

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Fair value interest rate risk			
Financial assets	$ 2,471,805	$ 3,113,088	$ 2,814,688
Financial liabilities	-	340,788	776,912
Cash flow interest rate risk			
Financial assets	1,946,144	1,464,435	2,077,914
Financial liabilities	1,808,214	2,010,407	431,700

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.
Had interest rates increased/decreased by 0.125% basis point and all other variables held constant, the Group's post-tax profit for the years ended December 31, 2013 and 2012 would decrease/increase by $172 thousand and $682 thousand.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.
The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.
Had equity prices been 1% higher/lower, post-tax profit for the years ended December 31, 2013 and 2012 would have increased/decreased by $21,692 thousand and $17,090 thousand.

2) Credit risk

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

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

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

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

The Group's concentration of credit risk of 46%, 50% and 54% in total trade receivables as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.
The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the Group had available unutilized overdraft and financing facilities refer to the following instructution.

a) Liquidity and interest risk rate tables

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

December 31, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing	-	$ 231,691	$ 1,083,645	$ 68,120	$ 35,425	$ -
Variable interest rate liabilities	2.06-2.98	999	201,528	389,028	996,767	-
Fixed interest rate liabilities	0.08-2.54	-	155,982	15,935	-	147,003
		$ 232,690	$ 1,441,155	$ 473,083	$ 1,032,192	$ 147,003

December 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing		$ 260,470	$ 536,602	$ 89,434	$ 14,447	$ -
Variable interest rate liabilities	1.94-2.54	1,746	107,778	389,028	1,223,194	-
Fixed interest rate liabilities	0.77-2.98	272,889	119,015	150,549	-	147,246
		$ 535,105	$ 843,395	$ 629,011	$ 1,237,651	$ 147,246

January 1, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing		$ 150,081	$ 702,313	$ 39,505	$ 6,616	$
Variable interest rate liabilities	1.59-2.77	246	208,000	-	-	-
Fixed interest rate liabilities	0.98-2.71	381,172	88,100	277,896	-	209,834
		$ 531,499	$ 998,413	$ 317,401	$ 6,616	$ 209,834

b) Financing facilities

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank overdraft facility			
Amount used	$ 1,804,392	$ 2,332,040	$ 589,100
Amount unused	2,518,663	2,430,920	2,087,700
	$ 4,323,055	$ 4,762,960	$ 2,676,800

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Trading transactions

	Sales of Goods For the Years Ended December 31	
	2013	2012
Associates	$ 35,829	$ 30,032
Joint ventures	30,049	-
	$ 65,878	$ 30,032

	Purchases of Goods For the Years Ended December 31	
	2013	2012
Associates	$ -	$ 1,210

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

	Operating Expenses For the Years Ended December 31	
	2013	2012
Joint ventures	$ 48,973	$ -
Associates	-	6,496
	$ 48,973	$ 6,496

	Nonoperating Income and Expenses For the Years Ended December 31	
	2013	2012
Joint ventures	$ 19,841	$ -
Associates	7,420	9,501
	$ 27,261	$ 9,501

The following balances of trade receivables from related parties were outstanding at the end of the reporting period:

	Trade Receivables from Related Parties		
	December 31, 2013	December 31, 2012	January 1, 2012
Joint ventures	$ 5,608	$ -	$ -
Associates	5,474	5,334	9,077
	$ 11,082	$ 5,334	$ 9,077

There were no guarantees on outstanding receivables from related parties.

As of December 31, 2012 and January 1, 2012, the allowances for doubtful accounts were $48,400 thousand and $51,130 thousand, respectively.

	Other Receivables		
	December 31, 2013	December 31, 2012	January 1, 2012
Associates	$ 50	$ 53	$ 2,376
Joint ventures	2,330	-	-
	$ 2,380	$ 53	$ 2,376

The interest receivable and lease receivable of $9,715 thousand from HT mMobile as of December 31, 2012 was listed on the recognized impariment loss.

	Other Current Liabilities		
	December 31, 2013	December 31, 2012	January 1, 2012
Joint ventures	$ 18,394	$ -	$ -
Associates	-	-	16
	$ 18,394	$ -	$ 16

	Deferred Income		
	December 31, 2013	December 31, 2012	January 1, 2012
Associates	$ 1,698	$ 2,297	$ 2,897

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

	Proceeds of the Purchase of Assets		Proceeds of the Purchase of Assets	
	For the Years Ended December 31		For the Years Ended December 31	
	2013	2012	2013	2012
Joint ventures	$ 133	$ -	$ -	$ -
Associates	-	24,569	-	3,187
	$ 133	$ 24,569	$ -	$ 3,187

	Proceeds of the Disposal of Assets		Proceeds of the Disposal of Intangible Assets	
	For the Years Ended December 31		For the Years Ended December 31	
	2013	2012	2013	2012
Joint ventures	$ 2,392	$ -	$ 291	$ -

	Gain og Disposal of Assets		Gain on Disposal of Intangible Assets	
	For the Years Ended December 31		For the Years Ended December 31	
	2013	2012	2013	2012
Joint ventures	$ 270	$ -	$ 21	$ -

	Endorsement/guarantee provided		
	December 31, 2013	December 31, 2012	January 1, 2012
Associates	$ -	$ -	$ 30,000

b. Financing to related party

The Group provided financing to HT mMobile, as follows:

	For Years Ended December 31, 2013			
	Beginning Balance	Ending Balance	Interest Rate	Interest Income
HT mMobile	$ 362,460	$ -	1.655%	$ 1,465

	For Years Ended December 31, 2012			
	Beginning Balance	Ending Balance	Interest Rate	Interest Income
HT mMobile	$ 400,000	$ 362,460	1.475%-1.655%	$ 6,259

c. Compensation of directors, supervisors and management personnel:

	For the Years Ended December 31	
	2013	2012
Salaries and Incentives	$ 59,707	$ 56,402
Special compensation	3,736	3,774
Bonus	-	1,414
	$ 63,443	$ 61,590

36. PLEDGED OR MORTGAGED ASSETS

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

	December 31, 2013	December 31, 2012	January 1, 2012
Buildings, net	$ 712,876	$ 732,696	$ 752,516
Orise stock	468,526	423,640	-
Pledged time deposits (classified other assets, including current and noncurrent)	91,162	89,329	121,287
Subsidiary's holding of Sunplus' stock	38,752	31,025	33,743
Giantplus stock	-	171,327	-
	$ 1,311,316	$ 1,448,017	$ 907,546

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

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

	December 31, 2013		December 31, 2012		January 1, 2012	
	Foreign Currencies	**Exchange Rate**	**Foreign Currencies**	**Exchange Rate**	**Foreign Currencies**	**Exchange Rate**
Financial assets						
Monetary items						
USD	64,585	29.805	60,472	29.040	65,352	30.275
CNY	43,497	4.919	650	4.660	453	4.805
JPY	328	0.284	550	0.336	638	0.391
HKD	102	3.843	112	3.747	169	3.897
GDR	3	49.28	456	46.83	460	46.73
EUR	2	41.09	35	38.49	95	39.18
Nonmonetary items						
USD	500	29.805	500	29.040	500	30.275
EUR	510	41.09	510	38.49	894	39.18
Financial liabilities						
Monetary items						
USD	57,938	29.805	42,040	29.040	36,427	30.275
EUR	300	41.09	-	38.49	2	39.18
CNY	30	4.919	147	4.660	187	4.805
JPY	25	0.284	-	-	2	0.391
HKD	-	-	20	3.747	10	3.897
GDR	-	-	-	-	5	46.73

38. ADDITIONAL DISCLOSURES

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

1) Financings provided: Table 1 (attached)

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

3) Marketable securities held: Table 3 (attached)

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

5) Acquisition of property, plant and equipment at cost of at least $300 million or 20% of the paid-in-capital: Table 5 (attached)

6) Intercompany relationships and significant intercompany transactions: Table 6 (attached)

7) Information on investee: Table 7 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

   c) The amount of property transactions and the amount of the resultant gains or losses.

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

39. 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 Group 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 for the years ended December 31, 2013 and 2012 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2013 and 2012 are shown in the accompanying consolidated balance sheets.

a. Segment revenues and results

The following was an analysis of the Group's operating revenue and results by reportable segment.

	Segment Revenue For the Year Ended December 31	
	2013	**2012**
IC design	$ 8,209,682	$ 8,452,013
Income from lease of property, plant, and equipment	123,709	131,921
Other income	188,477	31,330
	$ 8,521,868	$ 8,615,264

b. Geographical information

The Group operates in two principal geographical areas – the Asia and Taiwan.

The Group’s revenue from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets		
	Year Ended December 31		December 31,	December 31,	January 1,
	2013	2012	2013	2012	2012
Asia	$ 6,392,935	$ 6,205,170	$ 1,506,260	$ 822,237	$ 651,616
Taiwan	2,124,476	2,406,681	1,276,548	1,671,231	1,738,320
Others	4,457	3,413	-	-	-
	$ 8,521,868	$ 8,615,264	$ 2,782,808	$ 2,493,468	$ 2,389,936

Noncurrent assets exclude noncurrent assets held for sale, financial instruments, deferred tax assets, post-employment benefits assets, and assets result from insurance contracts.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2013	2012
Customer A	$ 1,167,008	$ 1,405,721
Customer B	1,055,385	1,152,118
Customer C	1,033,683	884,685

40. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the years ended December 31, 2013 were the first IFRS interim financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Effects of transition to IFRSs

The effect of the transition to IFRSs on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

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

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Assets				
Notes and trade receivables, net	$ 1,331,576	$ 9,059	$ 1,340,635	5(2)
Deferred tax assets - current	37,179	(37,179)	-	5(1)
Other current assets	138,749	57,870	196,619	5(7) & 5(10)
Investments accounted for using the equity method	885,569	(2,688)	882,881	5(11)
Property, plant and equipment	1,649,559	52,646	1,702,205	5(9)
Investment property	-	265,457	265,457	5(8)
Intangible assets	676,915	(14,641)	662,274	5(7) & 5(10)
Rental assets	363,197	(363,197)	-	5(8)

(Continued)

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Deferred charges/Other assets	$ 102,533	$ 138	$ 102,691	5(7), 5(9) & 5(10)
Deferred income tax assets	218,536	37,179	255,715	5(1)
<u>Liabilities</u>				
Accrued expenses and other current liabilities	606,110	16,005	622,115	5(2), 5(3) & 5(12)
Accrued pension cost	101,877	28,374	130,251	5(4)
<u>Equity</u>				
Capital surplus – net assets from merger	950,022	(792,599)	157,423	5(5)
Cumulative translation adjustments/ foreign currency translation reserve	90,505	(90,505)	-	5(6)
Unrealized gain (loss) on financial instruments/unrealized gain (loss) on available-for-sale financial assets	(1,190,315)	800,438	(389,877)	-
Unappropriated earnings (accumulated deficit)	(23,822)	62,297	38,475	5(3), 5(4), 5(5), 5(6) & 5(11)
Minority interest	1,602,967	(19,366)	1,583,601	5(5)

(Concluded)

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

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
<u>Assets</u>				
Notes and trade receivables, net	$ 1,372,094	$ 23,028	$ 1,395,122	5(2)
Deferred tax assets - current	58,629	(58,629)	-	5(1)
Other current assets	145,395	21,904	167,299	5(7) & 5(10)
Investments accounted for using equity method	2,650,691	(1,014,898)	1,635,793	5(11)
Property, plant and equipment	1,943,055	731	1,943,786	5(8)
Investment property	-	274,841	274,841	5(8)
Intangible assets	558,783	(116,137)	422,646	5(7) & 5(10)
Rental assets	277,883	(277,883)	-	5(8)
Deferred charges/Other assets	50,234	(5,503)	44,731	5(7), 5(9) & 5(10)
Deferred income tax sssets	67,346	58,629	125,975	5(1)
<u>Liabilities</u>				
Accrued expenses and other current liabilities	750,827	42,957	793,784	5(2), 5(3) & 5(12)
Accrued pension cost	102,421	61,619	164,040	5(4)

(Continued)

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Equity				
Capital surplus – net assets from merger	936,212	(777,531)	158,681	5(5), 5(12) & 5(13)
Cumulative translation adjustments/ Foreign currency translation reserve	3,155	(87,617)	(84,642)	5(6)
Accumulated deficit	(676,970)	(226,420)	(903,390)	5(3), 5(4), 5(5), 5(6) & 5(11)
Minority Interest	1,565,376	(22,664)	1,557,162	5(5)

(Concluded)

3) Reconciliation of the consolidated statement of comprehensive income for the year ended December 31, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Operating expenses	$ 3,702,877	$ 1,969	$ 3,704,846	5(3) & 5(4)
Loss on disposal of property, plant and equipment	1,200	(1,200)	-	
Loss on disposal of intangible asset	407	(407)	-	
Other income and expenses				
Share of profits of associates and joint venture accounted for using the equity method	33,622	(699)	32,923	5(11)
Gains (loss) on disposal of Investments	76,424	(255,427)	(179,003)	5(5) 5(12) & 5(13)
Loss on exchange rates changes	28,513	1,752	30,265	5(6)
Other comprehensive income				
Exchange differences on translating foreign operations	-	-	(86,477)	-
Unrealized gain on available-for-sale financial assets	-	-	578,365	-
Actuarial loss on defined benefit plans	-	-	(15,141)	5(4)
Share of other comprehensive loss of associates accounted for using the equity method	-	-	(20,602)	-

Note: Under ROC GAAP, Exchanges differences on translating foreign operations and unrealized gain or loss on available-for-sale assets were recognized under shareholder’s equity, while under IFRS should changes to other comprehensive income.

d. Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group’s first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in 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 major optional exemptions the Group adopted are summarized as follows:

Deemed cost

At the day of transition, The Group elects to measure property, plant, and equipment, and intangible assets at cost and retrospectively.

Business combinations

The Group elected not to apply IFRS 3, “Business Combinations,” retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of goodwill generated from past business combinations remains the same compared with the one under ROC GAAP as of December 31, 2011.

The exemption of not elected to apply IFRS 3 “Business Combinations” also applied to investments in associates acquired in the past.

Share-based payment transactions

The Group elected to take the optional exemption from applying IFRS 2 “Share-based Payment” retrospectively for the shared-based payment transactions granted and vested before the date of transition.

Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Group elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date

Cumulative translation differences

The Group elected to reset the cumulative translation differences to zero at the date of transition to IFRSs and adjusted retained earnings accordingly. Gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

The effect of the abovementioned optional exemptions elected by the Group was stated in the following “e. Explanations of significant reconciling items in the transition to IFRSs.”

e. Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under R.O.C GAAP and the accounting policies adopted under IFRSs were as follows:

1) 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, 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 thousnad, respectively.

2) 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, and January 1, 2012, the amounts reclassified from allowance for sales returns and others to provisions were $23,028 thousand and $9,059 thousnad, respectively.

3) 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.

   As of December 31 and January 1, 2012 the adjustments resulted in increase in accured expenses by $19,928 thousand and $17,555 thousand. For the years ended December 31, 2012, the adjustments resulted in increases in increase salaries expenses by $2,373 thousand.

4) 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 Group 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 Group decided to continue using the corridor approach in accordance with IAS 19 "Employee Benefits" and its accounting policy.

   As of December 31 and January 1, 2012, the Group performed actuarial valuation based on IAS 19 and based on IFRS1 adjusted accrued pension cost for increase of $61,619 thousand and $28,374 thousand. In addition, for the year ended December 31, 2012 pension cost adjusted for an increase of $2,740 thousand, other comprehensive income adjusted for a decrease of $15,141 thousand.

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

   Under ROC GAAP, employee stock options granted by a subsidiary are recognized by the parent company according to its ownership percentage as capital surplus - employee stock options under the equity attributable to shareholders of the parent in the consolidated financial statements. Under IFRSs, the equity not directly or indirectly attributable to a parent is a noncontrolling interest.

Under ROC GAAP, changes in equities which were not belong to retained earnings and common stocks of an investee, the investor should adjusted long-term investment by the amount of investment percentage and other equity adjust account cause by long-term investment.

Under IFRSs, when associates occurs changes in other comprehensive income and profit or loss but not influence investor's investment percentages, investor should recognized changes by the amount of investment percentages.

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 IFRSs, if an associates issue 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 investments accounted for using equity method accounts. If there's an owner's equity decrease to associates cause by the situation above. The Group should reclassified related amount to associates under the decrease percentages based on the same account basis should be followed if the associates disposed related assets or liabilities. On the other hand, according to the requirements of "IFRSs Q&A," issued by Taiwan Stock Exchange Corporation (TWSE), capital surplus accounts which not satisfied IFRSs or not involved with "Company Act" or related letter of Ministry of Economic Affairs should be adjusted at transition date.

According to the requirements of "IFRSs Q&A," issued by Taiwan Stock Exchange Corporation (TWSE), the Group only need to reclassify capital surplus –long term investment into retained earnings, 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 and January 1, 2012, capital surplus – long term investments were adjusted for increases of $17,631 thousand and $15,619 thousand, respectively.

6) 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 and January 1, 2012, cumulative translation adjustments of the Group were adjusted for increases of $20,095 thousand and $18,343 thousand, respectively. In addition, for the years ended December 31, 2012 also adjusted exchanges loss for an increase of $1,752 thousand.

7) Under ROC GAAP, deferred expense is recorded under other assets. Under IFRSs, the Group reclassified deferred expenses to intangible assets and prepaid expenses depending on the nature of these deferred expenses. As of December 31 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.

8) Under ROC GAAP, the Group's property that is leased to another entity is recorded as rental property under other assets. Under IFRSs, the Group reclassified these assets, held for earning rentals or for capital appreciation, or both, from other assets to investment property. As of December 31 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.

9) 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 January 1, 2012, the amounts reclassified to prepayments - noncurrent were $45,094 thousand, respectively.

10) 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 and January 1, 2012, the amounts reclassified to lease prepayments - current (classified under other current assets) were $715 thousand and $733 thousand, and lease prepayments - noncurrent (classified under other noncurrent assets) were $28,380 thousand and $30,256 thousand, respectively.

11) In conformity with the Group's transition to IFRSs, the Group'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, pension adjusted and exchange rate changes. As of December 31 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 for the years ended December 31, 2012 decreased by $699 thousand.

12) Under ROC GAAP, an investor should continue to recognize losses if an investee's return to profitable operations are 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. The "Company" disposed it's investee company - Jet Focus's stock at August, 2012. Because the "Company" has adjusted other current liabilities-long-term equity investments for $10,609 thousand and capital surplus-long-term equity investments for $13,056 thousand to beginning retained earnings, it should reversal of gain on disposal of investments of Jet Focus. For the year ended December 31, 2012, the gains on disposal of investments reduce $21,799 thousand.

13) Under ROC GAAP, when an investee acquisition results in having significant influence on an investee, the difference should be adjusted between investment costs and net market value retrospectively to the beginning of the period and recognized under capital surplus. Under IFRSs, the acquisition cost in excess of the Group's share of the net fair value of the identifiable assets and liabilities of an investee is recognized as goodwill at the acquisition date and is not traced back to the beginning of the period. But the Group's share of the net fair value of the identifiable assets and liabilities in excess of the acquisition cost is recognized immediately in profit or loss. As a result of the transition to IFRSs, some investments were reclassified to investments accounted for by the equity method. As of December 3, 2012, the Group had decreased the investments accounted for using the equity method by $1,034,066 thousand. For the year ended December 31, 2012, the Group increased the loss on investment disposal by $233,628 thousand.

f. According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of $43,807 thousand and $31,644 thousand, respectively, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note1)	Sunplus Technology Company Limited (the Company)	Sun Media Technology Co., Ltd.	3(Note3)	$ 877,689 (Note 5)	$ 682,640	$ 679,565	$ 679,565	-	7.74%	$ 1,755,378 (Note 6)	Yes	No	Yes
		Sunplus mMobile Inc.	2(Note2)	877,689 (Note 5)	220,000	-	-	-	-	1,755,378 (Note 6)	Yes	No	No
		Ytrip Technology Co., Ltd.	3(Note3)	877,689 (Note 5)	58,460	58,460	58,460	-	0.67%	1,755,378 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2(Note2)	877,689 (Note 5)	47,342	43,671	43,671	-	0.5%	1,755,378 (Note 6)	Yes	No	No
		Generalplus Technology Inc.	3(Note3)	877,689 (Note 5)	27,126	13,563	13,563	-	0.15%	1,755,378 (Note 6)	Yes	No	No
		Sunplus Innovation Technology Inc.	2(Note2)	877,689 (Note 5)	17,564	8,782	8,782	-	0.1%	1,755,378 (Note 6)	Yes	No	No
		iCatch Technology Inc.	1(Note4)	877,689 (Note 5)	12,701	6,350	6,350	-	0.07%	1,755,378 (Note 6)	Yes	No	No
		Sunplus Technology (Shanghai) Co., Ltd.	3(Note3)	877,689 (Note 5)	149,575	-	-	-	-	1,755,378 (Note 6)	Yes	No	Yes

Note 1: Issuer.

Note 2: Directly holds more than 50% of the common shares of a subsidiary.

Note 3: Common shares held by the Sunplus and its subsidiaries jointly own more than 50% of the investee company.

Note 4: Directly held by parent company.

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

Note 6: 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 TO OTHERS DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	Other receivables	Yes	$ 400,400	$ 161,400	$ 161,400	1.655%	Note 1	$ -	Note 2	$ -	-	$ -	$ 438,844 (Note 10)	$ 877,689 (Note 11)
		HT mMobile Inc.	Other receivables	Yes	362,460	- (Note 13)	-	1.655%	Note 1	-	Note 3	-	-	-	438,844 (Note 10)	877,689 (Note 11)
1	Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Other receivables	Yes	9,515	-	-	3.3%	Note 1	-	Note 4	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Ytrip Technology Co., Ltd.	Other receivables	Yes	9,164	-	-	3.3%	Note 1	-	Note 5	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Sun Media Technology Co., Ltd.	Other receivables	Yes	10,080	-	-	3.3%	Note 1	-	Note 6	-	-	-	179,165 (Note 12)	204,760 (Note 12)
		Sunplus APP Technology	Other receivables	Yes	6,873	6,873	6,873	3.3%	Note 1	-	Note 7	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Sunplus Prof-tek Technology (Shenzhen)	Other receivables	Yes	21,994	21,994	21,994	3.3%	Note 1	-	Note 8	-	-	-	179,165 (Note 12)	204,760 (Note 12)
1	Sun Media Technology Co., Ltd.	Ytrip Technology Co., Ltd.	Other receivable	Yes	2,422	-	-	2.2751%	Note 1	-	Note 9	-	-	-	18,633 (Note 10)	37,267 (Note 11)

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash payments 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 Sun Media Technology Co., Ltd. to for its need of operation.

Note 7: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sunplus App Technology to for its need of operation.

Note 8: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sunplus Prof-tek Technology (Shenzhen) to its need of operation.

(Continued)

Note 9: Sun Media Technology Co., Ltd. provided funds for Ytrip Technology to for its need of operation.

Note 10: For each transaction entity, the amount should not exceed 5% of the Group’s and Sunplus Technology (Shanghai) Co., Ltd. net equity as of the latest financial statements.

Note 11: The amount should not exceed 10% of the Group’s and Sunplus Technology (Shanghai) Co., Ltd. net equity based on the latest financial statements.

Note 12: 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 Group’s parent company holding 100% by directly or indirectly.

Note 13: HT mMobile has repaid $5,354 thousand by cash and the Group has reversed the allowance of $5,354 thousand as of December 31 2013. HT mMobile has completed the procedure of liquidation on March 20, 2013, so the Group wrote off the rest of receivables.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(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, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Stock							
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	11,756	$ 213,960	13	$ 213,966	Note 2
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	24,300	-	24,300	Note 2
	RITEK Corp.	-	Available-for-sale financial assets	5,000	25,248	-	25,248	Note 2
	Tatung Company	-	Available-for-sale financial assets	46,094	381,201	2	381,201	Note 2
	Giantplus Technology Co., Ltd.	-	Available-for-sale financial assets	13,814	128,470	3	128,470	Note 2
	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	161,468	-	161,468	Note 3
	JF (Taiwan) First Money Market Fund	-	Available-for-sale financial assets	2,729	40,505	-	40,505	Note 3
	FSITC Money Market	-	Available-for-sale financial assets	290	50,560	-	50,560	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,564	30,120	-	30,120	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,234	-	30,234	Note 3
	Taishin Ta-Chong Money Market	-	Available-for-sale financial assets	2,178	30,227	-	30,227	Note 3
	Prudential Financial Money Market	-	Available-for-sale financial assets	4	67	-	67	Note 3
	Capital Money Market	-	Available-for-sale financial assets	1,911	30,122	-	30,122	Note 3
	Eastspring Inv Fund Glbl EqFoF	-	Available-for-sale financial assets	1,150	14,580	-	14,580	Note 3
	JPNorgan Asia High Yieid Total Return Bond	-	Available-for-sale financial assets	1,249	14,381	-	14,381	Note 3
	China High Yield Dim sum Bond	-	Available-for-sale financial assets	464	50,560	-	50,560	Note 3
	Network Capital Global Fund	-	Financial assets carried at cost	600	6,000	11	6,000	Note 1
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	356	3,556	7	3,556	Note 1
Lin Shih Investment Co., Ltd.	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	99,151	1	99,151	Note 2
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,435	67,928	7	67,928	Note 2
	Sunplus Technology Co., Ltd.	Parent Company	Available-for-sale financial assets	3,560	40,762	1	40,762	Notes 2 and 4
	RITEK Technology Co., Ltd.	-	Available-for-sale financial assets	833	4,208	-	4,208	Note 2
	Aiptek International Inc.	-	Available-for-sale financial assets	60	275	-	275	Note 2
	Frankin Templetion Sinoa	-	Available-for-sale financial assets	1,994	20,097	-	20,097	Note 3
	Paradigm Pion Money Market	-	Available-for-sale financial assets	445	5,022	-	5,022	Note 3
	UPAMC JAMES BOND MONEY	-	Available-for-sale financial assets	431	7,040	-	7,040	Note 3
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	15	2,903	-	2,903	Note 2
	TAI TUNG COMMUNICATION CO., LTD.	-	Available-for-sale financial assets	25	1,041		1,041	Note 2
	Hon Hai Precision Ind. Co., Ltd.	-	Available-for-sale financial assets	50	4,000	-	4,000	Note 2
	Pou Chen Corp.	-	Available-for-sale financial assets	20	891	-	891	Note 2
	AGV PRODUCTS CORP.	-	Available-for-sale financial assets	100	920		920	Note 2
	Apex International Co.,Ltd.	-	Available-for-sale financial asset	20	768	-	768	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial asset	40				Note 4
	Yuanta Global REITs Fund	-	Available-for-sale financial asset	40	818	-	818	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013 Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
Lin Shih Investment Co., Ltd.	Elitergroup Computer System	-	Available-for-sale financial asset	763	$ 8,148	-	$ 8,148	Note 3
	Jentech Precision Industrial Co., Ltd.	-	Available-for-sale financial asset	60	1,023	-	1,023	Note 2
	Flexium Interconnect, Inc.	-	Available-for-sale financial assets	10	807	-	807	Note 2
	PRIMAX CORP.	-	Available-for-sale financial assets					Note 4
	NAN YA PRINTED CIRCUIT BOARD CORP.	-	Available-for-sale financial assets	10	373	-	373	Note 2
	Yulon Corp.	-	Available-for-sale financial assets	42	2,268	-	2,268	Note 2
	HUANGHSIANG CONSTRUCTION	-	Available-for-sale financial assets	15	801	-	801	Note 2
	SINON CORPORATION	-	Available-for-sale financial assets	330	5,511	-	5,511	Note 2
	CHAMPION BUILDING MATERIALS CO., LTD.	-	Available-for-sale financial assets	50	655	-	655	Note 2
	JTOVCH CORP.	-	Available-for-sale financial assets	25	575	-	575	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	10	13,940	Note 1
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	4,136	2	4,136	Note 1
	Advanced Optoelectronic Technology Inc.	-	Available-for-sale financial assets	20	1,262	-	1,262	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	3,676	5	3,676	Note 1
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 1
	Socle Technology Corp.	-	Financial assets carried at cost	250	786	-	786	Note 1
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	373	671	6	671	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 1
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	-	-	-	Note 3
Lin Shih Investment Co., Ltd.	Ubright Optright Corporation-CB	-	Financial assets at fair value through profit or loss -Current	20	2,000	-	2,000	Note 2
	CHINA ELECTRIC MFG.CO.,LTD.-CB	-	Financial assets at fair value through profit or loss -Current	30	2,994	-	2,994	Note 2
	China Airlines Ltd.		Financial assets at fair value through profit or loss -Current	30	3,000	-	3,000	Note 2
Russell Holdings Limited	<u>Stock</u>							
	Aruba Networks, Inc.	-	Available-for-sale financial assets	10	US$ 184 thousand	-	US$ 184 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US$ 1,353 thousand	-	US$ 1,353 thousand	Note 1
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US$ 245 thousand	5	US$ 245 thousand	Note 1
	Aicent, Inc.	-	Financial assets carried at cost	500	US$ 250 thousand	1	US$ 250 thousand	Note 1
	VisualOn Inc.	-	Financial assets carried at cost	377	US$ 131 thousand	3	US$ 131 thousand	Note 1
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US$ 53 thousand	15	US$ 53 thousand	Note 1
	Synerchip Co., Ltd.	-	Financial assets carried at cost	6,452	US$ - thousand	12	US$ - thousand	Note 1
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US$ - thousand	-	US$ - thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US$ - thousand	1	US$ - thousand	Note 1
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US$ - thousand	8	US$ - thousand	Note 1
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US$ - thousand	3	US$ - thousand	Note 1
Sunplus Venture Capital Co., Ltd.	Stock							
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,783	$ 71,139	1	$ 71,139	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	49,913	-	49,913	Note 2
	Aruba Networks, Inc.	-	Available-for-sale financial assets	4	1,985	-	1,985	Note 2
Sunplus Venture Capital Co., Ltd.	Aiptek International Inc.	-	Available-for-sale financial assets	351	1,618	1	1,618	Note 2
	FSITC Money Market		Available-for-sale financial assets	290	50,570	-	50,570	Note 3
	Franklin Templeton Sinoam Money Market		Available-for-sale financial assets	4,999	50,387	-	50,387	Note 3
	Earocharm Holding Co.	-	Financial assets carried at cost	601	30,000	1	30,000	Note 1
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,811	20,734	4	20,734	Note 1
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	10	14,025	Note 1
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 1
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	6,243	2	6,243	Note 1
	Socle Technology Corp.	-	Financial assets carried at cost	550	1,729	1	1,729	Note 1
	Genius Vision Digital	-	Financial assets carried at cost	750	15,000	6	15,000	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 1
	Simple Act Inc.	-	Financial assets carried at cost	1,900	-	10	-	Note 1
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 1
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 1
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 1
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 1
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF Money Market Fund class B shares	-	Available-for-sale financial assets	1,662	RMB 1,662 Thousand	-	RMB 1,662 Thousand	Note 3
	CHONGQING CHONG YOU INFORMATION TECHNOLOGY CO., LTD.	-	Financial assets carried at cost	-	RMB 19,177 thousand	3	RMB 19,177 thousand	Note 1
Wei-Young Investment Inc.	Elitergroup Computer Systems	-	Available-for-sale financial assets	315	$ 5,368	-	$ 5,368	Note 2
Generalplus Technology Inc.	Union Money Market	-	Available-for-sale financial assets	3,130	40,402	-	40,402	Note 3
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	2,577	38,158	-	38,158	Note 3
	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	1,499	15,108	-	15,108	Note 3
	CTBC Hwa-win Money Market Fund	-	Available-for-sale financial assets	2,790	30,033	-	30,033	Note 3
Sunext Technology	IBT 1699 Bond Fund	-	Available-for-sale financial assets	1,898	25,076	-	25,076	Note 3
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	1,964	29,088	-	29,088	Note 3
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	1,343	20,058	-	20,058	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	1,281	15,046	-	15,046	Note 3
	ING Taiwan Money Market	-	Available-for-sale financial assets	377	6,018	-	6,018	Note 3
	Prudential Financial Money Market Fund	-	Available-for-sale financial assets	519	8,021	-	8,021	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	11,956	$ 120,512	-	$ 120,512	Note 3
Sunplus Innovation Technology Inc.	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	7,426	90,859	-	90,859	Note 3
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	5,451	80,723	-	80,723	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,554	30,005	-	30,005	Note 3
	Stock							
	Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,391	10	15,391	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	8,243	9	8,243	Note 1

Note 1: The market value was based on carrying value as of December 31, 2013.

