Sunplus Technology Company Limited and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying consolidated balance sheets of Sunplus Technology Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our audits.

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

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

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

March 24, 2014

<u>Notice to Readers</u>

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

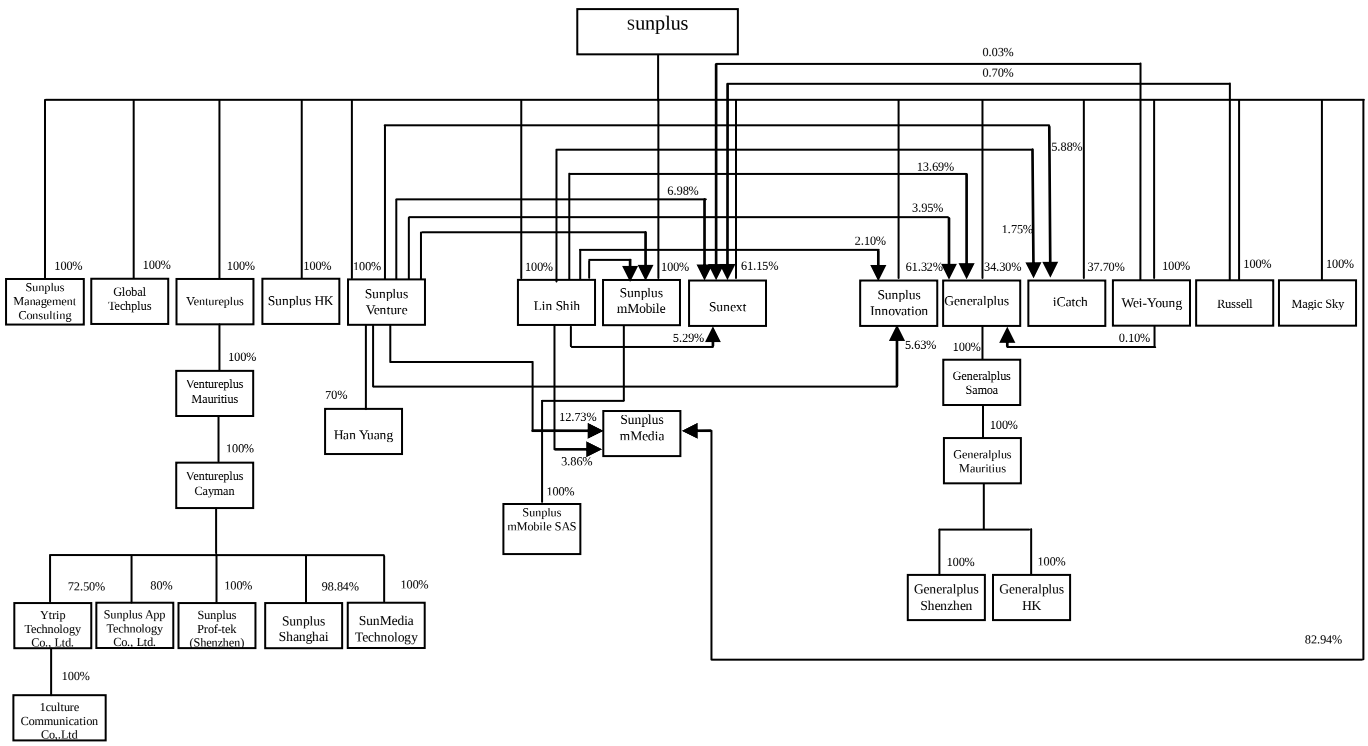
	Years Ended December 31	
	2013	**2012**
Net cash inflow on disposal of associates	319,447	-
Net cash inflow on disposal of subsidiaries	20,340	-
Increase in prepayments for equipment	(345,204)	-
Increase in prepayments for lease	-	(97,751)
Payments for property, plant and equipment	(540,164)	(409,946)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

