

**Sunplus Technology Company Limited
and Subsidiaries**

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

REPRESENTATION LETTER

The entities to be included in the combined financial statements of Sunplus Technology Company Limited and subsidiaries as of and for the year ended December 31, 2012, which will be prepared in conformity with the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the entities included in the consolidated financial statements prepared in conformity with the revised R.O.C. Statement of Financial Accounting Standards No. 7 - "Consolidated Financial Statements." In addition, the information needed to be disclosed in the combined financial statements is included in the consolidated financial statements. Thus, Sunplus Technology Company Limited and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

SUNPLUS TECHNOLOGY COMPANY LIMITED

By



CHOU-CHIEH HUANG
Chairman

March 14, 2013

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sunplus Technology Company Limited

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

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

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

March 14, 2013

Notice to Readers

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

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

ASSETS	2012		2011		LIABILITIES AND SHAREHOLDERS' EQUITY	2012		2011	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 2 and 4)	\$ 4,492,896	29	\$ 4,775,205	34	Short-term bank loans (Note 15)	\$ 485,991	3	\$ 943,612	7
Financial assets at fair value through profit or loss - current (Notes 2 and 5)	-	-	44,644	-	Notes payable and accounts payable	758,909	5	767,878	6
Available-for-sale financial assets - current (Notes 2 and 6)	1,076,456	7	1,055,235	7	Income tax payable (Notes 2 and 21)	160,428	1	437,553	3
Bond investments with no active market - current (Notes 2 and 7)	14,520	-	-	-	Bonus payable to employees and remuneration payable to directors and supervisors (Note 18)	12	-	47,406	-
Notes and accounts receivable, net (Notes 2, 3, 8 and 24)	1,372,094	9	1,331,576	9	Long-term bank loans - current portion (Notes 16 and 25)	496,806	3	265,000	2
Other receivables (Note 24)	91,313	1	125,413	1	Deferred income (Notes 2 and 24)	1,522	-	1,522	-
Inventories (Notes 2 and 9)	1,722,048	11	1,062,945	8	Accrued expenses and other current liabilities (Notes 2 and 24)	750,827	5	606,110	4
Deferred income tax assets (Notes 2 and 21)	58,629	-	37,179	-	Total current liabilities	2,654,495	17	3,069,081	22
Restricted assets - current (Notes 4 and 25)	80,521	-	111,509	1					
Other current assets	145,395	1	138,749	1	LONG-TERM BANK LOANS, NET OF CURRENT PORTION				
Total current assets	9,053,872	58	8,682,455	61	(Notes 16 and 25)	1,368,398	9	-	-
LONG-TERM INVESTMENTS					OTHER LIABILITIES				
Equity-method investments (Notes 2, 10 and 25)	2,650,691	17	885,569	6	Deferred income (Notes 2 and 24)	4,616	-	5,215	-
Prepaid long-term investments	99,311	1	30,275	-	Accrued pension liability (Notes 2 and 17)	102,421	1	101,877	-
Available-for-sale financial assets (Notes 2 and 6)	632,573	4	1,126,099	8	Guarantee deposits	198,513	1	256,016	2
Financial assets carried at cost (Notes 2 and 11)	216,080	1	353,037	3	Other	2,594	-	889	-
Total long-term investments	3,598,655	23	2,394,980	17	Total other liabilities	308,144	2	363,997	2
PROPERTIES (Notes 2, 12, 24 and 25)					Total liabilities	4,331,037	28	3,433,078	24
Cost					SHAREHOLDERS' EQUITY (Notes 2, 18 and 19)				
Buildings	1,280,401	8	1,211,350	9	Capital stock - NTS10.00 par value (parent company's equity)				
Auxiliary equipment	173,006	1	96,182	1	Authorized - 1,200,000 thousand shares				
Machinery and equipment	185,924	1	192,422	1	Issued and outstanding - 596,910 thousand shares	5,969,099	38	5,969,099	42
Testing equipment	304,407	2	267,661	2	Capital surplus				
Transportation equipment	10,351	-	10,217	-	Additional paid-in capital - share issuance in excess of par	709,215	5	709,215	5
Furniture and fixtures	207,571	2	217,749	1	Treasury stock transactions	71,228	-	71,228	-
Leasehold improvements	20,131	-	30,950	-	Merger and others	936,212	6	950,022	7
Other equipment	8,819	-	8,509	-	Retained earnings				
Total cost	2,190,610	14	2,035,040	14	Legal reserve	2,426,181	16	2,450,003	18
Less: Accumulated depreciation	836,714	6	759,734	5	Special reserve	191,229	1	191,229	1
Construction in progress and prepayments for equipment	589,159	4	374,253	3	Unappropriated deficit	(676,970)	(4)	(23,822)	-
Net properties	1,943,055	12	1,649,559	12	Others				
INTANGIBLE ASSETS, NET (Notes 2 and 13)					Cumulative translation adjustments	3,155	-	90,505	1
	558,783	4	676,915	5	Unrealized gain (loss) on financial assets	188,110	1	(1,190,315)	(9)
					Treasury stock (at cost) - 8,475 thousand shares	(155,236)	(1)	(155,236)	(1)
OTHER ASSETS					Total equity attributed to shareholders of the parent	9,662,223	62	9,061,928	64
Rental assets, net (Notes 2 and 25)	277,883	2	363,197	3	MINORITY INTEREST (Note 2)				
Deferred charges and others (Notes 2, 14 and 24)	50,234	-	102,553	1		1,565,376	10	1,602,967	12
Deferred income tax assets - noncurrent (Notes 2 and 21)	67,346	1	218,536	1	Total shareholders' equity	11,227,599	72	10,664,895	76
Restricted assets (Notes 4, 25 and 26)	8,808	-	9,778	-	TOTAL				
Total other assets	404,271	3	694,064	5		\$ 15,558,636	100	\$ 14,097,973	100
TOTAL									