Note 2: The Market value was based on the closing price as of December 31, 2013.

Note 3: The market value was based on the net asset value of fund as of December 31, 2013.

Note 4: As of December 31, 2013, 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 $38,752 thousand and the holding of Sunlus Technology Company Limited of the shares of Orise Technology Co., Ltd. with a market value $468,526 thousand had not been pledged or mortgaged.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Counter-part	Nature of Relationship	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	Giantplus Technology Co., Ltd.	Equity-method investments	CHUNGHWA PICTURE TUBES,LTD.	-	84,652	$ 725,158 (Note 1)	-	$ -	70,838	$ 646,256 (Note 4)	$ 570,995	$ 54,011 (Note 3)	13,814	$ 128,470 (Note 2)
			Venture Plus Group (Note 5)	Subsidiary	-	-	-	-	-	-	-	-	-	-

Note 1: The amount was the carrying value of investments accounted for under the equity-method as of December 31, 2012.

Note 2: The ending balance includes the valuation gains on financial assets. Due to loss of significant influence over Giantplus,Giantplus company’s shares held by Sunplus Company has been reclassified to noncurrent available-for-sale finacial assets.

Note 3: Includes capital surplus and cumulative translation adjustments of gain on disposal.

Note 4: Includes cash 319,447 thousand and $ 326,809 thousand Datong stock.

Note 5: The cash increase in the investment was under the equity method.

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ACQUISTION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OR PRICES OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counter - Party	Nature of Relationships	Prior Transaction of Related Counter - Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Generalplus ShenZhen	Building	2013.07.25	RMB 65,357 thousand	RMB 65,357 thousand	ShenZhen Investment Holding Co., Ltd.	-	-	-	-	$ -	-	Operation	None

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DCEMBER31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Miaoli, Taiwan	LED	$ -	$ 881,315	-	-	$ -	$ -	$ (38,204)	-
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	536,298	536,298	47,290	34	1,007,117	363,724	123,839	Investee
	Ventureplus Group Inc.	Belize	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	73,797	100	1,801,784	(122,684)	(122,684)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	$ 699,988	$ 699,988	70,000	100	689,302	35,503	35,503	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	650,577	(4,732)	(4,732)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	667,373	305,431	104,764	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	499,152	(48,719)	(30,245)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US$ 14,760 thousand	US$ 14,760 thousand	14,760	100	267,194	(13,918)	(13,918)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	$ 924,730	$ 924,730	38,836	61	114,979	(179,408)	(109,710)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	199,054	18,318	6,907	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,411	83	68,496	(30,019)	11,542	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	11,759	464	464	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	-	US$ 200 thousand	-		-	218	218	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	$ 5,000	$ 5,000	500	100	4,123	(28)	(28)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK$ 11,075 thousand	HK$ 11,075 thousand	11,075	100	4,088	(65)	(65)	Subsidiary
	Magic Sky Limited	Samoa	Investment	US$ 6,160	US$ 6,000	6,160	100	275	(4,503)	(4,503)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,435,392	2,196,392	24,000	100	(138,303)	(7,792)	(7,792)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	362,285	362,285	908	2	6,072	(132,673)	(3,013)	Investee
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	271,955	305,431	41,801	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	9,987	(179,408)	(9,491)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	14,917	(48,719)	(1,039)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,411	18,318	321	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	7,543	(30,019)	(1,158)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	132,788	36,889	9,591	24	64,202	(132,673)	(31,811)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	-	-	-	(7,792)	-	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	91,586	305,431	12,072	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,108	54,028	2,887	6	47,013	(48,719)	(2,713)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	32,319	31,818	3,232	6	31,544	18,318	1,060	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	13,112	(179,408)	(12,516)	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	17,545	363,724	2,259	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	7,768	(30,019)	(3,821)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	133,846	33,846	10,001	25	66,731	(132,673)	(33,171)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	-	(7,792)	-	Subsidiary
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$ 44 thousand	(179,408)	US$ (42) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	$ 1,800	$ 1,800	108	-	$ 1,887	$ 305,431	$ 303	Subsidiary
	Sunext Technolgoy Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	-	53	(179,408)	(51)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	-	100	1,801,764	(122,920)	(122,920)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	-	100	1,801,743	(123,057)	(123,057)	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US$ - thousand	US$ 750 thousand		-	-	17	17	Subsidiary (Note2)
	Great Prosperous Corp.	Mauritius	Investment	US$ - thousand	US$ 1,962 thousand		-	-	-	-	Subsidiary (Note3)
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US$ - thousand	US$ 750 thousand		-	-	17	17	Subsidiary (Note3)
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	US$ 19,090 thousand	US$ 7,590 thousand	19,090	100	477,375	1,180	1,180	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US$ 19,090 thousand	US$ 7,590 thousand	19,090	100	477,375	1,183	1,183	Subsidiary
Generalplus (Mauritius) Inc.	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US$ 390 thousand	US$ 390 thousand	-	100	9,098	1,626	1,626	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	(10,714)	(119)	(119)	Subsidiary

Note 1: Current capital registration has not been completed.

Note 2: On Mach 2013, Great Sun Corp. has completed the procedure of liquidation.

Note 3: On September 2013, Global Techplus capital Inc. has completed the procedure of liquidation.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2013	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Value as of December 31, 2013	Accumulated Inward Remittance of Earnings as of December 31, 2013
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	$ 512,646	Note 1	$ 506,685	$ -	$ -	$ 506,685	99%	$ 20,880	$ 20,880	$ 505,963	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	961,211	Note 1	126,671	834,540	-	961,211	100%	(8,520)	8,520	896,826	-
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	596,100	Note 1	596,100	-	-	596,100	100%	(81,044)	81,044	372,668	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	24,595	Note 1	17,466	-	-	17,466	80%	(8,343)	6,674	4,983	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	159,868	Note 1	67,806	43,963	-	111,769	73%	(65,798)	47,704	19,881	-
Iculture Communication	Development & sales	15,987	Note 3	-	15,987	-	15,987	100%	(4,149)	(4,149)	10,138	-
Shenzhen Suntop Technology	Design of software and hardware	-	Note 4	-	-	-	-	-	(836)	-	-	-
Sunplus Technology (Beijing)	Design of software	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5

Accumulated Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$2,193,231	$2,361,046	$5,266,133

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 3)	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$ 557,354 thousand	Note 1	$ 214,596 thousand	$ 342,758 thousand	$ - thousand	$ 557,354 thousand	100%	$ 443 thousand	$ 443 thousand	$ 468,255 thousand	$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$557,354	$557,354	$1,204,090

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

Note 2: Based on the investee company in the same period audited financial statements.

Note 3: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through Ytrip Technology Co., Ltd.

Note 4: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through Sunplus Technology (Shanghai) Co., Ltd., and was liqudated at December, 2013.

Note 5: Approved by Investment Commission, MOEA but not yet invested.

TABLE 8

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Three Months ended December 31, 2013

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	$ 9,458	Note 1	0.11%
			Nonoperating income and gains	2,951	Note 2	0.03%
			Notes and accounts receivable	1,162	Note 1	0.01%
			Accrued expense	5	Note 3	-
			Research and development	24	Note 2	-
	Sunext Technology Co., Ltd.	1	Sales	1,474	Note 1	0.02%
			Nonoperating income and gains	6,768	Note 2 and 4	0.08%
			Notes and accounts receivable	72	Note 1	-
			Accrued expense	16	Note 3	-
			Other receivables	2,493	Note 3	0.02%
	Sunplus mMobile	1	Nonoperating income and gains	4,474	Note 2	0.05%
			Other receivables	161,636	Note 3	1.14%
	Sunplus Innovation Technology Inc.	1	Sales	615	Note 1	0.01%
			Nonoperating income and gains	5,934	Note 2	0.07%
			Notes and accounts receivable	74	Note 1	-
			Other receivables	408	Note 3	-
			Research and development	200	Note 2	-
	iCatch Technology, Inc.	1	Sales	3,351	Note 1	0.04%
			Nonoperating income and gains	11,051	Notes 2 and 4	0.13%
			Notes and accounts receivable	390	Note 1	-
			Other receivables	2,192	Note 3	0.02%
	Sunplus Technology Co., Ltd. (Shanghai)	1	Nonoperating income and gains	31,031	Note 2	0.36%
			Other receivables	28,166	Note 3	0.20%
	Sunplus Technology (H.K.) Co., Ltd.	1	Marketing expense	1,423	Note 2	0.02%
			Accrued expense	776	Note 3	0.01%
Sunext Technology Co., Ltd.	iCatch Technology, Inc.	2	Research and development	1,450	Note 2	0.02%
	Sunplus Technology Co., Ltd. (Shanghai)		Research and development	3,542	Note 2	0.04%
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Marketing expenses	1,188	Note 2	0.01%
			Accrued expense	1,192	Note 3	0.01%
	ShenZhen Suntop Technology Co., Ltd.	2	Marketing expenses	12,095	Note 2	0.14%
			Accrued expense	5,931	Note 3	0.04%
	Sunplus App Technology Co., Ltd.	2	Nonoperating income and gains	127	Note 2	-

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	**Amount**	**Terms**	**Percentage of Consolidated Total Gross Sales or Total Assets**
Generalplus Technology Corp.	Sunplus Innovation Technology Inc.	2	Marketing expenses	$ 6,363	Note 2	0.07%
			Intangible assets	5,558	Note 2	0.04%
			Accured expense	1,950	Note 3	0.01%
	Sunplus mMedia Inc.	2	Research and development	36,439	Note 2	0.43%
			Marketing expense	1,442	Note 2	0.02%
	Generapllus Technology (H.K.) Corp.	2	Marketing expense	16,621	Note 2	0.02%
			Accured expense	2,331	Note 3	-
	Generalplus Technology (shenzhen) corp.	2	Research and development	113,517	Note 2	1.33%
			Accured expense	28,521	Note 3	0.02%
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Marketing expenses	22,842	Note 2	0.27%
			Accrued expenses	1,788	Note 3	0.01%
	SunMedia Technology Co., Ltd.	2	Marketing expenses	16,464	Note 2	0.19%
			Accrued expenses	1,639	Note 3	0.01%
Sunplus Technology (H.K.) Co., Ltd.	Generapllus Technology (H.K.) Corp.	2	Other receivables	469	Note 3	-
Sunplus Technology Co., Ltd. (Shanghai)	Generalplus Technology (Shenzhen) Corp.	2	Sales	15,242	Note 1	0.18%
			Notes and accounts receivable	6,149	Note 1	0.04%
	Ytrip Technology Co., Ltd.	2	Nonoperating income and gains	183	Note 2	-
	Sunplus App Technology Co., Ltd.	2	Other receivables	7,379	Note 3	0.05%
	SunMedia Technology Co., Ltd.	2	Research and development	8,039	Note 2	0.09%
			Nonoperating income and gains	62	Note 2	-
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other receivables	23,611	Note 3	0.17%
			Nonoperating income and gains	8	Note 2	-

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 - Between subsidiaries.

(Concluded)

7.6 Financial Statements-Standalone

Sunplus Technology Company Limited

Financial Statements for the
Years Ended December 31, 2013 and 2012 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the balance sheets of Sunplus Technology Company Limited (the "Company") as of December 31, 2013, December 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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 consolidated 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 consolidated 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, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China

The accompanying schedules of major accounting items of Sunplus Technology Company Limited as of and for the year ended December 31, 2013 are presented for the purpose of additional analysis. These schedules have been subjected to the auditing procedures described in the second paragraph. In our opinion, these schedules are consistent, in all material respects, with the financial statements referred to in the first paragraph.

March 24, 2014

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 1,113,194	10	$ 1,765,628	15	$ 1,805,704	16
Available-for-sale financial assets - current (Notes 4 and 7)	407,320	4	391,880	4	362,947	3
Notes and trade receivables, net (Notes 4, 5, 9 and 31)	770,109	7	499,515	4	548,284	5
Other receivables (Note 31)	220,584	2	267,641	2	132,525	1
Inventories (Notes 4, 5 and 10)	435,406	4	1,123,641	10	534,610	5
Other current assets (Notes 14 and 32)	75,065	1	81,197	1	95,603	1
Total current assets	3,021,678	28	4,129,502	36	3,479,673	31
NONCURRENT ASSETS						
Available-for-sale financial assets – noncurrent, net of current portion (Notes 4 and 7)	773,185	7	237,565	2	860,009	8
Financial assets carried at cost (Notes 4 and 8)	9,556	-	14,889	-	18,889	-
Investments accounted for using the equity method (Notes 4, 11 and 32)	6,000,344	55	5,995,248	52	5,547,730	49
Property, plant and equipment (Notes 4, 5 , 12 and 32)	815,874	8	829,572	7	858,386	8
Intangible assets (Notes 4, 5 and 13)	225,196	2	268,059	2	289,719	2
Deferred tax assets (Notes 4, 5 and 23)	3,060	-	70,472	1	186,492	2
Other noncurrent assets, net of current portion (Notes 14, 28 and 32)	14,129	-	15,407	-	15,517	-
Total noncurrent assets	7,841,344	72	7,431,212	64	7,776,742	69
TOTAL	$ 10,863,022	100	$ 11,560,714	100	$ 11,256,415	100

	December 31, 2013		December 31, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Short-term bank borrowings (Notes 4 and 15)	$ -	-	$ 101,640	1	$ 381,100	3
Trade payables (Note 16)	382,475	4	267,283	3	347,378	3
Current tax liabilities (Notes 4 and 23)	-	-	148,628	1	382,634	4
Provisions - current (Notes 4, 5 and 17)	20,311	-	22,565	-	8,615	-
Current portion of long-term bank loans (Notes 4, 15 and 32)	590,556	5	496,806	4	208,000	2
Deferred revenue - current (Notes 4, and 18)	599	-	599	-	2,048	-
Other current liabilities (Notes 18 and 31)	354,361	3	586,748	5	697,462	6
Total current liabilities	1,348,302	12	1,624,269	14	2,027,237	18
NONCURRENT LIABILITIES						
Long-term bank loans, net of current portion (Notes 4, 15 and 32)	632,638	6	1,223,194	11	-	-
Accrued pension liabilities (Notes 4 and 19)	21,023	-	59,819	-	47,105	1
Guarantee deposits (Note 28)	82,860	1	79,162	1	138,005	1
Deferred revenue - noncurrent, net of current portion (Notes 4 and 18)	1,310	-	1,910	-	2,509	-
Other noncurrent liabilities, net of current portion (Notes 4 and 18)	-	-	1,705	-	-	-
Total noncurrent liabilities	737,831	7	1,365,790	12	187,619	2
Total liabilities	2,086,133	19	2,990,059	26	2,214,856	20
EQUITY						
Share capital (Notes 20)						
Common shares	5,969,099	55	5,969,099	51	5,969,099	53
Capital surplus (Notes 4, 20 and 25)	950,179	9	939,124	8	937,866	8
Retained earnings (Notes 20)						
Legal reserve	1,909,685	18	2,426,181	21	2,450,003	22
Special reserve	30,755	-	191,229	2	191,229	2
Retained earnings (accumulated deficit)	(127,263)	(1)	(903,390)	(8)	38,475	-
Other equity (Notes 20)	199,670	2	103,648	1	(389,877)	(4)
Treasury shares (Notes 4, 20 and 32)	(155,236)	(2)	(155,236)	(1)	(155,236)	(1)
Total equity attributable to owners of the Company	8,776,889	81	8,570,655	74	9,041,559	80
Total equity	8,776,889	81	8,570,655	74	9,041,559	80
TOTAL	$ 10,863,022	100	$ 11,560,714	100	$ 11,256,415	100

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars)

	Years Ended December 31			
	2013		2012	
	Amount	%	Amount	%
NET OPERATING REVENUE (Notes 4 and 22)	$ 3,112,736	100	$ 3,141,160	100
OPERATING COSTS (Notes 12, 19, 22 and 36)	2,030,182	65	2,046,669	65
GROSS PROFIT	1,082,554	35	1,094,491	35
OPERATING EXPENSES (Notes 19, 22 and 36)				
Selling and marketing	135,009	5	123,648	4
General and administrative	189,139	6	210,281	7
Research and development	812,780	26	1,135,833	36
Total operating expenses	1,136,928	37	1,469,762	47
LOSS FROM OPERATIONS	(54,374)	(2)	(375,271)	(12)
NONOPERATING INCOME AND EXPENSES (Notes 22, 31, and 36)				
Other income	104,558	4	65,916	2
Other gains and losses	62,369	2	(372,169)	(12)
Share of loss of associates and joint ventures	(51,655)	(2)	(224,676)	(7)
Finance costs	(30,949)	(1)	(27,409)	(1)
Total nonoperating income and expenses	84,323	3	(558,338)	(18)
PROFIT (LOSS) BEFORE INCOME TAX	29,949	1	(933,609)	(30)
INCOME TAX BENEFIT (Notes 4 and 23)	22,836	1	-	-
NET REVENUE (LOSS)	52,785	2	(933,609)	(30)
OTHER COMPREHENSIVE INCOME				
Exchange differences on translating foreign operations (Notes 4 and 20)	111,570	4	(84,462)	(3)
Unrealized (loss) gain on available-for-sale financial assets (Notes 4 and 20)	(15,548)	(1)	577,987	18
Actuarial gain (loss) on defined benefit plans (Notes 4 and 23)	37,780	1	(15,141)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 4)	8,592	-	(16,937)	-
Other comprehensive income for the period, Net of income tax	142,394	4	461,447	15
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR THE YEAR	$ 195,179	6	$ (472,162)	(15)

EARNINGS (LOSS) PER SHARE (New Taiwan dollars; Note 24)		
Basic	$ 0.09	$ (1.59)
Diluted	$ 0.09	$ (1.59)

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, 2013 AND 2012
(In Thousands of New Taiwan Dollars)

	(Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Foreign Operations	Available-for-sale Financial Assets	Treasury Shares	Total Equity
BALANCE, JANUARY 1, 2012	596,910	$ 5,969,099	$ 937,866	$ 2,450,003	$ 191,229	$ 38,475	$ -	$ (389,877)	$ (155,236)	$ 9,041,559
Offset of the 2011 deficit										
Legal reserve	-	-	-	(23,822)	-	23,822	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	1,258	-	-	-	-	-	-	1,258
Net loss for the year ended December 31, 2012	-	-	-	-	-	(933,609)	-	-	-	(933,609)
Other comprehensive income for the year ended December 31, 2012, net of income tax	-	-	-	-	-	(32,078)	(84,462)	577,987	-	461,447
Total comprehensive loss for the year ended December 31, 2012	-	-	-	-	-	(965,687)	(84,462)	577,987	-	(472,162)
BALANCE, DECEMBER 31, 2012	596,910	5,969,099	939,124	2,426,181	191,229	(903,390)	(84,462)	188,110	(155,236)	8,570,655
Offset of the 2012 deficit										
Legal reserve	-	-	-	(516,496)	-	516,496	-	-	-	-
Special reserve	-	-	-	-	(160,474)	160,474	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for by the equity method	-	-	9,136	-	-	-	-	-	-	9,136
Gain on disposal of investments accounted for by using equity method	-	-	1,919	-	-	-	-	-	-	1,919
Net profit for the year ended December 31, 2013	-	-	-	-	-	52,785	-	-	-	52,785
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	46,372	111,570	(15,548)	-	142,394
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	99,157	111,570	(15,548)	-	195,179
BALANCE, DECEMBER 31, 2013	596,910	$ 5,969,099	$ 950,179	$ 1,909,685	$ 30,755	$ (127,263)	$ 27,108	$ 172,562	$ (155,236)	$ 8,776,889

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Years Ended December 31	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 29,949	$ (933,609)
Adjustments for:		
Depreciation expenses	92,511	65,801
Amortization expenses	120,487	122,104
Financial costs	30,949	27,409
Interest income	(17,397)	(22,011)
Dividend income	(3,538)	(6,440)
Share of profits of associates and joint ventures	51,655	224,676
(Gain) loss on disposal of property, plant and equipment	(7,159)	44
Loss on disposal of intangible assets	532	-
Loss (gain) on disposal of available-for-sale financial assets	3,760	(12,670)
(Gain) loss on disposal of investments accounted for using the equity method	(35,700)	233,628
Loss on disposal of subsidiaries	74	-
Impairment loss recognized on available-for-sale financial assets	13,350	46,333
Impairment loss recognized on financial assets measured at cost	3,234	1,333
Impairment loss recognized on investments accounted for using the equity method	-	134,195
Gain on reversal of impairment loss on financial assets	(3,888)	(27,825)
Unrealized gain on the transactions with associates and joint ventures	8,056	-
Realized gain on the transactions with associates and joint ventures	(600)	(2,048)
Net loss on foreign currency exchange	7,959	535
Changes in operating assets and liabilities:		
(Increase) decrease in trade receivables	(278,506)	49,351
Increase in other receivables	(21,565)	(16,300)
Decrease (increase) in inventories	688,235	(587,821)
Decrease in other current assets	6,140	14,389
Decrease (increase) in trade payables	115,192	(80,095)
(Decrease) increase in provisions	(2,254)	13,950
Decrease in other current liabilities	(5,841)	(20,158)
(Decrease) increase in accrued pension liabilities	(1,016)	12,714
Cash generated from (used in) operations	794,619	(762,515)
Interest received	17,726	22,808
Dividend received	3,538	6,440
Interest paid	(31,742)	(25,935)
Income tax paid	(5,769)	(83,876)
Net cash generated from (used in) operating activities	778,372	(843,078)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(215,000)	(490,000)
Proceeds of the sale of available-for-sale financial assets	195,895	473,277
Increase in other assets	(219,430)	(154,830)
Capital return to the Company on financial assets carried at cost	20,212	2,667
Dividends received from subsidiaries and associates	82,895	112,295
Purchase of investments accounted for using the equity method	(879,553)	(202,605)
Net cash inflow on disposal of associates	319,447	-
Net cash inflow on disposal of subsidiaries	6,722	-
Payments for property, plant and equipment	(79,962)	(12,927)
Proceeds of the disposal of property, plant and equipment	9,591	-

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	Years Ended December 31	
	2013	**2012**
Payments for intangible assets	(78,448)	(100,444)
Proceeds of the disposal of intangible assets	291	-
Decrease in other assets - noncurrent	1,279	3,297
Net cash used in investing activities	(836,061)	(369,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(101,640)	(279,460)
Proceeds of long-term borrowings	-	1,750,000
Repayments of long-term borrowings	(496,806)	(238,000)
Proceeds of guarantee deposits received	3,701	-
Refund of guarantee deposits received	-	(60,268)
Net cash (used in) generated from financing activities	(594,745)	1,172,272
NET DECREASE IN CASH AND CASH EQUIVALENTS	(652,434)	(40,076)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,765,628	1,805,704
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,113,194	$ 1,765,628

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

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

1. GENERAL INFORMATION

Sunplus Technology Company Limited (“Sunplus” or the “Company”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific. Sunplus’ shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 23).

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

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the board of directors and authorized for issue on March 24, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. New, amended and revised standards and interpretations (the “New IFRSs”) in issue but not yet effective

The Company has not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the parent company only financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the “New IFRSs”) included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

	Effective Date Announced by IASB (Note 1)
The New IFRSs included in the 2013 IFRSs version not yet endorsed by the FSC	
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate

(Continued)

	Effective Date Announced by **IASB** (Note 1)
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013
<u>The New IFRSs not included in the 2013 IFRSs version</u>	
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Note 3
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions of which the grant date is on or after 1 July 2014; the amendment to IFRS 3 applies to business combinations of which the acquisition date is on or after 1 July 2014; the amendment to IFRS 13 is effective immediately; and the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: IASB tentatively decided that an entity should apply IFRS 9 to annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy resulted from New IFRSs in issue but not yet effective

Except for the following, the future initial application of the above New IFRSs is not expected to have any material impact on the Group’s accounting policies:

1) IFRS 9 “Financial Instruments”

<u>Recognition and measurement of financial assets</u>

All recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. That is, financial assets that are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, on the initial recognition of an investment in an equity instrument that is within the scope of IFRS 9 and is not held for trading, the Company may irrevocably elect to designate this investment as at fair value through other comprehensive income, with changes in fair value recognized as gain or loss in other comprehensive income and only dividend income recognized in profit or loss.

<u>Recognition and measurement of financial liabilities</u>

For financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of a financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income (OCI), and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. But if recognition in the OCI of the changes in fair value attributable to credit risk would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Company considers whether it has control over other entities for consolidation. The Company has control over an investee only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee; and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 11 “Joint Arrangements”

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities - Non-Monetary Contributions by Ventures”. Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Company accounts for its jointly controlled entities using the proportionate consolidation method.

c) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

d) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Under the revised IAS 28, when an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest. Under the current IAS 28, on the loss of joint control, the Company measures at fair value any investment the Company retains in the former jointly controlled entity. The Company recognizes in profit or loss any difference between (a) the sum of the fair value of the retained investment and proceeds of the partial disposal of the interest in the jointly controlled entity and (b) the carrying amount of the investment on the date when joint control is lost.

3) IFRS 13 “Fair Value Measurement”

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under the current IAS 1, there are no such requirements.

5) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, thus eliminating the “corridor approach” permitted under the current IAS 19 and accelerating the recognition of past service costs. That is, the revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income so that the net pension asset or liability will reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 have been replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

6) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

In issuing IFRS 13 “Fair Value Measurement,” the IASB made a consequential amendment to IAS 36 “Impairment of Assets,” introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit to which a significant portion of the overall carrying amount of goodwill (or other intangible assets with indefinite useful lives) had been allocated. However, this disclosure is required only if an impairment loss has been recognized or reversed during the period. Furthermore, for fair value measurements at Level 2 or 3 of the fair value hierarchy, the Company is required to disclose the discount rate(s) used in the current and previous measure if fair value less costs of disposal is measured using a present value technique.

7) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-Based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions of “performance condition” and “service condition.” The amendment clarifies that a performance target can be based on the operations (i.e., a non-market condition) of the Company or another Group entity or the market price of the equity instruments of the Company or another Group entity (i.e., a market condition); that a performance target can relate either to the performance of the Company as a whole or to some part of it (e.g., a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performan condition because it not only reflects the performance of the Company, but also of other entities outside the Company.

IFRS 3 was amended to clarify that a contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics.” The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly reported to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Company is a related party of the Company. Thus, the Company is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of this compensation is not required.

8) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the IAS 32 definitions of financial assets or financial liabilities.

c. The impact of the application of the above New IFRSs and the Regulations on the Company’s financial position and operating results is as follows:

As of the date Company’s financial statements were authorized for issue, the Company was continuing to assess other possible impact that the application of other standards and interpretations would have on the Company's financial position and operating results and will disclose the possible impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company’s financial statements for the year ended December 31, 2013 is its first IFRS financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

a. Statement of Compliance

The accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed by the Financial Supervisory Commission (FSC).

b. Basis for Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In preparing its financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the Company’s separate financial statements to be the same as those amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the Company’s separate and consolidated financial statements were made to investments accounted for by equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in the separate financial statements.

c. Current and noncurrent assets and liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within 12 months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the reporting period. All other assets are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within 12 months after the reporting period and liabilities with no unconditional right to defer settlement for at least 12 months after the reporting period. All other liabilities are classified as noncurrent.

d. Foreign currencies

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

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

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of nonmonetary items are included in profit or loss for the period. But if a gain or loss on a nonmonetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

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

In presenting the Company's financial statements, the assets and liabilities of the Company's foreign operations (including those of the subsidiaries, associates, joint ventures or branches operations in other countries as well as currencies used that are different from the Company's presentation currency) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. All resulting exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all the exchange differences accumulated in the separate component of equity pertaining to that foreign operation are reclassified to profit or loss.

e. Inventories

Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The inventories of Sunplus Technology Company Limited, Generalplus Technology Inc., Sunplus Innovation Technology Inc., Sunplus mMobile Inc., iCatch Technology Inc., and Sunplus mMedia Inc. are generally recorded at standard cost. On the balance sheet date, the cost is adjusted to approximate weighted-average cost method. Other subsidiaries' inventories are recorded at the weighted-average cost.

f. Investments in subsidiaries, associates and jointly controlled entities are accounted for by the equity method

1) Investment in subsidiaries

Subsidiaries (including special purpose entities) are the entities controlled by the Company.

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

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.
When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes the carrying amount of the investment in the associate and any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses.

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

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

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

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

2) Investments in associates and jointly controlled entities

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

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

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

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

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

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

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

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

g. Property, plant and equipment

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

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

On the disposal or retirement of an item of property, plant and equipment, gain or loss, which is the difference between the sales proceeds and the carrying amount of the asset, is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Available-for-sale financial assets

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

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

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

Available-for-sale equity investments with no quoted market prices in an active market and with fair values that cannot be reliably measured and derivatives that are linked to and must be settled by delivery of unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, subsequently, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the impairment loss decreases and the decrease can be related objectively to an event occurring after impairment recognition, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

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

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

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

For financial assets that are carried at cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return on a similar financial asset. This impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments and financial liabilities

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

a) Equity instruments

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

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

b) Financial liabilities

i Subsequent measurement

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

i) Derecognition of financial liabilities

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

k. Provisions

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

l. Revenue recognition

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

Sale of goods

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

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

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

3) The amount of revenue can be measured reliably;

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

5) The transaction costs incurred or to be incurred can be measured reliably.

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

<u>Dividend and interest income</u>

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

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

m. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

n. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at the end of each reporting period. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested; otherwise, it is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets is the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions of future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

o. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is fully recognized as an expense at the grant date when the share options granted vest immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

p. Taxation

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

Current tax

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.

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

Current and deferred taxes are recognized in profit or loss, but when these taxes relate to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. If current tax or deferred tax arises from the initial accounting of a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated provision for sales returns and discounts

Sales are recognized when the earnings process is completed. The provision for sales returns and discounts is estimated on the basis of historical return information available and any known factors which would result in sales returns and discounts. The provision for sales returns and discounts is recorded as reduction of sales. Management regularly reviews the reasonableness of provision estimates.

As of December 31, 2013, December 31, 2012, and January 1, 2012, the provisions for sales returns and discounts were $20,311 thousand, $22,565 thousand and $8,615 thousand, respectively.

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

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

For the year ended December 31, 2013, and 2012, the Company did not recognize any of impairment loss.

c. Estimated impairment of trade receivables

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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts of trade receivables were $770,109 thousand, $449,515 thousand and $548,284 thousand, respectively (after deducting allowance of $0, $416 thousand and $160 thousand, respectively).

d. Reliability of deferred Income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be used. Assessment of the realization of the deferred tax assets requires the Company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits that can be used and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the deferred tax assets had amounted to $3,060 thousand, $70,472 thousand, and $186,492 thousand, respectively.

e. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Because of rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly on the basis of assumptions of future demand within a specific time horizon.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the balances of inventories were $435,406 thousand, $1,123,641 thousand and $534,610 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 326	$ 516	$ 683
Checking accounts and demand deposits	202,584	275,112	563,921
Cash equivalent deposits in banks	910,284	1,490,000	1,241,100
	$ 1,113,194	$ 1,765,628	$ 1,805,704

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

	December 31, 2013	December 31, 2012	January 1, 2012
Bank balance	0.02%-2.8%	0.05%-1.15%	0.04%-1.15%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic investments			
- Mutual funds	$ 407,320	$ 391,880	$ 362,947
- Quoted shares	773,185	237,565	860,009
	$ 1,180,505	$ 629,445	$ 1,222,956
Current	$ 407,320	$ 391,880	$ 362,947
Noncurrent	773,185	237,565	860,009
	$ 1,180,505	$ 629,445	$ 1,222,956

The Company recognized impairment losses of $13,350 thousand in 2013 and $46,333 thousand in 2012.

