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

<u>Notice to Readers</u>

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)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 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

LIABILITIES AND EQUITY	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 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.

<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 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.

Dividend and interest income

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**
Financial assets				
Financial assets carried at cost	$ 9,556	$ -	$ 14,889	$ -

	January 1, 2012	
	Carrying Amount	**Fair Value**
Financial assets		
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.

Sensitivity analysis

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

Sensitivity analysis

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.

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)

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.

TABLE 3

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				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 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.

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.