

Sunplus Technology Company Limited

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

We have audited the accompanying balance sheets of Sunplus Technology Company Limited (the "Company") as of December 31, 2012 and 2011, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunplus Technology Company Limited as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

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

February 27, 2013

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

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

ASSETS	2012		2011	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Note 4)	\$ 1,765,628	14	\$ 1,805,704	16
Available-for-sale financial assets - current (Notes 2 and 5)	391,880	3	362,947	3
Accounts receivable, net (Notes 2, 3, 6 and 22)	476,950	4	539,669	5
Other receivables	79,387	1	99,556	1
Other receivables - related parties (Note 22)	188,254	2	32,969	-
Inventories (Notes 2 and 7)	1,123,641	9	534,610	5
Deferred income tax assets (Notes 2 and 19)	15,355	-	6,471	-
Other current assets	<u>61,641</u>	<u>-</u>	<u>40,568</u>	<u>-</u>
Total current assets	<u>4,102,736</u>	<u>33</u>	<u>3,422,494</u>	<u>30</u>
LONG-TERM INVESTMENTS				
Equity-method investments (Notes 2, 8 and 23)	7,091,323	56	5,566,800	49
Available-for-sale financial assets (Notes 2 and 5)	237,565	2	860,009	8
Financial assets carried at cost (Notes 2 and 9)	<u>14,889</u>	<u>-</u>	<u>18,889</u>	<u>-</u>
Total long-term investments	<u>7,343,777</u>	<u>58</u>	<u>6,445,698</u>	<u>57</u>
PROPERTIES (Notes 2, 10 and 23)				
Cost				
Buildings	892,934	7	806,908	7
Auxiliary equipment	63,925	1	62,458	1
Machinery and equipment	134,055	1	153,192	1
Testing equipment	125,169	1	95,930	1
Furniture and fixtures	<u>17,862</u>	<u>-</u>	<u>12,987</u>	<u>-</u>
Total cost	1,233,945	10	1,131,475	10
Less: Accumulated depreciation	<u>469,090</u>	<u>4</u>	<u>409,782</u>	<u>3</u>
Net properties	<u>764,855</u>	<u>6</u>	<u>721,693</u>	<u>7</u>
INTANGIBLE ASSETS, NET (Notes 2 and 11)	<u>253,732</u>	<u>2</u>	<u>269,542</u>	<u>2</u>
OTHER ASSETS				
Rental assets, net (Notes 2, 22 and 23)	64,717	1	136,693	1
Deferred charges and others (Notes 2, 12 and 22)	43,290	-	84,729	1
Deferred income tax assets (Notes 2 and 19)	55,117	-	180,021	2
Restricted assets (Notes 4, 23 and 24)	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Total other assets	<u>169,124</u>	<u>1</u>	<u>407,443</u>	<u>4</u>
TOTAL	<u>\$ 12,634,224</u>	<u>100</u>	<u>\$ 11,266,870</u>	<u>100</u>

LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Note 13)	\$ 101,640	1	\$ 381,100	3
Accounts payable (Note 22)	267,283	2	347,378	3
Income tax payable (Notes 2 and 19)	148,628	1	382,634	4
Accrued expenses (Note 22)	208,168	2	207,185	2
Long-term bank loans - current portion (Notes 14 and 23)	496,806	4	208,000	2
Deferred income (Notes 2 and 22)	599	-	2,048	-
Other current liabilities (Notes 2, 8 and 22)	<u>392,575</u>	<u>3</u>	<u>484,054</u>	<u>4</u>
Total current liabilities	<u>1,615,699</u>	<u>13</u>	<u>2,012,399</u>	<u>18</u>
LONG-TERM BANK LOANS, NET OF CURRENT PORTION (Notes 14 and 23)	<u>1,223,194</u>	<u>10</u>	<u>-</u>	<u>-</u>
OTHER LIABILITIES				
Deferred income (Notes 2 and 22)	1,910	-	2,509	-
Accrued pension liability (Notes 2 and 15)	50,330	-	52,029	1
Guarantee deposits	79,163	1	138,005	1
Others	<u>1,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other liabilities	<u>133,108</u>	<u>1</u>	<u>192,543</u>	<u>2</u>
Total liabilities	<u>2,972,001</u>	<u>24</u>	<u>2,204,942</u>	<u>20</u>
SHAREHOLDERS' EQUITY (Notes 2, 16 and 17)				
Capital stock - NT\$10.00 par value				
Authorized - 1,200,000 thousand shares				
Issued and outstanding - 596,910 thousand shares	5,969,099	47	5,969,099	53
Capital surplus				
Additional paid-in capital - share issuance in excess of par	709,215	6	709,215	6
Treasury stock transactions	71,228	1	71,228	1
Merger and others	936,212	7	950,022	8
Retained earnings				
Legal reserve	2,426,181	19	2,450,003	22
Special reserve	191,229	1	191,229	1
Unappropriated deficit	(676,970)	(5)	(23,822)	-
Others				
Cumulative translation adjustments	3,155	-	90,505	1
Unrealized gain (loss) on financial assets	188,110	1	(1,190,315)	(11)
Treasury stock (at cost) - 8,475 thousand shares	<u>(155,236)</u>	<u>(1)</u>	<u>(155,236)</u>	<u>(1)</u>
Total shareholders' equity	<u>9,662,223</u>	<u>76</u>	<u>9,061,928</u>	<u>80</u>
TOTAL	<u>\$ 12,634,224</u>	<u>100</u>	<u>\$ 11,266,870</u>	<u>100</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