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

1. GENERAL INFORMATION

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

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



Sunplus mMobile, iCatch, Sunplus mMedia, Sunplus Innovation and Sunplus mMobile SAS research, develop, design, manufacture and sell all kinds of IC modules, application software and silicon intellectual property (SIP). Sunplus Technology (Shanghai) manufactures and sells ICs and building rental. Sunplus Prof-tek (Shenzhen) and SunMedia Technology researches and sells computer software and provides system integration services. Sunplus App Technology Co., Ltd. manufactures and sells ICs. Ytrip Technology mainly renders system services and manages web businesses. 1culture Communication Co,. Ltd mainly develops web businesses. Shenzhen Suntop Technology researches software and hardware. Han Young mainly enders information supply services and researches and sells ICs. Sunext mainly develops and sells optical electronic and SOC (system on chip) ICs. Sunplus Core researches, develops, designs, manufactures and sells multimedia ICs. Sunext Technology (Shanghai) researches, designs, manufactures, and sells large-capacity magnetic disc and software and renders related technological consulting services. Generalplus researches, develops, designs, manufactures, and sells custom-made ICs. Generalplus Shenzhen and Generalplus HK do market research surveys. Sunplus HK engages in international trade. Bright Sunplus mMobile researches and develops intellectual property rights. Great Prosperous Corp. engages in investing activities and collects information on foreign techniques and marketing. All other investees are engaged in investing activities.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

	Effective Date Announced by IASB (Note 1)
<u>The New IFRSs included in the 2013 IFRSs version not yet endorsed by the FSC</u>	
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
The New IFRSs not included in the 2013 IFRSs version	
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Note 3
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

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

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

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

1) IFRS 9 "Financial Instruments"

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

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

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

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

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

a) IFRS 10 "Consolidated Financial Statements"

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

b) IFRS 11 “Joint Arrangements”

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

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

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

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

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

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

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

3) IFRS 13 “Fair Value Measurement”

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

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

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

5) Revision to IAS 19 “Employee Benefits”

<u>Revision in 2011</u>

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

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

<u>Amendment in 2013</u>

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

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

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

7) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

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

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

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

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

8) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a. Statement of Compliance

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

b. Basis for Consolidation

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

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

c. Classification of current and noncurrent assets and liabilities

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

d. Basis of consolidation

   1) Principles for preparing consolidated financial statements

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

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

Attribution of total comprehensive income to noncontrolling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

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

The subsidiaries in the consolidated financial statements

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

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

(Continued)

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

(Continued)

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

(Concluded)

e. Foreign currencies

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

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

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

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

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

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

f. Inventories

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

g. Investments in associates and jointly controlled entities

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

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

j. Goodwill

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i Financial assets at fair value through profit or loss

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

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

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

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

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

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

ii. Available-for-sale financial assets

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

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

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

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

iv. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments and Financial liabilities

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

a) Equity instruments

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

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

b) Financial liabilities

i Subsequent measurement

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

i) Derecognition of financial liabilities

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

n. Provisions

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

o. Revenue recognition

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

<u>Sale of goods</u>

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

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

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

3) The amount of revenue can be measured reliably;

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

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

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

Dividend and interest income

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

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

p. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

q. Borrowing costs

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

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

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

r. Government grants

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

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

s. Retirement benefit costs

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

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

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

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

t. Share-based payment arrangements

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

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

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

u. Taxation

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

Current tax

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

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated provision for sales returns and discounts

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

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

Impairment of goodwill

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

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

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

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

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

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

Estimated impairment of trade receivables

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

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

Reliability of deferred Income tax assets

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

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

Valuation of inventory

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

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

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

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

10. FINANCIAL ASSETS MEASURED AT COST

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

The above shares were classified as available for sale.

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

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

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

11. NOTES AND ACCOUNTS RECEIVABLE, NET

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

Accounts receivable

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

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

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

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

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

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

12. INVENTORIES

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

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

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

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

a. Investments in associates

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

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

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

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

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

On February 29, 2012, HT mMobile Inc.'s (HT) board of directors approved a downsizing of its operations because of (a) the termination of merger negotiations with another company and (b) the resignation of high-level employees of the research and development (R&D) department, which have hampered product R&D. On the basis of a resolution passed in a meeting of HT's board of directors, the Group recognized an investment loss on HT, as well as the reduction of the carrying value of this investment to zero. The Group also recognized impairment losses of $405,612 thousand and $1,466 thousand on other receivables from HT mMobile Inc for the year ended December 31, 2011 and 2013, respectively. The Group reversed an impairment loss of $5,354 thousand for the years ended December 31, 2013. HT's third interim board of directors also approved a plan for HT to undergo liquidation, and HT completed its liquidation on March 20, 2013.

