



WIN Semiconductors Corp.
2013 Annual General Shareholders' Meeting Minutes
(Translation)

Time: 9:00 a.m., June 10, Monday, 2013

Place: 2F, No. 68, Wuner 1st St., Gueishan Township, Taoyuan County
(Fullon Hotel Linkou)

Attending Shareholders: The total number of shares represented by shareholders attending the meeting in person or by proxy is 539,723,783 shares, representing 71.25% of the total number of issued shares of the Company (i.e. 757,497,048 shares)

Chairman: Dennis Chen

Record: Joe Tsen

I. As the number of shares represented by attending shareholder has reached the required quorum for shareholders' meeting, the chairman declares the shareholders' meeting begins.

II. Chairman's Speech: (Omitted)

III. Report Items:

1. 2012 business report (see Attachment I)
2. 2012 supervisors' report (see Attachment II)
3. The status report of investments (see Attachment III)
4. The adjustments of retained earnings arisen from first-time adoption of IFRS and the appropriation of special reserves caused by optional exemption adopted under IFRS 1 "First-time Adoption of International Financial Reporting Standards" (see Attachment IV)
5. Changing estimates of service life of M&E to 5 years from 2013 (see Attachment V)
6. Amendment to the Company's "Rules and Procedures of Board of Directors Meetings" (see Attachment VI)

7. The status of the meeting proposals and nominations of independent director candidates by shareholders (see Attachment VII)
8. Other report item: None

IV. Proposed Items:

Proposal 1: Proposed by the Board
Adoption of the 2012 business report and financial statements.

Explanation:

- (1) The Company's Financial Statements, including the balance sheets, statements of operations, statement of changes in shareholders' equity, and statements of cash flows, were audited by independent auditors, Fion Chen and Agnes Yang of KPMG. Also the Business Report and Financial Statements have been approved by the Board on March 22, 2013 and have been examined by the supervisors of the Company.
- (2) The 2012 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached hereto as Attachments I, VIII and IX.

Resolution: All attending shareholders unanimously agree to pass the proposal.

Proposal 2: Proposed by the Board
Adoption of the proposal for distribution of 2012 profits.

Explanation:

- (1) The Board has adopted a proposal for distribution of 2012 profits. The 2012 profit allocation proposal is attached hereto as Attachment X.
- (2) The proposed profit distribution for employee cash bonus is NT\$167,000,000 and directors' and supervisors' cash compensation is NT\$ 50,100,000.
- (3) The proposed dividend to shareholders is NT\$ 1,136,245,572, each common share holder will be entitled to receive a cash dividend of NT\$1.5 per share. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Chairman of the Board be authorized to resolve the ex-dividend date.
- (4) The total amount of common shares outstanding may change and the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly should WIN subsequently repurchase its common shares or issue new common shares to its employees as a result of their exercise of stock options. It is proposed that the Chairman of the Board of Directors of WIN be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of

actual common shares outstanding on the record date for distribution.

Resolution: All attending shareholders unanimously agree to pass the proposal.

V. Discussion and Election Items:

Proposal 1: Proposed by the Board
Amendment to the Company's "Procedures for Lending Funds to Other Parties".

Explanation:

- (1) The Financial Supervisory Commission amended its "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies". Therefore, WIN's "Procedures for Lending Funds to Other Parties" should be amended to reflect the regulatory changes.
- (2) The proposed amendments to the Procedures for Lending Funds to Other Parties is attached hereto as Attachment XI.

Resolution: All attending shareholders unanimously agree to pass the proposal.

Proposal:2: Proposed by the Board
Election of Board and Supervisors.

Explanation:

- (1) The Corporation shall have seven Directors (including two independent directors) and three Supervisors, who shall be elected by the shareholders' meeting among any persons with legal ability to act. The tenure of all Directors and Supervisors expires on June 23, 2013. The Board of Directors resolved that all Directors and Supervisors will be elected at this Annual General Shareholders' Meeting.
- (2) The tenure of newly elected directors and supervisors shall commence on June 10, 2013 and expire on June 9, 2016.
- (3) According to the relevant regulations, the election of independent directors is conducted under the "candidate nomination system". The independent directors shall be elected from the nominated candidates. The independent director candidates' academic background, experiences and relevant information were reviewed by the Board meeting on April 29, 2013 and attached hereto as Attachment XII.

Voting Result: Seven directors (including two independent directors) and three supervisors were elected by the shareholders present. The tenure of the newly elected directors and supervisors commences on June 10, 2013 and shall expire on June 9, 2016. The newly elected directors and supervisors with votes received are listed as follows:

Title	Shareholder's No. (ID No.)	Name	Votes Received
Director	73	Dennis Chen	686,459,429
Director	2349	Cheng-Huei Wang	493,719,982
Director	153	Yu-Chi Wang	605,947,011
Director	3643	William Chang	510,626,367
Director	74	Steve Chen	502,174,685
Independent Director	G100778****	Chao-Shun Chang	148,774,260
Independent Director	F122263****	Wei-Lin Wang	145,877,372
Supervisor	1	International Fiber Technology Co., Ltd.-Representative: Shih-Chuan Hsieh	406,387,323
Supervisor	A202352****	Mei-Lan Wang	404,576,172
Supervisor	R100769****	Cheng-Li Huang	400,676,760

Proposal 3: Proposed by the Board
 Proposal for removal of "restriction on Board members over competing business involvement".

Explanation:

- (1) According to Article 209 of the Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) The newly elected directors of the Company who participate in the operations of another company, that engages in the same or similar business scope as the Company hereby requests the shareholders' approval to release these directors and their proxies from the non-competition restrictions.

Supplemental Explanation:

Director Position in Other Companies of Newly Elected Directors

Name	Director Position in Other Companies	
Dennis Chen	Inventec Energy Corporation WinMEMS Technologies Co., Ltd. HIWIN Technologies Corp. Namchow Chemical Industrial Co., Ltd. Inventec Solar Energy Corporation Kinsus Interconnect Technology Corp. Tong Hsing Electronic Ind, Ltd.	Chairman Director Vice Chairman Director Director Independent Director Independent Director

Name	Director Position in Other Companies	
Dennis Chen	Shin Sheng III Venture Capital Investment Corporation Navigator Business Publications Co., Ltd. Namchow (British Virgin Islands) Ltd. Nacia International Corp. Shanghai Paulaner Restaurant & Drink Co., Ltd. Ting Hao (Cayman Islands) Holding Corp. Tianjin Namchow Oil & Fat Co., Ltd. Namchow (Thailand) Ltd. Shanghai Qiaohao Trading Co., Ltd. Tianjin Yoshi Yoshi Co., Ltd. Guangzhon Namchow Oil & Fat Co., Ltd. Mostro (Tailand) Ltd. Hiwin Corporation, U.S.A. ITEQ Corporation	Director Representative Director Representative Director Director Director Director Director Director Director Director Director Director Director Director
Cheng-Huei Wang	Inventec Multimedia & Telecom Corporation Inventec Multimedia & Telecom (Cayman) Corporation	Chairman Director Representative
Yu-Chi Wang	None	None
William Chang	None	None
Steve Chen	None	None

Director Position in Other Companies of Newly Elected Independent Directors

Name	Director Position in Other Companies	
Chao-Shun Chang	ACE Venture Consulting Corporation Formosa Laboratories, Inc. Taiwan Styrene Monomer Corporation	Chairman Independent Director Director
Wei-Ling Wang	Young Fast Optoelectronics Co., Ltd. Capital Futures Corporation ANT Precision Industry Co. Ltd.	Independent Director Independent Director Independent Director

Resolution: All attending shareholders unanimously agree to pass the proposal.