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

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

(Continued)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

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

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SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

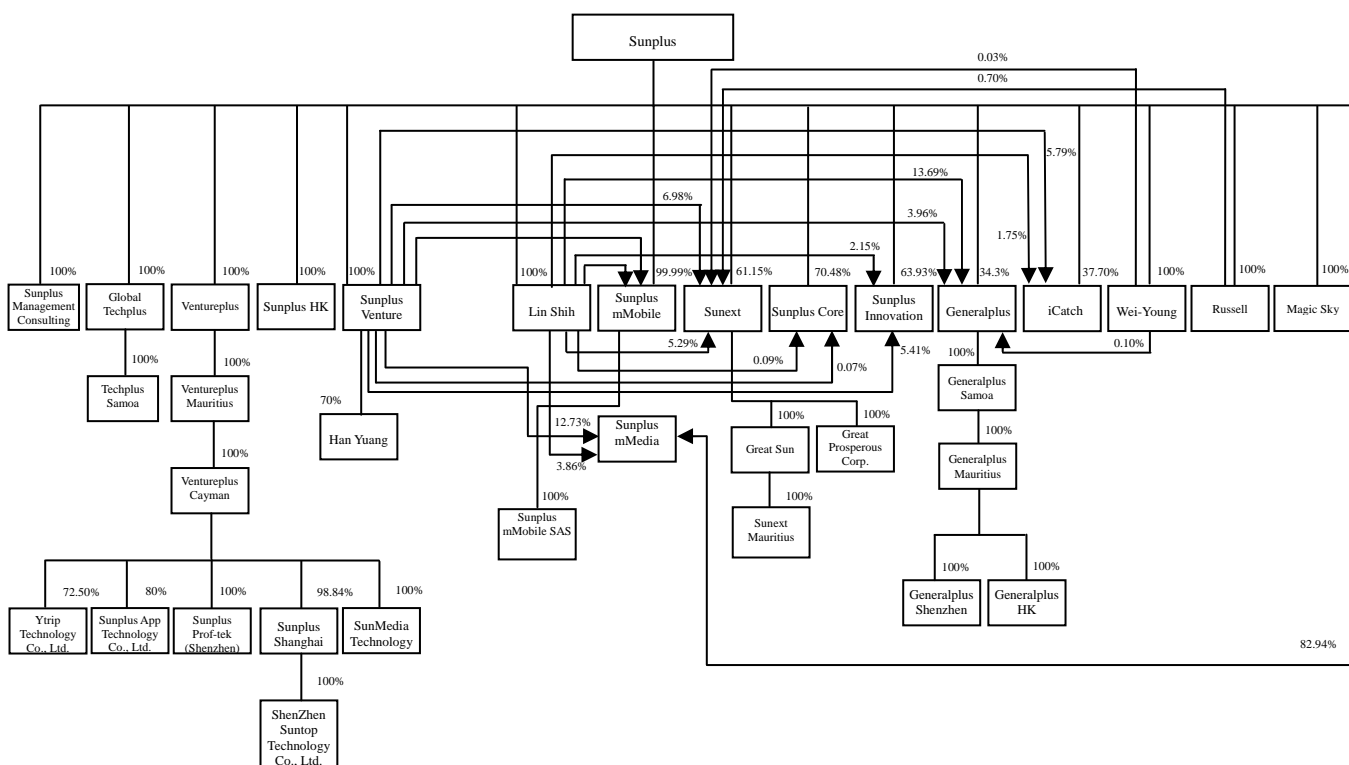
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