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

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

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

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

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

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

b. Investments in jointly controlled entities

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

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

15. INVESTMENT PROPERTIES

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

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

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

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

The important assumptions and fair value were as follows:

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

16. INTANGIBLE ASSETS

Intangible assets consisted of fees paid to Oak Technology ("Oak") for the Group to use Oak's technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players and the fee paid to Royal Philips Electronics ("Philips") for the Group to use Philips's optical disc drive (ODD) semiconductor technology.

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

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

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

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

17. OTHER ASSETS

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

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

18. LOANS

Short-term borrowings

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

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

Long-term borrowings

The borrowings of the Group were as follows:

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

(Continued)

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

(Concluded)

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

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

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

19. TRADE PAYABLES

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

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

20. PROVISIONS

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

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

21. OTHER LIABILITIES

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

22. RETIREMENT BENEFIT PLANS

Defined contribution plans

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

Defined benefit plans

Before the promulgation of the LPA, Sunplus, Generalplus, Sunext, Sunplus Innovation, Sunplus mMedia and iCatch of the Group had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension benefits are calculated on the basis of the length of service and average monthly salaries of the six month before retirement. In addition, the Group makes monthly contributions, equal to 2% of salaries, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, et. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2 year time deposit with local banks.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23. EQUITY

Share capital

Common shares:

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

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

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

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

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

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

(Continued)

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

(Concluded)

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

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

Retained earnings and dividend policy

Sunplus' Articles of Incorporation provide that the following should be appropriated from annual net income less any accumulated deficit: (a) 10% as legal reserve; and (b) special reserve equivalent to the debit balance of any accounts shown in the shareholders' equity section of the balance sheet, other than deficit. The distribution of any remaining earnings will be as follows:

(i) up to 6% of paid-in capital as dividends; and

(ii) 1.5% as remuneration to directors and supervisors and at least 1% as bonus to employees. The employees may include, with the approval of Sunplus' board of directors, those of Sunplus' subsidiaries.

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

(iv) Sunplus' policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than $0.5 per share.

Under regulations promulgated by the Securities and Futures Bureau, a special reserve equivalent to the debit balance of any account shown in the shareholders' equity section of the balance sheet (for example, unrealized loss on financial assets and cumulative translation adjustments) should be allocated from inappropriate retained earnings.

Sunplus should estimate the bonus to employees and remuneration to directors and supervisors based on related laws and past experience. However, for working capital retention, the bonus to employees and remuneration to directors and supervisors were zero for 2012 and 2011. For the year ended December 31, 2012, based on the Group's Articles of Incorporation, the bonus and remuneration should be appropriated only when there is remaining income after the appropriation of dividends. Thus, the Group did not accrue any bonus and remuneration expenses. Material differences between earlier estimates of bonuses and remuneration and the amounts subsequently proposed by the Board of Directors are adjusted for in the year of the proposal. If the actual amounts approved by the shareholders differ from the board of directors' proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

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

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

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

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

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

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

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

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

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

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

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

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

Special reserves appropriated following the first-time adoption of IFRSs

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

Other equity items

Foreign currency translation reserve:

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

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

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

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

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

Noncontrolling interests

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

Treasury shares

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

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

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

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

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

Global depositary receipts

In March 2001, Sunplus issued 20,000 thousand units of global depositary receipts (GDRs), representing 40,000 thousand common shares that consisted of newly issued and originally outstanding shares. The GDRs are listed on the London Stock Exchange (code: SUPD) with an issuance price of US$9.57 per unit. As of December 31, 2013, the outstanding 176 thousand units of GDRs represented 352 thousand common shares.