	2012		2011	
	Amount	%	Amount	%
Total nonoperating expenses and losses	<u>403,360</u>	<u>13</u>	<u>1,557,724</u>	<u>43</u>
LOSS BEFORE INCOME TAX	(676,970)	(22)	(1,769,375)	(49)
INCOME TAX EXPENSE (Notes 2 and 19)	<u>-</u>	<u>-</u>	<u>215,547</u>	<u>6</u>
NET LOSS	<u>\$ (676,970)</u>	<u>(22)</u>	<u>\$ (1,984,922)</u>	<u>(55)</u>

	2012		2011	
	Before Income Tax	After Income Tax	Before Income Tax	After Income Tax
LOSS PER SHARE (New Taiwan Dollars; Note 20)				
Basic	<u>\$ (1.15)</u>	<u>\$ (1.15)</u>	<u>\$ (3.00)</u>	<u>\$ (3.37)</u>
Diluted	<u>\$ (1.15)</u>	<u>\$ (1.15)</u>	<u>\$ (3.00)</u>	<u>\$ (3.37)</u>

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

	Capital Stock Issued and Outstanding (Note 16)		Capital Surplus (Notes 2 and 16)					Retained Earnings (Notes 2 and 16)				Others (Notes 2, 16 and 17)			
	Shares (Thousands)	Amount	Additional Paid-in Capital in Excess of Par	Treasury Stock	Long-term Investments	Merger	Total	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Total	Cumulative Translation Adjustments	Unrealized Valuation (Loss) Gain on Financial Assets	Treasury Stock	Shareholders' Equity
BALANCE, JANUARY 1, 2011	596,910	\$ 5,969,099	\$ 709,215	\$ 68,357	\$ 1,034,600	\$ 157,423	\$ 1,969,595	\$ 2,372,631	\$ -	\$ 2,707,229	\$ 5,079,860	\$ (18,662)	\$ (172,567)	\$ (63,401)	\$ 12,763,924
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,835)	(91,835)
Appropriation of prior year's earnings:															
Legal reserve	-	-	-	-	-	-	-	77,372	-	(77,372)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	191,229	(191,229)	-	-	-	-	-
Cash dividends NT\$0.8 per share	-	-	-	-	-	-	-	-	-	(477,528)	(477,528)	-	-	-	(477,528)
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(198,021)	-	(198,021)	-	-	-	-	-	-	-	(198,021)
Adjustment of capital surplus - others	-	-	-	-	(43,980)	-	(43,980)	-	-	-	-	-	-	-	(43,980)
Net loss in 2011	-	-	-	-	-	-	-	-	-	(1,984,922)	(1,984,922)	-	-	-	(1,984,922)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	109,167	-	-	109,167
Cash dividends received by subsidiaries from parent company	-	-	-	2,871	-	-	2,871	-	-	-	-	-	-	-	2,871
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	(210,304)	-	(210,304)
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	(807,444)	-	(807,444)
BALANCE, DECEMBER 31, 2011	596,910	5,969,099	709,215	71,228	792,599	157,423	1,730,465	2,450,003	191,229	(23,822)	2,617,410	90,505	(1,190,315)	(155,236)	9,061,928
Deficit offset against tegal reserve	-	-	-	-	-	-	-	(23,822)	-	23,822	-	-	-	-	-
Adjustment arising from changes in percentage of ownership of investees	-	-	-	-	(13,810)	-	(13,810)	-	-	-	-	-	-	-	(13,810)
Net loss in 2012	-	-	-	-	-	-	-	-	-	(676,970)	(676,970)	-	-	-	(676,970)
Translation adjustments on long-term investments	-	-	-	-	-	-	-	-	-	-	-	(87,350)	-	-	(87,350)
Adjustment for changes in equity in equity-method investees	-	-	-	-	-	-	-	-	-	-	-	-	157,649	-	157,649
Valuation loss on available-for-sale financial assets	-	-	-	-	-	-	-	-	-	-	-	-	1,220,776	-	1,220,776
BALANCE, DECEMBER 31, 2012	<u>596,910</u>	<u>\$ 5,969,099</u>	<u>\$ 709,215</u>	<u>\$ 71,228</u>	<u>\$ 778,789</u>	<u>\$ 157,423</u>	<u>\$ 1,716,655</u>	<u>\$ 2,426,181</u>	<u>\$ 191,229</u>	<u>\$ (676,970)</u>	<u>\$ 1,940,440</u>	<u>\$ 3,155</u>	<u>\$ 188,110</u>	<u>\$ (155,236)</u>	<u>\$ 9,662,223</u>