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

Sunplus’ shares have been listed on the Taiwan Stock Exchange since January 2000. Some of its shares have been issued in the form of global depository receipts (GDRs), which have been listed on the London Stock Exchange since March 2001 (refer to Note 18).

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



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

Sunplus and its consolidated entities are hereinafter referred to collectively as the “Company.” As of December 31, 2012 and 2011, the Company had 2,130 and 2,207 employees, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of all direct and indirect subsidiaries of Sunplus, and the accounts of investees in which Sunplus’ ownership percentage is less than 50% but in which Sunplus has a controlling interest. All significant intercompany balances and transactions are eliminated upon consolidation.

The consolidated entities as of December 31, 2012 and 2011 were as follows:

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

(Continued)

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

(Continued)

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

(Concluded)

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

Foreign-currency Transactions

ROC Statement of Financial Accounting Standards No. 14 - "The Effects of Changes in Foreign Exchange Rates" applies to foreign subsidiaries that use their local currencies as their functional currencies, as follows: (a) renminbi (RMB) - Sunplus Shanghai, Sunplus Prof-tek (Shenzhen), SunMedia, Sunplus App Technology, Yitrip Technology, Shenzhen Suntop Technology, Sunext Shanghai and Generalplus Shenzhen; (b) Hong Kong dollar (HKD) - Sunplus HK and Generalplus HK; (c) euro (EUR) - Sunplus mMobile SAS; and (d) U.S. dollar (USD) - other subsidiaries. The consolidated financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: assets and liabilities - exchange rate on the balance sheet date; shareholders' equity - historical rates; and income and expenses - average rate for the year. The resulting translation adjustments are recorded as a separate component of shareholders' equity.

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

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

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

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

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

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

Cash Equivalents

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

Accounting Estimates

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

Current/Noncurrent Assets and Liabilities

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

Available-for-sale Financial Assets

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

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

The recognition, derecognition and the fair value bases of available-for-sale financial assets are similar to those of financial assets at fair value through profit or loss.

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

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

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

Bond Investments with No Active Market

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

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

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

Impairment of Accounts Receivable

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

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

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

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

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

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

Allowance for Sales Returns and Discounts

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

Inventories

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

Equity-method Investments

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

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

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

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

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

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

Financial Assets Carried at Cost

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

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

Properties and Rental Assets

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

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

Depreciation is computed on a straight-line method over useful lives estimated as follows: buildings - 8 to 56 years; auxiliary equipment - 3 to 20 years; machinery and equipment - 2 to 10 years; testing equipment - 1 to 5 years; transportation equipment - 4 to 10 years; furniture and fixtures - 2 to 5 years; leasehold improvements - 2 to 5 years; other equipment - 3 to 5 years; and assets leased to others - 5 to 56 years. Properties and rental assets still in use beyond their initially estimated service lives are depreciated over their newly estimated service lives.