24. REVENUE

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

25. NET PROFIT

Net profit (loss) included the following items:

Other income

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

Other gains and losses

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

Finance costs

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

Information on capitalized interest is as follows:

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

Depreciation and amortization

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

(Continued)

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

(Concluded)

Operating expenses directly related to investment properties

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

Employee benefits expense

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

Gain or loss on exchange rate changes

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

26. INCOME TAXES

Income tax recognized in profit or loss

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

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

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

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

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

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

Current tax assets and liabilities

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

Deferred tax assets and liabilities

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

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

For the year ended December 31, 2013

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

For the year ended December 31, 2012

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

Unrecognized deferred tax assets

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

Unused loss carryforwards and tax-exemptions

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

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

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

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

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

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

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

Unused Amount	Expiry Year
$ 26,480	2023

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

Unused Amount	Expiry Year
$ 11,862	2018

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

Unused Amount	Expiry Year
$ 1,388	Not determined

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

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

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

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

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

Unused Amount	Expiry Year
$ 13,359	2016

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

Unused Amount	Expiry Year
$ 22,006	Not determined

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

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

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

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

Integrated income tax

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

For 2013 and 2012, there was no creditable tax ratio because the Group had a deficit. For the distribution of earnings generated after January 1, 1998, the imputation credit allocable to shareholders of Sunplus is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2010 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

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

Income tax assessments

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

27. EARNINGS PER SHARE

Unit: NT$ Per Share

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

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

Net Profit (Loss) for the Period

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

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

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

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plan

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

Outstanding option rights were as follows:

Employee share option plan	Years Ended December 31			
	2013		2012	
	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.

Generalplus Technology Inc.

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

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

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

Sunplus Innovation Technology Inc.

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

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

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

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

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

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

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

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

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

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

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

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

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

iCatch Technology Inc.

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

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

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

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

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

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

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

29. GOVERNMENT GRANTS

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

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

30. DISPOSAL OF SUBSIDIARIES

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

Analysis of assets and liabilities over which control was lost

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

Gain on disposal of subsidiary

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

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

a. Loss on liquidation of subsidiary

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

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

31. NON-CASH TRANSACTIONS

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

32. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

Sunplus

Sunplus leases lands from Science-Based Industrial Park Administration (SBIPA) under renewable agreements expiring in July 2015, December 2020 and December 2021. The SBIPA has the right to adjust the annual lease amount. The amount had been rised from $7,929 thousand to $8,034 thousand for the period ended. Sunplus had pledged $6,000 thousand time deposits (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

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

Sunplus Innovation

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

The future lease payables are as follows:

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

Generalplus

Generalplus leases land from Science-Based Industrial Park Administration under renewable agreements expiring in December 2020. The SBIPA has the right to adjust the annual lease amount of $1,474 thousand. Generalplus deposited $1,356 thousand (classified as restricted assets) as collateral for the land lease agreements.

Future annual minimum rentals under the leases are as follows:

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

Sunext

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

The future lease payments are as follows:

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

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

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

The future lease payments are as follows:

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

The Group as lessor

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

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

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

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

33. CAPITAL MANAGEMENT

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

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

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

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

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

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

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

2) Fair value measurements recognized in the balance sheets

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

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

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

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

December 31, 2013

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

December 31, 2012

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

January 1, 2012

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

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

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

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

b. Categories of financial instruments

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

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

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

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

c. Financial risk management objectives and policies

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

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

1) Market risk

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

a) Foreign currency risk

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

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

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

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

Sensitivity analysis

The Group was mainly exposed to the USD and RMB

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

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

c) Other price risk

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

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

a) Liquidity and interest risk rate tables

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

December 31, 2013

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

December 31, 2012

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

January 1, 2012

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

b) Financing facilities

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

35. TRANSACTIONS WITH RELATED PARTIES

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

a. Trading transactions

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

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

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

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

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

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

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

There were no guarantees on outstanding receivables from related parties.

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

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

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

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

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

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

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

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

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

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

b. Financing to related party

The Group provided financing to HT mMobile, as follows:

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

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

c. Compensation of directors, supervisors and management personnel:

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

36. PLEDGED OR MORTGAGED ASSETS

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

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

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

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

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

38. ADDITIONAL DISCLOSURES

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

1) Financings provided: Table 1 (attached)

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

3) Marketable securities held: Table 3 (attached)

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

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

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

7) Information on investee: Table 7 (attached)

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on types of goods provided. Since all products have similar economic characteristics and product selling is centralized, the Group reports information as referring to one segment. Thus, the information of the operating segment is the same as that presented in the accompanying financial statements. That is, the revenue by subsegment and operating results for the years ended December 31, 2013 and 2012 are shown in the accompanying consolidated income statements, and the assets by segment as of December 31, 2013 and 2012 are shown in the accompanying consolidated balance sheets.