8. FINANCIAL ASSETS MEASURED AT COST

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic unlisted common shares	$ 9,556	$ 14,889	$ 18,889

The above shares were classified as available for sale – noncurrent.

Management believed that the above unlisted equity investments held by the Company had fair values that could not be reliably measured because the range of reasonable fair value measurements was so significant; thus, these investments were measured at cost less impairment at the end of the reporting period.

The Company believed that the above financial assets carried at cost had impairment losses of $3,234 thousand and $1,333 thousand as of December 31, 2013 and 2012, respectively.

9. ACCOUNTS RECEIVABLE, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts receivable	$ 767,571	$ 494,763	$ 542,406
Receivable from related parties	2,538	5,168	6,038
Allowance for doubtful accounts	-	(416)	(160)
	$ 770,109	$ 499,515	$ 548,284

Accounts receivable

The average credit period for sales of goods was 30 to 60 days without interest. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized against trade receivables on the basis of irrecoverable amounts estimated by reference to past default by counterparties and an analysis of their current financial position.

Of the trade receivables balance (see the aging analysis below) that are past due at the end of the reporting period, the Company had not recognized an allowance for impairment for notes and trade receivables amounting to $116,202 thousand, $21 thousand and $0 as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Company did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Company to the counterparty. As of March 24, 2014, the date of the accompanying auditors' report, the past due but unimpaired trade receivables of December 31, 2013 had all been collected.
The aging of the receivables that are past due but not impaired was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 60 days	$ 116,202	$ 21	$ -

Movements of the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

	Years Ended December 31	
	2013	2012
Balance at January 1	$ 416	$ 160
Add: Impairment losses recognized on receivable	-	256
Deduct: Reversal of the allowance for doubtful accounts	(416)	-
Balance at December 31	$ -	$ 416

10. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Finished goods	$ 194,153	$ 332,925	$ 270,511
Work in progress	201,758	753,352	250,974
Raw materials	39,495	37,364	13,125
	$ 435,406	$ 1,123,641	$ 534,610

The costs of inventories recognized as cost of goods sold were $2,030,182 thousand in 2013 and $2,046,669 thousand in 2012.

The costs of inventories recognized as costs of goods sold in 2103 and 2012 were as follows:

	Years Ended December 31	
	2013	2012
Inventory (increment) obsolescence	$ 20,832	$ 12,283
Income from scrap sales	(887)	(1,594)
	$ 21,719	$ 10,689

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31,	December 31,	January 1,

	2013	2012	2012
Investments in subsidiaries	$ 4,987,155	$ 4,375,073	$ 4,656,267
Investments in associates	1,007,117	1,620,175	891,463
Investments in jointly controlled entities	6,072	-	-
	$ 6,000,344	$ 5,995,248	$ 5,547,730

a. Investments in subsidiaries

	December 31, 2013	December 31, 2012	January 1, 2012
Listed company			
Generalplus Technology Corp.	$ 677,373	$ 607,690	$ 643,477
Unlisted companies			
Ventureplus Group Inc.	1,801,784	976,568	1,044,412
Lin Shih Investment Co., Ltd.	689,302	760,950	648,902
Sunplus Venture Capital Co., Ltd.	650,577	681,540	650,147
Sunplus Innovation Technology	499,152	551,697	560,134
Rusell Holdings Limited	266,194	274,214	420,281
iCatch Technology Inc.	199,054	195,595	183,611
Sunext Technology	114,978	223,983	433,172
Sunplus mMedia Inc.	68,496	51,932	50,825
Sunplus Core (S2-TEK INC.)	-	27,570	-
Wei-Young Investment Inc.	11,759	8,551	6,168
Sunplus Management Consulting	4,123	4,151	4,165
Sunplus Technology (H.K.)	4,088	4,054	4,091
Magic Sky Limited	275	-	-
Global Techplus Capital Inc.	-	6,578	6,882
	$ 4,987,155	$ 4,375,073	$ 4,656,267
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)			
Sunplus mMobile	$ (138,303)	$ (367,102)	$ (333,455)
Sunplus Core (S2-TKE INC.)	-	-	(138,357)
	$ (138,303)	$ (367,102)	$ (471,812)

The subsidiaries' financial statements for the same reporting years as those of the Company and used as basis for calculating the investments accounted for using the equity method and the Company's share of profit or loss and other comprehensive income of these investments for 2013 and 2012 had all been audited, except those of Global Techplus Capital Inc., which was liquidated in September 2013, and Sunplus Management Consulting. Please refer to Note 34 for the list of investments in subsidiaries.

The percentage of ownership and voting right held by the Company:

	December 31, 2013	December 31, 2012	January 1, 2012
Listed company			
Generalplus Technology Corp.	34%	34%	34%
Unlisted companies			
Ventureplus Group Inc.	100%	100%	100%
Lin Shih Investment Co., Ltd.	100%	100%	100%
Sunplus Venture Capital Co., Ltd.	100%	100%	100%
Sunplus Innovation Technology	61%	63%	64%
Rusell Holdings Limited	100%	100%	100%
iCatch Technology Inc.	38%	38%	38%
Sunext Technology	61%	61%	61%
Sunplus mMedia Inc.	83%	83%	83%
Wei-Young Investment Inc.	100%	100%	100%
Sunplus Management Consulting	100%	100%	100%
Sunplus Technology (H.K.)	100%	100%	100%
Magic Sky Limited	100%	100%	100%
Global Techplus Capital Inc.	-	100%	100%
Credit balances on the carrying values of long-term investments (recorded as other current liabilities)			
Sunplus mMobile	100%	99%	99%
Sunplus Core (S2-TKE INC.)	-	99%	70%

b. Investments in associates

	December 31, 2013	December 31, 2012	January 1, 2012
Listed companies			
Orise Technology, Co., Ltd.	$ 1,007,117	$ 895,016	$ 891,463
Giantplus Technology Co., Ltd.	-	725,159	-
	$ 1,007,117	$ 1,620,175	$ 891,463

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

Associate	December 31, 2013	December 31, 2012	January 1, 2012
Orise Technology, Co., Ltd.	34%	34%	34%
Giantplus Technology Co., Ltd	-	19%	-
HT mMobile Inc.	-	32%	32%

The Company started to exercise significant influence over Giantplus Technology Co., Ltd on December 3, 2012, so the Company transferred this investment from available-for-sale financial assets to investments in associates.

On March 14, 2013, the Company's board of the directors resolved to participate in the tender offer made by Chunghwa Picture Tubes Ltd ("Chunghwa") to acquire shares in Giantplus Technology Co. ("Giantplus"). The Company planned to sell 77,834 thousand shares of Giantplus for cash at NT$4.03 per share and 0.72 common share of Tatung Co. for every share of Giantplus. As of April 12, 2013, the expiration date of the acquisition, the Company had disposed of 64,020 thousand shares and recognized a gain on disposal of $42,474 thousand. Earlier, on April 10, 2013, the Company's board of directors sold 6,818 thousand shares more of Giantplus to Chunghwa for cash at NT$9.3 per share and recognized a gain on disposal of $5,648 thousand. Thus, the investment in Giantplus was reclassified from investment accounted for using the equity method to available-for-sale financial asset.

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 impairment losses of $405,612 thousand and $1,466 thousand on other receivables from HT mMobile Inc for the years ended December 31, 2011 and 2013, respectively. The Company reversed in 2013 an impairment loss of $5,354 thousand. HT's third interim board of directors also approved a plan for HT to undergo liquidation, and HT completed its liquidation on March 20, 2013.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Orise Technology, Co., Ltd.	$ 2,104,404	$ 1,834,851	$ 1,321,755
Generalplus Technology Corp.	$ 1,255,963	$ 727,824	$ 733,423
Giantplus Technology Co., Ltd	$ -	$ 772,872	$ -

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

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 6,314,221	$ 18,487,785	$ 3,166,286
Total liabilities	$ 3,392,196	$ 8,389,959	$ 628,463

	Years Ended December 31	
	2013	2012
Revenue	$ 9,362,444	$ 18,384,178
Profit for the period	$ 363,725	$ (535,007)
Comprehensive income	$ 363,538	$ (649,853)
Company's share of profits of associates	$ 85,280	$ 32,157

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

The amounts of investments in jointly controlled entities pledged as collaterals for bank loans are disclosed in Note 32.

c. Investments in jointly controlled entities

The Company signed an investment agreement with Silicon Integrated Systems Corp. on December 19, 2012. Both sides agreed to increase capital in Sunplus Core Inc. (renamed S2-Tek Inc. on March 11, 2013), which researches, develops, designs, and sells TV integrated circuits (ICs). The investment agreement was registered on January 21, 2013.

The Company had 99.98% equity in Sunplus Core Inc. before the investment agreement, but when the Company later subscribed for Sunplus Core Inc.'s additional new shares at a percentage different from its existing ownership percentage, the Company's equity decreased to 51.25%. When Sunplus Core Inc. changed its name to S2-Tek Inc. on January 21, 2013, a new investment agreement was made, which stated that the Company no longer had control over S2-Tek Inc. The Company continued to recognize this investment by the equity method.

The interests in the jointly controlled entities which were accounted for using the equity method are summarized as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$ 453,707	$ -	$ -
Noncurrent assets	$ 22,474	$ -	$ -
Current liabilities	$ 208,257	$ -	$ -
Noncurrent liabilities	$ -	$ -	$ -

	Years Ended December 31	
	2013	2012
Sales	$ 353,254	$ -
Costs of sales	$ 223,841	$ -
Operating expenses	$ 263,435	$ -
Nonoperating income and expenses	$ 1,976	$ -
Income tax expense	$ -	$ -
Share of profit or loss of joint ventures	$ (3,013)	$ -
Share of comprehensive income of joint ventures	$ (3,013)	$ -

12. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2012					
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Total
Cost						
Balance, beginning of year	$ 973,975	$ 62,458	$ 153,192	$ 95,930	$ 12,987	$ 1,298,542
Additions	-	1,467	1,306	29,383	4,875	37,031
Disposals	-	-	(20,443)	(144)	-	(20,587)
Balance, end of year	973,975	63,925	134,055	125,169	17,862	1,314,986
Accumulated depreciation and Impairment						
Balance, beginning of year	207,804	30,295	134,029	62,307	5,721	440,156
Depreciation expense	20,154	5,865	12,005	23,109	4,668	65,801
Disposals	-	-	(20,443)	(100)	-	(20,543)
Balance, end of year	227,958	36,160	125,591	85,316	10,389	485,414
Net, end of year	$ 746,017	$ 27,765	$ 8,464	$ 39,853	$ 7,473	$ 829,572

	Year Ended December 31, 2013					
	Buildings	Auxiliary Equipment	Machinery and Equipment	Testing Equipment	Furniture and Fixtures	Total
Cost						
Balance, beginning of year	$ 973,975	$ 63,925	$ 134,055	$ 125,169	$ 17,862	$ 1,314,986
Additions	-	-	87	79,611	1,547	81,245
Disposals	(171)	(6,144)	(113,559)	(66,481)	(5,909)	(192,264)
Balance, end of year	973,804	57,781	20,583	138,299	13,500	1,203,967
Accumulated depreciation and Impairment						
Balance, beginning of year	227,958	36,160	125,591	85,316	10,389	485,414
Depreciation expense	20,139	5,616	6,333	56,711	3,712	92,511
Disposals	(171)	(6,144)	(113,559)	(66,049)	(5,909)	(189,832)
Balance, end of period	247,926	35,632	18,365	77,978	8,192	388,093
Net, end of year	$ 725,878	$ 22,149	$ 2,218	$ 60,321	$ 5,308	$ 815,874

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

Buildings	8-56 years
Auxiliary equipment	3-11 years
Machinery and equipment	1-4 years
Testing equipment	1-4 years
Furniture and fixtures	2-4 years
Other equipment	1 years

Refer to Note 32 for the carrying amounts of property, plant and equipment that had been pledged by the Company to secure borrowings.

13. INTANGIBLE ASSETS

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.

	Year Ended December 31, 2012			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 535,005	$ 95,256	$ 97,099	$ 727,360
Additions	88,021	12,423	-	100,444
Disposals	-	(1,184)	-	(1,184)
Balance at December 31	623,026	106,495	97,099	826,620

(Continued)

	Year Ended December 31, 2012			
	Technology License Fees	Software	Patents	Total
Accumulated amortization				
Balance at January 1	$ 315,362	$ 75,079	$ 47,200	$ 437,641
Amortization expense	98,437	18,273	5,394	122,104
Disposals	-	(1,184)	-	(1,184)
Balance at December 31	413,799	92,168	52,594	558,561
Carrying amounts at December 31, 2012	$ 209,227	$ 14,327	$ 44,505	$ 268,059

(Concluded)

	Year Ended December 31, 2013			
	Technology License Fees	Software	Patents	Total
Cost				
Balance at January 1	$ 623,026	$ 106,495	$ 97,099	$ 826,620
Additions	68,245	10,203	-	78,448
Decrease	-	(59,665)	-	(59,665)
Balance at December 31	691,271	57,033	97,099	845,403
Accumulated amortization				
Balance at January 1	413,799	92,168	52,294	558,561
Amortization expense	103,663	11,429	5,395	120,487
Decrease	-	(58,841)	-	(58,841)
Balance at December 31	517,462	44,756	57,989	620,207
Carrying amounts at December 31, 2012	$ 173,809	$ 12,277	$ 39,110	$ 225,196

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

Technology license fees	1-15 years
Software	1-4 years
Patents	18 years

14. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Prepayment for royalties	$ 53,056	$ 35,553	$ 33,489
Golf club membership	7,800	7,800	7,800
Pledged time deposits	6,000	6,000	6,000
Refundable deposits (Note 28)	329	1,607	1,717
Other	22,009	45,644	62,114
	$ 89,194	$ 96,604	$ 111,120

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Current	$ 75,065	$ 81,197	$ 95,603
Noncurrent	14,129	15,407	15,517
	$ 89,194	$ 96,604	$ 111,120

(Concluded)

15. LOANS

a. Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured borrowings			
Bank loans	$ -	$ 101,640	$ 381,100

The weighted average effective interest rates for bank loans from January 1, 2013 to December 31, 2013 and from January 1, 2012 to December 31, 2012 were 1.9225% to 2.06% and 0.77% to 2.98% per annum, respectively.

b. Long-term borrowings

The borrowings of the Company were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Secured borrowings	$ 649,444	$ 835,000	$ 75,500
Loans on credit	573,750	885,000	132,500
	1,223,194	1,720,000	208,000
Less: Current portion	590,556	496,806	208,000
Long-term borrowings - noncurrent	$ 632,638	$ 1,223,194	$ -

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 32).

The effective borrowing rates as of December 31, 2013, December 31, 2012 and January 1, 2012 were 1.942% to 2.005%, 1.942% to 1.994% and 1.7725% to 2.17%, respectively.

The loan contracts require the Company to maintain certain financial ratios, such as debt ratio and current ratio, and to be under a restriction on net tangible assets in 2012 and 2013. However, the Company's not being able to meet the ratio requirement would not be deemed to be a violation of the contracts. As of December 31, 2013, the Company was in compliance with these financial ratio requirements.

16. TRADE PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Payable - operating	$ 382,475	$ 267,283	$ 347,378

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

17. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Customer returns and rebates	$ 20,311	$ 22,565	$ 8,615

The above balances were classified as provisions - current.

The provision for customer returns and rebates was based on historical experience, management's judgment and other known reasons that product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the periods the related goods were sold.

18. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Other payables			
Credit balances on the carrying values of long-term investments	$ 138,303	$ 367,102	$ 471,812
Salaries or bonuses	121,830	105,159	115,014
Labor/health insurance	14,350	18,156	19,437
Payable for royalties	10,415	26,101	25,313
Others	69,463	71,935	65,886
	$ 354,361	$ 588,453	$ 697,462
Deferred revenue			
Other	$ 1,909	$ 2,509	$ 4,557
Current			
- Other liabilities	$ 354,361	$ 586,748	$ 697,462
- Deferred revenue	599	599	2,048
	$ 354,960	$ 587,347	$ 699,510

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Noncurrent			
- Deferred revenue	$ 1,310	$ 1,910	$ 2,509
- Other current liabilities	-	1,705	-
	$ 1,310	$ 3,615	$ 2,509

(Concluded)

19. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Defined benefit plans

The Company had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Company makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is made at the discretion of the Bureau of Labor Funds, Ministry of Labor or an agency authorized by the government to make the investment. However, based on the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the return generated by employees' pension contribution should not be below the interest rate for a two-year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used in the actuarial valuations were as follows:

	Valuation on		
	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate(s)	1.85%	1.60%	1.75%
Expected return on plan assets	1.65%	1.65%	2.00%
Expected rate(s) of salary increase	4.00%	4.00%	5.75%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, taking into consideration the foregoing use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss on the defined benefit plans were as follows:

	For the Year Ended December 31	
	2013	2012
Current service cost	$ 1,725	$ 1,544
Interest cost	3,055	3,001
Expected return on plan assets	(2,200)	(2,533)
	$ 2,580	$ 2,012
An analysis by function		
Operating cost	$ 633	$ 474
Marketing expenses	69	50
Administration expenses	719	380
Research and development expenses	1,159	1,108
	$ 2,580	$ 2,012

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012, respectively, were $37,780 thousand and $15,141 thousand, respectively. The cumulative actuarial gains and losses recognized in other comprehensive income (loss) as of December 31, 2013 and 2012, respectively, were $22,639 thousand and $(15,141) thousand, respectively.

The amounts included in the consolidated balance sheets arising from the Company's obligation on its defined benefit plan were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 157,452	$ 190,961	$ 171,489
Fair value of plan assets	(136,429)	(131,142)	(124,384)
Deficit	21,023	59,819	47,105
Net liability arising from defined benefit obligation	$ 21,023	$ 59,819	$ 47,105

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 190,961	$ 171,489
Current service cost	1,725	1,544
Interest cost	3,055	3,001
Actuarial (gains) losses	(38,289)	14,927
Closing defined benefit obligation	$ 157,452	$ 190,961

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31 2013	2012
Opening fair value of plan assets	$ 131,142	$ 124,384
Expected return on plan assets	2,200	2,533
Actuarial losses	(509)	(214)
Contributions from the employer	3,596	4,439
Closing fair value of plan assets	$ 136,429	$ 131,142

The following major categories of plan assets at the end of the reporting period were disclosed on the basis of the information announced by the Bureau of Labor Funds under the Ministry of Labor:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash	22.86%	24.51%	23.87%
Short-term commercial paper	4.10%	9.88%	7.61%
Money market fund	-	0.66%	-
Bond	9.37%	10.45%	11.45%
Fixed income	18.11%	16.28%	16.19%
Equity instruments	44.77%	37.43%	40.75%
Others	0.79%	0.79%	0.13%
	100.00%	100.00%	100.00%

The Company chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (Note 35):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 157,452	$ 190,961	$ 171,489
Fair value of plan assets	$ 136,429	$ 131,142	$ 124,384
Deficit	$ 21,023	$ 59,819	$ 47,105
Experience adjustments on plan liabilities	$ (38,289)	$ 14,927	$ -
Experience adjustments on plan assets	$ 509	$ 214	$ -

The Company expected to make contributions to the defined benefit plans of $1,915 thousand in 2014 and $2,580 thousand in 2013.

20. EQUITY

a. Share capital

Common shares:

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	1,200,000	1,200,000	1,200,000
Amount of shares authorized	$ 12,000,000	$ 12,000,000	$ 12,000,000

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Number of shares issued and fully paid (in thousands)	596,910	596,910	596,910
Shares issued	$ 5,969,099	$ 5,969,099	$ 5,969,099

(Concluded)

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

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

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of 2013 and 2012 for each component of capital surplus was as follows:

	Share Premium	Treasury Share Transactions	Consolidation Excess and Other	Total
Balance at January 1, 2012	$ 709,215	$ 71,228	$ 157,423	$ 937,866
Others	-	-	1,258	1,258
Balance at December 31, 2012	$ 709,215	$ 71,228	$ 158,681	$ 939,124
Balance at January 1, 2013	$ 709,215	$ 71,228	$ 158,681	$ 939,124
Others	-	-	11,055	11,055
Balance at December 31, 2013	$ 709,215	$ 71,228	$ 169,736	$ 950,179

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) may be used to offset a deficit; in addition, when the Company has no deficit, this capital surplus may be distributed as cash dividends or transferred to capital.

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

c. Retained earnings and dividend policy

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:

1) Up to 6% of paid-in capital as dividends; and

2) 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.

3) Under an approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions plus the prior years' unappropriated earnings may be distributed as additional dividends.

4) 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 on the basis of related laws and past experience. However, for working capital retention, the bonus to employees and remuneration to directors and supervisors were zero for 2013 and 2012. For 2013, 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 Rule No. 100116 and Rule No. 0950000507 issued by the Financial Supervisory Commission (FSC), an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain [loss] on available-for-sale financial assets, and the gain or loss on the hedging instrument pertaining to the effective portion of cash flow hedge) should be transferred from unappropriated earnings to a special reserve before appropriating the earnings generated before January 1, 2012. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

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, a company should appropriate to a special reserve an amount that is the same as those 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 transition 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. Earnings should be appropriated only when the shortage of the foregoing special reserve is appropriated in subsequent years if the Company has earnings and the original need to appropriate a special reserve is not eliminated. (Please refer to special reserves appropriated following first-time adoption/of IFRSs.)

Legal reserve should be appropriated from earnings 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.

Except for non-ROC resident shareholders, all shareholders are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations from the 2012 and 2011 earnings were approved at the shareholders' meetings on June 11, 2013 and June 18, 2012, respectively. The appropriations, including dividends, were as follows:

	For Year 2012		For Year 2011	
	Appropriation of Earnings	**Dividends Per Share (NT$)**	**Appropriation of Earnings**	**Dividends Per Share (NT$)**
Legal reserve	$ 516,496	-	$ 23,822	-
Special reserve	(160,474)	-	-	-

The above appropriations were the same as those approved at the shareholders' meetings on April 10, 2013 and April 27, 2012.

The appropriations from earnings, including the bonus to employees and the remuneration to directors and supervisors for 2013, are subject to the shareholders' approval at their meeting to be held on June 11, 2014.

Information on the bonus to employees, directors and supervisors proposed by sunplus's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves appropriated following the first-time adoption of IFRSs

The exchange difference on translating foreign operations, which was transferred to retained earnings, was a negative $18,343 thousand; thus, following IFRSs, the Company did not appropriate a special reserve.

e. Other equity items

Foreign currency translation reserve:

	Years Ended December 31	
	2013	**2012**
Balance at January 1	$ (84,462)	$ -
Exchange differences arising on translating the foreign operations	11,570	(84,462)
Balance at December 31	$ 27,108	$ (84,462)

Unrealized gain/loss from available-for-sale financial assets:

	Years Ended December 31	
	2013	2012
Balance at January 1	$ 188,110	$ (389,877)
Changes in fair value of available-for-sale financial assets	(33,433)	544,324
Cumulative gain/loss reclassified to profit or loss upon disposal of available-for-sale financial assets	3,760	(12,670)
Reclassification adjustments to profit or loss on impairment of available-for-sale financial assets	13,350	46,333
The proportionate share of other comprehensive income/losses reclassified to profit or loss upon partial disposal of associates	775	-
Balance at December 31	$ 172,562	$ 188,110

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

f. Noncontrolling interests

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
Number of shares as of January 1, 2012 and December 31, 2012	4,915	3,560	8,475
Number of shares as of January 1, 2013 and December 31, 2013	4,915	3,560	8,475

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

	Number of Shares Held (In Thousand)	Carrying Amount	Market Price
December 31, 2013			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,762
December 31, 2012			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 32,645
January 1, 2012			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 35,493

Under the Securities and Exchange Act, Sunplus should neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

On February 26, 2014 the Company's board of directors resolved to write off all the 4,915 thousand treasury shares. As of March 24, 2014, the date of the accompanying auditors' report, this change in outstanding shares had still not been registered.

g. Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares, which 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, 2013, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

21. REVENUE

	Years Ended December 31	
	2013	2012
Revenue from IC	$ 3,053,794	$ 3,098,038
Other	58,942	43,122
	$ 3,112,736	$ 3,141,160

22. NET PROFIT

Net profit (loss) included the following items:

a. Other income

	Years Ended December 31	
	2013	2012
Interest income		
Bank deposits	$ 17,397	$ 22,011
Dividend imcome	3,538	6,440
Others	83,623	37,465
	$ 104,558	$ 65,916

b. Other gains and losses

	Years Ended December 31	
	2013	2012
Net foreign exchange gains (losses)	$ 16,316	$ (12,926)
(Loss) gain on disposal of available-for-sale financial assets	(3,760)	12,670
Loss on disposal of subsidiary	(74)	-
Gain (loss) on disposal of investment accounted for using the equity method	35,700	(233,628)
Gain on reversal of impairment loss on financial assets	3,888	27,825
Impairment loss on investments accounted for using the equity method	-	(134,195)
Impairment loss on available-for-sale financial assets	(13,350)	(46,333)
Impairment loss on financial assets carried at cost	(3,234)	(1,333)
Service income of management support	26,883	15,751

	$ 62,369	$ (372,169)

c. Finance costs

	Years Ended December 31	
	2013	2012
Interest on bank loans	$ 30,949	$ 27,409

d. Depreciation and amortization

	Years Ended December 31	
	2013	2012
Property, plant and equipment	$ 92,511	$ 65,801
Intangible assets	120,487	122,104
	$ 212,998	$ 187,905
An analysis of depreciation by function		
Operating costs	$ 11,628	$ 14,924
Operating expenses	80,883	50,877
	$ 92,511	$ 65,801
An analysis of amortization by function		
Operating costs	$ 1,307	$ 414
Selling expenses	-	-
Administrative expenses	4,198	4,377
Research and development expenses	114,982	117,313
	$ 120,487	$ 122,104

e. Employee benefits expense

	Years Ended December 31	
	2013	2012
Short-term benefits	$ 644,683	$ 834,937
Post-employment benefits		
Defined contribution plans	26,202	32,220
Defined benefit plans	2,580	2,012
Other employee benefits	5,336	5,793
Total employee benefits expense	$ 678,801	$ 874,962
An analysis of employee benefit expense by function		
Operating costs	$ 91,976	$ 74,562
Operating expenses	586,825	800,400
	$ 678,801	$ 874,962

f. Gain or loss on exchange rate changes

	Years Ended December 31	
	2013	2012
Exchange rate gains	$ 51,670	$ 50,719
Exchange rate losses	(35,354)	(63,645)
	$ 16,316	$ (12,926)

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax benefit were as follows:

	Years Ended December 31	
	2013	2012
Current tax		
Current period	$ 3,100	$ -
Prior periods	(93,348)	(116,020)
	(90,248)	(116,020)
Deferred tax		
Current period	67,412	116,020
Income tax benefit recognized in profit or loss	$ (228,836)	$ -

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

	Years Ended December 31	
	2013	2012
Profit before tax	$ 29,949	$ (933,609)
Income tax expense at the 17% statutory rate	$ 5,091	$ (158,714)
Tax effect of adjusting items:		
Nondeductible expenses	(209,742)	11,056
Temporary differences	(14,611)	37,416
Tax-exempt income	(1,325)	(5,778)
Current income tax expense	(220,587)	(116,020)
Deferred income tax expense		
Temporary differences	5,498	4,652
Investment credits	61,914	111,368
Unrecognized investment credit	220,587	116,020
Adjustments for prior years' tax	(93,348)	(116,020)
Foreign income tax expense	3,100	-
Income tax expense recognized in profit or loss	$ (22,836)	$ -

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

As the status of the 2014 appropriation of the 2013 earnings is uncertain, the potential income tax consequences of the 10% additional income tax on the 2013 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	$ 4,099	$ -	$ -
Current tax liabilities			
Income tax payable	$ -	$ 148,628	$ 382,634

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Impairment loss on financial assets	$ 2,378	$ (2,373)	$ 5
Unrealized loss on inventories	2,426	(2,426)	-
Exchange gains	(537)	(597)	(1,134)
Deferred credits	391	(102)	289
	4,658	(5,498)	(840)
Investment credits	65,814	(61,914)	3,900
	$ 70,472	$ (67,412)	$ 3,060

For the year ended December 31, 2012

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Impairment loss on financial assets	$ 2,448	$ (70)	$ 2,378
Unrealized loss on inventories	1,728	698	2,426
Depreciation expense	6,105	(6,105)	-
Exchange (gains) losses	(1,710)	1,173	(537)
Deferred credits	739	(348)	391
	9,310	(4,652)	4,658
Investment credits	177,182	(111,368)	65,814
	$ 186,492	$ (116,020)	$ 70,472

d. Unrecognized deferred tax assets

	December 31, 2013	December 31, 2012	January 1, 2012
Loss Carryforwards			
Expiry in 2019	$ 368,313	$ 368,313	$ 453,827
Expiry in 2020	517,517	517,517	154,208
Expiry in 2021	638,831	638,831	-
Expiry in 2022	538,986	162,498	-
Expiry in 2023	1,274,629	-	-
	$ 3,338,276	$ 1,687,159	$ 608,035
Investment credits			
Purchase of machinery and equipment	$ -	$ 1,035	$ 1,035
Important technological	-	15,093	15,093
Research and development	-	222,150	485,431
	$ -	$ 238,278	$ 501,559

The above investment credits expired in 2013.

e. Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2013:

Unused Amount	Expiry Year
$ 368,313	2019
517,517	2020
638,831	2021
538,986	2022
1,297,572	2023
$ 3,361,219	

The income from the following projects, which is exempt from income tax for five years, and the related tax-exemption periods were as follows:

Project	Tax Exemption Period
Sunplus	
Eighth expansion	January 1, 2010 to December 31, 2014
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2013 to December 31, 2017
Fourteenth expansion	January 1, 2015 to December 31, 2019
Fifteenth expansion	January 1, 2015 to December 31, 2019

f. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Imputation credits accounts	$ 310,327	$ 248,248	$ 201,494

For 2013 and 2012, there were no creditable tax ratios because the Company had a deficit. For the distribution of earnings generated after January 1, 1998, the imputation credit allocable to shareholders of Sunplus is based on the balance of the ICA as of the date of dividend distribution. According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

Income tax assessments

The income tax returns of the Company before 2010 had been assessed and cleared by the tax authorities. *(suggested addition, which makes for better presentation because assessment generally has two results: OK or more tax — for your decision)*

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	Years Ended December 31	
	2013	**2012**
Basic earnings (loss) per share	$ 0.09	$ (1.59)
Diluted earnings (loss) per share	$ 0.09	$ (1.59)

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

Net Profit (Loss) for the Year

	Years Ended December 31	
	2013	**2012**
Profit (loss) for the year attributable to owners of the Group	$ 52,785	$ (933,609)
Effect of dilutive potential common shares:		
Employee share option	-	-
Earnings used in the computation of diluted earnings per share	$ 52,785	$ (933,609)

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

	Years Ended December 31	
	2013	**2012**
Weighted average number of common shares used in the computation of basic earnings per shares	588,435	588,435
Effect of dilutive potential common shares:		
Employee share option	-	-
Weighted average number of common shares used in the computation of diluted earnings per share	588,435	588,435

25. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

On September 11, 2007, the Securities and Futures Bureau approved the Company's employee stock option plan ("2007 option plan"). The plan provided for the grant of 25,000 thousand options, with each unit representing one common share. The option rights had been granted to qualified employees of the Company and subsidiaries. A total of 25,000 thousand common shares had been reserved for issuance. The options were valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights were 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 changed, the exercise price was adjusted accordingly. All options had been granted or canceled as of December 31, 2012.

Outstanding option rights were as follows:

	Years Ended December 31			
	2013		2012	
Employee share option plan	**Unit (In Thousands)**	**Weighted-average Price (NT$)**	**Unit (In Thousands)**	**Weighted-average Price (NT$)**
Beginning outstanding balance	18,880	$ 38.03	19,847	$ 38.03
Options canceled	(1,598)	-	(967)	-
Option past due	(17,282)	-	-	-
Ending outstanding balance	-		18,880	
Ending exercisable balance	-		18,880	

The number of shares and exercise prices of outstanding option have been adjusted to reflect the appropriations of cash dividends and issuance of capital stock specified under the 2007 plans.