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

Intangible Assets

Intangible assets consist of technology license fees, patents, land grant, software and technological know-how, which are booked at the acquisition cost and amortized using the straight-line basis over 1 to 15 years, 5 to 18 years, 50 years, 1 to 10 years, and 5 years, respectively.

Effective January 1, 2006, based on the revised Statement of Financial Accounting Standards No. 5 - "Long-term Investments under the Equity Method," the acquisition cost is analyzed, and the acquisition cost in excess of the Company's share of the fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized but instead is tested for impairment annually or whenever there are indications that the investments are impaired.

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

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

Deferred Charges

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

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

Pension Costs

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

Income Tax

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

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

Tax credits for certain purchases of machinery, equipment and technology, research and development expenditures, personnel training and investments in important technology-based enterprise are recognized in the current period.

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

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

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

Stock-based Compensation

Employee stock options granted on or after January 1, 2008 are accounted for under Statement of Financial Accounting Standards No. 39 - "Accounting for Share-based Payment." Under the statement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

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

Employee stock options granted between January 1, 2008 and December 31, 2009 were accounted for in accordance with Rule No. 0960065898 issued by the Financial Supervisory Commission (FSC) under the Executive Yuan on December 12, 2007. Thus, the stock options granted were initially measured at their intrinsic value and then adjusted at each reporting date for any change in intrinsic value until the date of final settlement.

Employee stock options granted on or after January 1, 2010 are accounted for in accordance with Rule No. 0990006370 issued by FSC on March 15, 2010, which superseded Rule No. 0960065898. Under the FSC's requirement, the value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus - employee stock options. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

Treasury Stock

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

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

Revenue Recognition

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

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

Royalties are recognized when:

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

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

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

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

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

Government Subsidies

Amounts received by the Company from the government for the sponsorship of the development of certain products are recognized as subsidy income when realized or as deferred income when unrealized.

Reclassifications

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

3. ACCOUNTING CHANGES

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

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

SFAS No. 41 - "Operating Segments"

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

4. CASH CHANGES

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

5. FINANCIAL INSTRUMENTS AT FVTPL

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

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

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

7. BOND INVESTMENT WITH NO ACTIVE MARKET

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

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

8. NOTES AND ACCOUNTS RECEIVABLE - OTHERS

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

Movements of the allowance for doubtful accounts were as follows:

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

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

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

9. INVENTORIES

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

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

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

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

10. EQUITY-METHOD INVESTMENTS

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

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

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

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

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

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

11. FINANCIAL ASSETS CARRIED AT COST

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

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

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

12. PROPERTIES

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

13. INTANGIBLE ASSETS, NET

	<u>December 31</u>	
	<u>2012</u>	<u>2011</u>
Technology license fees	\$ 278,147	\$ 306,045
Land grant	125,495	30,991
Software	74,647	57,010
Patents	44,505	49,899
Goodwill	30,596	228,221
Deferred pension cost	4,969	3,828
Technological know-how	<u>424</u>	<u>921</u>
	<u>\$ 558,783</u>	<u>\$ 676,915</u>

Intangible assets consisted of fees paid to Oak Technology (“Oak”) for the Company to use Oak’s technology on light storage solutions to develop SOC DVD/VCD (system on a chip digital compact disk/video compact disk) players and the fee paid to Royal Philips Electronics (“Philips”) for the Company to use Philips’s optical disc drive (ODD) semiconductor technology. The Company recognized an impairment loss of \$106,594 thousand in accordance with technology license fees in 2011.