VI. Special Motions: None

VII. Adjournment: At 9:35a.m. of June 10, 2013.

ATTACHMENT I: 2012 BUSINESS REPORT

Global economies experienced significant turbulence throughout 2012, with the on-going European debt crisis and uncertainty surrounding the US fiscal cliff slowing economic momentum late in the year. Based on estimates from the Chinese Institute of Economic Research, the 2012 global economic growth rate was only 1.19%. In contrast to the muted global growth in 2012, the GaAs industry expanded at a much faster pace as a result of continued strong demand for smartphones and tablets, increased penetration of 3G-networks and the growth of 4G LTE services in the US. Additionally, the increased use of Wi-Fi and Bluetooth technologies, stable growth in cellular base stations and backhaul networks along with increased demand for RF components used in fiber-optic and satellite communications also contributed to growth in the GaAs industry. According to estimates from IDC, the growth rate of global mobile phone shipments in 2012 was only 1.4%, however, sales of smartphones grew 45% during the same period with shipments increasing to 717million units from 494 million the previous year.

In 2012, WIN achieved record high sales, exceeding 10-billion NT\$ revenue for the first time. Our sustained revenue growth comes from WIN's highly successful business model that supports diversified technologies, products and applications, as well as our advantage in manufacturing scale and unique market position. According to Strategy Analytics, WIN captured a 62.4% market share of the GaAs foundry industry in 2012.

2012 operating results and 2013 outlook are reported as follows:

A. Operating Performance in 2012

1. Operating Performance

The Company's 2012 non-consolidated revenues totaled NT\$11,066,244 thousand, representing an increase of 26.78% compared to the year 2011. 2012 net income was NT\$ 1,647,529 thousand, representing an increase of 28.85% compared to the prior year, and EPS for 2012 was NT\$2.45.

2. Analysis of Receipts, Expenditures, and Profitability

Unit: NT\$ thousands; %

Items		2012	2011
Interest Income & Interest Expense	Interest Income	4,570	800
	Interest Expense	102,946	58,346
Profitability	Return on Total Assets (%)	8.22	7.93
	Return on Stockholders' Equity (%)	13.47	13.52

Items		2012	2011
	Ratio to Issued Capital (%)	31.86	25.73
	Operating Income Pre-tax Income	25.57	18.03
Profit Ratio (%)		14.89	14.65
Earnings per Share (\$)		2.45	2.04

3. Budget Implementation

The Company is not required to make public its 2012 financial forecast information; however, the Board of Directors approved the budget plan and the overall operating plan is in good condition.

4. Research and Development Status

As the world's largest six-inch GaAs wafer foundry with two state-of-the-art production facilities and a wide range of technical capabilities, WIN provides customers with market leading foundry services for the manufacturing of HBT and pHEMT monolithic microwave integrated circuits (MMICs). WIN's 7/24 non-stop production line provides customers with not only state-of-the-art semiconductor manufacturing technology but also design layout services and wafer-level automated circuit testing services. WIN's technology covers operating frequencies ranging from 0.1 to 100 GHz and meet most product needs of this fast-growing market. For example, HBT can be used in mobile phones, low-frequency wireless products, as well as wireless LAN applications. Our pHEMT technologies can be applied to the Local Multipoint Distribution (LMDS) market, radar applications for the Aerospace and Defense segment as well as meeting stringent performance requirements for switching applications in mobile phones and wireless LAN products. Furthermore, both our HBT and pHEMT technologies have already been widely incorporated into the optical fiber products critical to high-speed networks. In addition to our comprehensive portfolio of internally developed technologies, WIN also collaborates with strategic partners to develop customized technology solutions and provide these select customers with a market advantage. To sustain WIN's future growth, WIN continually invests in R & D activities to improve product quality and manufacturing yields, while also developing new technology platforms required for the next generation of MMIC products. This constant investment in operational and technological improvements has made WIN the preferred provider of GaAs foundry services.

B. Business Plan in 2013

Recently, several economic indicators suggest a stabilization of the global economy with some signs of improvement, and many research institutions have

also raised their forecast for economic growth. For instance, the DGBAS forecasts global economic growth will reach 3.6% in 2013. Gallium arsenide market demand for 2013 is expected to grow along with the global economic recovery driven by increasing sales of complex handheld devices, greater 3G-network penetration, and the adoption of 4G LTE as a global standard. Additional growth drivers for GaAs products are the inclusion of high-performance Wi-Fi as standard in most smartphones and the accelerating replacement of feature phones with introductory smartphone products. In particular, global smartphone and 4G LTE phone shipments are expected to be the fastest growing segments, and IDC predicts that the compound annual growth rate (CAGR) for global smartphone shipments will be 23.2% from 2011 through 2016, and the CAGR for LTE phones will be 108.6% for the same period.

The company's operating principle is to provide our global wireless communications customers with complete GaAs foundry solutions. The company sets the pursuit of excellence along with social responsibility as our mission. WIN adheres to the core values of integrity, innovation, discipline and efficiency. Production and marketing policy is to continually provide diversified technologies, production capacity and cost advantages to fulfill end market requirements and to maintain close cooperative relationships amongst the entire supply chain. By taking this approach WIN today manufactures critical RF components used across the entire wireless market; from the latest and most advanced handsets, Wi-Fi modules, cellular base stations, fiber optic networks and satellite systems, to the next generation of RF applications, WIN has the strategy, capacity and technology required by our customers to be their preferred outsourcing partner.

To maintain and expand our market position, the company will continue to devote more resources to drive technology innovation, quality improvement, and manufacturing cost reduction. This will be achieved by investing in advanced process technologies that will allow WIN to expand the scope of its foundry services and markets in the pursuit of not only yearly growth of sales and production volume, but also profitability and bring superior returns to our shareholders.

C. Development Strategy

In the last decade the environment of the wireless industry has changed rapidly, and the speed at which new products are introduced is faster than ever. Also, industry demand patterns have shifted, with seasonality now dominated by new product introduction instead of the traditional holiday shopping season, which influences both consumer behavior and that of the supply chain. In response to this

rapid change, WIN's strategy is to focus on providing total manufacturing solutions to our customers by developing advanced foundry technologies and services to meet customer needs. This intense focus provides significant added value for our customers, creating a differentiation in service instead of just price competition. Providing significant additional value added services enables WIN to develop deep and strong partnerships with our customers, resulting in high barriers to competition and expansion of WIN's leading position in the industry. WIN strictly adheres to the pure-play foundry model and provides integration services to magnify WIN's core competitiveness and help our customers reduce their time to market. This unique market position enables WIN to have strong partnerships with all of the GaAs IDM's and fabless design houses, thereby insulating our own operation from the risks of market volatility.

D. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Environment

Competition is a key factor in driving company growth. WIN has been in a highly competitive environment for a long time and we constantly challenge ourselves to remain a market leader and improve our position in the industry. The volatility of the industry and changes in laws and cross-country regulations makes the business environment more challenging than ever. WIN will maintain its flexibility and efficiency in operations, adherence to effective cost controls and strengthen strategic customer relationships to maintain our long-term competitiveness.

Sincerely yours,

Dennis Chen

Chairman & President

Yu-Chi Wang

CEO

Linna Su

Accounting Officer

WIN Semiconductors Corp.