As of December 31, 2013 the outstanding and exercisable options were as follows:

December 31, 2013		December 31, 2012	
Exercise Price (NT$)	**Weighted- Average Remaining Contractual Life (Years)**	**Exercise Price (NT$)**	**Weighted- Average Remaining Contractual Life (Years)**
$-	-	$37.9	0.87
-	-	38.3	0.99

January 1, 2012	
Exercise Price (NT$)	**Weighted- Average Remaining Contractual Life (Years)**
$37.9	1.87
38.3	1.99

In their meeting on June 18, 2012, the Company's shareholders approved a restricted stock plan for employees with a total amount of $280,000 thousand, consisting of 28,000 thousand shares, and authorized the board of directors to determine the issue prices of the restricted shares.

As of December 31, 2013, the restricted stock plan for the Company's employees had not been approved by the authorities, so it became invalid.

26. DISPOSAL OF SUBSIDIARIES

As stated in Note 11(3), the Company lost its control over Sunplus Core Technology Co., Ltd. and disposed of another subsidiary. Please refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2013.

As stated in Note 11(3), Global Techplus Capital Inc. was liquidated in September 2013. Please refer to Note 31 to the Company's consolidated financial statements for the year ended December 31, 2013.

27. NONCASH TRANSACTIONS

For 2013, the Company increased payables on equipment and reduced other liabilities by $2,988 thousand and $1,705 thousand, respectively, to obtain equipment. For 2012, the Company reduced payables on equipment and other receivable by $431 thousand and $24,535 thousand, respectively, to obtain equipment.

28. OPERATING LEASE ARRANGEMENTS

The Company as lessee

Operating leases relate to leases of land with lease terms between 2 and 8 years. All operating lease contracts over five years contain clauses for five-yearly market rental reviews. The Company does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

The Company leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in July 2015, December 2020 and December 2021. The SBIPA has the right to adjust the annual lease amount. In 2013, the annual lease amount increased from $7,929 thousand to $8,034 thousand. The Company had pledged $6,000 thousand in time deposits (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Up to 1 year	$ 8,034	$ 7,929	$ 7,929
Over 1 year to 5 years	20,910	23,879	27,122
Over 5 years	12,250	16,776	21,462
	$ 41,194	$ 48,584	$ 56,513
Refundable deposits	$ 296	$ 296	$ 296

29. CAPITAL MANAGEMENT

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

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

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

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except for those financial instruments shown in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31, 2013		December 31, 2012	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
<u>Financial assets</u>				
Financial assets carried at cost	$ 9,556	$ -	$ 14,889	$ -

	January 1, 2012	
	Carrying Amount	**Fair Value**
<u>Financial assets</u>		
Financial assets carried at cost	$ 18,889	$ -

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 407,320	$ -	$ -	$ 407,320
Securities listed in ROC	773,185	-	-	773,185
	$ 1,180,505	$ -	$ -	$ 1,180,505

December 31, 2012

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 391,880	$ -	$ -	$ 391,880
Securities listed in ROC	237,565	-	-	237,565
	$ 629,445	$ -	$ -	$ 629,445

January 1, 2012

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Mutual funds	$ 362,947	$ -	$ -	$ 362,947
Securities listed in ROC	860,009	-	-	860,009
	$ 1,222,956	$ -	$ -	$ 1,222,956

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

3) Valuation techniques and assumptions for the purpose of measuring fair value

The fair value of financial instruments which has standard clause and will been transacted in active market is according to market value.

Financial instrutments' fair value is according to market value, if the financial instrument has standard clause and will been transacted in active market.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Loans and receivables (i)	$ 2,104,216	$ 2,534,391	$ 2,488,230
Available-for-sale financial assets (ii)	1,190,061	644,334	1,241,845
Financial liabilities			
Measured at amortized cost (iii)	1,688,529	2,168,085	1,074,483

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

(ii) The balance included –available-for-sale financial assets carried at cost.

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

The carrying amounts of the Company’s foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period are shown in Note 33.

<u>Sensitivity analysis</u>

The Company was mainly exposed to the USD.

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

	USD impact	
	Years Ended December 31	
	2013	**2012**

Profit or loss	$ (16,871)	$ (8,235)

b) Interest rate risk

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

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

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Fair value interest rate risk			
Financial assets	$ 916,284	$ 1,496,000	$ 1,247,110
Financial liabilities	-	101,640	381,100
Cash flow interest rate risk			
Financial assets	202,180	274,645	563,661
Financial liabilities	1,223,194	1,720,000	208,000

<u>Sensitivity analysis</u>

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

Had interest rates increased/decreased by 0.125% basis point and all other variables been held constant, the Company's post-tax profit would have decreased/increased by $1,276 thousand and $1,807 thousand in 2013 and 2012, respectively..

c) Other price risk

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

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

Had equity prices been 1% higher/lower, post-tax profits would have increased/decreased by $11,805 thousand and $6,294 thousand in 2013 and 2012, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to the counterparties' failure to discharge an obligation and financial guarantees provided by the Company, consists of the carrying amounts of the relevant financial assets recognized in the balance sheets and the amounts of the contingent liabilities on the financial guarantees.

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

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

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

The Company's concentrations of credit risk of 96%, 97% and 90% in total trade receivables as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively, pertained to the five largest customers within the property construction business.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2013, December 31, 2012, and January 1, 2012, the unused financing facilities for the Company are shown in Item (b) below.

a) Liquidity and interest risk rate tables

The following table shows the remaining contractual maturities of the Company's nonderivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows.

December 31, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing	-	$ 745	$ 491,057	$ 10	$ 894	$ -
Floating interest rate liabilities	1.942-2.065	999	201,528	389,028	632,638	-
Fixed interest rate liabilities	-	-	-	-	-	81,861
		$ 1,744	$ 692,585	$ 389,038	$ 633,532	$ 81,861

December 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing	-	$ -	$ 397,319	$ -	$ 10	$ -
Floating interest rate liabilities	-	1,764	107,778	389,028	1,223,194	-
Fixed interest rate liabilities	0.77-0.88	101,668	-	-	-	80,019
		$ 103,432	$ 505,097	$ 389,028	$ 1,223,204	$ 80,019

January 1, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing	-	$ -	$ 461,615	$ -	$ 767	$ -
Floating interest rate liabilities	-	246	208,000	-	-	-
Fixed interest rate liabilities	0.98-1.475	381,172	-	-	-	138,135
		$ 381,418	$ 669,615	$ -	$ 767	$ 138,135

b) Financing facilities

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank overdraft facility			
Amount used	$ 1,506,341	$ 1,821,640	$ 589,100
Amount unused	2,369,638	2,140,520	2,087,700
	$ 3,875,979	$ 3,962,160	$ 2,676,800

31. TRANSACTIONS WITH RELATED PARTIES

a. Trading transactions

	Sales of Goods For the Years Ended December 31 2013	2012
Subsidiaries	$ 14,897	$ 20,539
Associates	5,675	14,311
Joint ventures	1,226	-
	$ 21,798	$ 34,850

Selling prices for related parties were based on costs and market prices. The sales terms for related parties were similar to those for external customers.

	Purchases of Goods	
	For the Years Ended December 31	
	2013	2012
Associates	$ -	$ 1,210
Subsidiaries	-	454
	$ -	$ 1,664

Materials purchase prices for related parties were based on costs and market prices. The payment terms were similar to those for external vendors.

	Operating Expenses	
	For the Years Ended December 31	
	2013	2012
Joint ventures	$ 48,973	$ -
Subsidiaries	1,647	2,118
Associates	-	6,445
	$ 50,620	$ 8,563

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

	Nonoperating Income and Expenses	
	For the Years Ended December 31	
	2013	2012
Subsidiaries	$ 61,519	$ 25,987
Joint ventures	19,841	-
Associates	7,420	9,501
	$ 88,780	$ 35,488

Lease payment terms were based on normal terms.

Following are the balances of trade receivables from related parties that were outstanding at the end of the reporting period:

	Trade Receivables from Related Parties		
	December 31, 2013	December 31, 2012	January 1, 2012
Subsidiaries	$ 1,698	$ 2,389	$ 3,423
Associates	840	2,779	2,615
	$ 2,538	$ 5,168	$ 6,038

There were no guarantees on outstanding receivables from related parties.

As of December 31, 2012 and January 1, 2012, the allowances for doubtful accounts were $416 thousand and $160 thousand, respectively.

	Other Receivables		
	December 31, 2013	December 31, 2012	January 1, 2012
Subsidiaries	$ 33,494	$ 188,201	$ 30,593
Associates	50	53	2,376
Joint ventures	2,330	-	-
	$ 35,874	$ 188,254	$ 32,969

The interest receivable and lease receivable of $9,715 thousand from HT mMobile as of December 31, 2012 were recognized as impairment loss.

	Trade Payables to Related Parties		
	December 31, 2013	December 31, 2012	January 1, 2012
Subsidiaries	$ -	$ 213	$ -

	Other Current Liabilities		
	December 31, 2013	December 31, 2012	January 1, 2012
Joint ventures	$ 18,394	$ -	$ -
Subsidiaries	798	-	482
	$ 19,192	$ -	$ 482

	Deferred Income		
	December 31, 2013	December 31, 2012	January 1, 2012
Associates	$ 1,697	$ 2,297	$ 2,897
Subsidiaries	-	-	1,448
	$	$	$

	Proceeds of the Purchase of Property, Plan and Equipment		Proceeds of the Purchase of Intangible Assets	
	For the Years Ended December 31		For the Years Ended December 31	
	2013	2012	2013	2012
Joint ventures	$ 133	$ -	$ -	$ -
Subsidiaries	39	-	-	-
Associates	-	24,535	-	3,187
	$ 172	$ 24,535	$ -	$ 3,187

	Proceeds of the Disposal of Property, Plan and Equipment		Proceeds of the Disposal of Intangible Assets	
	For the Years Ended December 31		For the Years Ended December 31	
	2013	2012	2013	2012
Joint ventures	$ 2,392	$ -	$ 291	$ -

	Gain on Disposal of Assets		Gain on Disposal of Intangible Assets	
	For the Years Ended December 31		For the Years Ended December 31	
	2013	2012	2013	2012
Joint ventures	$ 270	$ -	$ 21	$ -

	Financing Provided		
	December 31, 2013	December 31, 2012	January 1, 2012
Other receivable			
Subsidiaries	$ 161,400	$ 180,400	$ 25,000
Associates	-	362,460	400,000
	$	$	$

	For the Years Ended December 31	
	2013	2012
Other receivable		
Subsidiaries	$ 3,930	$ 1,716
Associates	1,465	6,259
	$ 5,395	$ 7,975

	Endorsement/guarantee Provided		
	December 31, 2013	December 31, 2012	January 1, 2012
Subsidiaries	$ 810,391	$ 923,108	$1,153,350
Associates	$ -	$ -	$ 300,000

Compensation of directors, supervisors and other management personnel:

	For the Years Ended December 31	
	2013	2012
Salaries and Incentives	$ 17,318	$ 26,530
Special compensation	2,050	2,172
	$ 19,368	$ 28,702

32. PLEDGED OR MORTGAGED ASSETS

Certain assets pledged or mortgaged as collaterals for long-term bank loans operating lease were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Buildings, net	$ 712,876	$ 732,696	$ 752,516
Orise stock	468,526	407,112	-
Time deposits (classified under other assets – current and other assets – noncurrent)	6,000	6,000	6,000
Giantplus stock	-	415,887	-
	$ 1,187,402	$ 1,561,695	$ 758,516

33. EXCHANGE RATE FOR FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

(?there should have been a third column showing the NT$ amounts

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

	December 31, 2013		December 31, 2012		January 1, 2012	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets						
Monetary items						
USD	29,458	29.805	21,691	29.040	30,687	30.275
CNY	36,243	4.919	25	4.660	22	4.807
JPY	100	0.284	247	0.336	381	0.391
HKD	8	3.843	19	3.747	12	3.897
GBP	3	49.28	4	46.83	10	46.73
EUR	1	41.09	1	38.49	2	39.18
Nonmonetary items						
USD	9,069	29.805	9,577	29.040	13,658	30.275
HKD	1,064	3.843	1,082	3.747	1,050	3.897
Financial liabilities						
Monetary items						
USD	12,587	29.805	13,456	29.040	15,797	30.275
EUR	78	41.09	-	-	2	39.18
CNY	9	4.919	136	4.660	167	4.807
GBP	-	-	-	-	5	46.73

34. ADDITIONAL DISCLOSURES

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

1) Financings provided: Table 1 (attached)

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

3) Marketable securities held: Table 3 (attached)

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

5) Information on investee: Table 5 (attached)

b. Information on investments in mainland China

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

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

35. FIRST-TIME ADOPTION OF IFRSs

The Company’s financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The effects of the transition to IFRSs on the Company’s balance sheets and statements of comprehensive income are shown as follows:

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

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Assets				
Notes and trade receivables, net	$ 539,669	$ 8,615	$ 548,284	5(2)
Deferred tax assets - current	6,471	(6,471)	-	5(1)

(Continued)

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Other current assets	$ 40,568	$ 55,035	$ 95,603	5(7)

Investments accounted for using the equity method	5,566,800	(19,070)	5,547,730	5(9)
Property, plant and equipment	721,693	(136,693)	858,386	5(8)
Intangible assets	269,542	20,177	289,719	5(7)
Rental assets	136,693	(136,693)	-	5(8)
Other assets	90,729	(75,212)	15,517	5(7)
Deferred income tax assets - noncurrent	180,021	6,471	186,492	5(1)
Liabilities				
Accrued expenses and other current liabilities	691,239	6,223	697,462	5(3) & 5(10)
Provisions	-	8,615	8,615	5(2)
Accrued pension cost	52,029	(4,924)	47,105	5(4)
Equity				
Capital surplus – net assets from merger	950,022	(792,599)	157,423	5(5)
Cumulative translation adjustments/ foreign currency translation reserve	90,505	(90,505)	-	5(6)
Unrealized gain (loss) on financial instruments/unrealized gain (loss) on available-for-sale financial assets	(1,190,315)	800,438	(389,877)	-
Unappropriated earnings (accumulated deficit)	(23,822)	62,297	38,475	5(3), 5(4), 5(5), 5(6) & 5(9)

(Concluded)

b. Reconciliation of the consolidated balance sheet as of December 31, 2012

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Assets				
Notes and trade receivables, net	$ 476,950	$ 22,565	$ 499,515	5(2)
Deferred tax assets - current	15,355	(15,355)	-	5(1)
Other current assets	61,641	19,556	81,197	5(7)
Investments accounted for using equity method	7,091,323	(1,096,075)	5,995,248	5(10)
Property, plant and equipment	764,855	64,717	829,572	5(8)
Intangible assets	253,732	14,327	268,059	5(7)
Rental assets	64,717	(64,717)	-	5(8)
Other assets	49,290	(33,883)	15,407	5(7)
Deferred income tax assets - noncurrent	55,117	15,355	70,472	5(1)
Liabilities				
Accrued expenses and other current liabilities	600,743	(13,995)	586,748	5(3)
Provisions	-	22,565	22,565	5(2)

(Continued)

	ROC GAAP	Effect of	IFRSs	Note

		Transition to IFRSs		
Accrued pension cost	$ 50,330	$ 9,489	$ 59,819	5(4)
Equity				
Capital surplus – net assets from merger	936,212	(777,531)	158,681	5(5)
Cumulative translation adjustments/ Foreign currency translation reserve	3,155	(87,617)	(84,462)	5(6)
Accumulated deficit	(676,970)	(226,420)	(903,390)	5(3), 5(4), 5(5), 5(6) & 5(9)

(Concluded)

c. Reconciliation of the consolidated statement of comprehensive income for the year ended December 31, 2012

	ROC GAAP	**Effect of Transition to IFRSs**	**IFRSs**	**Note**
Operating expenses	$ 1,471,811	$ (2,049)	$ 1,469,762	5(3) & 5(4)
Loss on disposal of property, plant and equipment	44	(44)	-	5(3) & 5(4)
Other income and expenses				
Share of profits of associates and joint venture accounted for using the equity method	199,571	25,105	224,676	5(9)
Gains (loss) on disposal of investments	12,670	(233,626)	(220,958)	5(5) & 5(10)
Other comprehensive income				
Exchange differences on translating foreign operations	-	-	(84,462)	5(4)
Unrealized gain on available-for-sale financial assets	-	-	577,987	-
Actuarial loss on defined benefit plans	-	-	(15,141)	5(4)
Share of other comprehensive loss of associates accounted for using the equity method	-	-	(16,937)	-

Note: Under ROC GAAP, Exchanges differences on translating foreign operations and unrealized gain or loss on available-for-sale assets were recognized under shareholder’s equity; under IFRS, these exchange differences should be recognized under other comprehensive income.

d. Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Company’s first financial statements prepared 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 major optional exemptions the Company adopted are summarized as follows:

Business combinations

The Company elected not to apply IFRS 3, “Business Combinations,” retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of goodwill generated from past business combinations remains the same as the one under ROC GAAP as of December 31, 2011.

The exemption of not electing to apply IFRS 3 “Business Combinations” also applied to investments in associates acquired in the past.

Deemed cost

At the day of transition, the Company elected to measure property, plant, and equipment, and intangible assets at cost retrospectively.

Share-based payment transactions

The Company elected to take the optional exemption from applying IFRS 2 “Share-based Payment” retrospectively to shared-based payment transactions granted and vested before the date of transition.

Employee benefits

The Company elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Company elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date

Cumulative translation differences

The Company elected to reset the cumulative translation differences to zero at the date of transition to IFRSs and adjusted retained earnings accordingly. Gains or losses on a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to IFRSs.

The effects of the foregoing optional exemptions the Company elected to use, are described in the following “e. Explanations of significant reconciling items in the transition to IFRSs.”

e. Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under R.O.C GAAP and the accounting policies adopted under IFRSs were as follows:

1) 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 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 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, and January 1, 2012, the amounts reclassified from deferred income tax assets - current to deferred income tax assets - noncurrent were $15,355 thousand and $6,471 thousnad, respectively.

2) 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. 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, and January 1, 2012, the amounts reclassified from allowance for sales returns and others to provisions were $22,565 thousand and $8,615 thousand, respectively.

3) 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.

   As of December 31 and January 1, 2012 the adjustments resulted in increases in accrued expenses by $1,365 thousand and $6,223 thousand, respectively. For 2012, the adjustments resulted in a decrease in salaries expenses by $4,858 thousand.

4) Employee benefits - corridor approach

   Under ROC GAAP, on the adoption of Statement of Financial Accounting Stndard 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 made an adjustment of accrued pension cost based on IFRS 1, respectively; these procedures resulted in an increase of $9,489 thousand and a decrease of $4,924 thousand, respectively, in accrued pension liabilities. In addition, for 2012, pension cost decreased by $728 thousand and other comprehensive income decreased by $32,078 thousand.

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

   Under ROC GAAP, employee stock options granted by a subsidiary are recognized by the parent company in accordance with its ownership percentage as capital surplus - employee stock options under the equity attributable to shareholders of the parent in the consolidated financial statements. Under IFRSs, the equity not directly or indirectly attributable to a parent is a noncontrolling interest.

*(for the five paragraphs below, editing is not complete/is not possible because understanding of the text was weak and discussion had unresolved issues)**

Under ROC GAAP, for changes in equities that are not recognized under retained earnings and capital stock of an investee, the investor should proportionally adjust long-term investment o and other equity for any changes in long-term investments.

Under IFRSs, when associates occurs changes in other comprehensive income and profit or loss but not influenceto the investor's investment percentages, investor should recognized changes by the amount according to the investment percentages.

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 the investee's net assets will change. This change will be used to adjust the additional paid-in capital and the long-term investment accounts.

Under IFRSs, if an associates 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 investments accounted for using the equity method accounts. *(the two sentences are similar to the ROC GAAP disclosure above)** If there's an owner's equity decrease to associates cause by the situation above. *(;preceding text not a sentence)** The Company should reclassified related amount to associates under the decrease percentages based on the same account basis should be followed if the associates disposed related assets or liabilities. *(this sentence seems to refer to a situation in which the use of the equity method is discontinued because significant influence or joint control ceases—for recheck; your decision)*

On the other hand, based on the requirements of "IFRSs Q&A," issued by Taiwan Stock Exchange Corporation (TWSE), capital surplus accounts to which IFRSs, the Company Act or relevant letters of instructions of the Ministry of Economic Affairs do not apply, should be adjusted on the transition date.

Under the "IFRSs Q&A" issued by the Taiwan Stock Exchange Corporation (TWSE), the Company should only reclassify capital surplus - long term investment to retained earnings on the transition date; no retrospective adjustments are necessary. Thus, capital surplus - long term investments as of December 31, 2012 and January 1, 2012 were adjusted for an increase of $15,068 thousand and a decrease of $792,599 thousand, respectively.

6) 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 of the importance of certain factors. Under ROC GAAP, there is no assigning of priority to some factors over other factors. As of December 31, 2013 and January 1, 2012, cumulative translation adjustments of the Company were adjusted for decreases of $2,888 thousand and for an increase of $90,505 thousand, respectively.

7) 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.

8) 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 the assets held for earning rentals or for capital appreciation, or both, from other assets to investment property. However, the Company's properties that were leased to subsidiaries for their operating use was reclassified to property, plant and equipment. As of December 31, 2012 and January 1, 2012, the amounts reclassified to property, plant and equipment were $64,717 thousand and $136,693 thousand, respectively.

9) On the Company’s transition to IFRSs, the Company’s associates accounted for using the equity method also assessed the significant differences between the ROC GAAP accounting policies and those under IFRSs and made adjustments accordingly. The associates’ major adjustments were in employees’ benefits, pension and exchange rate changes. As of December 31, 2012 and January 1, 2012, the assessment of differences resulted in decreases in the investments accounted for by the equity method of $62,009 thousand and $19,070 thousand, respectively, and a decrease of $25,105 thousand in the loss on the investments accounted for by the equity method for 2012.

10) Under ROC GAAP, when an investee acquisition results in having significant influence on an investee, the difference should be adjusted between investment costs and net market value retrospectively to the beginning of the period and recognized under capital surplus. Under IFRSs, the acquisition cost in excess of the Company’s share of the net fair value of the identifiable assets and liabilities of an investee is recognized as goodwill at the acquisition date and is not traced back to the beginning of the period. But the Company’s share of the net fair value of the identifiable assets and liabilities in excess of the acquisition cost is recognized immediately in profit or loss. As a result of the transition to IFRSs, some investments were reclassified to investments accounted for by the equity method. As of December 31, 2012, the Company had decreased the investments accounted for using the equity method by $1,034,066 thousand. For 2012, the Company increased the loss on investment disposal by $233,626 thousand.

f. Under ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flows using the indirect method. However, under IAS 7 “Statement of Cash Flows,” cash flows on interest and dividends received and paid should each be disclosed separately and classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Company of $22,808 thousand and $118,735 thousand, respectively, for 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there were no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

TABLE 1

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Sunplus Technology Company Limited (the "Company")	Sunplus mMobile Inc.	Other receivables	Yes	$ 400,400	$ 161,400	$ 161,400	1.655%	Note 1	$ -	Note 2	$ -	-	$ -	$ 438,844 (Note 10)	$ 877,689 (Note 11)
		HT mMobile Inc.	Other receivables	Yes	362,460	- (Note 13)	-	1.655%	Note 1	-	Note 3	-	-	-	438,844 (Note 10)	877,689 (Note 11)
1	Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Other receivables	Yes	9,515	-	-	3.3%	Note 1	-	Note 4	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Ytrip Technology Co., Ltd.	Other receivables	Yes	9,164	-	-	3.3%	Note 1	-	Note 5	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Sun Media Technology Co., Ltd.	Other receivables	Yes	10,080	-	-	3.3%	Note 1	-	Note 6	-	-	-	179,165 (Note 12)	204,760 (Note 12)
		Sunplus APP Technology	Other receivables	Yes	6,873	6,873	6,873	3.3%	Note 1	-	Note 7	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Sunplus Prof-tek Technology (Shenzhen)	Other receivables	Yes	21,994	21,994	21,994	3.3%	Note 1	-	Note 8	-	-	-	179,165 (Note 12)	204,760 (Note 12)
1	Sun Media Technology Co., Ltd.	Ytrip Technology Co., Ltd.	Other receivable	Yes	2,422	-	-	2.2751%	Note 1	-	Note 9	-	-	-	18,633 (Note 10)	37,267 (Note 11)

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash ~~payments of~~ to Sunplus mMobile Inc for the repayment of the latter's loans.

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 the operating needs of ShenZhen Suntop Technology Co., Ltd.

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

Note 6: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sun Media Technology Co., Ltd.

Note 7: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus App Technology.

Note 8: Sunplus Technology (Shanghai) Co., Ltd. provided funds for the operating needs of Sunplus Prof-tek Technology (Shenzhen).

(Continued)

Note 9: Sun Media Technology Co., Ltd. provided funds for the operating needs of Ytrip Technology.

Note 10: For each transaction entity, the amount should not exceed 5% of the combined net equity value of the Company and the lender based on theire latest financial statements.

Note 11: The amount should not exceed 10% of the combined net equity value of the Company and the lender based on their latest financial statements.

Note 12: For each transaction entity, if the investee is a direct or indirect wholly owned subsidiary of Sunplus Technology (Shanghai), each financing amount should not exceed 35% of Sunplus Technology (Shanghai)'s net equity as of the latest financial statements, and the total financing should not exceed 40% of the Company's net equity as of the latest financial statement

Note 13: HT mMobile had repaid $5,354 thousand by cash and the Company had reversed the allowance of $5,354 thousand as of December 31 2013. HT mMobile completed its liquidation on March 20, 2013, so the Company wrote off the rest of the receivables from HT mMobile.

(Concluded)

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Collateral/ Guarantee Amounts Allowable	Guarantee Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship *anthony said numbers with no parentheses to be deleted*										
0 (Note1)	Sunplus Technology Company Limited (the "Company")	Sun Media Technology Co., Ltd.	3(Note3)	$ 877,689 (Note 5)	$ 682,640	$ 679,565	$ 679,565	-	7.74%	$ 1,755,378 (Note 6)	Yes	No	Yes
		Sunplus mMobile Inc.	2(Note2)	877,689 (Note 5)	220,000	-	-	-	-	1,755,378 (Note 6)	Yes	No	No
		Ytrip Technology Co., Ltd.	3(Note3)	877,689 (Note 5)	58,460	58,460	58,460	-	0.67%	1,755,378 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2(Note2)	877,689 (Note 5)	47,342	43,671	43,671	-	0.5%	1,755,378 (Note 6)	Yes	No	No
		Generalplus Technology Inc.	3(Note3)	877,689 (Note 5)	27,126	13,563	13,563	-	0.15%	1,755,378 (Note 6)	Yes	No	No
		Sunplus Innovation Technology Inc.	2(Note2)	877,689 (Note 5)	17,564	8,782	8,782	-	0.1%	1,755,378 (Note 6)	Yes	No	No
		iCatch Technology Inc.	1(Note4)	877,689 (Note 5)	12,701	6,350	6,350	-	0.07%	1,755,378 (Note 6)	Yes	No	No
		Sunplus Technology (Shanghai) Co., Ltd.	3(Note3)	877,689 (Note 5)	149,575	-	-	-	-	1,755,378 (Note 6)	Yes	No	Yes

Note 1: Issuer.

Note 2: Directly holds more than 50% of the common shares of a subsidiary.

Note 3: The Company and its subsidiaries jointly own more than 50% of the investee company.

Note 4: Directly held by parent company.

Note 5: For each transaction entity, the amount should not exceed 10% of the endorsement/guarantee provider's net equity as shown in the provider's latest financial statements.