a. Segment revenues and results

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

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

b. Geographical information

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

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

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

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

c. Information about major customers

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

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

40. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

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

b. Effects of transition to IFRSs

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

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

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

(Continued)

	ROC GAAP	Effect of Transition to IFRSs	IFRSs	Note
Deferred charges/Other assets	$ 102,533	$ 138	$ 102,691	5(7), 5(9) & 5(10)
Deferred income tax assets	218,536	37,179	255,715	5(1)
Liabilities				
Accrued expenses and other current liabilities	606,110	16,005	622,115	5(2), 5(3) & 5(12)
Accrued pension cost	101,877	28,374	130,251	5(4)
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(11)
Minority interest	1,602,967	(19,366)	1,583,601	5(5)

(Concluded)

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

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

(Continued)

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

(Concluded)

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

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

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

d. Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group’s first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

Deemed cost

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

Business combinations

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

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

Share-based payment transactions

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

Employee benefits

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

Cumulative translation differences

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

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

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

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

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

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

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

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

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

3) Employee benefits - short-term accumulating compensated absences

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

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

4) Employee benefits - corridor approach

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

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

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

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

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

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

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

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

Under IFRSs, if an associates issue new shares and original shareholders do not acquire new shares proportionately; the investment percentage and the investor's equity in net assets will change. This change will be used to adjust the additional paid-in capital and the investments accounted for using equity method accounts. If there's an owner's equity decrease to associates cause by the situation above. The Group should reclassified related amount to associates under the decrease percentages based on the same account basis should be followed if the associates disposed related assets or liabilities. On the other hand, according to the requirements of "IFRSs Q&A," issued by Taiwan Stock Exchange Corporation (TWSE), capital surplus accounts which not satisfied IFRSs or not involved with "Company Act" or related letter of Ministry of Economic Affairs should be adjusted at transition date.

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

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

6) Under ROC GAAP, various factors are simultaneously considered in determining functional currency. Under IAS 21, "Effect of Changes in Exchange Rates of Foreign Currencies," the factors for determining functional currency are classified into primary and secondary on the basis of management's weighing the importance of these factors. Under ROC GAAP, there is no assigning of priority to some factors over other factors. As of December 31 and January 1, 2012, cumulative translation adjustments of the Group were adjusted for increases of $20,095 thousand and $18,343 thousand, respectively. In addition, for the years ended December 31, 2012 also adjusted exchanges loss for an increase of $1,752 thousand.

7) Under ROC GAAP, deferred expense is recorded under other assets. Under IFRSs, the Group reclassified deferred expenses to intangible assets and prepaid expenses depending on the nature of these deferred expenses. As of December 31 and January 1, 2012, the amounts reclassified from deferred expenses to intangible assets were $14,327 thousand and $20,177 thousand, respectively, and the amounts reclassified to prepaid expenses were $19,556 thousand and $55,035 thousand, respectively.

8) Under ROC GAAP, the Group's property that is leased to another entity is recorded as rental property under other assets. Under IFRSs, the Group reclassified these assets, held for earning rentals or for capital appreciation, or both, from other assets to investment property. As of December 31 and January 1, 2012, the amounts reclassified to investment property were $274,842 thousand and $265,457 thousand, respectively, and the amounts reclassified to property, plant and equipment were $3,041 thousand and $97,742 thousand, respectively.

9) Under ROC GAAP, prepayment for equipment is recorded under property, plant and equipment. Under IFRSs, prepayment for equipment is recorded and classified as either current asset or noncurrent asset based on their expectations of the realization. As of January 1, 2012, the amounts reclassified to prepayments - noncurrent were $45,094 thousand, respectively.

10) Under ROC GAAP, held burgage is classified under intangible assets. Under IFRSs, burgage is reclassified lease prepayments in accordance with IAS 17 "Leases." As of December 31 and January 1, 2012, the amounts reclassified to lease prepayments - current (classified under other current assets) were $715 thousand and $733 thousand, and lease prepayments - noncurrent (classified under other noncurrent assets) were $28,380 thousand and $30,256 thousand, respectively.