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

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

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

14. DEFERRED CHARGES AND OTHERS

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

15. SHORT-TERM LOANS

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

16. LONG-TERM DEBTS

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

Under the loan contracts, the Company provided buildings and shares of Giantplus Technology Co., Ltd. and Orise Technology Co., Ltd. as collaterals for the above loans (Note 25). The loan contracts require the Company to maintain certain financial ratios (debt ratio, current ratio and restriction in net tangible assets in 2012; debt ratio, current ratio, times interest-earned ratio and financing provided in 2011) on the basis of semiannual and annual consolidated financial statements. However, the Company's not being able to meet the ratio requirement is not deemed to be a violation of the contracts. As of December 31, 2012 and 2011, the Company was in compliance with these financial ratio requirements.

17. PENSION PLAN

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

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

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

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

Other information on the defined pension plan is as follows:

a. Components of net pension costs

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

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

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

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

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

18. PARENT'S SHAREHOLDERS' EQUITY

a. Employee stock option plan

On September 11, 2007, the Securities and Futures Bureau approved the Company's adoption of an employee stock option plan ("2007 plan"). The plan provides for the grant of 25,000 thousand options in 2007 plan, with each unit representing one common share. The option rights are granted to qualified employees of the Company and subsidiaries. A total of 25,000 thousand common shares have been reserved for issuance. The options are valid for six years and exercisable at certain percentages after the second anniversary of the grant date. Stock option rights are granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. If the Company's paid-in-capital changes, the exercise price is adjusted accordingly. All options had been granted or canceled as of December 31, 2011.

Outstanding option rights were as follows:

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

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

As of December 31, 2012, the outstanding and exercisable options were as follows:

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

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

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

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

b. Global depositary receipts

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

c. Capital surplus

Under the Company Law, capital surplus may be used to offset a deficit. The capital surplus from shares issued in excess of par (including the stock issued for new capital and mergers and surplus arising from treasury stocks transactions) may be capitalized within a certain percentage of the Company's paid-in capital. Under the revised Company Law issued on January 4, 2012, the foregoing capital surplus may also be distributed in cash. However, the capital surplus from long-term investments may not be used for any purpose.

d. Appropriation of earnings and dividends

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

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

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

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

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

Under the ROC Company Law, legal reserve should be appropriated until the reserve equals Sunplus's paid-in capital. This reserve may be used to offset a deficit. In addition, when the legal reserve exceeds 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

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

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

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

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

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

Unrealized Gain or Loss on Financial Instruments

In 2012 and 2011 movement of unrealized gain or loss on financial instrument were as follows:

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

19. TREASURY STOCK (COMMON STOCK)

Units: Shares in Thousands

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

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

Under the Securities and Exchange Act, Sunplus should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote. On March 1, 2010, the Board of Directors approved a plan to repurchase shares up to 20,000 thousand shares of Sunplus between March 1, 2011 and April 30, 2011, with the buyback price ranging from NT\$16.00 to NT\$22.00. As of April 30, 2012, Sunplus had bought back 4,915 thousand shares for \$91,835 thousand. The subsidiaries holding treasury shares retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

20. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

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

21. INCOME TAX

- a. Income tax expense consisted of the following:

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

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

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

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

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

(Continued)

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

(Concluded)

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

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

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

Project	Tax Exemption Period
<u>Sunplus</u>	
Eighth expansion	January 1, 2010 to December 31, 2014
Ninth expansion	January 3, 2007 to January 2, 2012
Tenth expansion	August 31, 2006 to August 30, 2011
Eleventh expansion	January 1, 2008 to December 31, 2012
Twelfth expansion	January 1, 2009 to December 31, 2013
Thirteenth expansion	January 1, 2010 to December 31, 2014
<u>Generalplus</u>	
Second expansion	January 1, 2008 to December 31, 2012
Third expansion	January 1, 2009 to December 31, 2013
Fourth expansion	January 1, 2010 to December 31, 2014
<u>Sunext</u>	
Expansion	January 1, 2009 to December 31, 2013

(Continued)

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

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

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

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

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

For the distribution of earnings generated after January 1, 1998, the imputation credits allocable to shareholders of Sunplus is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2010 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

22. CONSOLIDATED EARNINGS PER SHARE

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

The employee stock options stated in Note 18 represent potential common stock. Thus, the Company tested the effects of employee stock options by the treasury method in accordance with Statement of Financial Accounting Standards No. 24 - "Earnings Per Share." The test showed the stock options were anti-dilutive for 2012 and 2011. As a result, the potential common shares were excluded from the calculation of diluted E/LPS.