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

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

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

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

1. ORGANIZATION AND OPERATIONS

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

The Company’s shares have been listed on the Taiwan Stock Exchange since January 2000. Some of the Company’s shares have been issued in the form of global depositary receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 16).

As of December 31, 2012 and 2011, the Company had 534 and 611 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the Business Accounting Law, Guidelines Governing Business Accounting and accounting principles generally accepted in the Republic of China (ROC). Significant accounting policies are summarized as follows:

Foreign-currency Transactions

Nonderivative foreign-currency transactions are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from the settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates, and the exchange differences are recognized in profit or loss.

At the balance sheet date, foreign-currency nonmonetary assets (such as equity instruments) and liabilities that are measured at fair value are revalued using prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in shareholders’ equity if the changes in fair value are recognized in shareholders’ equity;
- b. Recognized in profit and loss if the changes in fair value is recognized in profit or loss.

Foreign-currency nonmonetary assets and liabilities that are carried at cost continue to be stated at exchange rates at trade dates.

If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee’s financial statements into the reporting currency of the Company. Such adjustments are accumulated and reported as a separate component of shareholders’ equity.

Accounting Estimates

Under the above guidelines, law and principles, the Company is required to make certain estimates and assumptions that could affect the amounts of allowance for doubtful accounts, allowance for sales returns and discounts, allowance for inventory devaluation, property depreciation, amortization of intangible assets and deferred charges, impairment loss on assets, pension expenses and the bonuses to employees, directors and supervisors. Actual results could differ from these estimates.

Current/Noncurrent Assets and Liabilities

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

Available-for-sale Financial Assets

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

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

The Company recognizes a financial asset in its balance sheet when the Company becomes a party to the contractual provisions of the financial instruments. A financial asset is derecognized when the Company has lost control of its contractual rights over the financial asset.

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

The fair values of open-end mutual funds are based on their net asset value as of the balance sheet date, and those of domestic listed stocks, the closing prices as of the balance sheet date.

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

Impairment of Accounts Receivable

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

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

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

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

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

Allowance for Sales Returns and Discounts

An allowance is provided for any sales returns and discounts, which are estimated on the basis of historical experience and any known factors that would affect the allowance. This allowance is deducted from sales in the year the products are sold, and related costs are deducted from cost of sales.

Inventories

Inventories consist of raw materials, work-in-process, finished goods and merchandise. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard costs and adjusted to approximate weighted-average cost on the balance sheet date.

Financial Assets Carried at Cost

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

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

Equity-method Investments

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

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

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

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

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

If an investee issues additional shares and the Company subscribes for these shares at a percentage different from its current equity, the resulting increase is credited to capital surplus. If a decrease results, the decrease is debited to capital surplus. But if capital surplus is not enough for debiting purposes, the decrease is debited to unappropriated retained earnings.

Profits from downstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of ownership in the investee; however, if the Company has control over the investee, all the profits are eliminated. Profits from upstream transactions with an equity-method investee are eliminated in proportion to the Company's percentage of weighted-average ownership in the investee. For those investees over which the Company holds a controlling interest, gains or losses on sales between equity method investees are deferred at the Company's percentage of ownership of the investee that has the gain or loss. For those investees over which the Company does not hold a controlling interest, gains or losses on sales between equity method investees are deferred at a percentage resulting from the multiplication of a percentage of ownership of one investee by the percentage of ownership of the other investee. All deferred gains and losses are realized upon the resale of products to third parties.

Properties and Rental Assets

Properties and rental assets are stated at cost less accumulated depreciation. Major additions and improvements are capitalized, while maintenance and repairs are expensed currently.

On the balance sheet date, the Company evaluates properties and rental assets for any impairment. If impairment is identified, the Company will determine the recoverable amount of the assets. The carrying amount in excess of the expected recoverable amount is recognized as impairment loss and charged to current income. If the recoverable amount increases, the subsequent reversal of impairment loss will be recognized as gain. However, the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the assets in prior years.

Depreciation is provided on a straight-line basis over useful lives estimated as follows: buildings - 8 to 56 years; auxiliary equipment - 3 to 11 years; machinery and equipment - 4 years; testing equipment - 2 to 4 years; transportation equipment - 4 to 6 years; furniture and fixtures - 2 to 4 years; leasehold improvements - 3 years; and rental assets - 8 to 56 years. Properties and rental assets still in use beyond their initially estimated useful lives are further depreciated over their newly estimated useful lives.