11) In conformity with the Group's transition to IFRSs, the Group's associates accounted for using the equity method have also assessed the significant differences between their respective present accounting policies and IFRSs and made adjustments accordingly. The associates' area of major adjustments is in employees' benefits, pension adjusted and exchange rate changes. As of December 31 and January 1, 2012, the assessment of differences resulted in decreases of $4,959 thousand and $2,688 thousand, respectively, and investments accounted for by the equity method for the years ended December 31, 2012 decreased by $699 thousand.

12) Under ROC GAAP, an investor should continue to recognize losses if an investee's return to profitable operations are imminent (even if the investor has not [1] guaranteed the investee's obligations or (2) committed to provide further financial support to the investee). Under IFRSs, if an investor's share in the losses of an associate exceeds its interest in the associate, the investor will discontinue recognizing its share in the loss even if the investee's imminent return to profitable operations appears to be assured. However, additional losses are provided for, and a liability is recognized, to the extent that the investor has assumed legal or constructive obligations or made payments on behalf of the associate. As of January 1, 2012, the amount reclassified to other current liabilities - equity-method investments was $10,609 thousand. The "Company" disposed it's investee company - Jet Focus's stock at August, 2012. Because the "Company" has adjusted other current liabilities-long-term equity investments for $10,609 thousand and capital surplus-long-term equity investments for $13,056 thousand to beginning retained earnings, it should reversal of gain on disposal of investments of Jet Focus. For the year ended December 31, 2012, the gains on disposal of investments reduce $21,799 thousand.

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

Note 1: Issuer.

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

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

Note 4: Directly held by parent company.

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

Note 6: The amount should not exceed 20% of the endorsement/guarantee provider’s net equity based on the latest financial statements.

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED
NINE MONTHS ENDED TO OTHERS DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

Note 1: Short-term financing.

Note 2: Sunplus Technology Company Limited provided cash payments of Sunplus mMobile Inc.

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

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

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

Note 6: Sunplus Technology (Shanghai) Co., Ltd. provided funds for Sun Media Technology Co., Ltd. to for its need of operation.

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

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

(Continued)

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

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

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

Note 12: For each transaction entity, the amount should not exceed 40% of Sunplus Technology (Shanghai)’s net equity as of the latest financial statement, and the each amount should not exceed 35% of the Company’s net equity as of the latest financial statement because the borrowing company is the Group’s parent company holding 100% by directly or indirectly.

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

(Continued)

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

(Continued)

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

(Continued)

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

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

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Counter-part	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Unit (Thousands)	Amount	Unit (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Equity-method investments	CHUNGHWA PICTURE TUBES,LTD.	-	84,652	$ 725,158 (Note 1)	-	$ -	70,838	$ 646,256 (Note 4)	$ 570,995	$ 54,011 (Note 3)	13,814	$ 128,470 (Note 2)
			Venture Plus Group (Note 5)	Subsidiary	-	-	-	-	-	-	-	-	-	-