ATTACHMENT II: 2012 SUPERVISORS' REPORT

2012 SUPERVISORS' REPORT

The Board of Directors has prepared and submitted to us the Company's 2012 Business Report, Financial Statements, Consolidated Financial Statements, and proposal for allocation of profits. The CPA firm of KPMG was retained to audit WIN's Financial Statements and Consolidated Financial Statements and has issued an audit report relating to the Financial Statements and Consolidated Financial Statements. The Business Report, Financial Statements, Consolidated Financial Statements, and proposal for allocation of profits have been reviewed and determined to be correct and accurate by us, supervisors of WIN Semiconductors Corp. According to article 219 of the Company Law, we hereby submit this report.

WIN Semiconductors Corp.
Supervisors

Mei-Lan Wang

Cheng-Li Huang

International Fiber Technology Co, Ltd.
Representative: Shih-Chuan Hsieh

March 22, 2013

2012 SUPERVISORS' REPORT

The Board of Directors has prepared and submitted to us the Company's revised proposal for allocation of profits. The revised proposal for allocation of profits has been reviewed and determined to be correct and accurate by us, supervisors of WIN Semiconductors Corp. According to article 219 of the Company Law, we hereby submit this report.

**WIN Semiconductors Corp.
Supervisors**

Mei-Lan Wang

Cheng-Li Huang

*International Fiber Technology Co, Ltd.
Representative: Shih-Chuan Hsieh*

April 29, 2013

ATTACHMENT III: THE STATUS REPORT OF INVESTMENTS

WIN Semiconductors Corp.

Date: December 31, 2012

Securities Type and Name	Shares (in thou- sands)	Carrying val- ue (NT\$ in thou- sands)	Percentage of owner- ship (%)	Market value (NT\$ in thousands)	Remark
Pegatron Corporation / Stock	323	12,129	0.01	12,129	
EPISTAR Corporation / Stock	16,006	843,516	1.72	843,516	
I-Chiun Precision Industry Co., Ltd. / Convertible Bond	250	25,075	-	25,075	
Fuh Hwa Yu Li Money Market Fund	7,635	100,057	-	100,057	
Allianz Global Investors Taiwan Money Market Fund	4,113	50,003	-	50,003	
Union Money Market Fund	10,142	130,101	-	130,101	
Capital Money Market Fund	7,668	120,101	-	120,101	
Polaris De-Bao Money Market Securities Investment Trust Fund	6,863	80,112	-	80,112	
Allianz Global Investors All Sea- sons Return Fund of Fund	7,239	100,076	-	100,076	
ING Taiwan Money Market Fund	2,524	40,002	-	40,002	
ITEQ CORPORATION / Stock	9,298	275,677	2.80	275,677	
MAG. LAYERS Scienif- ic-Technics Co., Ltd. / Stock	1,931	72,393	2.44	72,393	
Solar Applied Materials Technol- ogy Corp. / Stock	400	14,160	0.10	14,160	
Speed Tech Corp. / Stock	12,591	149,838	9.20	149,838	
Tainergy Tech Co., Ltd. / Stock	7,130	70,589	3.46	70,589	
Shin Sheng III Venture Capital Investment Corp. / Stock	15,000	150,000	11.03	(Note 1)	
Inventec Solar Energy Corpora- tion / Stock	33,000	186,151	11.00	(Note 1)	
IntelliEPI Inc. (Cayman) / Stock	500	5,306	1.93	(Note 1)	
WIN SEMI. USA, INC. / Stock	1,000	8,969	100.00	8,969	(Note 2)
Win Semiconductors Cayman Islands Co., Ltd. / Stock	7,000	308,685	100.00	308,685	(Note 2)
Inventec Energy Corporation / Stock	42,589	324,861	44.36	324,861	(Note 2)
Bright Led Electronics Corp. / Convertible Bond	4	360,000	-	(Note 3)	
MagiCap Venture Capital Co., Ltd. / Preferred Stock	20,000	200,000	18.26	(Note 1)	
Total		3,627,801			

Note 1: The stock is not publicly traded, and has no active market price.

Note 2: The stock is not publicly traded, and has no active market price. Disclosure of the investment of the net equity.

Note 3: The convertible bond was purchased privately, and had no active market price.

**ATTACHMENT IV: THE ADJUSTMENTS OF RETAINED EARNINGS
ARISEN FROM FIRST-TIME ADOPTION OF IFRS AND THE
APPROPRIATION OF SPECIAL RESERVES CAUSED BY OPTIONAL
EX-EMPTION ADOPTED UNDER IFRS 1 “FIRST-TIME ADOPTION OF
INTERNATIONAL FINANCIAL REPORTING STANDARDS”**

Explanation:

1. The financial statements have been prepared in accordance with the IFRS approved by FSC resulting in a increase of retained earnings amounted to NT\$ 149,313 thousand on January 1, 2012 (conversion date) and the accumulated increase of retained earnings amounted to NT\$ 48,655 thousand on January 1, 2013.
2. The Company does not adopt the optional exemptions, which are transferring the unrealized revaluation increment and gain on cumulative translation adjustment into retained earnings, under IFRS 1 “First-time Adoption of International Financial Reporting Standards”. In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, the Company does not need to reclassify as a special reserve from retained earnings regarding to the aforementioned exemptions on January 1, 2013.

ATTACHMENT V: CHANGING ESTIMATES OF SERVICE LIFE OF M&E TO 5 YEARS FROM 2013

Explanation:

The estimates of service life for partial machinery and equipment are changed in considering the regulatory requirement of financial statement in compliance with IFRS from 2013 and Guidelines for Preparation of Financial Statements by Securities Issuers amended as of December 22, 2011 as well as the prevailing circumstances of industry. While 6” GaAs wafer fabrication technology has been commercialized for more than 15 years, WIN Semiconductors was dedicated to developing advanced GaAs wafer manufacturing process for over 13 years, its technology is getting mature, and given advantages of booming smart phone and wireless communication business, it is expected GaAs manufacturing industry will be upgraded to more advanced wafer processing technologies in the future.

For past 10 years, WIN Semiconductors’ annual depreciation expense for machinery and equipment was computed by applying life time estimates based on then situation and real lifespan ranging from 5 to 10 years. To avoid the risk of one-time significant loss of disposal or obsolescence of the assets arising from the future fast improvement of manufacturing technology of the industry, it is considered that the original estimates of service life require revision. After reviewing status of existing machinery and equipment in its wafer fabs and characteristics of semiconductor industry, beginning 2013, WIN Semiconductors will reduce the estimated service life of its partial machinery and equipment to 5 years. The determination is made in an effort to reflect substantial cost effectiveness consideration and is consistent with evaluation principles of semiconductor industry.

As a result of the change of accounting estimate, the depreciation expense for 2013 will increase around NT\$464 million.