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

Intangible Assets

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

Expenditures arising from research activities and those related to development activities that do not meet the criteria for capitalization are charged to expense when incurred.

If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. If an impairment loss reverses, the carrying amount of the asset is increased accordingly, but the increased carrying amount of an asset due to a reversal of impairment loss should not exceed the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior years.

Deferred Charges

Deferred charges are mainly costs of software and system design, which are booked at the installation or acquisition cost. The amounts are amortized over 1 to 5 years, using the straight-line method.

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

Pension Costs

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

Income Tax

The Company applies the inter-period tax allocation method. Under this method, deferred income taxes are recognized for the tax effects of deductible temporary differences, loss carryforwards and unused tax credits. Valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. A deferred income tax asset or liability is classified as current or noncurrent in accordance with the classification of the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent on the basis of the expected length of time before it is realized or settled.

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

Tax credits for purchases of machinery, equipment and technology, research and development expenditures and personnel training expenditures are recognized in the current period.

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

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

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

Stock-based Compensation

Employee stock options granted between January 1, 2004 and December 31, 2007 were accounted for under the interpretations issued by the Accounting Research and Development Foundation (ARDF). The Company adopted the intrinsic value method, under which compensation cost was recognized on a straight-line basis over the vesting period.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity. The Company accounts for its stock held by its subsidiaries as treasury stock. The recorded cost of these treasury stocks is based on the carrying value of the investments as shown in the subsidiaries' book. The resulting gain on investment from cash dividends appropriated to subsidiaries is credited to capital surplus treasury - stock transactions.

When the treasury shares are retired, the capital stock and paid-in capital based on the existing equity are debited. If the treasury shares are retired at a price lower than its par value and the Company paid-in capital, the deficiency is credited to paid-in capital from treasury stock. If the treasury shares are retired at a price in excess of its par value and paid-in capital, the excess is debited to paid-in capital from treasury stock. If the balance in paid-in capital from treasury stock is insufficient to absorb the deficiency, the remainder is recorded as a reduction of retained earnings.

Revenue Recognition

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

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

3. ACCOUNTING CHANGES

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

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

SFAS No. 41 - “Operating Segments”

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

4. CASH CHANGES

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

5. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

6. ACCOUNTS RECEIVABLE

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

Movements of the allowance for doubtful accounts were as follows:

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

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

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

7. INVENTORIES

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

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

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

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

8. EQUITY-METHOD INVESTMENTS

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

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to goodwill for the years ended December 31, 2012 and 2011 were as follows:

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

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

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

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

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

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

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

The financial statements used as basis for calculating the carrying values of equity-method investments and related investment income and losses in 2012 and 2011 had all been audited, except those of Global Techplus Inc. and Sunplus Management Consulting Inc. The Company's management believed that had the financial statements of these two investees been audited, there would have been no material effect on the Company's financial statements. The investment incomes (losses) of investees were as follows:

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

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

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

9. FINANCIAL ASSETS CARRIED AT COST

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

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

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

10. PROPERTIES

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

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

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

11. INTANGIBLE ASSETS

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

Intangible assets consisted of fees paid to Oak Technology (“Oak”) for the Company to use Oak’s technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players and to buy the rights on video processing technology to develop DTV products.

12. DEFERRED CHARGES AND OTHERS

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

13. SHORT-TERM BANK LOANS

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

14. LONG-TERM BANK LOANS

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

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

15. PENSION PLAN

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

Before the promulgation of the LPA, the Company has had a defined benefit pension plan under the Labor Standards Law. Under this plan, employees should receive either a series of pension payments with a defined annuity or a lump sum that is payable immediately on retirement and is equivalent to 2 base units for each of the first 15 years of service and 1 base unit for each year of service thereafter. The total retirement benefit is subject to a maximum of 45 units. The pension plan provides based on the length of service and the average basic salary of the employee's final six months of service. In addition, the Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund, which is administered by a fund monitoring committee. The fund is deposited in the committee's name in the Bank of Taiwan. The Company recognized pension costs of \$2,741 thousand for 2012 and \$2,441 thousand for 2011.

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

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

a. Components of net pension costs

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

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

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

c. Actuarial assumptions

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

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

16. SHAREHOLDERS' EQUITY

a. Employee stock option plan

On September 11, 2007 (2007 option plan), the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan. The plan provides for the grant of 280,000 thousand options in 2007 plan, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 280,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of December 31, 2012.