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

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

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

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

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

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares (Thousands)	Percentage of Ownership	Carrying Value			
Sunplus Technology Company Limited	Giantplus Technology Co., Ltd.	Miaoli, Taiwan	LED	$ -	$ 881,315	-	-	$ -	$ -	$ (38,204)	-
	Orise Technology Co., Ltd.	Hsinchu, Taiwan	Design of ICs	536,298	536,298	47,290	34	1,007,117	363,724	123,839	Investee
	Ventureplus Group Inc.	Belize	Investment	US$73,650 及 RMB 900 thousand	US$ 44,175 thousand	73,797	100	1,801,784	(122,684)	(122,684)	Subsidiary
	Lin Shih Investment Co., Ltd.	Hsinchu, Taiwan	Investment	$ 699,988	$ 699,988	70,000	100	689,302	35,503	35,503	Subsidiary
	Sunplus Venture Capital Co., Ltd.	Hsinchu, Taiwan	Investment	999,982	999,982	100,000	100	650,577	(4,732)	(4,732)	Subsidiary
	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	281,001	281,001	37,324	34	667,373	305,431	104,764	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	414,663	414,663	31,450	61	499,152	(48,719)	(30,245)	Subsidiary
	Russell Holdings Limited	Cayman Islands, British West Indies.	Investment	US$ 14,760 thousand	US$ 14,760 thousand	14,760	100	267,194	(13,918)	(13,918)	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	$ 924,730	$ 924,730	38,836	61	114,979	(179,408)	(109,710)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	207,345	207,345	20,735	38	199,054	18,318	6,907	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	307,565	307,565	12,411	83	68,496	(30,019)	11,542	Subsidiary
	Wei-Young Investment Inc.	Hsinchu, Taiwan	Investment	30,157	30,157	1,400	100	11,759	464	464	Subsidiary
	Global Techplus Capital Inc.	Seychelles	Investment	-	US$ 200 thousand	-		-	218	218	Subsidiary
	Sunplus Management Consulting Inc.	Hsinchu, Taiwan	Management	$ 5,000	$ 5,000	500	100	4,123	(28)	(28)	Subsidiary
	Sunplus Technology (H.K.) Co., Ltd.	Kowloon Bay, Hong Kong	International trade	HK$ 11,075 thousand	HK$ 11,075 thousand	11,075	100	4,088	(65)	(65)	Subsidiary
	Magic Sky Limited	Samoa	Investment	US$ 6,160	US$ 6,000	6,160	100	275	(4,503)	(4,503)	Subsidiary
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	2,435,392	2,196,392	24,000	100	(138,303)	(7,792)	(7,792)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	362,285	362,285	908	2	6,072	(132,673)	(3,013)	Investee
Lin Shih Investment Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	86,256	86,256	14,892	14	271,955	305,431	41,801	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	369,316	369,316	3,360	5	9,987	(179,408)	(9,491)	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	15,701	15,701	1,075	2	14,917	(48,719)	(1,039)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	9,645	9,645	965	2	9,411	18,318	321	Subsidiary
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	19,171	19,171	579	4	7,543	(30,019)	(1,158)	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	132,788	36,889	9,591	24	64,202	(132,673)	(31,811)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	38,450	38,450	-	-	-	(7,792)	-	Subsidiary
Sunplus Venture Capital Co., Ltd.	Generalplus Technology Inc.	Hsinchu, Taiwan	Design of ICs	56,050	56,050	4,301	4	91,586	305,431	12,072	Subsidiary
	Sunplus Innovation Technology Inc.	Hsinchu, Taiwan	Design of ICs	57,108	54,028	2,887	6	47,013	(48,719)	(2,713)	Subsidiary
	iCatch Technology, Inc.	Hsinchu, Taiwan	Design of ICs	32,319	31,818	3,232	6	31,544	18,318	1,060	Subsidiary
	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	385,709	385,709	4,431	7	13,112	(179,408)	(12,516)	Subsidiary
	Orise Technology Co, Ltd.	Hsinchu, Taiwan	Design of ICs	10,800	10,800	865	1	17,545	363,724	2,259	Investee
	Sunplus mMedia Inc.	Hsinchu, Taiwan	Design of ICs	44,878	44,878	1,909	13	7,768	(30,019)	(3,821)	Subsidiary
	Han Young Technology Co., Ltd.	Taipei, Taiwan	Design of ICs	4,200	4,200	420	70	1,780	-	-	Subsidiary
	S2-TEK INC.	Hsinchu, Taiwan	Design of ICs	133,846	33,846	10,001	25	66,731	(132,673)	(33,171)	Investee
	Sunplus mMobile Inc.	Hsinchu, Taiwan	Design of ICs	1,784	1,784	-	-	-	(7,792)	-	Subsidiary
Russell Holdings Limited	Sunext Technology Co., Ltd.	Hsinchu, Taiwan	Design and sale of ICs	US$ 2,119 thousand	US$ 2,119 thousand	442	1	US$ 44 thousand	(179,408)	US$ (42) thousand	Subsidiary

(Continued)

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

Note 1: Current capital registration has not been completed.

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITEDAND SUBSIDIARIES

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

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Net Loss of the investee	Investment Loss (Note 3)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow						
Generalplus Shenzhen	Data processing service	US$ 557,354 thousand	Note 1	$ 214,596 thousand	$ 342,758 thousand	$ - thousand	$ 557,354 thousand	100%	$ 443 thousand	$ 443 thousand	$ 468,255 thousand	$ - thousand

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

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

1. Three Months ended December 31, 2013

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

(Continued)

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

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

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

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

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

Note 5: 1 - From parent company to subsidiary.
2 - Between subsidiaries.

(Concluded)