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

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments were as follows:

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

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

- 1) For cash, certificate of deposit - restricted, notes and accounts receivable, other receivables, short-term loans, and notes and accounts payable, the carrying amounts reported in the balance sheets approximate their fair values because of their short maturities.
- 2) Fair values of financial assets at fair value through profit or loss and available-for-sale financial assets are based on their quoted prices in active markets. For instruments not traded in active markets and derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions that are consistent with prevailing market conditions.

- 3) Investments in debt security with no active market are estimated on amortization cost. Therefore, the book value is equivalent to fair value.
 - 4) Financial assets carried at cost had no quoted prices in an active market and entailed an unreasonably high cost to obtain verifiable fair values. Therefore, no fair value was presented.
 - 5) The fair values of long-term bank loans are estimated using the present value of future cash flows discounted at interest rates the Company may obtain for similar loans (e.g., similar maturities). The fair values of long-term bank loans with floating interest rates are equivalent to their carrying values.
- c. The Company did not use derivative contracts in 2012 and 2011.
 - d. As of December 31, 2012 and 2011, financial assets exposed to cash flow interest rate risk amounted to \$1,464,435 thousand and \$2,077,914 thousand, respectively; financial assets exposed to fair value interest rate risk amounted to \$3,113,088 thousand and \$2,814,688 thousand, respectively; financial liabilities exposed to fair value interest rate risk amounted to \$340,788 thousand and \$776,912 thousand, respectively; and financial liabilities exposed to cash flow interest rate risk amounted to \$2,010,407 thousand and \$431,700 thousand, respectively.
 - e. In 2012 and 2011, on financial assets other than financial assets at fair value through profit or loss, interest incomes were \$44,695 thousand and \$39,313 thousand, respectively, and interest expenses were \$39,896 thousand and \$29,399 thousand, respectively.
 - f. Financial risks
 - 1) Market risk. The financial instruments held by the Company are exposed to interest rate, foreign exchange rate and price risks.
 - 2) Credit risk. The Company will incur a loss if the counter-parties or third-parties breach financial instrument contracts. Contracts with positive fair values on the balance sheet date are evaluated for credit risk. The counter-parties or third-parties to the foregoing contracts are reputable financial institutions and business organizations. Management believes that the Company's exposure to default by those parties is low.
 - 3) Liquidity risk. Investments in held-for-trading and available-for-sale security investments are expected to be settled readily at amounts approximating their fair values in active markets. However, the Company also has some equity-method investments with no quoted market prices in an active market, which are expected to have material liquidity risk.
 - 4) Interest rate risk. Some short-term bank loans and long-term bank loans bear floating interest rates. Thus, the fluctuations of market interest rates will affect the Company's future cash flows.

24. RELATED-PARTY TRANSACTIONS

The Company's related parties were as follows:

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

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

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

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

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Purchase				
HT mMobile	<u>\$ 1,210</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Operating expenses				
HT mMobile	\$ 6,328	-	\$ 268	-
Orise	<u>168</u>	<u>-</u>	<u>5</u>	<u>-</u>
	<u>\$ 6,496</u>	<u>-</u>	<u>\$ 273</u>	<u>-</u>

The terms of rental payments and the collections on lease contracts with related parties were similar to those with third parties.