**ATTACHMENT VI: REVISIONS TO RULES AND PROCEDURES OF
BOARD OF DIRECTORS MEETINGS**

Mark-up and Clean Revisions

MARK-UP VERSION	CLEAN VERSION
<p>Article 4 (Meeting Notices and Meeting Materials) Paragraph 2 The written notice of convening a Board Meetings shall state the subjects and reasons, and shall be sent to each member of the Board of Directors and the Supervisors of the Company seven calendar days prior to a Board Meeting. In emergency circumstances, however, the Board Meetings can be called anytime. The notice set forth in the preceding paragraph may be effected by means of post, fax or electronic transmission, <u>after obtaining prior consent from the recipients thereof.</u></p>	<p>Article 4 (Meeting Notices and Meeting Materials) Paragraph 2 The written notice of convening a Board Meetings shall state the subjects and reasons, and shall be sent to each member of the Board of Directors and the Supervisors of the Company seven calendar days prior to a Board Meeting. In emergency circumstances, however, the Board Meetings can be called anytime. The notice set forth in the preceding paragraph may be effected by means of post, fax or electronic transmission, after obtaining prior consent from the recipients thereof.</p>
<p>Article 8 (Meeting Materials, Other Attendants and Convention of Board Meetings) Paragraph 2 When holding the Board Meetings, the Company may, as necessary for the meeting agenda, notify non-director managers personnel of relevant departments or subsidiaries to attend the Board Meetings as nonvoting participants. When necessary, the Company may also invite certificated public accountants, attorneys, or other professionals to attend <u>as nonvoting participants and to make explanatory statements, provided that they shall leave the Meeting when deliberation or voting takes place.</u></p>	<p>Article 8 (Meeting Materials, Other Attendants and Convention of Board Meetings) Paragraph 2 When holding the Board Meetings, the Company may, as necessary for the meeting agenda, notify personnel of relevant departments or subsidiaries to attend the Board Meetings as nonvoting participants. When necessary, the Company may also invite certificated public accountants, attorneys, or other professionals to attend as nonvoting participants and to make explanatory statements, provided that they shall leave the Meeting when deliberation or voting takes place.</p>
<p>Article 12 (Matters to be Discussed in the Board Meetings) The following matters are required to be submitted to the Board of Directors for discussion: (1) Business plans of the Company; (2) Annual and semi-annual financial reports, <u>with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited by a certified</u></p>	<p>Article 12 (Matters to be Discussed in the Board Meetings) The following matters are required to be submitted to the Board of Directors for discussion: (1) Business plans of the Company; (2) Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be audited by a certified</p>

MARK-UP VERSION	CLEAN VERSION
<p>public accountant (CPA);</p> <p>(3) Establishment or amendment of the internal control system of the Company pursuant to Article 14-1 of the Securities and Exchange Act (the “Act”);</p> <p>(4) Establishment or amendment of the procedures of material financial or business transactions, i.e. acquisition or disposal of assets, transactions of derivatives, and lending funds or providing endorsements and/or guarantees to other parties, pursuant to Article 36-1 of the Act.</p> <p>(5) The offering, issuance, or private placement of any equity-related securities;</p> <p>(6) The appointment or discharge of the financial, accounting, or internal auditing officer;</p> <p>(7) Remuneration suggestion provided by Compensation Committee;</p> <p><u>(8) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board Meetings for retroactive recognition.</u></p> <p>(9) Matters set forth in Article 14-3 of the Act, or any other matters to be approved by the shareholders’ meeting of the Company or by the Board of Directors of the Company pursuant to laws and regulations or the Articles of Incorporation of the Company, or material matters so required by the competent authorities.</p> <p><u>The term “related party” in the eighth subparagraph of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-related party” means any individual donation, or cumulative donations within a one-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent</u></p>	<p>public accountant (CPA);</p> <p>(3) Establishment or amendment of the internal control system of the Company pursuant to Article 14-1 of the Securities and Exchange Act (the “Act”);</p> <p>(4) Establishment or amendment of the procedures of material financial or business transactions, i.e. acquisition or disposal of assets, transactions of derivatives, and lending funds or providing endorsements and/or guarantees to other parties, pursuant to Article 36-1 of the Act.</p> <p>(5) The offering, issuance, or private placement of any equity-related securities;</p> <p>(6) The appointment or discharge of the financial, accounting, or internal auditing officer;</p> <p>(7) Remuneration suggestion provided by Compensation Committee;</p> <p>(8) A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following Board Meetings for retroactive recognition.</p> <p>(9) Matters set forth in Article 14-3 of the Act, or any other matters to be approved by the shareholders’ meeting of the Company or by the Board of Directors of the Company pursuant to laws and regulations or the Articles of Incorporation of the Company, or material matters so required by the competent authorities.</p> <p>The term “related party” in the eighth subparagraph of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term “major donation to a non-related party” means any individual donation, or cumulative donations within a one-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than 1 percent</p>

MARK-UP VERSION	CLEAN VERSION
<p><u>of net operating revenue or 5 percent of paid-in capital as stated in the CPA-audited financial statements for the most recent year.</u></p> <p><u>The term “within a one-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current the Board Meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.</u></p> <p>With respect to the discussion of matters specified under Article 14-3 of the Act, Independent Directors shall attend the Board Meetings in person; if an Independent Director is unable to attend a Board Meeting in person and wishes to delegate his/her rights, he/she can only delegate another Independent Director to attend on his/her behalf. Any dissenting opinion or abstention by Independent Directors shall be recorded in the Board Meetings minutes. If Independent Directors are unable to attend Board Meetings in person to express their dissenting opinion or reservation, except for legitimate reasons, they shall submit a written statement in advance to be recorded in the Board Meetings minutes.</p>	<p>of net operating revenue or 5 percent of paid-in capital as stated in the CPA-audited financial statements for the most recent year.</p> <p>The term “within a one-year period” in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current the Board Meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.</p> <p>With respect to the discussion of matters specified under Article 14-3 of the Act, Independent Directors shall attend the Board Meetings in person; if an Independent Director is unable to attend a Board Meeting in person and wishes to delegate his/her rights, he/she can only delegate another Independent Director to attend on his/her behalf. Any dissenting opinion or abstention by Independent Directors shall be recorded in the Board Meetings minutes. If Independent Directors are unable to attend Board Meetings in person to express their dissenting opinion or reservation, except for legitimate reasons, they shall submit a written statement in advance to be recorded in the Board Meetings minutes.</p>
<p>Article 14 (The Recusal of Conflict-Interested Directors)</p> <p>When the following matters are reviewed and discussed, a Director of the Board with interest related to him/her shall explain essentials of his/her interest involved during the Board Meeting, and if there is any concern that any interests of the Company may be jeopardized, such Director of the Board shall not participate in discussion and voting, and shall recuse himself/herself from discussion and voting, nor shall he/she acts as proxy of another Director of the Board to exercise voting right:</p> <ol style="list-style-type: none"> (1) The matter is related to interest of the Director of the Board or the legal entity he/she represents; (2) The Director of the Board considers 	<p>Article 14 (The Recusal of Conflict-Interested Directors)</p> <p>When the following matters are reviewed and discussed, a Director of the Board with interest related to him/her shall explain essentials of his/her interest involved during the Board Meeting, and if there is any concern that any interests of the Company may be jeopardized, such Director of the Board shall not participate in discussion and voting, and shall recuse himself/herself from discussion and voting, nor shall he/she acts as proxy of another Director of the Board to exercise voting right:</p> <ol style="list-style-type: none"> (1) The matter is related to interest of the Director of the Board or the legal entity he/she represents; (2) The Director of the Board considers