Outstanding option rights were as follows:

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

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

As of December 31, 2011, the outstanding and exercisable options were as follows:

Exercise Price (NT\$)	2007 Option Plan				
	Options Outstanding			Options Exercisable	
	Number of Options (In Thousands)	Weighted- average Remaining Contractual Life (Years)	Weighted-a verage Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-a verage Exercise Price (NT\$)
\$ 37.9	12,580	0.87	\$ 37.9	12,580	\$ 37.9
38.3	6,300	0.99	38.3	6,300	38.3

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

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

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

b. Global Depositary Receipts

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

c. Capital surplus

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

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

d. Appropriation of earnings and dividends

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

Under an approved shareholders' resolution, the current year's net income less all the foregoing appropriations and distributions plus the unappropriated prior years' earnings may be distributed as additional dividends. The Company's policy is that cash dividends should be at least 10% of total dividends distributed. However, cash dividends will not be distributed if these dividends are less than NT\$0.5 per share.

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

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

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

Under the ROC Company Law, legal reserve should be appropriated until the reserve equals the Company's paid-in capital. This reserve may be used to offset a deficit. In addition, when the reserve exceeds 50% of the Company's paid-in capital, the excess portion that is over 25% of the excess may be distributed as stock dividend and bonus if the Company has no deficit.

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

Under the Integrated Income Tax System, which took effect on January 1, 1998, ROC resident shareholders are allowed to have tax credits for the income tax paid by the Company on earnings generated since January 1, 1998. An imputation credit account (ICA) is maintained by the Company for such income tax and the tax credit allocated to each resident shareholder. The maximum credit available for allocation to each resident shareholder cannot exceed the ICA balance on the dividend distribution date.

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

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

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

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

The information on the appropriation of bonuses to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Unrealized gain or loss on financial instruments

In 2012 and 2011, the movements of unrealized gain or loss on financial instruments were as follows:

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

17. TREASURY STOCK

(Units: Shares in Thousands)

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

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

Under the Securities and Exchange Act, the Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. On March 1, 2011, the Board of Directors approved a share buyback plan to repurchase up to 10,000 thousand shares of the Company between March 1, 2011 and April 30, 2011, with the buyback price ranging from NT\$16.00 to NT\$22.00. As of April 30, 2011, the Company had bought back 4,915 thousand shares for \$91,835 thousand. The subsidiary holding treasury stock retain shareholders' rights on their holdings, except the rights to participate in any share issuance for cash and to vote.

18. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

19. INCOME TAX

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

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

- b. Income tax expense consisted of the following:

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

- c. Deferred income tax assets were as follows:

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

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

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

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

Project	Tax Exemption Period
Eighth expansion	January 1, 2010 to December 31, 2014
Ninth expansion	January 3, 2007 to January 2, 2012
Tenth expansion	August 31, 2006 to August 30, 2011
Eleventh expansion	January 1, 2008 to December 31, 2012
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2013 to December 31, 2017

The tax returns through 2009 have been assessed by the tax authorities. However, the Company disagreed with the tax authorities' assessment of its 2005 tax returns and thus applied for administrative remedy on these returns. The Company also applied for the correction of the tax authorities' assessment of its 2006 and 2007 tax returns. Nevertheless, the Company has made a provision for the income tax assessed by the tax authorities for conservatism purposes.

- e. Integrated income tax information is as follows:

	December 31	
	2012	2011
Shareholders' imputation credit account	\$ <u>248,248</u>	\$ <u>201,494</u>
Unappropriated earnings until 1997	\$ <u>-</u>	\$ <u>-</u>

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

20. EARNINGS PER (LOSS) SHARE

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

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

The employee stock option stated in Note 16 represents potential common stock. Thus, the Company tested the effects of employee stock options by the treasury method in accordance with Statement of Financial Accounting Standards No. 24 - "Earnings Per Share." The test showed the stock options were anti-dilutive for 2012 and 2011. As a result, the potential common shares were excluded from the calculation of diluted LPS.

The Accounting Research and Development Foundation issued Interpretation 2007-052, which requires companies to recognize bonuses paid to employees, directors and supervisors as compensation expenses beginning January 1, 2008. These bonuses were previously recorded as appropriations from earnings. If the Company decides to settle the bonus to employees by cash or shares, the Company should presume that the entire amount of the bonus will be settled in shares and, if the resulting potential shares have a dilutive effect, these shares should be included in the weighted average number of shares outstanding used in the calculation of diluted EPS. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

21. FINANCIAL INSTRUMENTS

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

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

- b. Methods and assumptions used in determining fair values of financial assets and liabilities, based on quoted market prices or valuation techniques, were as follows:

- 1) For cash, accounts receivable, other receivables, short-term bank loans, and accounts payable, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.
- 2) Fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For those instruments not traded in active markets, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.
- 3) Financial assets carried at cost are investments in unquoted shares, which have no quoted prices in an active market and entail an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value is presented.
- 4) The fair values of long-term bank loans are estimated using the present value of future cash flows discounted at interest rates the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term bank loans with floating interest rates are equivalent to their carrying values.