Note 6: 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

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(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, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the “Company”)	Stock							
	Global View Co., Ltd.	The Company’s supervisor	Available-for-sale financial assets	11,756	$ 213,960	13	$ 213,966	Note 2
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	24,300	-	24,300	Note 2
	RITEK Corp.	-	Available-for-sale financial assets	5,000	25,248	-	25,248	Note 2
	Tatung Company	-	Available-for-sale financial assets	46,094	381,201	2	381,201	Note 2
	Giantplus Technology Co., Ltd.	-	Available-for-sale financial assets	13,814	128,470	3	128,470	Note 2
	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	161,468	-	161,468	Note 3
	JF (Taiwan) First Money Market Fund	-	Available-for-sale financial assets	2,729	40,505	-	40,505	Note 3
	FSITC Money Market	-	Available-for-sale financial assets	290	50,560	-	50,560	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,564	30,120	-	30,120	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,234	-	30,234	Note 3
	Taishin Ta-Chong Money Market	-	Available-for-sale financial assets	2,178	30,227	-	30,227	Note 3
	Prudential Financial Money Market	-	Available-for-sale financial assets	4	67	-	67	Note 3
	Capital Money Market	-	Available-for-sale financial assets	1,911	30,122	-	30,122	Note 3
	Eastspring Inv Fund Glbl EqFoF	-	Available-for-sale financial assets	1,150	14,580	-	14,580	Note 3
	JPNorgan Asia High Yieid Total Return Bond	-	Available-for-sale financial assets	1,249	14,381	-	14,381	Note 3
	China High Yield Dim sum Bond	-	Available-for-sale financial assets	464	50,560	-	50,560	Note 3
	Network Capital Global Fund	-	Financial assets carried at cost	600	6,000	11	6,000	Note 1
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	356	3,556	7	3,556	Note 1
Lin Shih Investment Co., Ltd.	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	99,151	1	99,151	Note 2
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,435	67,928	7	67,928	Note 2
	Sunplus Technology Co., Ltd.	Parent Company	Available-for-sale financial assets	3,560	40,762	1	40,762	Notes 2 and 4
	RITEK Technology Co., Ltd.	-	Available-for-sale financial assets	833	4,208	-	4,208	Note 2
	Aiptek International Inc.	-	Available-for-sale financial assets	60	275	-	275	Note 2
	Frankin Templetion Sinoa	-	Available-for-sale financial assets	1,994	20,097	-	20,097	Note 3
	Paradigm Pion Money Market	-	Available-for-sale financial assets	445	5,022	-	5,022	Note 3
	UPAMC JAMES BOND MONEY	-	Available-for-sale financial assets	431	7,040	-	7,040	Note 3
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	15	2,903	-	2,903	Note 2
	TAI TUNG COMMUNICATION CO., LTD.	-	Available-for-sale financial assets	25	1,041		1,041	Note 2
	Hon Hai Precision Ind. Co., Ltd.	-	Available-for-sale financial assets	50	4,000	-	4,000	Note 2
	Pou Chen Corp.	-	Available-for-sale financial assets	20	891	-	891	Note 2
	AGV PRODUCTS CORP.	-	Available-for-sale financial assets	100	920		920	Note 2
	Apex International Co.,Ltd.	-	Available-for-sale financial asset	20	768	-	768	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial asset	40				Note 4
	Yuanta Global REITs Fund	-	Available-for-sale financial asset	40	818	-	818	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Elitergroup Computer System	-	Available-for-sale financial asset	763	$ 8,148	-	$ 8,148	Note 3
	Jentech Precision Industrial Co., Ltd.	-	Available-for-sale financial asset	60	1,023	-	1,023	Note 2
	Flexium Interconnect, Inc.	-	Available-for-sale financial assets	10	807	-	807	Note 2
	PRIMAX CORP.	-	Available-for-sale financial assets					Note 4
	NAN YA PRINTED CIRCUIT BOARD CORP.	-	Available-for-sale financial assets	10	373	-	373	Note 2
	Yulon Corp.	-	Available-for-sale financial assets	42	2,268	-	2,268	Note 2
	HUANGHSIANG CONSTRUCTION	-	Available-for-sale financial assets	15	801	-	801	Note 2
	SINON CORPORATION	-	Available-for-sale financial assets	330	5,511	-	5,511	Note 2
	CHAMPION BUILDING MATERIALS CO., LTD.	-	Available-for-sale financial assets	50	655	-	655	Note 2
	JTOVCH CORP.	-	Available-for-sale financial assets	25	575	-	575	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	10	13,940	Note 1
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	4,136	2	4,136	Note 1
	Advanced Optoelectronic Technology Inc.	-	Available-for-sale financial assets	20	1,262	-	1,262	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	3,676	5	3,676	Note 1
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 1
	Socle Technology Corp.	-	Financial assets carried at cost	250	786	-	786	Note 1
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	373	671	6	671	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 1
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	-	-	-	Note 3
Lin Shih Investment Co., Ltd.	Ubright Optright Corporation-CB	-	Financial assets at fair value through profit or loss -Current	20	2,000	-	2,000	Note 2
	CHINA ELECTRIC MFG.CO.,LTD.-CB	-	Financial assets at fair value through profit or loss -Current	30	2,994	-	2,994	Note 2
	China Airlines Ltd.		Financial assets at fair value through profit or loss -Current	30	3,000	-	3,000	Note 2
Russell Holdings Limited	<u>Stock</u>							
	Aruba Networks, Inc.	-	Available-for-sale financial assets	10	US$ 184 thousand	-	US$ 184 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US$ 1,353 thousand	-	US$ 1,353 thousand	Note 1
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US$ 245 thousand	5	US$ 245 thousand	Note 1
	Aicent, Inc.	-	Financial assets carried at cost	500	US$ 250 thousand	1	US$ 250 thousand	Note 1
	VisualOn Inc.	-	Financial assets carried at cost	377	US$ 131 thousand	3	US$ 131 thousand	Note 1
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US$ 53 thousand	15	US$ 53 thousand	Note 1
	Synerchip Co., Ltd.	-	Financial assets carried at cost	6,452	US$ - thousand	12	US$ - thousand	Note 1
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US$ - thousand	-	US$ - thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013 Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US$ - thousand	1	US$ - thousand	Note 1
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US$ - thousand	8	US$ - thousand	Note 1
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US$ - thousand	3	US$ - thousand	Note 1
Sunplus Venture Capital Co., Ltd.	<u>Stock</u>							
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,783	$ 71,139	1	$ 71,139	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	49,913	-	49,913	Note 2
	Aruba Networks, Inc.	-	Available-for-sale financial assets	4	1,985	-	1,985	Note 2
Sunplus Venture Capital Co., Ltd.	Aiptek International Inc.	-	Available-for-sale financial assets	351	1,618	1	1,618	Note 2
	FSITC Money Market		Available-for-sale financial assets	290	50,570	-	50,570	Note 3
	Franklin Templeton Sinoam Money Market		Available-for-sale financial assets	4,999	50,387	-	50,387	Note 3
	Earocharm Holding Co.	-	Financial assets carried at cost	601	30,000	1	30,000	Note 1
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,811	20,734	4	20,734	Note 1
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	10	14,025	Note 1
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 1
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	6,243	2	6,243	Note 1
	Socle Technology Corp.	-	Financial assets carried at cost	550	1,729	1	1,729	Note 1
	Genius Vision Digital	-	Financial assets carried at cost	750	15,000	6	15,000	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 1
	Simple Act Inc.	-	Financial assets carried at cost	1,900	-	10	-	Note 1
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 1
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 1
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 1
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 1
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF Money Market Fund class B shares	-	Available-for-sale financial assets	1,662	RMB 1,662 Thousand	-	RMB 1,662 Thousand	Note 3
	CHONGQING CHONG YOU INFORMATION TECHNOLOGY CO., LTD.	-	Financial assets carried at cost	-	RMB 19,177 thousand	3	RMB 19,177 thousand	Note 1
Wei-Young Investment Inc.	Elitergroup Computer Systems	-	Available-for-sale financial assets	315	$ 5,368	-	$ 5,368	Note 2
Generalplus Technology Inc.	Union Money Market	-	Available-for-sale financial assets	3,130	40,402	-	40,402	Note 3
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	2,577	38,158	-	38,158	Note 3
	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	1,499	15,108	-	15,108	Note 3
	CTBC Hwa-win Money Market Fund	-	Available-for-sale financial assets	2,790	30,033	-	30,033	Note 3
Sunext Technology	IBT 1699 Bond Fund	-	Available-for-sale financial assets	1,898	25,076	-	25,076	Note 3
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	1,964	29,088	-	29,088	Note 3
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	1,343	20,058	-	20,058	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	1,281	15,046	-	15,046	Note 3
	ING Taiwan Money Market	-	Available-for-sale financial assets	377	6,018	-	6,018	Note 3
	Prudential Financial Money Market Fund	-	Available-for-sale financial assets	519	8,021	-	8,021	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	11,956	$ 120,512	-	$ 120,512	Note 3
Sunplus Innovation Technology Inc.	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	7,426	90,859	-	90,859	Note 3
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	5,451	80,723	-	80,723	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,554	30,005	-	30,005	Note 3
	Stock							
	Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,391	10	15,391	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	8,243	9	8,243	Note 1

Note 1: The market value was based on carrying value as of December 31, 2013.

Note 2: The market value was based on the closing price as of December 31, 2013.

Note 3: The market value was based on the net asset value of fund as of December 31, 2013.

Note 4: As of December 31, 2013, 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 $38,752 thousand and the holding of Sunlus Technology Company Limited of the shares of Orise Technology Co., Ltd. with a market value $468,526 thusand, had not been pledged or mortgaged.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Unit (Thousands)	Amount	Unit (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited (the "Company")	Giantplus Technology Co., Ltd.	Equity-method investments	CHUNGHWA PICTURE TUBES,LTD.	-	84,652	$ 725,158 (Note 1)	-	$ -	70,838	$ 646,256 (Note 4)	$ 570,995	$ 54,011 (Note 3)	13,814	$ 128,470 (Note 2)
			Venture Plus Group (Note 5)	Subsidiary	-	-	-	-	-	-	-	-	-	-

Note 1: The amount was the carrying value of the investment accounted for under the equity-method as of December 31, 2012.

Note 2: The ending balance includes the valuation gains on financial assets. Due to loss of the Company's significant influence over Giantplus, shares of Giantplus held by the Company have been reclassified to available-for-sale financial assets – noncurrent.

Note 3: The gain includes capital surplus and cumulative translation adjustments of gain on disposal.

Note 4: The disposal amount includes cash of $319,447 thousand and $ 326,809 thousand in Datong stock.

Note 5: The cash increase in the investment was under the equity method.

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DCEMBER31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Miaoli, Taiwan	LED	$ -	$ 881,315	-	-	$ -	$ -	$ (38,204)	-
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	536,298	536,298	47,290	34	1,007,117	363,724	123,839	Investee
	Ventureplus Group Inc.	Belize	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	73,797	100	1,801,784	(122,684)	(122,684)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	$ 699,988	$ 699,988	70,000	100	689,302	35,503	35,503	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	650,577	(4,732)	(4,732)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	667,373	305,431	104,764	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	499,152	(48,719)	(30,245)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US$ 14,760 thousand	US$ 14,760 thousand	14,760	100	267,194	(13,918)	(13,918)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	$ 924,730	$ 924,730	38,836	61	114,979	(179,408)	(109,710)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	199,054	18,318	6,907	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,411	83	68,496	(30,019)	11,542	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	11,759	464	464	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	-	US$ 200 thousand	-		-	218	218	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	$ 5,000	$ 5,000	500	100	4,123	(28)	(28)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK$ 11,075 thousand	HK$ 11,075 thousand	11,075	100	4,088	(65)	(65)	Subsidiary
	Magic Sky Limited	Samoa	Investment	US$ 6,160	US$ 6,000	6,160	100	275	(4,503)	(4,503)	Subsidiary (Note1)
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,435,392	2,196,392	24,000	100	(138,303)	(7,792)	(7,792)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	362,285	362,285	908	2	6,072	(132,673)	(3,013)	Investee
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	271,955	305,431	41,801	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	9,987	(179,408)	(9,491)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	14,917	(48,719)	(1,039)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,411	18,318	321	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	7,543	(30,019)	(1,158)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	132,788	36,889	9,591	24	64,202	(132,673)	(31,811)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	-	-	-	(7,792)	-	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	91,586	305,431	12,072	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,108	54,028	2,887	6	47,013	(48,719)	(2,713)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	32,319	31,818	3,232	6	31,544	18,318	1,060	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	13,112	(179,408)	(12,516)	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	17,545	363,724	2,259	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	7,768	(30,019)	(3,821)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	133,846	33,846	10,001	25	66,731	(132,673)	(33,171)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	-	(7,792)	-	Subsidiary
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$ 44 thousand	(179,408)	US$ (42) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	$ 1,800	$ 1,800	108	-	$ 1,887	$ 305,431	$ 303	Subsidiary
	Sunext Technolgoy Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	-	53	(179,408)	(51)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	-	100	1,801,764	(122,920)	(122,920)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	-	100	1,801,743	(123,057)	(123,057)	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US$ - thousand	US$ 750 thousand		-	-	17	17	Subsidiary (Note2)
	Great Prosperous Corp.	Mauritius	Investment	US$ - thousand	US$ 1,962 thousand		-	-	-	-	Subsidiary (Note3)
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US$ - thousand	US$ 750 thousand		-	-	17	17	Subsidiary (Note3)
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	US$ 19,090 thousand	US$ 7,590 thousand	19,090	100	477,375	1,180	1,180	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US$ 19,090 thousand	US$ 7,590 thousand	19,090	100	477,375	1,183	1,183	Subsidiary
Generalplus (Mauritius) Inc.	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US$ 390 thousand	US$ 390 thousand	-	100	9,098	1,626	1,626	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	(10,714)	(119)	(119)	Subsidiary

Note 1: Current capital registration has not been completed.
Note 2: On Mach 2013, Great Sun Corp. completed its liquidation.

Note 3: In September 2013, Global Techplus Capital Inc. completed its liquidation.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2013	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Value as of December 31, 2013	Accumulated Inward Remittance of Earnings as of December 31, 2013
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	$ 512,646	Note 1	$ 506,685	$ -	$ -	$ 506,685	99%	$ 20,880	$ 20,880	$ 505,963	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	961,211	Note 1	126,671	834,540	-	961,211	100%	(8,520)	8,520	896,826	-
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	596,100	Note 1	596,100	-	-	596,100	100%	(81,044)	81,044	372,668	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	24,595	Note 1	17,466	-	-	17,466	80%	(8,343)	6,674	4,983	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	159,868	Note 1	67,806	43,963	-	111,769	73%	(65,798)	47,704	19,881	-
Iculture Communication	Development & sales	15,987	Note 3	-	15,987	-	15,987	100%	(4,149)	(4,149)	10,138	-
Shenzhen Suntop Technology	Design of software and hardware	-	Note 4	-	-	-	-	-	(836)	-	-	-
Sunplus Technology (Beijing)	Design of software	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5

Accumulated Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$2,193,231	$2,361,046	$5,266,133

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Net Loss of the investee	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$ 557,354 thousand	Note 1	$ 214,596 thousand	$ 342,758 thousand	$ - thousand	$ 557,354 thousand	100%	$ 443 thousand	$ 443 Thousand	$ 468,255 thousand	$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$557,354	$557,354	$1,204,090

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

Note 2: Based on the investee company’s audited financial statements for the same reporting period as that of the Company .

Note 3: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through Ytrip Technology Co., Ltd.

Note 4: Sunplus Technology Company Limited indirectly invested in Shenzhen Suntop Technology (“Suntop”) through Sunplus Technology (Shanghai) Co., Ltd.; Suntop ~~and~~ was liquidated in December 2013. Note 5: The investment had been approved by the Investment Commission under the Ministry of Economic Affairs but the investment amount had not yet been remitted to the investee.

TABLE 7

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Intercompany Transactions			
	Accounts	**Amounts**	**Transaction Conditions**	**Percentage of Total Sales or Total Assets**
Sunplus Technology (Shanghai) Co., Ltd.	Nonoperating incomes and gains	$ 31,031	Note 1	1.00%
	Other receivable	28,166	Note 2	0.26%

Note 1: The related transaction is not comparable with those in the market.

Note 2: The transaction payment terms were at normal commercial terms.

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 2013 vs. 2012

Unit: NT$K

Year / Item	2012	2013	Variation	
			Increase (Decrease)	YoY %
Current Assets		8,275,040	(763,308)	(8)
Property, Plant & Equipment	9,038,348	2,154,641	210,855	11
Intangible Assets	1,943,786	335,098	(107,548)	(24)
Other Assets	442,646	3,436,833	298,183	10
Total Assets	3,138,650	14,201,612	(361,818)	(2)
Current Liabilities	14,563,430	2,709,677	12,225	0
Non-Current Liabilities	2,697,452	1,126,423	(611,738)	(35)
Total Liabilities	1,738,161	3,836,100	(599,513)	(14)
Equity Attributed to Shareholder of the parent	4,435,613	8,776,889	206,234	2
Capital Stock	8,570,655	5,969,099	0	0
Capital Surplus	5,969,099	950,179	11,055	1
Retained Earnings	939,124	1,813,177	99,157	6
Equity : Others	1,714,020	199,670	96,022	93
Treasury Stock	103,648	(155,236)	0	0
Minor interest	(155,236)	1,588,623	31,461	2
Total Shareholder’s Equities	1,557,162	10,365,512	237,695	2

Remark:
1. Intangible assets decreased because of amortization of intangible assets over prior years.
2. Non-current liabilities decreased because of repayments for long-term loans.
3. Equity on others increased because of increased foreign exchange from overseas companies in 2013.

8.2 Operational Results

8.2.1 Operation Results Comparison 2013 vs. 2012

Unit: NT$K

Year / Item	2012	2013	Variation: Increase (decrease)	Variation: YoY %
Net Sales	8,615,264	8,521,868	(93,396)	(1)
Gross Profit	3,296,420	3,398,468	102,048	3
Income (Loss) From Operating	(435,426)	(14,260)	421,166	(97)
Non-Operating Income (Expense)	(460,228)	180,004	640,232	(139)
Income (Loss) Before Tax	(895,654)	165,744	1,061,398	(119)
Income (Loss) From Operations of Continued Segments	(916,235)	128,547	1,044,782	(114)
Net Revenue (Loss) for the period	(916,235)	128,547	1,044,782	(114)
Other Comprehensive Income (Loss) for the period	456,145	162,015	(294,130)	(64)
Total Comprehensive Profit (Loss) for the period	(460,090)	290,562	750,652	(163)

Remarks:

1. Operating loss decreased because of better gross margins and less R&D costs which came from product mix and reorganization.
2. The increase on non-operating income was due to more disposal gains and less impairment losses.
3. Net revenue and income before tax increased because of better gross margins and less R&D costs which came from product mix and reorganization, more disposal gains and less impairment losses.
4. Other comprehensive profit decreased because of the decline in available-for-sale financial assets unrealized profit and loss.
5. Total comprehensive profit increased because of better gross margins and less R&D costs which came from product mix and reorganization, more disposal gains and less impairment losses.

8.3 Cash Flow

8.3.1 Cash Flow Analysis

a) Cash Flow Analysis 2013 vs. 2012

Item \ Year	2013	2012	YoY %
Cash flow ratio	49.23	Note1	-
Cash flow adequacy ratio	96.14	63.37	51.71
Cash flow reinvestment ratio	10.35	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
$4,331,395	514,224	(900,801)	3,944,818	-	-

1. Analysis of Cash Flow:
   (1) From Operating: Cash flow in for predicting making profits in 2014.
   (2) From Investing: Cash flow in for purchasing properties, IPs 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		
				2012	2013	2014
Testing Facility	Own	2011~2013	$49,912	$1,306	$87	-
Office Building	Own	2013~2014	RMB169,400	-	-	RMB169,400

8.4.2 Benefits from the Capital Expenditure

1. The company could enhance the process of product certification and lower production costs.
2. The company could reduce operating costs, improve customers' satisfactions and increase employees' contributions.

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", The loans are made with risk evaluation which follows the procedures. 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.
(3) The company has made and followed "Procedure of Endorsement and Guarantees", and the Endorsement and Guarantees will only be made under well evaluation before granted.
(4) The company has made and followed "Procedure of Engaging in Derivatives Trading ". 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

The consolidated R&D costs accounts for 26% ~ 32% of consolidated revenues through 2010 to 2013. Sunplus Group will keep investing in research and development, therefore, the consolidated R&D costs will account for 25% ~ 35% of consolidated revenues.

Company	R&D Accomplishment	New Products
Sunplus Technology	(1) DVB-T/DVB-S/DTMB Demodulation Technology (2) H.264D Decoding Technology (3) MPEG2/MPEG4 Decoding and Servo Control Technology (4) HDMI DVD IC (5) JPEG Decoding Technology (6) Video Decoding Technology	(1) In- Car CD/MP3/DVD (2) HD STB IC for DVB-S2/T2 (3) Android Platform (4) High-Speed I/O IP (5) High performance data conversion IP (ADC/DAC/AFE) (6) Analog IP
Generalplus Technology	(1) 8-bit RISC CPU, LCD Driver, Low Power LCD Controller (2) 16-bit Voice/Speech Controller (3) 8-Channel Music Synthesizer (4) Low Cost and High Quality MP3 Player (5) Multimedia IC Solution integrated DRAM and NAND Flash (6) High Performance and Highly Integrated Multimedia Player (7) LCD Remote Controller Solution (8) Touch Panel Solution (9) Wireless Charger Solution	(1) Enhanced Low Power LCD Controller (2) High Quality Digital Voice Recognition Controller IC (3) Enhanced 32-bit Multimedia Processor (4) Highly Integrated MCU for Moto Control (5) Other IC (A)I/O Bus Extender (B)Moto Driver for Remote Control (C)Audio Driver for Speaker Amplifier
Sunplus Innovation Technology	(1) Wireless Mouse/Keyboard/Remote Control (2) Low Power and Highly Integrated NB Camera Controller IC (3) Low Power and Highly Integrated MCU (4) Wireless Technology for 3D Navigation with Voice Recognition (5) USB2.0 to SATAII Bridge Controller	(1) Highly-integrated, Multi-function MCU (2) Low Power MCU for Battery Application (3) Highly-integrated, Multi-function Optical Mouse SoC (4) Total Solutions for Wireless Mouse/Keyboard/Remote Control (5) USB3.0 High-End NB/Web Cam Controller (6) USB3.0 Advanced 8Mp NB/Web Cam Controller IC (7) USB3.0 3D NB/Web Cam Controller IC (8) USB2.0 Low Power NB Cam Controller IC
iCatch Technology	(1) JPEG Decoding Technology (2) MPEG4 Decoding Technology (3) H.264 Decoding Technology	(1) H.265 UHD SoC for image processing in high resolution, high compression, high performance and low power consumption (2) High Speed JPEG Encoder for the demand of

		360 degree view in car black box and digital surveillance system
Sunext Technology	(1) SATA DVD-RW SoC (2) CD/DVD/BD-R/RW Technology	(1) Serial-ATA Blu-ray Controller Chipset (2) Advanced Serial-ATA All-Format Blue Laser Controller

8.6.4 Political and Regulatory Environment:

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

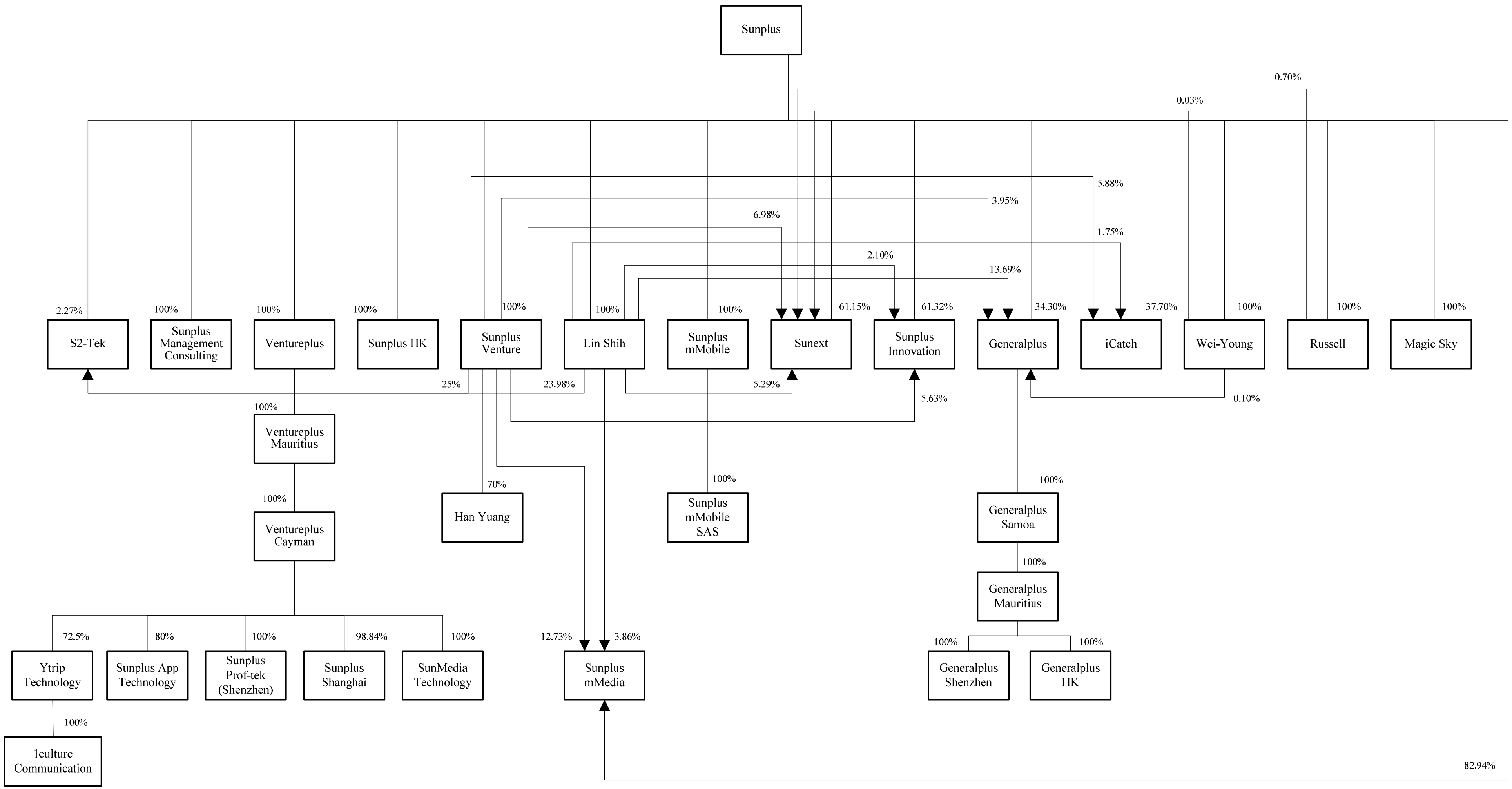
8.7 Other Remarks

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	2,314,816	Investment
Ventureplus Mauritius Inc.	August 2, 2001	Mauritius	2,314,816	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$32,250,000 (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	RMB32,500,000(Note)	System and Web Service
1culture Communication Co., Ltd.	February 18, 2013	Chengdu, China	RMB32,500,000(Note)	Web Service
Magic Sky Limited	September 22, 2010	Samoa	US$6,160,000	Investment
Sunext Technology Co., Ltd.	March 13, 2003	Hsinchu, Taiwan	635,091	IC Design
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$19,090,000 (Note)	Investment
Generalplus (Mauritius) Inc.	November 25, 2004	Mauritius	US$19,090,000 (Note)	Investment
Generalplus Technology (Shenzhen) Inc.	March 24, 2005	Shenzhen, China	US$18,700,000 (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	240,000	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	512,876	IC Design
Sunplus mMedia Inc.	April 18, 2007	Hsinchu, Taiwan	150,000	IC Design
S2-Tek Inc	September 29, 2007	Hsinchu, Taiwan	400,000	IC Design
iCatch Technology Inc.	December 4, 2009	Hsinchu, Taiwan	550,000	IC Design

Note: End of 2012, exchange rate as ref.:

HK$1=NT$3.843

US$1=NT$29.805

RMB$1=NT$4.919

EU$1=NT$41.09

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
1culture Communication Co., Ltd.	Web Service	N/A
Magic Sky Limited	Investment	N/A
Sunext Technology Co., Ltd.	IC Design	Subsidiary
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
Sunplus Innovation Technology Inc.	IP Licensing	N/A
Sunplus mMedia Inc.	IC Design	Subsidiary
S2-Tek Inc	IC Design	Subsidiary
iCatch Technology Inc.	IC Design	Joint-venture
Sunplus Technology (HK) Co., Ltd.	IC Design	Subsidiary

9.1.4 Directors, Supervisors, and Presidents of Affiliated Companies

December 31, 2013

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	Shu-Lan Wang	-	-
	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	Shu-Lan Wang	-	-
	Supervisor	Gow-Chin Su	-	-
Ventureplus Group Inc.		Sunplus Technology	2,314,816	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Mauritius Inc.		Ventureplus Group	2,314,821	100%
	Director	Chou-Chye Huang (repr.)	-	-
Ventureplus Cayman Inc.		Ventureplus Mauritius	2,314,827	100%
	Director	Chou-Chye Huang (repr.)	-	-
Shanghai Sunplus Technology Co., Ltd.		Ventureplus Cayman	*US$17,000,000	98.84%
	Chairman	Chou-Chye Huang (repr.)	-	
	Director &President	Zai-De Wang		
	Director	Tang-Yi Huang	-	-
	Supervisor	Shu-Lan Wang		
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.		Ventureplus Cayman	*US$32,250,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	President	Tang-Yi Huang		
Sunmedia Technology Co., Ltd.		Ventureplus Cayman	*US$20,000,000	100%
	Chairman	Chou-Chye Huang (repr.)		
	President	Jin-Yao Yuan		
	Supervisor	Shu-Lan Wang		
Sunplus App Technology Co., Ltd.		Ventureplus Cayman	*RMB$4,000,000	80%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Huan-Rui Lee		
	Director & President	Ya-Fei Luo	*RMB$438,000	8.75%
Ytrip Technology Co., Ltd.		Ventureplus Cayman	*RMB$23,563,000	72.5%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director & President	Jin-Yao Yuan		
	Director	Cheng-du Ytrip Inc.	*RMB$5,688,000	17.5
		Wei Tu (rep)		
	Supervisor	Shu-Lan Wang	-	-
1culture Communication Co., Ltd.		Ytrip Technology Co., Ltd.	*RMB$3,250,000	100%
	E-Director	Chen-Tsai Chang	-	
	President	Wei Tu	-	-
	Supervisor	Shao-Ling Chan	-	-
Magic Sky Limited		Sunplus Technology	US$6,160,000	100%
	Director	Chou-Chye Huang (repr.)		

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Sunext Technology Co., Ltd.		Sunplus Technology	38,836,391	61.15%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Wen-Shiung Jan (repr.)	-	-
			-	-
	Independent Director	Ze-Ren Haung	-	-
	Independent Director	Yao-Ching Hsu	-	-
	Supervisor	Chao-Hsien Chen		
	Supervisor	Wen-Hui Lu	650,000	1.02%
Sunplus Management Consulting Inc.		Sunplus Technology	500,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang	-	-
	Supervisor	Gow-Chin Su	-	-
WeiYing Investment Co., Ltd.		Sunplus Technology	1,400,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang	-	-
	Supervisor	Gow-Chin Su	-	-
Generalplus Technology Inc.		Sunplus Technology	37,324,304	34.30%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director& VP	Han-Hwa Lu (Repr.)	-	-
	Director &V-Chairman	Hou-Shien Chu	1,216,752	1.16%
	President	Shi-Jun Wang	226,000	0.21%
	Director	Shi-Hao Liu	-	-
	Independent Director	Chia-Ming Chai	-	-
	Independent Director	Nai-Shin Lai	-	-
	Independent Director	Jing-Min Chen	-	-
Generalplus International (Samoa) Inc.		Generalplus Technology	*US$19,090,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus (Mauritius) Inc.		Generalplus International (Samoa)	*US$19,090,000	100%
	Director	Chou-Chye Huang (repr.)	-	-

(Continued)

Company	Title	Name	Shareholding	
			Amount (shares)	Ratio (%)
Generalplus Technology (Shenzhen) Inc.		Generalplus International (Mauritius)	*US$18,700,000	100%
	Director	Chou-Chye Huang (repr.)	-	-
Generalplus Technology (HK) Inc.		Sunplus Technology	*US$390,000	100%
	Director	Han-Hwa Lu (repr.)	-	-
Sunplus mMobile Inc.		Sunplus Technology	24,000,000	100%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Wayne Shen	-	-
	Director	Shu-Lan Wang		
	Supervisor	Yu-Lun Liu		
Sunplus mMobile SAS		Sunplus mMobile Technology	*EUR 237,000	100%
	Chairman	Yu-Lun Liu (repr.)	-	-
Sunplus Innovation Technology Inc.		Sunplus Technology	31,449,751	61.32%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang (repr.)	-	-
	Director	Wayne Shen (repr.)	-	-
	Director & President	Chih-Hao Kung	1,799,947	3.42%
	Director	Lin-Shih Investment	1,074,664	2.15%
	Supervisor	Chi-Ying Chiu	522,380	0.99%
	Supervisor	Wen-Chin Li	-	-
Sunplus mMedia Inc.		Sunplus	12,440,723	82.94%
	Chairman& President	Chou-Chye Huang (repr.)	-	-
	Director	Archie Yeh (repr.)	-	-
	Director	Sunplus Venture Capital	1,909,092-	12.73%
	Supervisor	Lin-Shih Investment	578,729	3.86%
S2-Tek Inc.		Sunplus Technology	908,492	2.27%
	Chairman	Chou-Chye Huang (repr.)	-	-
	Director	Shu-Lan Wang (repr.)	-	-
		SiS Inc.	3,500,000	8.75%
	Director	Chen-Chin Jian (repr.)		
	Director	Ming-Hua Su (repr.)		
	Director& President	Chan-Hwei Chen		
	Supervisor	Sunplus Venture Capital	10,000,693	25.00%
	Supervisor	Yun-Jin Investment	16,000,000	40.00%
		Zhé -Jia Hsu (repr.)		
iCatch Technology Inc.		Sunplus Technology	20,734,546	37.70%
	Chairman&President	Chou-Chye Huang (repr.)	-	-
	Director	Wen-Shiung Jan (repr.)	-	-
	Director	Wen-Bin Tsai (repr.)		
	Director	Lin Shih Investment	964,545	1.75%
	Director	Chia Nine Investment	900,000	1.64%
	Supervisor	Chi-Ying Chiu	-	-
	Supervisor	Sunplus Venture Capital	3,231,818	5.88%

*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, 2013

Unit: NT$K, except EPS (NT$)

Company	Capital	Assets	Liabilities	Net Worth	Net Sales	Operation Income	Net Income (After Tax)	EPS (After Tax)
Sunplus Technology (HK) Co., Ltd.	42,561	4,151	63	4,088	1,433	(35)	(65)	N/A
Lin Shih Investment Co., Ltd.	700,000	766,670	36,606	730,064	136,507	37,297	35,503	0.51
Russell Holdings Ltd.	439,922	270,185	151	270,034	1,398	(14,687)	(13,918)	N/A
Sunplus Venture Capital Co., Ltd.	1,000,000	685,810	35,233	650,577	107,001	(2,740)	(4,732)	(0.05)
Ventureplus Group Inc.	2,314,816	1,801,784	0	1,801,784	0	(122,921)	(122,684)	N/A
Ventureplus Mauritius Inc.	2,314,821	1,801,764	0	1,801,764	0	(123,058)	(122,920)	N/A
Ventureplus Cayman Inc.	2,314,827	1,801,743	0	1,801,743	0	(123,481)	(123,057)	N/A
Shanghai Sunplus Technology Co., Ltd.	512,646	633,275	121,373	511,902	243,071	20,906	21,125	N/A
Sunplus Prof-tek Technology (Shenzhen) Co., Ltd.	961,211	957,734	60,908	896,826	238,330	(6,142)	(8,520)	N/A
Sunmedia Technology Co., Ltd.	596,100	1,101,398	728,730	372,668	82,666	(87,014)	(81,044)	N/A
Sunplus App Technology Co., Ltd.	24,595	73,381	67,152	6,229	112,442	(8,657)	(8,343)	N/A
Ytrip Technology Co., Ltd.	159,868	41,679	14,257	27,422	8,801	(58,862)	(65,798)	N/A
1culture Communication Co., Ltd.	15,987	11,516	1,378	10,138	3,762	(5,741)	(5,723)	N/A
ShenZhen Suntop Technology Co, Ltd.	NOTE1	0	0	0	0	0	(836)	N/A
Global Techplus Capital Inc. (The original name: Techplus Capital Niue Inc.)	NOTE2	0	0	0	0	0	218	N/A
Han-Yuang	6,000	2,544	0	2,544	0	0	0	N/A
Magic Sky Limited	183,599	275	0	275	0	(4,503)	(4,503)	N/A
Sunext Technology Co., Ltd.	635,091	227,353	39,375	187,978	162,825	(163,251)	(179,408)	(2.82)
Great Sun Corporation	NOTE3	0	0	0	0	0	17	N/A
Sunext (Maruitius) Inc.	NOTE2	0	0	0	0	0	17	N/A
Great Prosperous Corporation	NOTE2	0	0	0	0	0	0	N/A
Sunplus Management Consulting Inc.	5,000	4,124	0	4,124	0	(66)	(28)	(0.06)
WeiYing Investment Co., Ltd.	14,000	11,778	20	11,758	506	455	464	0.33
Generalplus Technology Inc.	1,088,158	2,547,245	540,428	2,006,817	3,175,132	340,051	305,431	2.81
Generalplus International (Samoa) Inc.	568,977	477,375	0	477,375	1,180	1,180	1,180	N/A
Generalplus (Mauritius) Inc.	568,977	477,375	0	477,375	1,180	1,180	1,183	N/A
Generalplus Technology (Shenzhen) Inc.	557,354	493,250	24,995	468,255	113,588	(938)	(443)	N/A
Generalplus Technology (HK) Inc.	11,624	10,989	1,891	9,098	16,621	2,320	1,626	N/A
Sunplus mMobile Inc.	240,000	34,323	172,625	(138,302)	0	(1,191)	(7,792)	(0.32)
Sunplus mMobile SAS	9,738	3,715	12,832	(9,117)	0	(118)	(119)	N/A
Sunplus Innovation Technology Inc.	526,346	1,076,957	250,593	826,364	913,354	(42,060)	(48,719)	(0.97)
Sunplus mMedia Inc.	150,000	76,773	15,952	60,821	1,442	(31,671)	(30,019)	(2.00)
S2-Tek Inc.	400,000	476,181	208,884	267,297	353,254	(134,648)	(132,673)	(3.32)
iCatch Technology Inc.	550,000	644,682	108,067	536,615	563,340	5,808	18,318	0.33

Note 1: Liquidation done by December 2013

Note 2: Liquidation done by October 2013

Note 3: Liquidation done by March 2013

Note 4: The figures are reported by adopting IFRSs.