MARK-UP VERSION	CLEAN VERSION
<p>recusal from the matter necessary, and (3) A resolution requesting recusal of the Director of the Board is made by the Board of Directors.</p> <p>Under the circumstance set forth in the preceding paragraph of this Article, pursuant to the two third paragraph of Article 206 of the Company Law, the second paragraph two of Article 180 of the Company Law shall apply mutatis mutandis to the resolution adopted by the Board of Directors of the Company.</p>	<p>recusal from the matter necessary, and (3) A resolution requesting recusal of the Director of the Board is made by the Board of Directors.</p> <p>Under the circumstance set forth in the preceding paragraph of this Article, pursuant to the third paragraph of Article 206 of the Company Law, the second paragraph two of Article 180 of the Company Law shall apply mutatis mutandis to the resolution adopted by the Board of Directors of the Company.</p>
<p>Article 15 (Meeting Items to be Recorded and Signed) Paragraph 1 The resolutions of every Board Meeting shall be recorded in the meeting minutes The meeting minutes shall accurately record the following items</p> <ol style="list-style-type: none"> 1. The term (or year), place, and time of the Meeting 2. The name of the Chairman; 3. The attendance situation of the Directors, including the names and numbers of those who are present, on leave, and absent; 4. The names and titles of the other attendants; 5. The name of the recorder; 6. Report items; 7. Discussion items: the voting method and the result of each proposed resolution; the summary of opinion by the Directors, Supervisors , experts, and other personnel; <u>the name of any Director that is an interested party as referred to first paragraph of the preceding Article, an explanation of the important aspects of the relationship of the interest, the reasons why the Director was required or not required to enter recusal, and the status of their recusal;</u> any dissenting opinion or abstention with a written statement; any written statement provided by the Independent Directors pursuant to second paragraph of Articles 12 of the Rules and Procedures; 8. Special motions: the names of the per- 	<p>Article 15 (Meeting Items to be Recorded and Signed) Paragraph 1 The resolutions of every Board Meeting shall be recorded in the meeting minutes The meeting minutes shall accurately record the following items</p> <ol style="list-style-type: none"> 1. The term (or year), place, and time of the Meeting 2. The name of the Chairman; 3. The attendance situation of the Directors, including the names and numbers of those who are present, on leave, and absent; 4. The names and titles of the other attendants; 5. The name of the recorder; 6. Report items; 7. Discussion items: the voting method and the result of each proposed resolution; the summary of opinion by the Directors, Supervisors , experts, and other personnel; the name of any Director that is an interested party as referred to first paragraph of the preceding Article, an explanation of the important aspects of the relationship of the interest, the reasons why the Director was required or not required to enter recusal, and the status of their recusal; any dissenting opinion or abstention with a written statement; any written statement provided by the Independent Directors pursuant to second paragraph of Articles 12 of the Rules and Procedures; 8. Special motions: the names of the per-

MARK-UP VERSION	CLEAN VERSION
<p>sons proposing the special motions; the voting method and the result of each proposed resolution; the summary of opinion by the Directors, Supervisors , experts, and other personnel; <u>the name of any director that is an interested party as referred to first paragraph of the preceding Article, an explanation of the important aspects of the relationship of the interest, the reasons why the Director was required or not required to enter recusal, and the status of their recusal</u>; any dissenting opinion or abstention with a written statement; and</p> <p>9. Other items that shall be recorded.</p>	<p>sons proposing the special motions; the voting method and the result of each proposed resolution; the summary of opinion by the Directors, Supervisors , experts, and other personnel; the name of any director that is an interested party as referred to first paragraph of the preceding Article, an explanation of the important aspects of the relationship of the interest, the reasons why the Director was required or not required to enter recusal, and the status of their recusal; any dissenting opinion or abstention with a written statement; and</p> <p>9. Other items that shall be recorded.</p>

**ATTACHMENT VII: THE STATUS OF THE MEETING PROPOSALS AND
NOMINATIONS OF INDEPENDENT DIRECTOR CANDIDATES BY
SHAREHOLDERS**

Explanation:

1. According to Article 172-1 and 192-1 of the Company Act, the period for shareholders to submit proposals and nominations of independent director candidates of the Company is from April 8 to April 17, 2013.
2. In the above-mentioned period, the Board of Director proposed Mr. Chao-Shun Chang and Mr. Wei-Lin Wang as the independent director candidates, and there was no shareholder holding 1% or more of the total number of outstanding shares issued by the Company submitted proposals and nominations of independent director candidates to the Company.

ATTACHMENT VIII: INDEPENDENT AUDITORS' REPORT AND 2012 FINANCIAL STATEMENTS

Independent Auditors' Report

The Board of Directors
WIN Semiconductors Corp.

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

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of WIN Semiconductors Corp. as of December 31, 2011 and 2012, and the results of their operations and their cash flows for the years then ended, in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

We have audited the consolidated financial statements as of and for the years ended December 31, 2011 and 2012 on which we have expressed an unqualified opinion.

Taipei, Taiwan (the Republic of China)
March 22, 2013

Note to Readers

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

WIN Semiconductors Corp.

Balance Sheets

December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	2011	2012		2011	2012
Assets			Liabilities and Stockholders' Equity		
Current assets:			Current liabilities:		
Cash and cash equivalents (note 4(a))	\$ 761,868	2,845,717	Financial liabilities at fair value through profit or loss (note 4(b))	\$ -	417
Financial assets at fair value through profit or loss (note 4(b))	1,599,992	1,501,172	Accounts payable	1,090,011	1,121,867
Available-for-sale financial assets—current (note 4(b))	-	512,068	Accrued expenses	720,428	662,949
Notes and accounts receivable, net (note 4(c))	237,887	466,496	Payable on equipment (note 5)	210,620	96,885
Account receivable—related parties (note 5)	280,103	536,618	Current portion of long-term borrowings (notes 4(j) and 6)	1,007,672	1,650,185
Other financial assets—current (note 4(d))	129,844	209,446	Other current liabilities	<u>31,163</u>	<u>49,142</u>
Inventories (note 4(e))	1,893,835	2,101,205	Total current liabilities	<u>3,059,894</u>	<u>3,581,445</u>
Other current assets	125,981	144,359	Long-term liabilities:		
Deferred income tax assets—current (note 4(l))	<u>360,481</u>	<u>298,495</u>	Long-term borrowings (notes 4(j) and 6)	<u>5,483,622</u>	<u>5,558,677</u>
Total current assets	<u>5,389,991</u>	<u>8,615,576</u>	Other liabilities:		
Funds and investments:			Accrued pension liabilities (note 4(k))	<u>4,246</u>	<u>20,907</u>
Available-for-sale financial assets—noncurrent (note 4(b))	160,021	70,589	Total liabilities	<u>8,547,762</u>	<u>9,161,029</u>
Financial assets carried at cost—noncurrent (note 4(b))	500,523	366,674	Stockholders' equity (notes 4(b), 4(f), 4(l) and 4(m)):		
Long-term investments under equity method (note 4(f))	680,715	642,515	Common stock	<u>6,485,930</u>	<u>7,541,877</u>
Investment in bonds with no active market—noncurrent (note 4(b))	<u>344,783</u>	<u>534,783</u>	Capital surplus:		
Total funds and investments	<u>1,686,042</u>	<u>1,614,561</u>	Capital surplus—additional paid-in capital	1,529,719	3,662,436
Property, plant and equipment (notes 4(g), 5, 6 and 7):			Capital surplus—long-term equity investments	28,469	-
Cost:			Capital surplus—employee stock options	<u>148,934</u>	<u>100,609</u>
Land	802,337	1,765,464	Total capital surplus	<u>1,707,122</u>	<u>3,763,045</u>
Buildings	721,851	722,426	Retained earnings:		
Machinery and equipment	9,149,329	10,381,768	Legal reserve	130,842	258,703
Factory and equipment	1,887,456	2,753,996	Special reserve	-	221,662
Office equipment	108,858	113,101	Retained earnings	<u>1,942,901</u>	<u>2,673,744</u>
Other equipment	<u>156,446</u>	<u>231,158</u>	Total retained earnings	<u>2,073,743</u>	<u>3,154,109</u>
	12,826,277	15,967,913	Other stockholders' equity adjustments:		
Less: accumulated depreciation	<u>(3,232,169)</u>	<u>(4,486,888)</u>	Cumulative translation adjustments	3,064	1,642
	9,594,108	11,481,025	Unrealized gain (loss) on financial instruments	<u>(224,726)</u>	<u>(35,656)</u>
Construction in progress	712,006	285,048	Total other stockholders' equity adjustments	<u>(221,662)</u>	<u>(34,014)</u>
Prepayment for purchases of land and buildings	-	702,128	Total stockholders' equity	10,045,133	14,425,017
Prepayment for purchases of equipment	<u>960,423</u>	<u>760,139</u>	Commitments and contingencies (note 7)		
Net property, plant and equipment	<u>11,266,537</u>	<u>13,228,340</u>			
Intangible assets (note 4(h))	<u>117,652</u>	<u>82,708</u>			
Other assets:					
Refundable deposits	19,658	19,444			
Restricted assets—noncurrent (note 6)	23,284	23,423			
Deferred income tax assets—noncurrent (note 4(l))	<u>89,731</u>	<u>1,994</u>			
Total other assets	<u>132,673</u>	<u>44,861</u>			
Total Assets	\$ <u>18,592,895</u>	<u>23,586,046</u>	Total Liabilities and Stockholders' Equity	\$ <u>18,592,895</u>	<u>23,586,046</u>

WIN Semiconductors Corp.