- c. The Company did not enter into derivative contracts in 2012 and 2011.

- d. As of December 31, 2012 and 2011, financial assets exposed to cash flow interest rate risk amounted to \$274,645 thousand and \$563,661 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$1,496,000 thousand and \$1,247,100 thousand, respectively. As of December 31, 2012 and 2011, financial liabilities exposed to fair value interest rate risk amounted to \$101,640 thousand and \$381,100 thousand, respectively. As of December 31, 2012 and 2011, financial liabilities exposed to cash flow interest rate risk amounted to \$1,720,000 thousand and \$208,000 thousand, respectively.

- e. In 2012 and 2011, on financial assets other than financial assets at fair value through profit or loss, interest revenues were \$22,011 thousand and \$19,971 thousand, respectively, and interest expenses were \$27,409 thousand and \$10,775 thousand, respectively.

f. Financial risks

- 1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks. Fair values of available-for-sale security investments are affected by fluctuations of quoted prices.
- 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach financial instrument contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing contracts are reputable financial institutions and business organizations. Management believes that the Company's exposure to default by those parties is low.
- 3) Liquidity risk. Available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.
- 4) Interest rate risk. As of December 31, 2012 and 2011, the interest rates for long-term bank loans were floating, i.e., these rates fluctuated as market interest rates changed.

22. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

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

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

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

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

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

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Nonoperating income and gains				
iCatch	\$ 11,685	11	\$ 12,408	4
HT mMobile	8,539	9	24,945	7
Sunplus Innovation	6,865	7	6,709	2
Sunplus mMobile	3,138	3	7,995	2
Sunext	2,223	2	1,738	1
Generalplus	1,793	1	7,273	2
Orise	962	1	2,842	1
Sunplus Core	283	-	5,051	1
Sunplus mMedia	<u>-</u>	<u>-</u>	<u>90</u>	<u>-</u>
	<u>\$ 35,488</u>	<u>34</u>	<u>\$ 69,051</u>	<u>20</u>

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

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

	December 31			
	2012		2011	
	Amount	%	Amount	%
Accounts receivable:				
Orise	\$ 2,363	1	\$ 2,066	-
Generalplus	1,496	-	2,070	1
Sunext	488	-	424	-
HT mMobile	416	-	549	-
iCatch	309	-	885	-
Sunplus Innovation	96	-	44	-
	5,168	1	6,038	1
Less: Allowance for doubtful accounts	416	-	160	-
	<u>\$ 4,752</u>	<u>1</u>	<u>\$ 5,878</u>	<u>1</u>
Other receivables				
Sunplus mMobile	\$ 181,018	96	\$ 25,490	77
iCatch	2,985	2	3,124	10
Generalplus	1,985	1	608	2
Sunplus Innovation	1,177	-	979	3
Sunext	1,036	1	383	1
Orise	53	-	1,322	4
HT mMobile	-	-	1,054	3
Sunplus mMedia	-	-	9	-
	<u>\$ 188,254</u>	<u>100</u>	<u>\$ 32,969</u>	<u>100</u>

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

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

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

Financing to Related Party	Year Ended December 31, 2011			
	Maximum Balance	Ending Balance	Interest Rate	Interest Income
Sunplus mMobile	<u>\$ 546,000</u>	<u>\$ 64,000</u> (Note 3)	1.475%-1.655%	<u>\$ 5,684</u>
HT mMobile	<u>\$ 400,000</u>	<u>\$ 400,000</u> (Note 4)	1.475%-1.655%	<u>\$ 1,497</u>

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

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

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

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

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

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Proceeds of the disposal of properties:				
Orise	\$ -	-	\$ 1,201	96
Generalplus Technology	<u>-</u>	<u>-</u>	<u>50</u>	<u>4</u>
	<u>\$ -</u>	<u>-</u>	<u>\$ 1,251</u>	<u>100</u>

Acquisition of properties				
HT mMobile	\$ 24,535	66	\$ -	-
Sunplus Core Technology	<u>-</u>	<u>-</u>	<u>135</u>	<u>-</u>
	<u>\$ 24,535</u>	<u>66</u>	<u>\$ 135</u>	<u>-</u>

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

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

23. MORTGAGED OR PLEDGED ASSETS

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

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

24. SIGNIFICANT LONG-TERM OPERATING LEASES

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

Future annual minimum rentals under the leases are as follows:

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

25. OTHER

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

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

26. ADDITIONAL DISCLOSURES

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

- a. Endorsement/guarantee provided: Table 1 (attached)
- b. Financings provided: Table 2 (attached)
- c. Marketable securities held: Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Names, locations, and related information of investees on which the Company exercises significant influence: Table 5 (attached)
- f. Investment in Mainland China: Table 6 (attached)