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

	Years Ended December 31			
	2012		2011	
	Amount	%	Amount	%
Nonoperating income and gains				
HT mMobile	\$ 8,539	4	\$ 24,945	5
Orise	<u>962</u>	<u>-</u>	<u>2,842</u>	<u>-</u>
	<u>\$ 9,501</u>	<u>4</u>	<u>\$ 27,787</u>	<u>5</u>

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

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

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

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

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

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

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

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

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

Compensation of directors, supervisors and management personnel:

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

25. PLEDGED OR MORTGAGED ASSETS

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

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

26. SIGNIFICANT LONG-TERM OPERATING LEASES

Sunplus

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

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

Future annual minimum rentals under the leases are as follows:

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

Sunplus Innovation

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

The future lease payables are as follows:

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

Generalplus

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

Future annual minimum rentals under the leases are as follows:

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

Sunext

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

The future lease payments are as follows:

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

i Catch Technology, Inc. (“i Catch”)

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

The future lease payments are as follows:

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

27. OTHERS

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

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

28. ADDITIONAL DISCLOSURES

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

- a. Endorsement/guarantee provided: Table 1 (attached)
- b. Financings provided: Table 2 (attached)
- c. Marketable securities held: Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- e. Names, locations, and related information of investees on which the Company exercises significant influence: Table 5 (attached)
- f. Information on investment in Mainland China: Table 6 (attached)
- g. Intercompany relationships and significant intercompany transactions: Table 7 (attached)

29. SEGMENT INFORMATION

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

- a. Revenue from major products and services

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

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

b. Geographical Information

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

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

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

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

30. PLAN FOR THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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

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

(Continued)

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

(Concluded)

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

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

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

(Continued)

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

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

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

3) Reconciliation of consolidated statement of comprehensive income for 2012

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

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

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

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

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

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

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

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

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

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

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

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

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

d) Employee benefits - corridor approach

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

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

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

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

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

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

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED

YEAR ENDED DECEMBER 31, 2012

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

FINANCINGS PROVIDED

NINE MONTHS ENDED DECEMBER 31, 2012

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

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

Note 1: Short-term financing.

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

Note 14: Self-developed technology.

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

(Concluded)

TABLE 3

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2012

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

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

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

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

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

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

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

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

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

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2012

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

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

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

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

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

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

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

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

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

DECEMBER 31, 2012

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

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

(Continued)

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

YEAR ENDED DECEMBER 31, 2012

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

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

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

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

Generalplus Technology (Nature of Relationship: 1)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Generalplus Shenzhen	Data processing service	US\$ 7,200 thousand	Note 1	US\$ 7,200 thousand	US\$ - thousand	\$ - thousand	US\$ 7,200 thousand	100%	US\$ 370 thousand	US\$ 3,862 thousand	US\$ - thousand

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

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

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

Sunext Technology (Nature of Relationship: 2)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2012	% Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Value as of December 31, 2012	Accumulated Inward Remittance of Earnings as of December 31, 2012
					Outflow	Inflow					
Sunext Technology (Shanghai)	Design of magnetic disc and software	US\$ 750 thousand	Note 1	US\$ 750 thousand	\$ -	\$ -	US\$ 750 thousand	Note 3	US\$ - thousand	US\$ - thousand	US\$ - thousand

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

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

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

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

(Concluded)

SUNPLUS TECHNOLOGY COMPANY LIMITED AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS

YEARS ENDED DECEMBER 31, 2012 and 2011

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

1. Year ended December 31, 2012

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets
			Financial Statements Account Item	Amount	Terms	
Sunplus Technology Co., Ltd.	Generalplus Technology Corp.	1	Sales Nonoperating income and gains Notes and accounts receivables Other receivables Research and development	\$ 13,628 1,480 1,496 1,985 3	Note 1 Note 2 Note 1 Note 3 Note 2	0.15% 0.02% 0.01% 0.01% -
	Sunext Technology Co., Ltd.	1	Sales Cost of sales Nonoperating income and gains Notes and accounts receivables Other receivables Account payable	2,642 454 2,223 488 1,036 213	Note 1 Note 1 Note 2 and 4 Note 1 Note 3 Note 3	0.03% 0.01% 0.02% - 0.01% -
	Sunplus Core Technology Co., Ltd.	1	General and administrative Nonoperating income and gains	188 283	Note 2 Notes 2	- -
	Sunplus mMobile	1	Nonoperating income and gains Other receivables	3,138 181,018	Note 2 Note 3	0.04% 1.16%
	Sunplus Innovation Technology Inc.	1	Sales General and administrative Research and development Nonoperating income and gains Notes and accounts receivables Other receivables	385 16 2 6,730 96 1,177	Note 1 Note 2 Note 2 Note 2 Note 1 Note 3	- - - 0.08% - 0.01%
Sunplus Technology Co., Ltd.	iCatch Technology, Inc.	1	Sales Nonoperating income and gains Notes and accounts receivables Other receivables General and administrative	3,884 11,685 309 2,985 62	Note 1 Notes 2 and 4 Note 1 Note 3 Note 2	0.04% 0.13% - 0.02% -
	Sunplus Technology (H.K.) Co., Ltd.	1	Marketing expenses	1,839	Note 2	0.02%
Sunext Technology Co., Ltd.	iCatch Technology, Inc.	3	Research and development	1,497	Note 2	0.02%
Sunplus Innovation Technology Inc.	Sunplus Technology (Shanghai) Co., Ltd.	3	Marketing expenses	9	Note 2	-
	Sunplus App Technology Co., Ltd.	3	Sales	116	Note 1	-
	SunMedia Technology Co., Ltd.	2	Marketing expenses Accrued expense	1,120 1,120	Note 2 Note 3	0.01% 0.01%

(Continued)

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

(Concluded)

2. Year ended December 31, 2011

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

(Continued)

Company Name	Counter-Party	Flow of Transactions (Note 5)	Intercompany Transactions			
			Financial Statements Account Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets
Sunplus Innovation Technology Inc.	SunMedia Technology Co., Ltd.	3	Research and development	409	Note 2	-
			Accrued Expense	409	Note 3	-
	Sunplus Technology (Shanghai) Co., Ltd.	3	Other current liabilities	9	Note 3	-
	Sunplus App Technology	3	Sales	74	Note 1	-
Sunplus Core Technology Co., Ltd.	SunMedia Technology Co., Ltd.	3	Research and development	987	Note 2	0.01%
Generalplus Technology Corp.	Generalplus Technology (H.K.) Corp.	3	Marketing expenses	15,964	Note 2	0.17%
			Accrued expense	2,870	Note 3	0.02%
	Sunplus Innovation Technology Inc.	3	Marketing expenses	7,467	Note 2	0.08%
			Accrued expense	7,166	Note 3	0.05%
			Intangible assets	12,578	Note 2	0.09%
	Sunplus mMedia Inc.	3	Marketing expenses	22,359	Note 2	0.24%
			Research and development	36,439	Note 2	0.39%
			Intangible assets	72,878	Note 2	0.52%
Generalplus Technology (Shenzhen) Corp.	3	Accrued expense	9,366	Note 3	0.07%	
		Research and development	123,696	Note 2	1.31%	
SunMedia Technology Co., Ltd.	Ytrip Technology Co., Ltd.	3	Accrued expense	31,920	Note 3	0.23%
SunMedia Technology Co., Ltd.	Ytrip Technology Co., Ltd.	3	Other Receivables	971	Note 3	-
iCatch Technology, Inc.	Sunplus Pro-tek (Shenzhen) Co., Ltd.	3	Marketing Expense	15,969	Note 2	0.07%
			Accrued expense	1,362	Note 3	-
	SunMedia Technology Co., Ltd.	3	Marketing Expense	7,801	Note 2	0.08%
Sunplus Technology (Shanghai) Co., Ltd.	Sunext Technology (Shanghai)	3	Sales	887	Note 1	-
	Generalplus Technology (Shenzhen) Corp.	3	Sales	9,961	Note 1	0.11%

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

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

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

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

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

(Concluded)