9.1.7 Consolidated Financial Statement of Sunplus Affiliates

Sunplus Technology Company Limited and Affiliates

Consolidated Financial Statements for the Years Ended December 31, 2013 and Independent Auditors’ Review Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The consolidated financial statements of Sunplus Technology Company Limited and its affiliates as of and for the year ended December 31, 2013 have been prepared in conformity with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," related laws and regulations, and the accounting principles generally accepted in the Republic of China.

The accompanying combined financial statements referred to above are free of misrepresentations and omissions.

Very truly yours,

Sunplus Technology Company Limited

By:

Chou-Chye Huang

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March 24, 2014

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have reviewed the accompanying consolidated balance sheet of Sunplus Technology Company Limited (the "Company") and its affiliates (collectively referred to as the "Group") as of December 31, 2013 and the related consolidated statement of comprehensive income for the year ended December 31, 2013 based on the "Guidelines for the Review of Consolidated Financial Statements of Affiliated Enterprises." Since we didn't audit in compliance with auditing stndards generally accepted in the Republic of China. Accordingly, we do not express such an opinion.
Based on our review, we are not aware of any material modifications that should be made to the combined financial statements of Sunplus Technology Company Limited and its affiliates as of and for the year ended December 31, 2013 referred to in the first paragraph for them to be in conformity with the Criteria Governing the Preparation of Affiliation Reports, Combined Business Reports and Combined Financial Statements of Affiliated Enterprises, related laws and regulations, and accounting principles generally accepted in the Republic of China.

March 24, 2014

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

ASSETS	**Amount**	**%**
CURRENT ASSETS		
Cash and cash equivalents (Notes 4 and 6)	$ 4,600,315	32
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	7,994	-
Available-for-sale financial assets - current (Notes 4 and 8)	1,150,505	8
Notes and trade receivables, net (Notes 4, 5, 10 and 34)	1,611,473	11
Other receivables (Note 34)	92,231	-
Inventories (Notes 4, 5 and 11)	998,650	7
Other current assets (Notes 16 and 35)	241,246	2
Total current assets	8,702,414	60
NONCURRENT ASSETS		
Available-for-sale financial assets - noncurrent (Notes 4 and 8)	1,018,727	7
Financial assets carried at cost (Notes 4 and 9)	311,448	2
Investments accounted for using the equity method (Notes 4, 12 and 35)	1,024,451	7
Investment properties (Notes 4, 5 and 15)	293,069	2
Property, plant and equipment (Notes 4, 5 , 13 and 35)	2,175,942	15
Intangible assets (Notes 4, 5 and 15)	336,254	2
Deferred tax assets (Notes 4, 5 and 25)	54,625	1
Other noncurrent assets (Notes 16, 31 and 35)	597,527	4
Total noncurrent assets	5,812,043	40
TOTAL	$ 14,514,457	100

LIABILITIES AND SHAREHOLDERS' EQUITY	**Amount**	**%**
CURRENT LIABILITIES		
Short-term bank borrowings (Notes 4 and 17)	$ 165,151	1
Trade payables (Note 18 and 34)	966,959	7
Current tax liabilities (Notes 4 and 25)	51,781	-
Provisions - current (Notes 4, 5 and 19)	23,915	-
Current portion of long-term bank loans (Notes 4, 17 and 35)	938,447	7
Deferred revenue - current (Notes 4, 20, 28 and 34)	3,314	-
Other current liabilities (Notes 20)	740,459	5
Total current liabilities	2,890,026	20
NONCURRENT LIABILITIES		
Long-term bank loans, net of current portion (Notes 4, 17 and 35)	704,616	5
Accrued pension liabilities (Notes 4 and 21)	118,493	1
Guarantee deposits (Note 31)	223,573	1
Deferred revenue - noncurrent, net of current portion (Notes 4, 20 and 28)	81,056	1
Other noncurrent liabilities, net of current portion (Notes 4 and 20)	889	-
Total noncurrent liabilities	1,128,627	8
Total liabilities	4,018,653	28
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital (Notes 22)		
Common shares	5,969,099	41
Capital surplus (Notes 4, 22 and 27)	950,179	7
Retained earnings (Notes 22)		
Legal reserve	1,909,685	13
Special reserve	30,755	-
Accumulated deficit	(127,263)	(1)
Other equity (Notes 4 and 22)	199,670	1
Treasury shares (Notes 4, 22 and 35)	(155,236)	(1)
Total equity attributable to owners of the Company	8,776,889	60
NONCONTROLLING INTERESTS (Notes 4 and 22)	1,718,915	12
Total equity	10,495,804	72
TOTAL	$ 14,514,457	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated March 24, 2014)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Amount	%
NET OPERATING REVENUE (Notes 4, 23 and 24)	$ 8,796,100	100
OPERATING COSTS (Notes 11, 21 ,24 and 34)	5,345,949	61
GROSS PROFIT	3,450,151	39
OPERATING EXPENSES (Notes 21, 24 and 34)		
Selling and marketing	442,556	5
General and administrative	579,600	7
Research and development	2,557,351	29
Total operating expenses	3,579,507	41
LOSS FROM OPERATIONS	(129,356)	(2)
NONOPERATING INCOME (Notes 4, 24, 31 and 34)		
Other income	102,810	1
Other gains and losses	77,233	1
Finance costs	(37,516)	-
Share of profit of associates and joint ventures	87,895	1
Total nonoperating income	230,422	3
PROFIT BEFORE INCOME TAX	101,066	1
INCOME TAX EXPENSE (Notes 4 and 25)	37,197	-
NET REVENUE	63,869	1
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations (Notes 4 and 22)	129,434	2
Unrealized loss on available-for-sale financial assets (Notes 4 and 22)	(14,704)	-
Actuarial gain on defined benefit plans (Notes 4 and 22)	37,780	-
Share of other comprehensive income of associates and joint venture (Note 4)	9,505	-
Other comprehensive income for the year, net of income tax	162,015	2
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR	$ 225,884	3
NET PROFIT ATTRIBUTABLE TO:		
Owners of the Company	$ 52,785	1
Noncontrolling interests	11,084	-
	$ 63,869	1

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND AFFILIATES

CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Amount	%
TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO:		
Owners of the Company	$ 195,179	2
Noncontrolling interests	30,705	1
	$ 225,884	3
EARNINGS PER SHARE (New Taiwan dollars; Note 26)		
Basic	$ 0.09	
Diluted	$ 0.09	

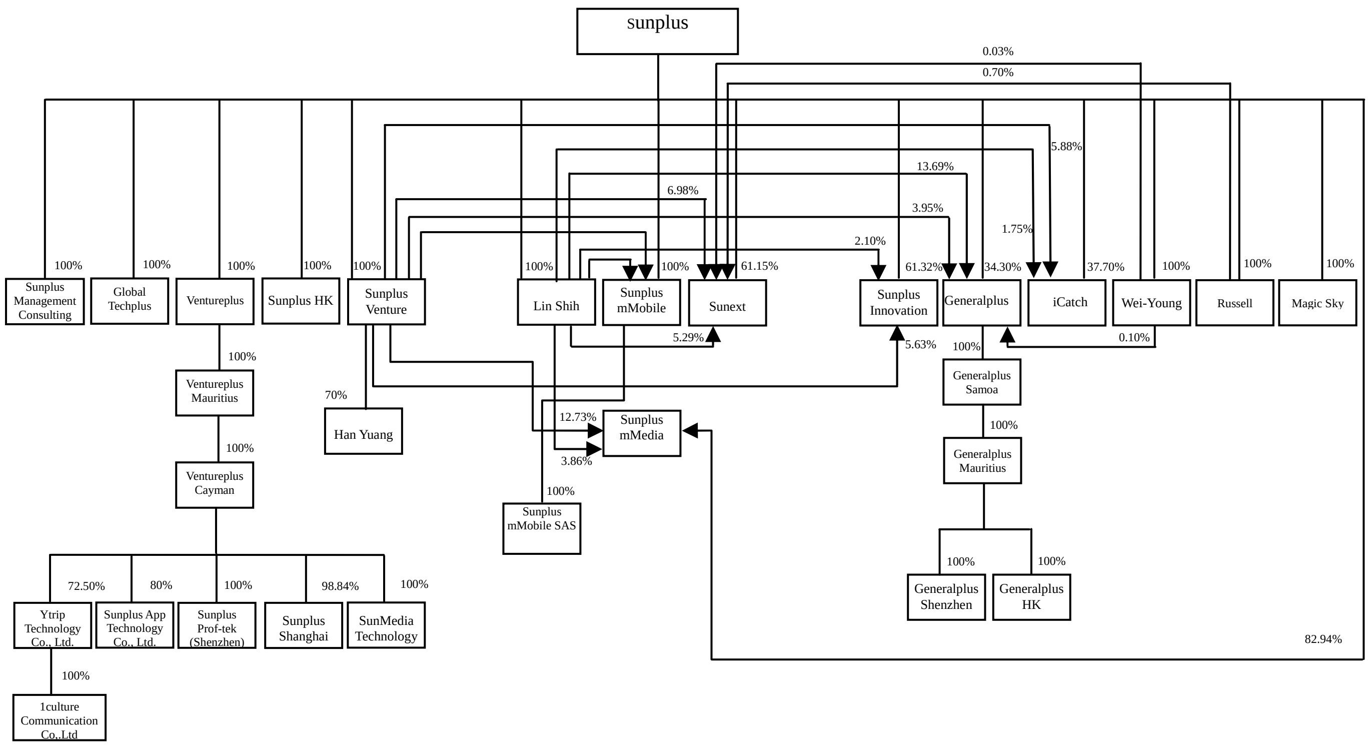
The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated March 24, 2014) (Concluded)

1. GENERAL INFORMATION

Sunplus Technology Company Limited (“Sunplus” or the “Company”) was established in August 1990. It researches, develops, designs, tests and sells high quality, high value-added consumer integrated circuits (ICs). Its products are based on core technologies in such areas as multimedia audio/video, single-chip microcontrollers and digital signal processors. These technologies are used to develop hundreds of products including various ICs: liquid crystal display, microcontroller, multimedia, voice/music, and application-specific. Sunplus’ shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 23).

Following is a diagram of the relationship and ownership percentages between Sunplus and its subsidiaries (collectively, the “Group”) as of December 31, 2013:



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. manufactures and sells ICs. Ytrip Technology mainly renders system services and manages web businesses. 1culture Communication Co,. Ltd mainly develops web businesses. Shenzhen Suntop Technology researches software and hardware. Han Young mainly enders information supply services and 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 investees are engaged in investing activities.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 24, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. New, amended and revised standards and interpretations (the "New IFRSs") in issue but not yet effective

The Company and entities controlled by the Company (the "Group") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. [As of the date that the consolidated financial statements were authorized for issue, the Financial Supervisory Commission (the "FSC") has not announced the effective dates for the following new, amended and revised standards and interpretations (the "New IFRSs"). / On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.]

	Effective Date Announced by IASB (Note 1)
The New IFRSs included in the 2013 IFRSs version not yet endorsed by the FSC	
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate

(Continued)

	Effective Date Announced by IASB (Note 1)
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013
<u>The New IFRSs not included in the 2013 IFRSs version</u>	
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Note 3
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after 1 July 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is on or after 1 July 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy resulted from New IFRSs in issue but not yet effective

Except for the following, the initial application of the above New IFRSs has not had any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments"

<u>Recognition and measurement of financial assets</u>

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

<u>Recognition and measurement of financial liabilities</u>

For financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 11 “Joint Arrangements”

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities - Non-Monetary Contributions by Ventures”. Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Group accounts for its jointly controlled entities using the proportionate consolidation method.

c) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

d) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

Under revised IAS 28, when a portion of an investment in an associate is held by, or is held indirectly through, an entity that is a venture capital organization, the Group elects to measure the investment at fair value through profit or loss. Any remaining portion of its investment in that associate that is not held through a venture capital organization is accounted for using the equity method. Under current IAS 28, the entire investment in the associate is accounted for using equity method regardless of whether the investments are held by, or are held indirectly through, an entity that is a venture capital organization.

Under revised IAS 28, when an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest. Under current IAS 28, on the loss of joint control, the Group measures at fair value any investment the Group retains in the former jointly controlled entity. The Group recognizes in profit or loss any difference between the aggregate amounts of fair value of retained investment and proceeds from disposing of the part interest in the jointly controlled entity, and the carrying amount of the investment at the date when joint control is lost.

3) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

5) Revision to IAS 19 “Employee Benefits”

Revision in 2011

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

In addition, revised IAS 19 changes the definition of short-term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service”. The Group’s unused annual leave, which can be carried forward within [24] months after the end of the annual period in which the employee renders service and which is currently classified as short-term employee benefits, will be classified as other long-term employee benefits under revised IAS 19. Related defined benefit obligation of such other long-term benefit is calculated using the Projected Unit Credit Method. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

Amendment in 2013

Amended IAS 19 states that contributions from employees or third parties affect remeasurements of the net defined benefit liability (asset) if they are not linked to service. If the contributions are linked to service, those contributions could be recognized as a reduction of service cost in which they are payable when they are linked solely to the employees’ service rendered in that period. If the contribution is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service.

6) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

7) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-Based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of ‘vesting condition’ and ‘market condition’ and adds definitions for 'performance condition' and 'service condition'. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

8) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

c. The impact of the application of the above New IFRSs and the Regulations on the Group's financial position and operating results is as follows:

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the Financial Supervisory Commission (FSC) FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and the Interpretations approved by the FSC.

The consolidated financial statements of the Group and its subsidiaries are the first IFRS interim financial statements for part of the period covered by its first IFRS financial statements, the consolidated financial statements for 2013. The date of transition to IFRSs was January 1, 2012. Refer to Note 40 for the impact of IFRS conversion on the consolidated financial statements.

a. Statement of Compliance

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

b. Basis for Consolidation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 40

c. Classification of current and noncurrent assets and liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period. Liabilities that are not classified as current are classified as noncurrent.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any noncontrolling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The subsidiaries in the consolidated financial statements

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

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2013	Note
Sunplus	Sunplus Management Consulting	Management	100.00	-
	Global Techplus	Investment	-	The investee completed liquidation in September 2013; thus it was excluded from the consolidated financial statement.
	Ventureplus	Investment	100.00	-
	Sunplus Technology (H.K.)	International trade	100.00	-
	Sunplus Venture	Investment	100.00	-
	Lin Shih Investment	Investment	100.00	-
	Sunplus mMobile .	Design of integrated circuits (ICs)	100.00	-
	Sunext Technology	Design and sale of ICs	61.15	-
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	The investee became a jointly controlled operation in January 2013; thus, the investee was not included in the consolidated financial statements.
	Sunplus Innovation Technology	Design of ICs	61.32	-
	Generalplus Technology ("Generalplus")	Design of ICs	34.30	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	iCatch	Design of ICs	37.70	Sunplus and its subsidiaries had 45.33% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
	Wei-Young Investment Inc.	Investment	100.00	-
	Russell Holdings Limited	Investment	100.00	-
	Magic Sky Limited	Investment	100.00	-
	Sunplus mMedia Inc.	Design of ICs	82.94	-

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2013	Note
Global Techplus	Techplus Samoa	Investment	-	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
Ventureplus	Ventureplus Mauritius	Investment	100.00	-
Ventureplus Mauritius	Ventureplus Cayman	Investment	100.00	-
Ventrueplus Cayman	Ytrip Technology	Web research and development	72.50	-
	Sunplus App Technology	Manufacturing and sale of computer software; system integration services and information management and education.	80.00	-
	Sunplus Prof-tek Technology (Shenzhen)	Development and sale of computer software and system integration services	100.00	-
	Sunplus Technology Technology (Shanghai)	Manufacturing and sale of consumer and rental	98.84	-
	SunMedia Technology	Manufacturing and sale of computer software and system integration services	100.00	-
Sunplus Technology (Shanghai)	ShenZhen Suntop Technology	Design of software and hardware	-	The investee completed liquidation in December; thus it was excluded from the consolidated financial statement
Ytrip Technology	1culture Communication	Development and sale	100.00	The investee was established in February 2013
Sunplus Venture	Han Young Technology	Design of ICs	70.00	-
	Sunext Technology Co., Ltd. (“Sunext”)	Design and sale of ICs	6.98	Sunplus and its subsidiaries had 74.15% equity in Sunext.
	Generalplus Technology Inc.	Design of ICs	3.95	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	The investee became a jointly controlled operation in January 2013; thus, the investee was not included in the consolidated financial statements.
	Sunplus mMobile Inc.	Design of ICs	-	Sunplus and its subsidiaries had 100% equity in Sunplus mMobile
	Sunplus mMedia	Design of ICs	12.73	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus Innovation	Design of ICs	5.63	Sunplus and its subsidiaries had 69.05% equity in Sunplus Innovation
	iCatch Technology, Inc.	Design of ICs	5.88	Sunplus and its subsidiaries had 45.33% equity in iCatch Technology, Inc.
Lin Shih	Generalplus Technology	Design of ICs	13.69	Sunplus and its subsidiaries had 52.04% equity in Generalplus.
	Sunext Technology	Design and sale of ICs	5.29	Sunplus and the subsidiaries had 74.15% equity in Sunext.
	Sunplus Core (S2-TEK INC.)	Design of ICs	-	The investee become jointly controlled operations on January, thus, the investee was not included in the consolidated financial statements.
	Sunplus mMedia	Design of ICs	3.86	Sunplus and its subsidiaries had 99.53% equity in Sunplus mMedia.
	Sunplus mMobile	Design of ICs	-	Sunplus and its subsidiaries had 100% equity in Sunplus mMobile.
	Sunplus Innovation	Design of ICs	2.10	Sunplus and its subsidiaries had 69.05% equity in Sunplus Innovation
	iCatch Technology,	Design of ICs	1.75	Sunplus and its subsidiaries had 45.33% equity in iCatch Technology, Inc. and the Group had controlling interest over iCatch Technology, Inc.; thus, the investee was included in the consolidated financial statements.
Sunplus mMobile	Sunplus mMobile Holding Inc.	Investment	-	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
	Sunplus mMobile SAS	Design of ICs	100.00	-

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership December 31, 2013	Note
Sunext Technology	Great Sun	Investment	-	The investee completed liquidation in March.
	Great Prosperous Corp.	Investment	-	The investee completed liquidation in October.
Great Sun	Sunext Mauritius	Investment	-	The investee completed liquidation in October.
Sunext Mauritius	Sunext (Shanghai)	Research, development, manufacture and sale of ICs.	-	The investee completed liquidation in November 2012; thus it was excluded from the consolidated financial statements.
Generalplus	Generalplus Samoa	Investment	100.00	-
Generalplus Samoa	Generalplus Mauritius	Investment	100.00	-
Generalplus Mauritius	Generalplus Shenzhen	After-sales service	100.00	-
	Generalplus HK	Sales	100.00	-
Wei-Young	Generalplus	Design of Ics	0.10	Sunplus and its subsidiaries had 52.04% equity in Generalplus
	Sunext Technology	Design and sale of Ics	0.03	Sunplus and its subsidiaries had 74.15% equity in Sunext
Russell	Sunext Technology	Design and sale of Ics	0.70	Sunplus and its subsidiaries had 74.15% equity in Sunext

(Concluded)

e. Foreign currencies

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

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

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

f. Inventories

Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. The inventories of Sunplus Technology Company Limited, Generalplus Technology Inc., Sunplus Innovation Technology Inc., Sunplus mMobile Inc., iCatch Technology Inc., and Sunplus mMedia Inc. are generally recorded at standard cost. On the balance sheet date, the cost is adjusted to approximate weighted-average cost method. Other subsidiaries' inventories are recorded at the weighted-average cost.

g. Investments in associates and jointly controlled entities

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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

i. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

ii. Available-for-sale financial assets

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

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

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

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

iv. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments and Financial liabilities

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

a) Equity instruments

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

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

b) Financial liabilities

i Subsequent measurement

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

i) Derecognition of financial liabilities

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

n. Provisions

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

o. Revenue recognition

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

Sale of goods

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

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

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

3) The amount of revenue can be measured reliably;

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

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

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

Dividend and interest income

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

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

p. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred other than stated above.

r. Government grants

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

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

s. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

t. Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

At the end of each reporting period, The Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

u. Taxation

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

<u>Current tax</u>

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

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

<u>Deferred tax</u>

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

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

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

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

Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated provision for sales returns and discounts

Sales are recognized when the earnings process is completed. The provision for sales returns and discounts is estimated on the basis of historical return information available and any known factors which would result in sales returns and discounts. The provision for sales returns and discounts is recorded as reduction of sales. Management regularly reviews the reasonableness of provision estimates.

As of December 31, 2013, the provisions for sales returns and discounts were $23,915 thousand.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of December 31, 2013, the carrying amount of goodwill was $30,596 thousand.

For the year ended December 31, 2013, the Group did not recognize any impairment loss.

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

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

For the year ended December 31, 2013, the Group recognizes impairment loss for the amount of $11,498 thousand.

Estimated impairment of trade receivables

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

As of December 31, 2013, the carrying amount of trade receivables was $1,611,316 thousand (after deducting allowance of $0).

Reliability of deferred Income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Group's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of December 31, 2013, the deferred tax assets were $54,625 thousand.

Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group use judgment and estimate to determine the net realizable value of inventory at the end of each reporting period. Due to the rapid technological changes, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

As of December 31, 2013, the balance of inventories was $998,650 thousand.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013
Cash on hand	$ 4,508
Checking accounts and demand deposits	1,631,954
Cash equivalent deposits in banks	2,909,324
Repurchase agreements collateralized by bonds	54,529
	$ 4,600,315

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

	December 31, 2013
Bank balance	0.02%-3.3%
Repurchase agreement collateralized by bonds	1.0%-1.625%

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

	December 31, 2013
Financial assets held for trading	
Nonderivative financial assets	
Corporate bonds of domestic listed stocks	$ 7,994

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013
Domestic investments	
- Mutual funds	$ 1,125,889
- Quoted shares	1,035,887
Foreign investments	
- Quoted shares	7,456
	$ 2,169,232
Current	$ 1,150,505
Noncurrent	1,018,727
	$ 2,169,232

For the year ended December 31, 2013, the Group recognized impairment losses of $13,350 thousand.

9. FINANCIAL ASSETS MEASURED AT COST

	December 31, 2013
Domestic unlisted common shares	$ 311,448

The above shares were classified as available for sale.

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

The Group believed that the above financial asset carried at cost had impairment losses of $17,373 thousand as of December 31, 2013.

The Group recognized disposal gains of $1,400 thousand as of December 31, 2013.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	December 31, 2013
Notes receivable	$ 157
Accounts receivable	1,605,842
Receivable from related parties	5,474
Allowance for doubtful accounts	-
	1,611,316
	$ 1,611,473

Accounts receivable

The average credit period on sales of goods was 30 to 90 days without interest. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Of the trade receivables balance (see the aging analysis below) that are past due at the end of the reporting period, the Group had not recognized an allowance for impairment for notes and trade receivables amounting to $116,716 thousand as of December 31, 2013, because there had been no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to make offsets against any amounts owed by the Group to the counter-party. As of March 24, 2014, the above trade receivables of December 31, 2013 that are past due but not impaired had receive 116,716 thousand.

The aging of the receivables that are past due but not impaired was as follows:

	December 31, 2013
Up to 60 days	$ 116,716
61-90 days	-
91-120 days	-
	$ 116,716

Movements of the allowance for impairment loss recognized on notes receivable and trade receivables were as follows:

	Year Ended December 31, 2013
Balance at January 1	$ 48,411
Less: Amounts written off during the period as uncollectible	(51,620)
Foreign exchange translation gains	3,209
Balance at December 31	$ -

11. INVENTORIES

	December 31, 2013
Finished goods	$ 437,160
Work in progress	388,557
Raw materials	172,933
	$ 998,650

The costs of inventories recognized as cost of goods sold for the year ended December 31, 2013 was $5,110,409 thousand.

The costs of inventories recognized as costs of goods sold for the years ended December 31, 2103 were as follows:

	Year Ended December 31, 2013
Inventory obsolescence	$ 553
Losses on inventory value recoveries	2,067
Income from scrap sales	(1,056)
	$ 1,564

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2013
Investments in associates	$ 1,024,451

a. Investments in associates

	December 31, 2013
Listed companies	
Orise Technology, Co., Ltd.	$ 1,024,451

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

Name of Associate	**December 31, 2013**
Orise Technology, Co., Ltd.	34%

The Group started to exercise significant influence over Giantplus Technology Co., Ltd on December 3, 2012, so the Group transferred this investment from available-for-sale financial assets to investments in associates.

On March 14, 2013, the Company's board of the directors resolved to participate in the tender offer made by Chunghwa Picture Tubes Ltd ("Chunghwa") to acquire shares in Giantplus Technology Co. ("Giantplus"). The Company planned to sell 77,834 thousand shares of Giantplus for cash of $4.03 per share and 0.72 common share of Tatung Co. for every share of Giantplus. As of April 12, 2013, the expiration date of the acquisition, the Company had disposed of 64,020 thousand shares and recognized a gain on disposal of $42,474 thousand. On April 10, 2013, the Company's board of directors sold 6,818 thousand shares more of Giantplus to Chunghwa for cash at $9.3 per share and recognized a gain on disposal of $5,648 thousand. Therefore, we reclassify investments accounted for using the equity method to available-for-sale financial assets.

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

Name of Associate	**December 31, 2013**
Orise Technology, Co., Ltd.	$ 2,142,906

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

	December 31, 2013
Total assets	$ 6,314,221
Total liabilities	$ 3,392,196

	Year Ended December 31, 2013
Revenue	$ 9,362,444
Profit for the period	$ 363,725
Comprehensive income	$ 363,538
Group's share of profits of associates	$ 87,895

The amounts of investments in jointly controlled entities pledged as collateral for bank loans were disclosed in Note 35.

13. PROPERTY, PLANT AND EQUIPMENT

	Year Ended December 31, 2013									
	Buildings	Auxiliary equipment	Machinery and equipment	Testing equipment	Transportation equipment	Furniture and fixtures	Leasehold improvements	Other equipment	Construction in progress	Total
Cost										
Balance, beginning of period	$ 1,284,209	$ 173,006	$ 185,924	$ 304,407	$ 10,351	$ 207,571	$ 20,131	$ 8,819	$ 586,849	$ 2,781,267
Additions	-	543	15,540	187,523	-	20,056	725	788	265,398	490,573
Disposals	(171)	(6,408)	(121,109)	(75,546)	-	(12,379)	-	(156)	-	(215,769)
Reclassified to investment property	(32,356)	-	-	-	-	-	-	-	-	(32,356)
Effect of exchange rate changes	17,945	(15,730)	(49,683)	6,025	591	10,494	(13,729)	9,703	20,587	(13,797)
Balance, end of period	1,269,627	151,411	30,672	422,409	10,942	225,742	7,127	19,154	872,834	3,009,918
Accumulated depreciation and impairment										
Balance, beginning of period	241,619	61,578	156,980	204,502	6,072	148,327	12,048	6,355	-	837,481
Impairment loss	-	-	-	11,498	-	-	-	-	-	11,498
Additions	35,124	18,947	25,995	137,823	1,443	34,127	743	3,065	-	257,267
Disposals	(171)	(6,407)	(121,110)	(72,846)	-	(11,592)	-	(142)	-	(212,268)
Reclassified to investment property	(14,597)	-	-	-	-	-	-	-	-	(14,597)
Effect of exchange rate changes	11,081	(13,553)	(35,252)	(7,779)	480	5,950	(8,306)	1,974	-	(45,405)
Balance, end of period	273,056	60,565	26,613	273,198	7,995	176,812	4,485	11,252	-	833,976
Net, end of period	$ 996,571	$ 90,846	$ 4,059	$ 149,211	$ 2,947	$ 48,930	$ 2,642	$ 7,902	$ 872,834	$ 2,175,942

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

Buildings	8-56 years
Auxiliary equipment	3-20 years
Machinery and equipment	1-10 years
Testing equipment	1-5 years
Transportation equipment	4-10 years
Furniture and fixtures	2-5 years
Leasehold improvements	2-11 years
Other equipment	3-10 years

Refer to Note 35 for the carrying amounts of property, plant and equipment that had been pledged by the Group to secure borrowings.

14. INVESTMENT PROPERTIES

	Year Ended December 31, 2013
Cost	
Balance at January 1	$ 398,499
Reclassification to investment	32,356
Effect of exchange rate differences	25,972
Balance at December 31	$ 456,827
Accumulated depreciation	
Balance at January 1	$ (123,658)
Depreciation expense	(12,977)
Reclassification to investment	(14,597)
Effect of exchange rate differences	(12,526)
Balance at December 31	$ (163,758)
	$ 293,069

The investment properties held by the Group were depreciated over their useful lives of 50 years, using the straight-line method.

Fair values were obtained through valuations made by an independent appraisal firm, Suzhou Feng-Zheng PingGu Firm, on balance sheet day. The Suzhou Feng-Zheng PingGu Firm used the replacement cost method to measure fair value.

The important assumptions and fair value were as follows:

	December 31, 2013
Fair value	$ 378,894
Discount rate	87.33%

15. INTANGIBLE ASSETS

Intangible assets consisted of fees paid to Oak Technology (“Oak”) for the Group 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 Group to use Philips’s optical disc drive (ODD) semiconductor technology.