27. OPERATING SEGMENT FINANCIAL INFORMATION

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

TABLE 1**SUNPLUS TECHNOLOGY COMPANY LIMITED****ENDORSEMENT/GUARANTEE PROVIDED****YEAR ENDED DECEMBER 31, 2012****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorsement/Guarantee Provider	Counter-party		Limits on Each Counter-party's Endorsement/Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Value of Collateral Property, Plant, or Equipment	Percentage of Accumulated Amount of Collateral to Net Equity of the Latest Financial Statement	Maximum Collateral/Guarantee Amounts Allowable
		Name	Nature of Relationship						
0	Sunplus Technology Company Limited	Sun Media Technology Co., Ltd.	100% indirect subsidiary	\$ 966,222 (Note 1)	\$ 448,000	\$ 448,000	\$ -	4.64%	\$ 1,932,445 (Note 2)
		Sunplus mMobile Inc.	99% subsidiary	966,222 (Note 1)	620,000	220,000	-	2.28%	1,932,445 (Note 2)
		Sunplus Technology (Shanghai) Co., Ltd.	99% indirect subsidiary	966,222 (Note 1)	209,815	149,575	-	1.55%	1,932,445 (Note 2)
		Sunext Technology Co., Ltd.	61% subsidiary	966,222 (Note 1)	80,000	47,342	-	0.49%	1,932,445 (Note 2)
		Generalplus Technology Inc.	34% subsidiary	966,222 (Note 1)	27,126	27,126	-	0.28%	1,932,445 (Note 2)
		Sunplus Innovation Technology Inc.	63% subsidiary	966,222 (Note 1)	17,564	17,564	-	0.18%	1,932,445 (Note 2)
		iCatch Technology Inc.	38% subsidiary	966,222 (Note 1)	12,701	12,701	-	0.13%	1,932,445 (Note 2)
		Sunplus Core Technology Co., Ltd.	99% subsidiary	966,222 (Note 1)	250,000	-	-	-	1,932,445 (Note 2)
		HT mMobile Inc.	Equity-method investee	966,222 (Note 1)	30,000	-	-	-	1,932,445 (Note 2)

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

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

TABLE 2**SUNPLUS TECHNOLOGY COMPANY LIMITED****FINANCINGS PROVIDED****NINE MONTHS ENDED DECEMBER 31, 2012****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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

Note 1: Short-term financing.

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

Note 14: Self-developed technology.

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

(Concluded)

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

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

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

(Continued)

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

(Continued)

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

(Continued)

Holding Company Name	Type and Name of Marketable Security	Relationship with the Holding Company	Financial Statement Account	December 31, 2012				Note
				Shares or Units (Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sunplus Venture Capital Co., Ltd.	WayTech Development Inc.	-	Financial assets carried at cost	1,000	\$ -	4	\$ -	Note 2
	Information Technology Total Services	-	Financial assets carried at cost	51	-	-	-	Note 2
	Book4u Company Limited	-	Financial assets carried at cost	9	-	-	-	Note 2
	VenGlobal International Fund	-	Financial assets carried at cost	1	-	-	-	Note 2
Ventureplus Group Inc.	<u>Stock</u> Ventureplus Mauritius Inc.	Subsidiary of Ventureplus Group Inc.	Equity-method investments	44,175	US\$ 33,712 thousand	100	US\$ 33,712 thousand	Note 1
Ventureplus Mauritius Inc.	<u>Stock</u> Ventureplus Cayman Inc.	Subsidiary of Ventureplus Mauritius Inc.	Equity-method investments	44,175	US\$ 33,716 thousand	100	US\$ 33,716 thousand	Note 1
Ventureplus Cayman Inc.	<u>Stock</u> Sunplus Technology (Shanghai) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 15,653 thousand	99	US\$ 15,653 thousand	Note 1
	Sunplus Pro-tek (Shenzhen) Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 2,075 thousand	100	US\$ 2,075 thousand	Note 1
	SunMedia Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 14,776 thousand	100	US\$ 14,776 thousand	Note 1
	Sunplus App Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 383 thousand	80	US\$ 383 thousand	Note 1
	Ytrip Technology Co., Ltd.	Subsidiary of Ventureplus Cayman Inc.	Equity-method investments	-	US\$ 780 thousand	73	US\$ 780 thousand	Note 1
Magic sky Limited	HT mMobile Inc.	Equity-method investee	Equity-method investments	16,888	-	10	-	Note 1
Sunplus Technology (Shanghai) Co., Ltd.	ShenZhen Suntop Technology Co., Ltd.	Subsidiary of Sunplus Technology (Shanghai) Co., Ltd.	Equity-method investments	-	RMB (893) thousand	100	RMB (893) thousand	Note 1
	GF Money Market Fund class B shares	-	Available-for-sale financial assets	8,090	RMB 8,177 thousand		RMB 8,177 thousand	Note 1
Wei-Young Investment Inc.	<u>Stock</u> Elitergroup Computer Systems	-	Available-for-sale financial assets	508	4,565	-	4,565	Note 3
	Generalplus Technology Inc.	Equity-method investee	Equity-method investments	108	1,715	-	1,796	Note 1
	Sunext Technology Co., Ltd.	Equity-method investee	Equity-method investments	18	103	-	103	Note 1

(Continued)

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

(Continued)

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

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

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

Note 4: The investment carrying value excluded the carrying value of \$63,401 thousand of the shares of Sunplus Technology Company Limited held by its subsidiary.