Statements of Operations

For the years ended December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2011	2012		
Operating revenue	\$ 8,754,834	11,104,260		
Less: sales returns	(9,180)	(11,983)		
sales discounts and allowances	<u>(16,840)</u>	<u>(26,033)</u>		
Net revenue (note 5)	8,728,814	11,066,244		
Cost of goods sold (notes 4(e), 4(h), 4(k), 4(m), 5 and 10)	<u>(6,096,943)</u>	<u>(7,597,780)</u>		
Gross profit	<u>2,631,871</u>	<u>3,468,464</u>		
Operating expenses (notes 4(h), 4(k), 4(m), 5 and 10)				
Marketing expenses	(86,521)	(78,579)		
General and administrative expenses	(425,930)	(456,792)		
Research and development expenses	<u>(450,279)</u>	<u>(530,489)</u>		
Operating income	<u>1,669,141</u>	<u>2,402,604</u>		
Non-operating income and gains:				
Interest income	800	4,570		
Dividend income	78,487	16,670		
Gain on disposal of investments, net (note 4(b) and 4(f))	183	22,461		
Gain on disposal of property, plant and equipment	-	210		
Other income (notes 4(b) and 5)	<u>150,810</u>	<u>20,903</u>		
	<u>230,280</u>	<u>64,814</u>		
Non-operating expenses and losses:				
Interest expense (note 4(g))	(58,346)	(102,946)		
Investment loss recognized under equity method (note 4(f))	(15,894)	(76,519)		
Loss on disposal of property, plant and equipment	(14,688)	-		
Exchange loss, net	(19,068)	(42,167)		
Loss on valuation of financial assets, net (note 4(b))	(621,718)	(161,920)		
Impairment loss (note 4(b) and 4(f))	<u>-</u>	<u>(155,550)</u>		
	<u>(729,714)</u>	<u>(539,102)</u>		
Income before income tax	1,169,707	1,928,316		
Income tax benefit (expense) (note 4(l))	<u>108,903</u>	<u>(280,787)</u>		
Net income	<u>\$ 1,278,610</u>	<u>1,647,529</u>		
			Before	After
			income tax	income tax
			Before	After
			income tax	income tax
Earnings per common share (expressed in dollars) (note 4(n)):				
Basic earnings per share	\$ <u>1.87</u>	<u>2.04</u>	<u>2.87</u>	<u>2.45</u>
Diluted earnings per share	\$ <u>1.82</u>	<u>1.99</u>	<u>2.82</u>	<u>2.41</u>

WIN Semiconductors Corp.

Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earn- ings	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Total
Balance on January 1, 2011	\$ 6,175,675	1,358,492	-	-	1,308,424	2,043	29,303	8,873,937
Appropriation of 2010 earnings approved by stockholders during their meeting in 2011 (note 1)								
Legal reserve	-	-	130,842	-	(130,842)	-	-	-
Cash dividend	-	-	-	-	(513,291)	-	-	(513,291)
Issuance of common stock	116,800	186,880	-	-	-	-	-	303,680
Exercise of employee stock options (note 4)	193,455	62,997	-	-	-	-	-	256,452
Compensation cost arising from employee stock options (note 3)	-	91,671	-	-	-	-	-	91,671
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	-	2,173	2,173
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	7,058	-	-	-	-	-	7,058
Increase in capital surplus resulting from long-term investments under equity method	-	24	-	-	-	-	-	24
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	-	(256,202)	(256,202)
Translation adjustments	-	-	-	-	-	1,021	-	1,021
Net income for the year ended December 31, 2011	-	-	-	-	1,278,610	-	-	1,278,610
Balance on December 31, 2011	<u>6,485,930</u>	<u>1,707,122</u>	<u>130,842</u>	<u>-</u>	<u>1,942,901</u>	<u>3,064</u>	<u>(224,726)</u>	<u>10,045,133</u>
Appropriation of 2011 earnings approved by stockholders during their meeting in 2012 (note 2)								
Legal reserve	-	-	127,861	-	(127,861)	-	-	-
Special reserve	-	-	-	221,662	(221,662)	-	-	-
Cash dividend	-	-	-	-	(518,874)	-	-	(518,874)
Issuance of common stock	1,000,000	2,017,939	-	-	-	-	-	3,017,939
Exercise of employee stock options (note 5)	55,947	114,778	-	-	-	-	-	170,725
Compensation cost arising from employee stock options (note 3)	-	(51,857)	-	-	-	-	-	(51,857)
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	-	4,789	4,789
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	3,532	-	-	-	-	-	3,532
Decrease in capital surplus resulting from disposal of long-term investments under equity method	-	(28,445)	-	-	-	-	-	(28,445)
Increase in capital surplus resulting from long-term investments under equity method	-	107	-	-	-	-	-	107
Adjustments arising from change in percentage of ownership in equity method	-	(131)	-	-	(48,289)	-	-	(48,420)
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	-	184,281	184,281
Translation adjustments	-	-	-	-	-	(1,422)	-	(1,422)
Net income for the year ended December 31, 2012	-	-	-	-	1,647,529	-	-	1,647,529
Balance on December 31, 2012	<u>\$ 7,541,877</u>	<u>3,763,045</u>	<u>258,703</u>	<u>221,662</u>	<u>2,673,744</u>	<u>1,642</u>	<u>(35,656)</u>	<u>14,425,017</u>

Note 1: The appropriations for 2010 employee's bonus, directors' and supervisors' remuneration amounting to NT\$58,100 and NT\$17,400, respectively, were recognized and accrued in the 2010 earnings.

Note 2: The appropriations for 2011 employee's bonus, directors' and supervisors' remuneration amounting to NT\$92,900 and NT\$27,800, respectively, were recognized and accrued in the 2011 earnings.

Note 3: For stock options granted to employees, compensation cost was recognized for the year ended 2011 and 2012. When employees exercised the employee stock options, the Company reclassified capital surplus—employee stock options into capital surplus—additional paid-in capital.

Note 4: As the exercise price of the employees stock options is greater than book value as of December 31, 2011, the difference was credited to capital surplus—additional paid-in capital of NT\$1,157.

Note 5: As the exercise price of the employees stock options is less than book value as of December 31, 2012, the difference was debited to capital surplus—additional paid-in capital of NT\$539.

WIN Semiconductors Corp.