	Year Ended December 31, 2013					
	Technology License Fees	Software	Patents	Goodwill	Technological Know-how	Total
Cost						
Balance at January 1	$ 1,043,166	$ 403,650	$ 112,353	$ 226,755	$ 26,852	$ 1,812,776
Additions	75,250	21,635	1,579	-	-	98,464
Disposal	-	(59,665)	-	-	-	(59,665)
Effect of exchange rate Differences	105	559	-	-	58	722
Balance at December 31	1,118,521	366,179	113,932	226,755	26,910	1,852,297
Accumulated amortization						
Balance at January 1	780,273	314,676	52,594	196,159	26,428	1,370,130
Amortization expense	146,036	52,319	6,287	-	439	205,081
Disposal	-	(58,841)	-	-	-	(58,841)
Effect of exchange rate Differences	(198)	(172)	-	-	43	(327)
Balance at December 31	926,111	307,982	58,881	196,159	26,910	1,516,043
Carrying amounts at December 31, 2013	$ 192,410	$ 58,197	$ 55,051	$ 30,596	$ -	$ 336,254

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

Technology license fees	1-15 years
Software	1-10 years
Patents	8-18 years
Technological know-how	5 years

16. OTHER ASSETS

	December 31, 2013
Prepayment for equipment	$ 345,696
Finance lease payables	130,578
Pledged time deposits	91,162
Prepaid long-term investments	44,707
Refundable deposits (Note 31)	7,271
Other	219,359
	$ 838,773
Current	$ 241,246
Noncurrent	597,527
	$ 838,773

The amounts of the Group's finance lease payables for land grants in China as of December 31, 2013 were $130,578 thousand.

17. LOANS

Short-term borrowings

	December 31, 2013
Unsecured borrowings	
Bank loans	$ 165,151

The weighted average effective interest rates for bank loans for the year ended December 31, 2013 was 1.9225% - 2.06%.

Long-term borrowings

The borrowings of the Group were as follows:

	Maturity Date	Significant Covenant	December 31, 2013
Floating rate borrowings			
Secured bank borrowings	2017.3.16	Repayable semiannually from March 2012	$ 54,444
Unsecured bank borrowings	2015.3.30	Repayable quarterly from March 2012	312,500
Unsecured bank borrowings	2015.3.28	Repayable quarterly from March 2012	156,250
Unsecured bank borrowings	2014.4.10	Repayable in April 2015	119,963
Unsecured bank borrowings	2014.6.15	Repayable in July 2014	149,953
Unsecured bank borrowings	2014.4.14	Repayable in April 2014	149,953
Secured bank borrowing	2015.2.28	Repayable semiannually from February 2012	105,000
Unsecured bank borrowings	2015.2.28	Repayable semiannually from February 2012	105,000
			$ 1,643,063
Current			$ 938,447
Noncurrent			704,616
			$ 1,643,063

Under the loan contracts, the Group provided buildings and shares of Giantplus Technology Co., Ltd. and Orise Technology Co., Ltd. as collaterals for the above loans (Note 35).

The effective borrowing rates as of December 31, 2013 were 1.64% - 2.54%.

The loan contracts require the Group to maintain certain financial ratios, such as debt ratio and current ratio as well as a restriction on net tangible assets in 2013. However, the Group's not being able to meet the ratio requirement would not be deemed to be a violation of the contracts. As of December 31, 2013, the Group was in compliance with these financial ratio requirements.

18. TRADE PAYABLES

	December 31, 2013
Payable - operating	$ 966,959

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

19. PROVISIONS

	December 31, 2013
Customer returns and rebates	$ 23,915

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons estimated product returns and rebates may occur in the year. The provision was recognized as a reduction of operating income in the periods of the related goods sold.

20. OTHER LIABILITIES

	December 31, 2013
Other payables	
Salaries or bonuses	$ 408,404
Compensation due to directors and supervisors	74,495
Payables for purchases of equipment	61,898
Labor/health insurance	36,939
Payable for royalties	10,720
Professional service fees	8,662
Others	140,230
	$ 741,348
Deferred revenue	
Arising from government grants (Note 28)	$ 78,831
Other	5,539
	$ 84,370
Current	
－Other liabiities	$ 740,459
－Deferred revenue	3,314
	$ 743,773
Noncurrent	
－Other current liabiities	$ 889
－Deferred revenue	81,056
	$ 81,945

21. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Defined benefit plans

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation, Sunplus mMedia and iCatch of the Group had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Group 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 plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, et. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2 year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation on
	December 31, 2013
Discount rate(s)	1.50%-1.85%
Expected return on plan assets	1.20%-2.00%
Expected rate(s) of salary increase	3.50%-6.25%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

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

	For the Year Ended December 31, 2013
Current service cost	$ 2,802
Interest cost	4,812
Expected return on plan assets	(2,577)
	$ 5,037
An analysis by function	
Operating cost	$ 689
Marketing expenses	358
Administration expenses	1,220
Research and development expenses	2,770
	$ 5,037

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 was $37,780 thousand. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 was $22,639 thousand.

The amounts included in the consolidated balance sheets arising from the Group's obligation on its defined benefit plans were as follows:

	December 31, 2013
Present value of funded defined benefit obligation	$ 278,550
Fair value of plan assets	(166,942)
Net liability arising from defined benefit obligation	$ 116,608

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31, 2013
Opening defined benefit obligation	$ 319,038
Current service cost	2,727
Interest cost	4,811
Actuarial gains	(48,026)
Closing defined benefit obligation	$ 278,550

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31, 2013
Opening fair value of plan assets	$ 158,689
Expected return on plan assets	2,709
Actuarial losses	(649)
Contributions from the employer	6,193
Closing fair value of plan assets	$ 166,942

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31, 2013
Cash	22.86%
Short-term commercial papers	4.10%
Bond	9.37%
Fixed income	18.11%
Equity instruments	44.77%
Others	0.79%
	100.00%

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (Note 4):

	December 31, 2013
Present value of defined benefit obligation	$ 278,550
Fair value of plan assets	$ 166,942
Deficit	$ 111,608
Experience adjustments on plan liabilities	$ (48,026)
Experience adjustments on plan assets	$ 649

The Group expects to make a contribution of $4,171 thousand to the defined benefit plans in 2014.

22. EQUITY

Share capital

Common shares:

	December 31, 2013
Numbers of shares authorized (in thousands)	1,200,000
Shares authorized	$ 12,000,000

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

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

	December 31, 2013
Number of shares issued and fully paid (in thousands)	596,910
Shares issued	$ 5,969,099

A reconciliation of the carrying amount for the year ended December 31, 2013 for each component of capital surplus was as follows:

	Share Premium	Treasury Share Transactions	Consolidation Excess and Other	Total
Balance at January 1, 2013	$ 709,215	$ 71,228	$ 158,681	$ 939,124
Others	-	-	11,055	11,055
Balance at December 31, 2013	$ 709,215	$ 71,228	$ 169,736	$ 950,179

The premium from shares issued in excess of par (share premium from issuance of common shares, conversion of bonds and treasury share transactions) may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital.

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

Retained earnings and dividend policy

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.

(iii) Under an approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions plus the inappropriate prior years' earnings may be distributed as additional dividends.

(iv) 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 $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 inappropriate 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 were zero for 2012 and 2011. For the year ended December 31, 2012, based on the Group's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. Thus, the Group 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 Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

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, a company 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 Group'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 Group has earnings and the original need to appropriate a special reserve is not eliminated. (Please refer to special reserves appropriated following first-time adoption/of IFRSs)

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.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriation from the 2012 earnings was approved at the shareholders' meetings on June 11, 2013. The appropriation, including dividends, were as follows:

	For Year 2012	
	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 516,496	-
Special reserve	(160,474)	-

The above appropriations was the same as those approved at the shareholders' meetings on April 10, 2013.

The appropriations of earnings for 2013 had been proposed by the Company's board of directors on March 24, 2014. The appropriations and dividends per share were as follows:

	Appropriation of Earnings
Legal reserve	$ 119,147
Special reserve	(8,116)

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2013 are subject to the resolution of the shareholders' meeting to be held on June 11, 2014.

Information on the bonus to employees, directors and supervisors proposed by sunplus's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Special reserves appropriated following the first-time adoption of IFRSs

The exchange difference on translating foreign operations, which was transferred to retained earnings, was a negative $18,343 thousand; thus, following IFRSs, the Group did not appropriate a special reserve.

Other equity items

Foreign currency translation reserve:

	Year Ended December 31, 2013
Balance at January 1	$ (84,462)
Exchange differences arising on translating the foreign operations	111,570
Balance at December 31	$ 27,108

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

Unrealized gain/loss from available-for-sale financial assets:

	Year Ended December 31, 2013
Balance at January 1	$ 188,110
Changes in fair value of available-for-sale financial assets	(23,007)
Cumulative gain/loss reclassified to profit or loss upon disposal of available-for-sale financial assets	(6,666)
Reclassification adjustments to profit or loss on impairment of available-for-sale financial assets	13,350
The proportionate share of other comprehensive income/losses reclassified to profit or loss upon partial disposal of associates	775
Balance at December 31	$ 172,562

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

Noncontrolling interests

	Year Ended December 31, 2013
Balance at January 1	$ 1,557,162
Attributable to noncontrolling interests:	
Share of profit for the year	11,084
Exchange difference arising on translation of foreign entities	17,864
Unrealized gains on available-for-sale financial assets	844
Actuarial gains (losses) on defined benefit plans of long-term investments accounted for using the equity method	913
Noncontrolling interest on the acquisition of subsidiaries	(3,582)
Partial disposal of interests in subsidiaries	206,617
Cash dividends distributed by subsidiaries	(58,043)
Disposal of subsidiaries	(27,676)
Others	13,372
Balance at December 31	$ 1,718,915

Treasury shares

Purpose of Buyback	Shares Transferred to Employees (in Thousands of Shares)	Shares Held by Its Subsidiaries (in Thousands of Shares)	Total (in Thousands of Shares)
Number of shares as of January 1, 2013 and December 31, 2013	4,915	3,560	8,475

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

Name of Subsidiaries	Number of Shares Held (in Thousands of Shares)	Carrying Amount	Market Price
December 31, 2013			
Lin Shin Investment Co., Ltd	3,560	$ 63,401	$ 40,762

Under the Securities and Exchange Act, Sunplus should neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

Sunplus's board of directors resolve to write off all of the buyback treasury shares, 4,915 thousand shares. As of March 24, 2014, they still not register the change.

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, 2013, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

23. REVENUE

	Year Ended December 31, 2013
Revenue from IC	$ 8,483,914
Rental income from property	123,709
Other	188,477
	$ 8,796,100

24. NET PROFIT

Net profit (loss) included the following items:

Other income

	Year Ended December 31, 2013
Interest income	
Bank deposits	$ 37,369
Dividend imcome	30,247
Others	35,194
	$ 102,810

Other gains and losses

	Year Ended December 31, 2013
Net foreign exchange gains	$ 32,306
Gain on disposal of subsidiary	22,752
Gain on disposal of investment	60,111
Gain on reversal of impairment loss on financial assets	3,888
Net loss on financial assets designated as at FVTPL	(10)
Impairment loss on available-for-sale financial assets	(13,350)
Impairment loss on financial assets carried at cost	(17,753)
Impairment loss on nonfinancial assets	(11,498)
Others	787
	$ 77,233

Finance costs

	Year Ended December 31, 2013
Interest on bank loans	$ 37,516

Information on capitalized interest is as follows:

	Year Ended December 31, 2013
Capitalized interest	$ 9,043
Capitalization rate	2.5%

Depreciation and amortization

	Year Ended December 31, 2013
Property, plant and equipment	$ 257,267
Investment property	12,977
Intangible assets	205,081
	$ 475,325
An analysis of depreciation by function	
Operating costs	$ 25,409
Operating expenses	244,835
	$ 270,244
An analysis of amortization by function	
Operating costs	$ 1,521
Selling expenses	13,255
Administrative expenses	11,880
Research and development expenses	178,425
	$ 205,081

Operating expenses directly related to investment properties

	Year Ended December 31, 2013
Direct operating expenses from investment property that generated rental income	$ 19,490
Direct operating expenses from investment property that did not generate rental income	127,086
	$ 146,576

Employee benefits expense

	Year Ended December 31, 2013
Post-employment benefits	
Defined contribution plans	$ 74,733
Defined benefit plans	5,037
Other employee benefits	2,332,179
Total employee benefits expense	$ 2,411,949
An analysis of employee benefits expense by function	
Operating costs	$ 150,501
Operating expenses	2,261,448
	$ 2,411,949

Gain or loss on exchange rate changes

	Year Ended December 31, 2013
Exchange rate gains	$ 123,750
Exchange rate losses	(91,444)
	$ 32,306

25. INCOME TAXES

Income tax recognized in profit or loss

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

	Year Ended December 31, 2013
Current tax	
Current period	$ 55,663
Prior periods	(90,139)
Others	323
	(34,153)
Deferred tax	
Current period	71,350
Income tax expense recognized in profit or loss	$ 37,197

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

	Year Ended December 31, 2013
Profit before tax	$ 101,066
Income tax expense at the 17% statutory rate	$ 17,181
Tax effect of adjusting items:	
Nondeductible expenses	(213,419)
Temporary differences	3,099
Tax-exempt income	(21,289)
Unrecognized temporary differences	3,320
Additional income tax on unappropriated earnings	309
Investment tax credits used	(381)
Loss carryforwards	(6,183)
Additional income tax under the Alternative Minimum Tax Act	8,101
Effects of consolidated income tax filing	(1,325)
Current income tax expense	(210,587)

(Continued)

	Year Ended December 31, 2013
Deferred income tax expense	
Temporary differences	$ (3,608)
Loss carryforwards	71,582
Investment credits	3,376
Unrecognized loss carryforwards	263,150
Unrecognized temporary differences	-
Effect of different tax rates of group entities operating in other jurisdictions	323
Foreign income tax expense	3,100
Adjustments for prior years' tax	(90,139)
Income tax expense recognized in profit or loss	$ 37,197

(Concluded)

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 10% additional income tax on unappropriated earnings are not reliably determinable.

Current tax assets and liabilities

	December 31, 2013
Current tax assets	
Tax refund receivable	
	$ 4,287
Current tax liabilities	
Income tax payable	$ 51,781

Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities that met the offset criteria.

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

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Temporary differences				
Impairment loss on financial assets	$ 2,378	$ (2,373)	$ -	$ 5
Unrealized loss on inventories	24,521	(3,028)	-	21,493
Fixed assets	1,100	2,700	-	3,800
Unrealized sales	784	(111)	-	673
Exchange gains	(1,723)	(972)	-	(2,695)
Deferred credits	391	(102)	-	289
Other	2,668	7,494	-	10,162
	30,119	3,608	-	33,727
Investment credits	3,376	(3,376)	-	-
Loss carryforwards	92,480	(71,641)	59	20,898
	$ 125,975	$ (71,409)	$ 59	$ 54,625

Unrecognized deferred tax assets

Loss Carryforwards	December 31, 2013
Expiry in 2014	$ 26,456
Expiry in 2015	608,481
Expiry in 2016	176,188
Expiry in 2017	758,164
Expiry in 2018	224,306
Expiry in 2019	455,838
Expiry in 2020	593,803
Expiry in 2021	931,141
Expiry in 2022	677,984
Expiry in 2023	1,510,868
	$ 5,963,229
Deductible temporary differences	$ 43,932

Unused loss carryforwards and tax-exemptions

Loss carryforwards as of December 31, 2013 pertaining to Sunplus:

Unused Amount	Expiry Year
$ 368,313	2019
517,517	2020
638,831	2021
538,986	2022
1,297,572	2023
$ 3,361,219	

Loss carryforwards as of December 31, 2013 pertaining to Sunplus Venture:

Unused Amount	Expiry Year
$ 26,456	2014
199,512	2015
51,820	2017
57,004	2018
30,907	2019
17,891	2020
4,863	2021
$ 388,453	

Loss carryforwards as of December 31, 213 pertaining to Lin Shin:

Unused Amount	Expiry Year
$ 162,198	2015
41,879	2017
33,437	2018
9,864	2019
$ 247,378	

Loss carryforwards as of December 31, 2013 pertaining to Sunplus Innovation:

Unused Amount	Expiry Year
$ 26,480	2023

Loss carryforwards as of December 31, 2013 pertaining to Generalplus:

Unused Amount	Expiry Year
$ 11,862	2018

Loss carryforwards as of December 31, 2013 pertaining to Generalplus (Hong Kong):

Unused Amount	Expiry Year
$ 1,388	Not determined

Loss carryforwardds as of December 31, 2013 to S2-Tek Inc.:

Unused Amount	Expiry Year
$ 3,116	2017
20,355	2018
20,207	2019
11,138	2020
11,025	2021
2,385	2022
24,218	2023
$ 92,444	

Loss carryforwards as of December 31, 2013 pertaining to Sunext:

Unused Amount	Expiry Year
$ 246,771	2015
162,829	2016
661,349	2017
18,351	2018
120,088	2021
100,760	2022
154,882	2023
$ 1,465,030	

Loss carryforwards as of December 31, 2013 pertaining to iCatch:

Unused Amount	Expiry Year
$ 2,765	2018
24,904	2020
47,923	2021
$ 140,380	

Loss carryforwards as of December 31, 2013 pertaining to Sunplus mMobile:

Unused Amount	Expiry Year
$ 13,359	2016

Loss carryforwards as of December 31, 2013 pertaining to Sunplus (Hong Kong):

Unused Amount	Expiry Year
$ 22,006	Not determined

Loss carryforwards as of December 31, 2013 pertaining to Sunplus mMedia:

Unused Amount	Expiry Year
$ 92,394	2018
26,547	2019
22,353	2020
109,041	2021
35,853	2022
30,659	2023
$ 316,847	

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

Project	Tax Exemption Period
Sunplus	
Eighth expansion	January 1, 2010 to December 31, 2014
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2013 to December 31, 2017
Fourteenth expansion	January 1, 2015 to December 31, 2019
Fifteenth expansion	January 1, 2015 to December 31, 2019
Generalplus	
Third expansion	January 1, 2009 to December 31, 2013
Fourth expansion	January 1, 2010 to December 31, 2014
Fifth expansion	January 1, 2013 to December 31, 2017
Sunext	
Expansion	January 1, 2009 to December 31, 2013
Sunplus Innovation	
First expansion	January 1, 2009 to December 31, 2013
Second expansion	January 1, 2013 to December 31, 2017

Integrated income tax

	December 31, 2013
Imputation credits accounts	$ 310,327

For 2013 and 2012, there was no creditable tax ratio because the Group had a deficit. For the distribution of earnings generated after January 1, 1998, the imputation credit 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.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

Income tax assessments

The income tax returns of Sunplus, Sunplus mMobile and through 2010; the income tax returns of Generaplus, Sunplus Innovation, Sunplus management Consulting, Sunplus Core, Sunext, Wei-Yough, Lin Shih, Sunplus Venture and Sunplus mMedia through 2011. iCatch had been assessed by the tax authorities. Nevertheless, for conservatism purposes, Sunplus and its subsidiaries provided for the income tax assessed by the tax authorities.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	Year Ended December 31, 2013
Basic gain (loss) per share	$ 0.09
Diluted gain (loss) per share	$ 0.09

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

Net Profit (Loss) for the Period

	Year Ended December 31, 2013
Profit (loss) for the period attributable to owners of the Group	$ 52,785
Effect of dilutive potential common share:	
Employee share option	-
Earnings used in the computation of diluted earnings per share	$ 52,785

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

	Year Ended December 31, 2013
Weighted average number of common shares used in the computation of basic earnings per shares	588,435
Effect of dilutive potential common shares:	
Employee share option	-
Weighted average number of commoc shares used in the computation of diluted earnings per share	588,435

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

On September 11, 2007, the Securities and Futures Bureau approved the Company’s adoption of an employee stock option plan (“2007 option plan”). The plan provided for the grant of 25,000 thousand options, with each unit representing one common share. The option rights had been granted to qualified employees of the Company and subsidiaries. A total of 25,000 thousand common shares had been reserved for issuance. The options were valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights were 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 changed, the exercise price was adjusted accordingly. All options had been granted or canceled as of December 31, 2012.

Outstanding option rights were as follows:

Employee share option plan	Year Ended December 31, 2013	
	Unit (In Thousands)	Weighted-average Price (NT$)
Beginning outstanding balance	18,880	$ 38.03
Options canceled	(1,598)	-
Option past due	(17,282)	-
Ending outstanding balance	-	
Ending exercisable balance	-	

The number of shares and exercise prices of outstanding option have been adjusted to reflect the appropriations of cash dividends and issuance of capital stock specified under the 2007 plans.

In their meeting on June 18, 2012, the Company's shareholders approved a restricted stock plan for employees with a total amount of $280,000 thousand, consisting of 28,000 thousand shares, and authorized the board of directors to determine the issue prices of the restricted shares.

As of December 31, 2013, the restricted stock plan for the Company's employees had not been approved by the authorities, so it became invalid.

Generalplus Technology Inc.

Generalplus Technology Inc.'s Employee Stock Option Plans consisted of the 2007 plan and the 2009 plan. The options authorized to be granted under the 2007 plan and 2009 plan were at maximums of 2,700 thousand and 2,200 thousand, respectively. The 2007 plan options had all been granted. Under the 2009 plan, 2,177 options had been granted; this plan was later canceled and the options had expired as of December 31, 2010.

Sunplus Innovation Technology Inc.

Sunplus Innovation Technology Inc.'s Employee Stock Option Plans were approved on April 18, 2007. The maximum number of options authorized to be granted was 2,200 thousand, with each option eligible to subscribe for one common share. The options of all the plans are valid for six years and exercisable at certain percentages after the second anniversary of the grant date.

Information about the Group's outstanding options for the three months ended September 30, 2013 and 2012 is as follows:

	Years Ended December 31	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of period	752	$ 10.90
Option issued	24	10.50
Options exercised	(298)	10.55
Options canceled	(478)	10.50
Ending outstanding balance	-	
Ending exercisable balance	-	

In their meeting on September 28, 2012, the shareholders of Sunplus Innovation Techology Inc. (SITI) approved a plan on a restricted employee stock ownership plan (ESOP), through which employees would receive 2,400 thousand shares amounting to $24,000 thousand, with no up-front cost and at a par value of $10.00; the Financial Supervisory Commission approved this plan on September 28, 2012.

On August 7, 2013, under the board of directors' approval, SITI executed the restricted ESOP, through which employees received 1,000 thousand shares at a par value of $10.00 with no up-front cost

Under the restricted ESOP, employees who are still employed by SITI and pass the annual performance appraisal are eligible for a certain percentage of shareholding, as stated below.

a. 50% shareholding ratio after the second anniversary from the grant date;

b. 50% of the shareholding ratio after the third anniversary from the grant date. The restrictions under the ESOP are as follows:

a. During the duration of the restricted ESOP,the employee may not vend, discount, transfer, grant, enact, or any other methods.

b. During the duration of the restricted ESOP, employees will still receive stock and/or cash dividends, and also have rights to join the capital increase by cash plan (if any).

c. Shares must be handed over to the trustees after the publication of the ESOP , and the company may not request a return of the ESOP before the realization of the vestin condition. If employees fail to meet the vesting condition, SITI has the right to take back and cancel the limited employee stock ownership, but the Company will still grant employees stock and cash dividends generated during the vesting period.

iCatch Technology Inc.

iCatch Technology Inc. had authorized 5,929 thousand units employee stock options as at September, 2013, each unit could acquired for 1,000 shares. Stock options were given to employees those who stasified specific conditions. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Exercise price was $10 per share. If there is any changes of common stocks after granted date, option exercise price will be adjusted.

Information about the iCatch's outstanding options for the year ended December 31, 2012 was as follows:

	Year ended December 31, 2013	
	Number of Options (In Thousands)	**Weightedaverage Exercise Price (NT$)**
Share-Based Payment		
Balance, beginning of period	-	$ -
Options exercised	5,929	10
Balance, end of period	5,929	10

As of December 31, 2013, information about iCatch's outstanding and exercisable options was as follows:

Range of Exercise Price (NT$)	Outstanding Options			Options Exercisable	
	Number Outstanding (Thousand)	Remaining Contractual Life (In Years)	Exercise Price (NT$/Per Share)	Number Exercisable (Thousand)	Exercise Price (NT$/Per Share)
$ 10	5,929	5.7	$ 10	-	$ -

Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

Grant-date share price (NT$)	$ 3.25
Exercise price (NT$)	10.00
Expected volatility	31.89%
Expected life (years)	4.375 years
Expected dividend yield	-
Risk-free interest rate	1.67%

28. GOVERNMENT GRANTS

In August 2013, Sun Media Technology Co., Ltd. received a government grant amounting to RMB16,390 thousand ($79,213 thousand) for the purchase of land on which to build ta plant. This amount, which was recognized as deferred revenue, will be recognized in profit or loss over the useful life of the land.

The total revenue recognized as profit for the years ended December 31, 2013 was 1,745 thousand.

29. DISPOSAL OF SUBSIDIARIES

The Company had 99.98% equity in Sunplus Core Inc. before the investment agreement, but when the Company later subscribed for Sunplus Core Inc.'s additional new shares at a percentage different from its existing ownership percentage, the Company's equity decreased to 51.25%. When Sunplus Core Inc. changed its name to S2-Tek Inc. A new investment agreement was made, which stated that the Company no longer had control over S2-Tek Inc but still has material influence. The Group lost its control over Sunplus Core Technology Co., Ltd. and disposed of another subsidiary. Related information is as follows:

Analysis of assets and liabilities over which control was lost

	January 21, 2013
Current assets	
Cash and cash equivalents	$ 1,168
Other receivables	1
Prepaid expenses	7,562
Noncurrent assets	
Refundable deposits	360
Current liabilities	
Payables	(20)
Net assets disposed of	$ 9,071

Gain on disposal of subsidiary

	Year Ended December 31
Fair Value on January 21,2013	$ 204,998
Noncontrolling interests	22,724
Cash	(195,899)
Net assets disposed of	(9,071)
Gain on disposal	$ 22,752

As described in Note 4(2), Global Techplus, Great Prosperous Corp. and ShenZhen Suntop Technology completed liquidation in September 2013, October 2013 and December 2013, respectively; related information is as follows:

a. Loss on liquidation of subsidiary

	For the Nine Months Ended September 30
	$ 6,722
Capital return	(11,410)
Net assets	
Gain on disposal	$ (4,688)

The gain on disposal was included in the operating profit for the period from January 1, 2013 to the liqudation date.

30. NON-CASH TRANSACTIONS

For the years ended December 31, 2013, the Company reduced payables on equipment and accrued expenses by $76,537 thousand and $17,462 thousand, respectively, to obtain equipment. and intangible assets.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

Operating leases relate to leases of land with lease terms between 2 and 8 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiry of the lease periods.

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. The amount had been rised from $7,929 thousand to $8,034 thousand for the period ended. Sunplus had pledged $6,000 thousand time deposits (classified as other assets - noncurrent) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31, 2013
Up to 1 year	$ 8,034
Over 1 year to 5 years	20,910
Over 5 years	12,250
	$ 41,194
Refundable deposits	$ 296

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:

	December 31, 2013
Up to 1 year	$ 9,961
Over 1 year to 5 years	38,840
	$ 48,801
Refundable deposits	$ 1,660

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 $1,474 thousand. Generalplus deposited $1,356 thousand (classified as other assets - noncurrent) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

	December 31, 2013
Up to 1 year	$ 1,474
Over 1 year to 5 years	5,896
Over 5 years	2,948
	$ 10,318

Sunext

Sunext leases an office from Global View Co., Ltd. under renewable agreements expiring in August 2015. The annual lease payment was $2,760 thousand, respectively. This agreements had been rescinded at November, 2013.

i Catch Technology, Inc. ("i Catch")

i Catch leases offices from Siming Inc. and Siha Inc. under renewable agreements expiring in February 2016; the lease payments in 2013 were $1,688 thousand and $1,274 thousand, respectively.

The future lease payments are as follows:

	December 31, 2013
Up to 1 year	$ 2,962
Over 1 year to 5 years	3,455
Over 5 years	-
	$ 6,417
Refundable deposits	$ 521

The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1to 5years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2013, deposits received under operating leases amounted to $21,143 thousand.

The future minimum lease payments for noncancellable operating lease are as follows:

	December 31, 2013
Up to 1 year	$ 104,105
Over 1 year to 5 years	95,915
	$ 200,020

32. CAPITAL MANAGEMENT

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

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

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

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

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

	December 31, 2013	
	Carrying Amount	Fair Value
Financial assets		
Financial assets carried at cost	$	$
Debt investment with no active market	311,448	-

2) Fair value measurements recognized in the balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Securities listed in ROC	$ 7,994	$ -	$ -	$ 7,994
Available-for-sale financial assets				
Mutual funds	$ 1,125,889	$ -	$ -	$ 1,125,889
Securities listed in ROC	1,035,887	-	-	1,035,887
Securities listed in foreign	7,456	-	-	7,456
	$ 2,169,232	$ -	$ -	$ 2,169,232

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

3) Valuation techniques and assumptions for the purpose of measuring fair value

The fair value of financial instruments which has standard clause and will been transacted in active market is according to market value.

b. Categories of financial instruments

		December 31, 2013
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$	7,994
Loans and receivables (i)		6,311,290
Available-for-sale financial assets (ii)		2,480,680
Financial liabilities		
Measured at amortized cost (iii)		2,998,746

(i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, refundable deposit, debt investments with no active market, and trade and other receivables. Those reclassified to held-for-sale disposal groups are also included.

(ii) The balance included available - for - sale financial assets carried at cost.

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows.

	December 31, 2013
Assets	
USD	69,368
RMB	43,506
JPY	328
HKD	109
GBP	3
EUR	2
Liabilities	
USD	62,909
EUR	300
RMB	33
JPY	25

Sensitivity analysis

The Group was mainly exposed to the USD and RMB

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

	USD impact Year Ended December 31, 2013
Profit or loss	$ (6,459)

	RMB impact Years Ended December 31
Profit or loss	$ (43,473)

b) Interest rate risk

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

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

	December 31, 2013
Fair value interest rate risk	
Financial assets	$ 2,718,415
Financial liabilities	-
Cash flow interest rate risk	
Financial assets	1,968,150
Financial liabilities	1,808,214

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. Basis points of 0.125% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.
Had interest rates increased/decreased by 0.125% basis point and all other variables held constant, the Group's post-tax profit for the years ended December 31, 2013 would decrease/increase by $200 thousand.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.
The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.
Had equity prices been 1% higher/lower, post-tax profit for the years ended December 31, 2013 would have increased/decreased by $21,692 thousand.