Note 5: The market value was based on the net asset value of fund as of December 31, 2012.

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

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

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

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

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

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

(Concluded)

TABLE 4

SUNPLUS TECHNOLOGY COMPANY LIMITED

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Issuer of Marketable Security	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Units (Thousands)	Amount	Units (Thousands)	Amount	Unit (Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Unit (Thousands)	Amount
Sunplus Technology Company Limited	Sunplus Core Technology Co., Ltd.	Equity-method investments	11,206	\$ (138,357) (Note 3)	16,700	\$ 167,000	-	\$ -	\$ -	\$ -	16,770 (Note 5)	\$ (18,855) (Note 4)
	Mega Diamond Bond Fund	Available-for-sale financial assets	8,326	100,000	8,273	100,000	8,326	100,468	100,000	468	8,273	100,563 (Note 1)
	Taishin Ta-Chong Money Market	Available-for-sale financial assets	12,852	136,966 (Note 2)	-	-	12,852	138,031	136,966	1,065	-	-
Generalplus Technology Inc.	Union Money Market	Available-for-sale financial assets	-	-	8,217	105,000	3,920	50,072	50,000	72	4,297	55,100 (Note 1)
	Jih Sun Money Market	Available-for-sale financial assets	-	-	6,980	100,000	4,186	60,000	59,980	20	2,794	40,126 (Note 1)
	Hua Nan Phoenix Money Market Fund	Available-for-sale financial assets	2,740	43,080 (Note 2)	6,473	102,000	9,213	145,344	145,033	311	-	- (Note 1)
	ING Taiwain Money Market	Available-for-sale financial assets	-	-	6,968	110,000	6,968	110,100	110,000	100	-	-
Sunplus Innovation Technology Company Limited	Yugnta Wan Tai Money Fund	Available-for-sale financial assets	-	-	8,175	120,000	2,724	40,000	39,961	39	5,451	80,213 (Note 1)
Sunext Technology Inc.	Yugnta Wan Tai Money Fund	Available-for-sale financial assets	5,203	76,000 (Note 2)	5,653	83,000	8,613	126,370	126,000	370	2,243	33,000 (Note 1)

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

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

Note 3: The amount was the carrying value of the equity-method investment as of December 31, 2011.

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

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

TABLE 5

SUNPLUS TECHNOLOGY COMPANY LIMITED

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

DECEMBER 31, 2012

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

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

(Continued)

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

(Concluded)

TABLE 6

SUNPLUS TECHNOLOGY COMPANY LIMITED

INFORMATION ON INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Sunplus Technology (Shanghai) Co., Ltd.	Manufacturing and sale of consumer ICs	US\$ 17,200 thousand	Note	US\$ 17,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 17,000 thousand	99%	US\$ 1,059 thousand	US\$ 15,653 thousand	US\$ - thousand
Sunplus Prof-tek (Shenzhen) Co., Ltd.	Development and sale of computer software and system integration services	US\$ 4,250 thousand	Note	US\$ 4,250 thousand	US\$ - thousand	US\$ - thousand	US\$ 4,250 thousand	100%	US\$ 696 thousand	US\$ 2,075 thousand	US\$ - thousand
Sun Media Technology Co., Ltd.	Manufacturing and sale of computer software and system integration services	US\$ 20,000 thousand	Note	US\$ 20,000 thousand	US\$ - thousand	US\$ - thousand	US\$ 20,000 thousand	100%	US\$ (2,991) thousand	US\$ 14,776 thousand	US\$ - thousand
Sunplus App Technology Co., Ltd.	Manufacturing and sale of computer software; system integration services and information management and education	RMB 5,000 thousand	Note	US\$ 586 thousand	US\$ - thousand	US\$ - thousand	US\$ 586 thousand	80%	US\$ 64 thousand	US\$ 383 thousand	US\$ - thousand
Ytrip Technology Co., Ltd.	Computer system integration services and supplying general advertising and other information services.	US\$ 20,000 thousand	Note	US\$ 1,085 thousand	US\$ 1,190 thousand	US\$ - thousand	US\$ 2,275 thousand	73%	US\$ (1,046) thousand	US\$ 780 thousand	US\$ - thousand

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

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