Statements of Cash Flows

For the years ended December 31, 2011 and 2012
(Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Cash flows from operating activities:		
Net income	\$ 1,278,610	1,647,529
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	975,883	1,256,723
Amortization	57,613	50,206
Amortization of cost of long-term borrowings	3,947	4,112
Loss on valuation of inventories and obsolescence	37,115	64,519
Investment loss recognized under equity method	15,894	76,519
Compensation cost arising from employee stock options	153,511	63,460
Deferred income tax (benefit) expense	(300,103)	150,351
Unrealized exchange loss on long-term borrowings	26,563	-
Loss (gain) on disposal of property, plant and equipment	14,688	(210)
Insurance claim on damaged and donated property, plant and equipment	-	54,610
Gain on disposal of investments	(183)	(22,461)
Impairment loss	-	155,550
Change in operating assets:		
Financial assets at fair value through profit or loss	1,873	183,016
Notes and accounts receivable	(24,489)	(228,609)
Account receivable—related parties	1,888	(256,515)
Other receivables—related parties	514	-
Other financial assets—current	(39,942)	(79,602)
Inventories	(627,472)	(341,201)
Other current assets	(25,211)	(19,311)
Change in operating liabilities:		
Financial liabilities at fair value through profit or loss	-	417
Accounts payable	218,532	31,856
Accrued expenses	146,640	(64,853)
Other current liabilities	(11,713)	17,979
Accrued pension liabilities	1,771	16,661
Net cash provided by operating activities	<u>1,905,931</u>	<u>2,760,746</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets—current	-	(367,034)
Payment for purchase of investment in bonds with no active market—noncurrent	-	(190,000)
Payment for purchase of available-for-sale financial assets—noncurrent	-	(25,192)
Proceeds from disposal of long-term investments under equity method	-	259,220
Payment for purchase of long-term investments under equity method	(123,764)	(287,591)
Payment for purchase of financial assets carried at cost—noncurrent	-	(10,000)
Payment for purchase of property, plant and equipment	(3,335,520)	(3,317,284)
Proceeds from disposal of property, plant and equipment	2,607	298
(Increase) decrease in refundable deposit	(1,451)	214
Increase in restricted assets—noncurrent	(150)	(139)
Payment for purchase of intangible assets	(49,314)	(18,307)
Net cash used in investing activities	<u>(3,507,601)</u>	<u>(3,955,815)</u>

WIN Semiconductors Corp.

Statements of Cash Flows (Continued)

For the years ended December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Cash flows from financing activities:		
Decrease in short-term borrowings	(365,365)	-
Increase in long-term borrowings	4,017,000	1,899,000
Redemption of long-term borrowings	(1,606,610)	(1,185,544)
Payment of cash dividends	(513,291)	(518,874)
Issuance of common stock	303,680	3,028,928
Exercise of employee stock options	194,612	55,408
Net cash provided by financing activities	<u>2,030,026</u>	<u>3,278,918</u>
Net increase in cash and cash equivalents	428,360	2,083,849
Cash and cash equivalents at the beginning of year	<u>333,508</u>	<u>761,868</u>
Cash and cash equivalents at the end of year	<u>\$ <u>761,868</u></u>	<u>\$ <u>2,845,717</u></u>
 Additional disclosure of cash flow information:		
Interest paid (excluding capitalized interest)	\$ <u>57,072</u>	<u>102,725</u>
Income tax paid	\$ <u>151,375</u>	<u>193,358</u>
 Supplemental schedule of non-cash investing and financing activities:		
Other current assets reclassified to plant, property and equipment	\$ <u>174</u>	<u>363</u>
Inventories reclassified to plant, property and equipment	\$ <u>65,912</u>	<u>69,312</u>
Other current assets reclassified to intangible assets	\$ <u>4,268</u>	<u>570</u>
Unrealized gain (loss) on financial instruments	\$ <u>(254,029)</u>	<u>189,070</u>
Translation adjustments	\$ <u>1,021</u>	<u>(1,422)</u>
Reclassification of current portion of long-term borrowings	\$ <u>1,007,672</u>	<u>1,650,185</u>
 Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 3,452,515	3,203,549
Add: payable on equipment – beginning of year	93,625	210,620
Less: payable on equipment – end of year	(210,620)	(96,885)
Cash paid	\$ <u>3,335,520</u>	<u>3,317,284</u>
 Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ 107	298
Add: other financial assets – current – beginning of year	2,500	-
Cash received	\$ <u>2,607</u>	<u>298</u>
 Purchase of intangible assets		
Acquisition of intangible assets	\$ 38,471	14,692
Add: accrued expenses – beginning of year	15,335	4,487
Less: accrued expenses – end of year	(4,487)	(872)
Cash paid	\$ <u>49,319</u>	<u>18,307</u>
 Issuance of common stock		
Issuance of common stock	\$ 303,680	3,017,939
Add: Transaction cost of issuance of common stock recognized as accrued expense – end of year	-	10,989
Cash received	\$ <u>303,680</u>	<u>3,028,928</u>

ATTACHMENT IX: INDEPENDENT AUDITORS' REPORT AND 2012 CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

The Board of Directors
WIN Semiconductors Corp.

We have audited the accompanying consolidated balance sheets of WIN Semiconductors Corp. (the "Company") and subsidiaries as of December 31, 2011 and 2012, and the related consolidated statements of operations, changes in stockholders' 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 "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

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

Taipei, Taiwan (the Republic of China)
March 22, 2013

Note to Readers

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

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	2011	2012		2011	2012
Assets			Liabilities and Stockholders' Equity		
Current assets:			Current liabilities:		
Cash and cash equivalents (note 4(a))	\$ 799,376	3,025,657	Financial liabilities at fair value through profit or loss (note 4(b))	\$ -	417
Financial assets at fair value through profit or loss (note 4(b))	1,599,992	1,501,172	Accounts payable	1,090,011	1,121,867
Available-for-sale financial assets—current (note 4(b))	-	512,068	Accrued expenses	721,729	666,490
Notes and accounts receivable, net (note 4(c))	652,822	1,049,355	Payable on equipment (note 5)	210,620	96,885
Other financial assets—current (note 4(d))	129,850	231,072	Current portion of long-term borrowings (notes 4(j) and 6)	1,007,672	1,650,185
Inventories (note 4(e))	1,893,835	2,101,205	Other current liabilities	<u>35,650</u>	<u>50,507</u>
Other current assets	129,248	145,801	Total current liabilities	<u>3,065,682</u>	<u>3,586,351</u>
Deferred income tax assets—current (note 4(l))	<u>360,481</u>	<u>298,495</u>	Long-term liabilities:		
Total current assets	<u>5,565,604</u>	<u>8,864,825</u>	Long-term borrowings (notes 4(j) and 6)	<u>5,483,622</u>	<u>5,558,677</u>
Funds and investments:			Other liabilities:		
Available-for-sale financial assets—noncurrent (note 4(b))	228,417	143,774	Accrued pension liabilities (note 4(k))	<u>4,246</u>	<u>20,907</u>
Financial assets carried at cost—noncurrent (note 4(b))	500,523	366,674	Total liabilities	<u>8,553,550</u>	<u>9,165,935</u>
Long-term investments under equity method (note 4(f))	442,289	324,861	Stockholders' equity (notes 4(b), 4(f), 4(l) and 4(m)):		
Investment in bonds with no active market—noncurrent (note 4(b))	<u>344,783</u>	<u>534,783</u>	Common stock	<u>6,485,930</u>	<u>7,541,877</u>
Total funds and investments	<u>1,516,012</u>	<u>1,370,092</u>	Capital surplus:		
Property, plant and equipment (notes 4(g), 5, 6 and 7):			Capital surplus—additional paid-in capital	1,529,719	3,662,436
Cost:			Capital surplus—long-term equity investments	28,469	-
Land	802,337	1,765,464	Capital surplus—employee stock options	<u>148,934</u>	<u>100,609</u>
Buildings	721,851	722,426	Total capital surplus	<u>1,707,122</u>	<u>3,763,045</u>
Machinery and equipment	9,149,329	10,381,768	Retained earnings:		
Factory and equipment	1,887,456	2,753,996	Legal reserve	130,842	258,703
Office equipment	110,185	113,688	Special reserve	-	221,662
Other equipment	<u>156,446</u>	<u>231,158</u>	Retained earnings	<u>1,942,901</u>	<u>2,673,744</u>
	12,827,604	15,968,500	Total retained earnings	<u>2,073,743</u>	<u>3,154,109</u>
Less: accumulated depreciation	<u>(3,233,291)</u>	<u>(4,487,349)</u>	Other stockholders' equity adjustments:		
	9,594,313	11,481,151	Cumulative translation adjustments	3,064	1,642
Construction in progress	712,006	285,048	Unrealized gain (loss) on financial instruments	<u>(224,726)</u>	<u>(35,656)</u>
Prepayment for purchases of land and buildings	-	702,128	Total other stockholders' equity adjustments	<u>(221,662)</u>	<u>(34,014)</u>
Prepayment for purchases of equipment	<u>960,423</u>	<u>760,139</u>	Total stockholders' equity	10,045,133	14,425,017
Net property, plant and equipment	<u>11,266,742</u>	<u>13,228,466</u>	Commitments and contingencies (note 7)		
Intangible assets (note 4(h))	<u>117,652</u>	<u>82,708</u>			
Other assets:					
Refundable deposits	19,658	19,444			
Restricted assets—noncurrent (note 6)	23,284	23,423			
Deferred income tax assets—noncurrent (note 4(l))	<u>89,731</u>	<u>1,994</u>			
Total other assets	<u>132,673</u>	<u>44,861</u>			
Total Assets	<u>\$ 18,598,683</u>	<u>23,590,952</u>	Total Liabilities and Stockholders' Equity	<u>\$ 18,598,683</u>	<u>23,590,952</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Operations