2) Credit risk

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

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

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

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

The Group’s concentration of credit risk of 44% in total trade receivables as of December 31, 2013, was related to the five largest customers within the property construction business segment.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2013, the Group had available unutilized overdraft and financing facilities refer to the following instructution.

a) Liquidity and interest risk rate tables

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

December 31, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	More than 3 Months to 1 Year	Over 1 Year to 5 Years	5+ Years
Nonderivative Financial liabilities						
Noninterest bearing	-	$ 312,153	$ 1,211,441	$ 68,120	$ 35,425	$ -
Variable interest rate liabilities	2.06-2.98	999	201,528	389,028	996,767	-
Fixed interest rate liabilities	0.08-2.54	-	155,982	15,935	-	147,003
		$ 313,152	$ 1,568,951	$ 473,083	$ 1,032,192	$ 147,003

b) Financing facilities

	December 31, 2013
Unsecured bank overdraft facility	
Amount used	$ 1,804,392
Amount unused	2,568,663
	$ 4,373,055

34. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

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

a. Trading transactions

	Sales of Goods
	For the Year Ended December 31, 2013
Associates	$ 35,829

	Nonoperating Income and Expenses
	For the Year Ended December 31, 2013
Associates	$ 7,420

	Trade Receivables from Related Parties
	December 31, 2013
Associates	$ 5,474

	Other Receivables
	December 31, 2013
Associates	$ 50

	Deferred Income
	December 31, 2013
Associates	$ 1,698

b. Financing to related party

	For Years Ended December 31, 2013	
	Interest Rate	Interest Income
Associates	1.475%-1.655%	$ 1,465

c. Compensation of directors, supervisors and management personnel:

	For the Year Ended December 31, 2013
Salaries and Incentives	$ 62,481
Special compensation	3,736
	$ 66,217

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

35. PLEDGED OR MORTGAGED ASSETS

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

	December 31, 2013
Buildings, net	$ 712,876
Orise stock	468,526
Pledged time deposits (classified other assets, including current and noncurrent)	91,162
Subsidiary's holding of Sunplus' stock	38,752
	$ 1,311,316

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

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

	December 31, 2013	
	Foreign Currencies	**Exchange Rate**
Financial assets		
Monetary items		
USD	69,368	29.805
CNY	43,506	4.919
JPY	328	0.284
HKD	109	3.843
GDR	3	49.28
EUR	2	41.09
Nonmonetary items		
USD	500	29.805
EUR	510	41.09
Financial liabilities		
Monetary items		
USD	62,909	29.805
EUR	300	41.09
CNY	33	4.919
JPY	25	0.284

37. ADDITIONAL DISCLOSURES

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

1) Financings provided: Table 1 (attached)

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

3) Marketable securities held: Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of the paid-in capital. Table 4 (attached)

5) Acquisition of property, plant and equipment at cost of at least $300 million or 20% of the paid-in-capital: Table 5 (attached)

6) Intercompany relationships and significant intercompany transactions: Table 6 (attached)

7) Information on investee: Table 7 (attached)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds,

investment in the mainland China area. (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Group reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by subsegment and operating results for the years ended December 31, 2013 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2013 are shown in the accompanying consolidated balance sheets.

a. Segment revenues and results

The following was an analysis of the Group's operating revenue and results by reportable segment.

	Segment Revenue
	For the Year Ended December 31, 2013
IC design	$ 8,483,914
Income from lease of property, plant, and equipment	123,709
Other income	188,477
	$ 8,796,100

b. Geographical information

The Group operates in two principal geographical areas – the Asia and Taiwan.

The Group's revenue from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below.

	Revenue from External Customers	Non-current Assets
	For the Year Ended December 31, 2013	December 31, 2013
Asia	$ 6,380,375	$ 1,506,260
Taiwan	2,411,268	1,299,004
Others	4,457	-
	$ 8,796,100	$ 2,805,264

Noncurrent assets exclude noncurrent assets held for sale, financial instruments, deferred tax assets, post-employment benefits assets, and assets result from insurance contracts.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31, 2013
Customer A	$ 1,168,008
Customer B	1,055,385
Customer C	1,035,227

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Balance for the Period	Ending Balance	Actual Borrowing Amount	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable	Provided by the Company	Guarantee Provided by the Subsidiary	Guarantee Provided to a Subsidiary Located in Mainland China
		Name	Nature of Relationship										
0 (Note1)	Sunplus Technology Company Limited (the Company)	Sun Media Technology Co., Ltd.	3(Note3)	$ 877,689 (Note 5)	$ 682,640	$ 679,565	$ 679,565	-	7.74%	$ 1,755,378 (Note 6)	Yes	No	Yes
		Sunplus mMobile Inc.	2(Note2)	877,689 (Note 5)	220,000	-	-	-	-	1,755,378 (Note 6)	Yes	No	No
		Ytrip Technology Co., Ltd.	3(Note3)	877,689 (Note 5)	58,460	58,460	58,460	-	0.67%	1,755,378 (Note 6)	Yes	No	Yes
		Sunext Technology Co., Ltd.	2(Note2)	877,689 (Note 5)	47,342	43,671	43,671	-	0.5%	1,755,378 (Note 6)	Yes	No	No
		Generalplus Technology Inc.	3(Note3)	877,689 (Note 5)	27,126	13,563	13,563	-	0.15%	1,755,378 (Note 6)	Yes	No	No
		Sunplus Innovation Technology Inc.	2(Note2)	877,689 (Note 5)	17,564	8,782	8,782	-	0.1%	1,755,378 (Note 6)	Yes	No	No
		iCatch Technology Inc.	1(Note4)	877,689 (Note 5)	12,701	6,350	6,350	-	0.07%	1,755,378 (Note 6)	Yes	No	No
		Sunplus Technology (Shanghai) Co., Ltd.	3(Note3)	877,689 (Note 5)	149,575	-	-	-	-	1,755,378 (Note 6)	Yes	No	Yes

Note 1: Issuer.

Note 2: Directly holds more than 50% of the common shares of a subsidiary.

Note 3: Common shares held by the Sunplus and its subsidiaries jointly own more than 50% of the investee company.

Note 4: Directly held by parent company.

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

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

TABLE 2

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
NINE MONTHS ENDED TO OTHERS DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral Item	Collateral Value	Financing Limit for Each Borrower	Aggregate Financing Limit
0	Sunplus Technology Company Limited	Sunplus mMobile Inc.	Other receivables	Yes	$ 400,400	$ 161,400	$ 161,400	1.655%	Note 1	$ -	Note 2	$ -	-	$ -	$ 438,844 (Note 10)	$ 877,689 (Note 11)
		HT mMobile Inc.	Other receivables	Yes	362,460	- (Note 13)	-	1.655%	Note 1	-	Note 3	-	-	-	438,844 (Note 10)	877,689 (Note 11)
1	Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Other receivables	Yes	9,515	-	-	3.3%	Note 1	-	Note 4	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Ytrip Technology Co., Ltd.	Other receivables	Yes	9,164	-	-	3.3%	Note 1	-	Note 5	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Sun Media Technology Co., Ltd.	Other receivables	Yes	10,080	-	-	3.3%	Note 1	-	Note 6	-	-	-	179,165 (Note 12)	204,760 (Note 12)
		Sunplus APP Technology	Other receivables	Yes	6,873	6,873	6,873	3.3%	Note 1	-	Note 7	-	-	-	25,595 (Note 10)	51,190 (Note 11)
		Sunplus Prof-tek Technology (Shenzhen)	Other receivables	Yes	21,994	21,994	21,994	3.3%	Note 1	-	Note 8	-	-	-	179,165 (Note 12)	204,760 (Note 12)
1	Sun Media Technology Co., Ltd.	Ytrip Technology Co., Ltd.	Other receivable	Yes	2,422	-	-	2.2751%	Note 1	-	Note 9	-	-	-	18,633 (Note 10)	37,267 (Note 11)

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash payments 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 Sun Media Technology Co., Ltd. to for its need of operation.

Note 7: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sunplus App Technology to for its need of operation.

Note 8: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sunplus Prof-tek Technology (Shenzhen) to its need of operation.

(Continued)

Note 9: Sun Media Technology Co., Ltd. provided funds for Ytrip Technology to for its need of operation.

Note 10: For each transaction entity, the amount should not exceed 5% of the Group’s and Sunplus Technology (Shanghai) Co., Ltd. net equity as of the latest financial statements.

Note 11: The amount should not exceed 10% of the Group’s and Sunplus Technology (Shanghai) Co., Ltd. net equity based on the latest financial statements.

Note 12: 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 Group’s parent company holding 100% by directly or indirectly.

Note 13: HT mMobile has repaid $5,354 thousand by cash and the Group has reversed the allowance of $5,354 thousand as of December 31 2013. HT mMobile has completed the procedure of liquidation on March 20, 2013, so the Group wrote off the rest of receivables.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(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, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Technology Company Limited (the "Company")	Stock							
	Global View Co., Ltd.	The Company's supervisor	Available-for-sale financial assets	11,756	$ 213,960	13	$ 213,966	Note 2
	United Microelectronics Corp.	-	Available-for-sale financial assets	1,968	24,300	-	24,300	Note 2
	RITEK Corp.	-	Available-for-sale financial assets	5,000	25,248	-	25,248	Note 2
	Tatung Company	-	Available-for-sale financial assets	46,094	381,201	2	381,201	Note 2
	Giantplus Technology Co., Ltd.	-	Available-for-sale financial assets	13,814	128,470	3	128,470	Note 2
	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	13,197	161,468	-	161,468	Note 3
	JF (Taiwan) First Money Market Fund	-	Available-for-sale financial assets	2,729	40,505	-	40,505	Note 3
	FSITC Money Market	-	Available-for-sale financial assets	290	50,560	-	50,560	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,564	30,120	-	30,120	Note 3
	UPAMC James Bond Money Market	-	Available-for-sale financial assets	1,851	30,234	-	30,234	Note 3
	Taishin Ta-Chong Money Market	-	Available-for-sale financial assets	2,178	30,227	-	30,227	Note 3
	Prudential Financial Money Market	-	Available-for-sale financial assets	4	67	-	67	Note 3
	Capital Money Market	-	Available-for-sale financial assets	1,911	30,122	-	30,122	Note 3
	Eastspring Inv Fund Glbl EqFoF	-	Available-for-sale financial assets	1,150	14,580	-	14,580	Note 3
	JPNorgan Asia High Yieid Total Return Bond	-	Available-for-sale financial assets	1,249	14,381	-	14,381	Note 3
	China High Yield Dim sum Bond	-	Available-for-sale financial assets	464	50,560	-	50,560	Note 3
	Network Capital Global Fund	-	Financial assets carried at cost	600	6,000	11	6,000	Note 1
	Technology Partners Venture Capital Corp.	-	Financial assets carried at cost	356	3,556	7	3,556	Note 1
Lin Shih Investment Co., Ltd.	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	5,274	99,151	1	99,151	Note 2
	Radiant Innovation Inc.	-	Available-for-sale financial assets	2,435	67,928	7	67,928	Note 2
	Sunplus Technology Co., Ltd.	Parent Company	Available-for-sale financial assets	3,560	40,762	1	40,762	Notes 2 and 4
	RITEK Technology Co., Ltd.	-	Available-for-sale financial assets	833	4,208	-	4,208	Note 2
	Aiptek International Inc.	-	Available-for-sale financial assets	60	275	-	275	Note 2
	Frankin Templetion Sinoa	-	Available-for-sale financial assets	1,994	20,097	-	20,097	Note 3
	Paradigm Pion Money Market	-	Available-for-sale financial assets	445	5,022	-	5,022	Note 3
	UPAMC JAMES BOND MONEY	-	Available-for-sale financial assets	431	7,040	-	7,040	Note 3
	Catcher Technology Co., Ltd.	-	Available-for-sale financial assets	15	2,903	-	2,903	Note 2
	TAI TUNG COMMUNICATION CO., LTD.	-	Available-for-sale financial assets	25	1,041		1,041	Note 2
	Hon Hai Precision Ind. Co., Ltd.	-	Available-for-sale financial assets	50	4,000	-	4,000	Note 2
	Pou Chen Corp.	-	Available-for-sale financial assets	20	891	-	891	Note 2
	AGV PRODUCTS CORP.	-	Available-for-sale financial assets	100	920		920	Note 2
	Apex International Co.,Ltd.	-	Available-for-sale financial asset	20	768	-	768	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial asset	40				Note 4
	Yuanta Global REITs Fund	-	Available-for-sale financial asset	40	818	-	818	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Lin Shih Investment Co., Ltd.	Elitergroup Computer System	-	Available-for-sale financial asset	763	$ 8,148	-	$ 8,148	Note 3
	Jentech Precision Industrial Co., Ltd.	-	Available-for-sale financial asset	60	1,023	-	1,023	Note 2
	Flexium Interconnect, Inc.	-	Available-for-sale financial assets	10	807	-	807	Note 2
	PRIMAX CORP.	-	Available-for-sale financial assets					Note 4
	NAN YA PRINTED CIRCUIT BOARD CORP.	-	Available-for-sale financial assets	10	373	-	373	Note 2
	Yulon Corp.	-	Available-for-sale financial assets	42	2,268	-	2,268	Note 2
	HUANGHSIANG CONSTRUCTION	-	Available-for-sale financial assets	15	801	-	801	Note 2
	SINON CORPORATION	-	Available-for-sale financial assets	330	5,511	-	5,511	Note 2
	CHAMPION BUILDING MATERIALS CO., LTD.	-	Available-for-sale financial assets	50	655	-	655	Note 2
	JTOVCH CORP.	-	Available-for-sale financial assets	25	575	-	575	Note 2
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,295	13,940	10	13,940	Note 1
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	426	4,136	2	4,136	Note 1
	Advanced Optoelectronic Technology Inc.	-	Available-for-sale financial assets	20	1,262	-	1,262	Note 2
	Genius Vision Digital Co., Ltd.	-	Financial assets carried at cost	600	3,676	5	3,676	Note 1
	Lingri Technology Co., Ltd.	-	Financial assets carried at cost	304	3,040	19	3,040	Note 1
	Socle Technology Corp.	-	Financial assets carried at cost	250	786	-	786	Note 1
	GemFor Tech. Co., Ltd.	-	Financial assets carried at cost	373	671	6	671	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	4,272	-	7	-	Note 1
	WayTech Development Inc.	-	Financial assets carried at cost	1,500	-	5	-	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	8	-	-	-	Note 3
Lin Shih Investment Co., Ltd.	Ubright Optright Corporation-CB	-	Financial assets at fair value through profit or loss -Current	20	2,000	-	2,000	Note 2
	CHINA ELECTRIC MFG.CO.,LTD.-CB	-	Financial assets at fair value through profit or loss -Current	30	2,994	-	2,994	Note 2
	China Airlines Ltd.		Financial assets at fair value through profit or loss -Current	30	3,000	-	3,000	Note 2
Russell Holdings Limited	Stock							
	Aruba Networks, Inc.	-	Available-for-sale financial assets	10	US$ 184 thousand	-	US$ 184 thousand	Note 2
	Innobrige Venture Fund ILP	-	Financial assets carried at cost	-	US$ 1,353 thousand	-	US$ 1,353 thousand	Note 1
	Asia Tech Taiwan Venture L.P.	-	Financial assets carried at cost	-	US$ 245 thousand	5	US$ 245 thousand	Note 1
	Aicent, Inc.	-	Financial assets carried at cost	500	US$ 250 thousand	1	US$ 250 thousand	Note 1
	VisualOn Inc.	-	Financial assets carried at cost	377	US$ 131 thousand	3	US$ 131 thousand	Note 1
	Innobrige International Inc.	-	Financial assets carried at cost	4,000	US$ 53 thousand	15	US$ 53 thousand	Note 1
	Synerchip Co., Ltd.	-	Financial assets carried at cost	6,452	US$ - thousand	12	US$ - thousand	Note 1
	Ortega Info System, Inc.	-	Financial assets carried at cost	2,557	US$ - thousand	-	US$ - thousand	Note 1

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013 Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
	Ether Precision Inc.	-	Financial assets carried at cost	1,250	US$ - thousand	1	US$ - thousand	Note 1
	OZ Optics Limited.	-	Financial assets carried at cost	1,000	US$ - thousand	8	US$ - thousand	Note 1
	Asia B2B on Line Inc.	-	Financial assets carried at cost	1,000	US$ - thousand	3	US$ - thousand	Note 1
Sunplus Venture Capital Co., Ltd.	Stock							
	Ability Enterprise Co., Ltd.	-	Available-for-sale financial assets	3,783	$ 71,139	1	$ 71,139	Note 2
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	2,441	49,913	-	49,913	Note 2
	Aruba Networks, Inc.	-	Available-for-sale financial assets	4	1,985	-	1,985	Note 2
Sunplus Venture Capital Co., Ltd.	Aiptek International Inc.	-	Available-for-sale financial assets	351	1,618	1	1,618	Note 2
	FSITC Money Market		Available-for-sale financial assets	290	50,570	-	50,570	Note 3
	Franklin Templeton Sinoam Money Market		Available-for-sale financial assets	4,999	50,387	-	50,387	Note 3
	Earocharm Holding Co.	-	Financial assets carried at cost	601	30,000	1	30,000	Note 1
	Feature Integration Technology Inc.	-	Financial assets carried at cost	1,811	20,734	4	20,734	Note 1
	Miracle Technology Co., Ltd.	-	Financial assets carried at cost	1,303	14,025	10	14,025	Note 1
	Cyberon Corporation	-	Financial assets carried at cost	1,521	13,691	18	13,691	Note 1
	MaxEmil Photonics Corp.	-	Financial assets carried at cost	419	6,243	2	6,243	Note 1
	Socle Technology Corp.	-	Financial assets carried at cost	550	1,729	1	1,729	Note 1
	Genius Vision Digital	-	Financial assets carried at cost	750	15,000	6	15,000	Note 1
	Sanjet Technology Corp.	-	Financial assets carried at cost	49	-	-	-	Note 1
	Minton Optic Industry Co., Ltd.	-	Financial assets carried at cost	5,000	-	8	-	Note 1
	Simple Act Inc.	-	Financial assets carried at cost	1,900	-	10	-	Note 1
	eWave System, Inc.	-	Financial assets carried at cost	1,833	-	22	-	Note 1
	WayTech Development Inc.	-	Financial assets carried at cost	1,000	-	4	-	Note 1
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 1
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 1
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	3	-	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	GF Money Market Fund class B shares	-	Available-for-sale financial assets	1,662	RMB 1,662 Thousand	-	RMB 1,662 Thousand	Note 3
	CHONGQING CHONG YOU INFORMATION TECHNOLOGY CO., LTD.	-	Financial assets carried at cost	-	RMB 19,177 thousand	3	RMB 19,177 thousand	Note 1
Wei-Young Investment Inc.	Elitergroup Computer Systems	-	Available-for-sale financial assets	315	$ 5,368	-	$ 5,368	Note 2
Generalplus Technology Inc.	Union Money Market	-	Available-for-sale financial assets	3,130	40,402	-	40,402	Note 3
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	2,577	38,158	-	38,158	Note 3
	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	1,499	15,108	-	15,108	Note 3
	CTBC Hwa-win Money Market Fund	-	Available-for-sale financial assets	2,790	30,033	-	30,033	Note 3
Sunext Technology	IBT 1699 Bond Fund	-	Available-for-sale financial assets	1,898	25,076	-	25,076	Note 3
	Yuanta Wan Tai Money Fund	-	Available-for-sale financial assets	1,964	29,088	-	29,088	Note 3
	FSITC Taiwan Bond Fund	-	Available-for-sale financial assets	1,343	20,058	-	20,058	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	1,281	15,046	-	15,046	Note 3
	ING Taiwan Money Market	-	Available-for-sale financial assets	377	6,018	-	6,018	Note 3
	Prudential Financial Money Market Fund	-	Available-for-sale financial assets	519	8,021	-	8,021	Note 3

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
iCatch Technology Inc.	Franklin Templeton Sinoam Money Market	-	Available-for-sale financial assets	11,956	$ 120,512	-	$ 120,512	Note 3
Sunplus Innovation Technology Inc.	Fund							
	Mega Diamond Money Market	-	Available-for-sale financial assets	7,426	90,859	-	90,859	Note 3
	Yuanta Wan Tai Money Market	-	Available-for-sale financial assets	5,451	80,723	-	80,723	Note 3
	Yuanta De-Bao Money Market Fund	-	Available-for-sale financial assets	2,554	30,005	-	30,005	Note 3
	Stock							
	Advanced Silicon SA	-	Financial assets carried at cost	1,000	15,391	10	15,391	Note 1
	Advanced NuMicro System, Inc.	-	Financial assets carried at cost	2,000	8,243	9	8,243	Note 1

Note 1: The market value was based on carrying value as of December 31, 2013.

Note 2: The Market value was based on the closing price as of December 31, 2013.

Note 3: The market value was based on the net asset value of fund as of December 31, 2013.

Note 4: As of December 31, 2013, 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 $38,752 thousand and the holding of Sunlus Technology Company Limited of the shares of Orise Technology Co., Ltd. with a market value $468,526 thousand had not been pledged or mortgaged.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Counter-part	Nature of Relationship	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	Giantplus Technology Co., Ltd.	Equity-method investments	CHUNGHWA PICTURE TUBES,LTD.	-	84,652	$ 725,158 (Note 1)	-	$ -	70,838	$ 646,256 (Note 4)	$ 570,995	$ 54,011 (Note 3)	13,814	$ 128,470 (Note 2)
			Venture Plus Group (Note 5)	Subsidiary	-	-	-	-	-	-	-	-	-	-

Note 1: The amount was the carrying value of investments accounted for under the equity-method as of December 31, 2012.

Note 2: The ending balance includes the valuation gains on financial assets. Due to loss of significant influence over Giantplus,Giantplus company’s shares held by Sunplus Company has been reclassified to noncurrent available-for-sale finacial assets.

Note 3: Includes capital surplus and cumulative translation adjustments of gain on disposal.

Note 4: Includes cash 319,447 thousand and $ 326,809 thousand Datong stock.

Note 5: The cash increase in the investment was under the equity method.

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ACQUISTION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OR PRICES OF AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type of Property	Transaction Date	Transaction Amount	Payment Term	Counter - Party	Nature of Relationships	Prior Transaction of Related Counter - Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
Generalplus ShenZhen	Building	2013.07.25	RMB 65,357 thousand	RMB 65,357 thousand	ShenZhen Investment Holding Co., Ltd.	-	-	-	-	$ -	-	Operation	None

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCES
DCEMBER31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Miaoli, Taiwan	LED	$ -	$ 881,315	-	-	$ -	$ -	$ (38,204)	-
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	536,298	536,298	47,290	34	1,007,117	363,724	123,839	Investee
	Ventureplus Group Inc.	Belize	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	73,797	100	1,801,784	(122,684)	(122,684)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	$ 699,988	$ 699,988	70,000	100	689,302	35,503	35,503	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	650,577	(4,732)	(4,732)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	667,373	305,431	104,764	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	499,152	(48,719)	(30,245)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US$ 14,760 thousand	US$ 14,760 thousand	14,760	100	267,194	(13,918)	(13,918)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	$ 924,730	$ 924,730	38,836	61	114,979	(179,408)	(109,710)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	199,054	18,318	6,907	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,411	83	68,496	(30,019)	11,542	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	11,759	464	464	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	-	US$ 200 thousand	-		-	218	218	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	$ 5,000	$ 5,000	500	100	4,123	(28)	(28)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK$ 11,075 thousand	HK$ 11,075 thousand	11,075	100	4,088	(65)	(65)	Subsidiary
	Magic Sky Limited	Samoa	Investment	US$ 6,160	US$ 6,000	6,160	100	275	(4,503)	(4,503)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,435,392	2,196,392	24,000	100	(138,303)	(7,792)	(7,792)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	362,285	362,285	908	2	6,072	(132,673)	(3,013)	Investee
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	271,955	305,431	41,801	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	9,987	(179,408)	(9,491)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	14,917	(48,719)	(1,039)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,411	18,318	321	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	7,543	(30,019)	(1,158)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	132,788	36,889	9,591	24	64,202	(132,673)	(31,811)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	-	-	-	(7,792)	-	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	91,586	305,431	12,072	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,108	54,028	2,887	6	47,013	(48,719)	(2,713)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	32,319	31,818	3,232	6	31,544	18,318	1,060	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	13,112	(179,408)	(12,516)	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	17,545	363,724	2,259	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	7,768	(30,019)	(3,821)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	133,846	33,846	10,001	25	66,731	(132,673)	(33,171)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	-	(7,792)	-	Subsidiary
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$ 44 thousand	(179,408)	US$ (42) thousand	Subsidiary

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Wei-Young Investment Inc.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	$ 1,800	$ 1,800	108	-	$ 1,887	$ 305,431	$ 303	Subsidiary
	Sunext Technolgoy Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	350	350	18	-	53	(179,408)	(51)	Subsidiary
Ventureplus Group Inc.	Ventureplus Mauritius Inc.	Mauritius	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	-	100	1,801,764	(122,920)	(122,920)	Subsidiary
Ventureplus Mauritius Inc.	Ventureplus Cayman Inc.	Cayman Islands, British West Indies	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	-	100	1,801,743	(123,057)	(123,057)	Subsidiary
Sunext Technology Co., Ltd.	Great Sun Corp.	Samoa	Investment	US$ - thousand	US$ 750 thousand		-	-	17	17	Subsidiary (Note2)
	Great Prosperous Corp.	Mauritius	Investment	US$ - thousand	US$ 1,962 thousand		-	-	-	-	Subsidiary (Note3)
Great Sun Corp.	Sunext (Mauritius) Inc.	Mauritius	Investment	US$ - thousand	US$ 750 thousand		-	-	17	17	Subsidiary (Note3)
Generalplus Technology Inc.	Generalplus International (Samoa) Inc.	Samoa	Investment	US$ 19,090 thousand	US$ 7,590 thousand	19,090	100	477,375	1,180	1,180	Subsidiary
Generalplus International (Samoa) Inc.	Generalplus (Mauritius) Inc.	Mauritius	Investment	US$ 19,090 thousand	US$ 7,590 thousand	19,090	100	477,375	1,183	1,183	Subsidiary
Generalplus (Mauritius) Inc.	Genralplus Technology (Hong Kong) Co., Ltd.	Hong Kong	Sales	US$ 390 thousand	US$ 390 thousand	-	100	9,098	1,626	1,626	Subsidiary
Sunplus mMobile Inc.	Sunplus mMobile SAS	France	Design of ICs	EUR 237 thousand	EUR 237 thousand	237	100	(10,714)	(119)	(119)	Subsidiary

Note 1: Current capital registration has not been completed.

Note 2: On Mach 2013, Great Sun Corp. has completed the procedure of liquidation.

Note 3: On September 2013, Global Techplus capital Inc. has completed the procedure of liquidation.

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2013	% Ownership of Direct or Indirect Investment	Net Income (Loss) of the investee	Investment Loss	Carrying Value as of December 31, 2013	Accumulated Inward Remittance of Earnings as of December 31, 2013
					Outflow	Inflow						
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	$ 512,646	Note 1	$ 506,685	$ -	$ -	$ 506,685	99%	$ 20,880	$ 20,880	$ 505,963	$ -
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	961,211	Note 1	126,671	834,540	-	961,211	100%	(8,520)	8,520	896,826	-
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	596,100	Note 1	596,100	-	-	596,100	100%	(81,044)	81,044	372,668	-
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	24,595	Note 1	17,466	-	-	17,466	80%	(8,343)	6,674	4,983	-
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	159,868	Note 1	67,806	43,963	-	111,769	73%	(65,798)	47,704	19,881	-
Iculture Communication	Development & sales	15,987	Note 3	-	15,987	-	15,987	100%	(4,149)	(4,149)	10,138	-
Shenzhen Suntop Technology	Design of software and hardware	-	Note 4	-	-	-	-	-	(836)	-	-	-
Sunplus Technology (Beijing)	Design of software	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5	Note 5

Accumulated Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$2,193,231	$2,361,046	$5,266,133

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 3)	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$ 557,354 thousand	Note 1	$ 214,596 thousand	$ 342,758 thousand	$ - thousand	$ 557,354 thousand	100%	$ 443 thousand	$ 443 thousand	$ 468,255 thousand	$ - thousand

Accumulated Investment in Mainland China as of December 31, 2012	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment
$557,354	$557,354	$1,204,090

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

Note 2: Based on the investee company in the same period audited financial statements.

Note 3: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through Ytrip Technology Co., Ltd.

Note 4: Sunplus Technology Company Limited indirectly invested in a company located in Mainland China through Sunplus Technology (Shanghai) Co., Ltd., and was liqudated at December, 2013.

Note 5: Approved by Investment Commission, MOEA but not yet invested.

TABLE 8

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Three Months ended December 31, 2013

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	$ 9,458	Note 1	0.11%
			Nonoperating income and gains	2,951	Note 2	0.03%
			Notes and accounts receivable	1,162	Note 1	0.01%
			Accrued expense	5	Note 3	-
			Research and development	24	Note 2	-
	Sunext Technology Co., Ltd.	1	Sales	1,474	Note 1	0.02%
			Nonoperating income and gains	6,768	Note 2 and 4	0.08%
			Notes and accounts receivable	72	Note 1	-
			Accrued expense	16	Note 3	-
			Other receivables	2,493	Note 3	0.02%
	Sunplus mMobile	1	Nonoperating income and gains	4,474	Note 2	0.05%
			Other receivables	161,636	Note 3	1.14%
	Sunplus Innovation Technology Inc.	1	Sales	615	Note 1	0.01%
			Nonoperating income and gains	5,934	Note 2	0.07%
			Notes and accounts receivable	74	Note 1	-
			Other receivables	408	Note 3	-
			Research and development	200	Note 2	-
	iCatch Technology, Inc.	1	Sales	3,351	Note 1	0.04%
			Nonoperating income and gains	11,051	Notes 2 and 4	0.13%
			Notes and accounts receivable	390	Note 1	-
			Other receivables	2,192	Note 3	0.02%
	Sunplus Core (S2-TEK INC.)	1	Other receivable	2,330	Note 3	0.02%
			Accured expense	18,394	Note 3	0.12%
			Sales	1,226	Note 1	0.01%
			Marketing expense	48,973	Note 2	0.55%
			Nonoperating income and gains	19,841	Note 2	0.23%
	Sunplus Technology Co., Ltd. (Shanghai)	1	Nonoperating income and gains	31,031	Note 2	0.36%
			Other receivables	28,166	Note 3	0.20%
	Sunplus Technology (H.K.) Co., Ltd.	1	Marketing expense	1,423	Note 2	0.02%
			Accrued expense	776	Note 3	0.01%
Sunext Technology Co., Ltd.	iCatch Technology, Inc.	2	Research and development	1,450	Note 2	0.02%
	Sunplus Technology Co., Ltd. (Shanghai)		Research and development	3,542	Note 2	0.04%
Sunplus Innovation Technology Inc.	Sun Media Technology Co., Ltd.	2	Marketing expenses	1,188	Note 2	0.01%
			Accrued expense	1,192	Note 3	0.01%
	ShenZhen Suntop Technology Co., Ltd.	2	Marketing expenses	12,095	Note 2	0.14%
			Accrued expense	5,931	Note 3	0.04%
	Sunplus App Technology Co., Ltd.	2	Nonoperating income and gains	127	Note 2	-

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Generalplus Technology Corp.	Sunplus Innovation Technology Inc.	2	Marketing expenses	$ 6,363	Note 2	0.07%
			Intangible assets	5,558	Note 2	0.04%
			Accured expense	1,950	Note 3	0.01%
	Sunplus mMedia Inc.	2	Research and development	36,439	Note 2	0.43%
			Marketing expense	1,442	Note 2	0.02%
	Generapllus Technology (H.K.) Corp.	2	Marketing expense	16,621	Note 2	0.02%
			Accured expense	2,331	Note 3	-
	Generalplus Technology (shenzhen) corp.	2	Research and development	113,517	Note 2	1.33%
			Accured expense	28,521	Note 3	0.02%
Sunplus Core (S2-TEK INC.)	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Research and development	7,713	Note 2	0.27%
			Accrued expenses	3,509	Note 3	0.01%
	SunMedia Technology Co., Ltd.	2	Research and development	21,111	Note 2	0.19%
			Accrued expenses	2,099	Note 3	0.01%
iCatch Technology, Inc.	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Marketing expenses	22,842	Note 2	0.27%
			Accrued expenses	1,788	Note 3	0.01%
	SunMedia Technology Co., Ltd.	2	Marketing expenses	16,464	Note 2	0.19%
			Accrued expenses	1,639	Note 3	0.01%
Sunplus Technology (H.K.) Co., Ltd.	Generapllus Technology (H.K.) Corp.	2	Other receivables	469	Note 3	-
Sunplus Technology Co., Ltd. (Shanghai)	Generalplus Technology (Shenzhen) Corp.	2	Sales	15,242	Note 1	0.18%
			Notes and accounts receivable	6,149	Note 1	0.04%
	Ytrip Technology Co., Ltd.	2	Nonoperating income and gains	183	Note 2	-
	Sunplus App Technology Co., Ltd.	2	Other receivables	7,379	Note 3	0.05%
	SunMedia Technology Co., Ltd.	2	Research and development	8,039	Note 2	0.09%
			Nonoperating income and gains	62	Note 2	-
	Sunplus Prof-tek (Shenzhen) Co., Ltd.	2	Other receivables	23,611	Note 3	0.17%
			Nonoperating income and gains	8	Note 2	-

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 - Between subsidiaries.

(Concluded)

9.2 Private Placement Securities

Not Applicable

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

Unit: NT$K, 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