For the years ended December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2011	2012		
Operating revenue	\$ 8,927,370	11,276,342		
Less: sales returns	(9,276)	(12,088)		
sales discounts and allowances	<u>(16,821)</u>	<u>(26,290)</u>		
Net revenue	8,901,273	11,237,964		
Cost of goods sold (notes 4(e), 4(h), 4(k), 4(m), 5 and 10)	<u>(6,096,943)</u>	<u>(7,597,780)</u>		
Gross profit	<u>2,804,330</u>	<u>3,640,184</u>		
Operating expenses (notes 4(h), 4(k), 4(m), 5 and 10)				
Marketing expenses	(142,156)	(176,229)		
General and administrative expenses	(434,524)	(476,165)		
Research and development expenses	<u>(450,279)</u>	<u>(530,490)</u>		
Operating income	<u>1,777,371</u>	<u>2,457,300</u>		
Non-operating income and gains:				
Interest income	813	4,594		
Gain on disposal of property, plant and equipment	-	210		
Gain on disposal of investments, net (note 4(b) and 4(f))	183	22,461		
Dividend income	79,529	18,019		
Other income (notes 4(b) and 5)	<u>150,810</u>	<u>20,911</u>		
	<u>231,335</u>	<u>66,195</u>		
Non-operating expenses and losses:				
Interest expense (note 4(g))	(58,346)	(102,946)		
Investment loss recognized under equity method (note 4(f))	(114,698)	(78,339)		
Loss on disposal of property, plant and equipment	(14,688)	-		
Impairment loss (note 4(b) and 4(f))	-	(190,129)		
Loss on valuation of financial assets, net (note 4(b))	(621,718)	(161,920)		
Exchange loss, net	<u>(29,525)</u>	<u>(61,821)</u>		
	<u>(838,975)</u>	<u>(595,155)</u>		
Income before income tax	1,169,731	1,928,340		
Income tax benefit (expense) (note 4(l))	<u>108,879</u>	<u>(280,811)</u>		
Net income	<u>\$ 1,278,610</u>	<u>1,647,529</u>		
	Before	After	Before	After
	income	income	income	income
	tax	tax	tax	tax
Earnings per common share (expressed in dollars) (note 4(n)):				
Basic earnings per share	\$ <u>1.87</u>	<u>2.04</u>	<u>2.87</u>	<u>2.45</u>
Diluted earnings per share	\$ <u>1.82</u>	<u>1.99</u>	<u>2.82</u>	<u>2.41</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earn- ings	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Total
Balance on January 1, 2011	\$ 6,175,675	1,358,492	-	-	1,308,424	2,043	29,303	8,873,937
Appropriation of 2010 earnings approved by stockholders during their meeting in 2011 (note 1)								
Legal reserve	-	-	130,842	-	(130,842)	-	-	-
Cash dividend	-	-	-	-	(513,291)	-	-	(513,291)
Issuance of common stock	116,800	186,880	-	-	-	-	-	303,680
Exercise of employee stock options (note 4)	193,455	62,997	-	-	-	-	-	256,452
Compensation cost arising from employee stock options (note 3)	-	91,671	-	-	-	-	-	91,671
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	-	2,173	2,173
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	7,058	-	-	-	-	-	7,058
Increase in capital surplus resulting from long-term investments under equity method	-	24	-	-	-	-	-	24
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	-	(256,202)	(256,202)
Translation adjustments	-	-	-	-	-	1,021	-	1,021
Net income for the year ended December 31, 2011	-	-	-	-	1,278,610	-	-	1,278,610
Balance on December 31, 2011	<u>6,485,930</u>	<u>1,707,122</u>	<u>130,842</u>	<u>-</u>	<u>1,942,901</u>	<u>3,064</u>	<u>(224,726)</u>	<u>10,045,133</u>
Appropriation of 2011 earnings approved by stockholders during their meeting in 2012 (note 2)								
Legal reserve	-	-	127,861	-	(127,861)	-	-	-
Special reserve	-	-	-	221,662	(221,662)	-	-	-
Cash dividend	-	-	-	-	(518,874)	-	-	(518,874)
Issuance of common stock	1,000,000	2,017,939	-	-	-	-	-	3,017,939
Exercise of employee stock options (note 5)	55,947	114,778	-	-	-	-	-	170,725
Compensation cost arising from employee stock options (note 3)	-	(51,857)	-	-	-	-	-	(51,857)
Equity adjustment in unrealized gain or loss on financial instrument of investee accounted for long-term investments under equity method	-	-	-	-	-	-	4,789	4,789
Increase in net equity due to the recognition of compensation cost arising from employee stock options in long-term investments under equity method	-	3,532	-	-	-	-	-	3,532
Decrease in capital surplus resulting from disposal of long-term investments under equity method	-	(28,445)	-	-	-	-	-	(28,445)
Increase in capital surplus resulting from long-term investments under equity method	-	107	-	-	-	-	-	107
Adjustments arising from change in percentage of ownership in equity method	-	(131)	-	-	(48,289)	-	-	(48,420)
Change in unrealized gain or loss on financial instruments	-	-	-	-	-	-	184,281	184,281
Translation adjustments	-	-	-	-	-	(1,422)	-	(1,422)
Net income for the year ended December 31, 2012	-	-	-	-	1,647,529	-	-	1,647,529
Balance on December 31, 2012	<u>\$ 7,541,877</u>	<u>3,763,045</u>	<u>258,703</u>	<u>221,662</u>	<u>2,673,744</u>	<u>1,642</u>	<u>(35,656)</u>	<u>14,425,017</u>

Note 1: The appropriations for 2010 employee's bonus, directors' and supervisors' remuneration amounting to NT\$58,100 and NT\$17,400, respectively, were recognized and accrued in the 2010 earnings.

Note 2: The appropriations for 2011 employee's bonus, directors' and supervisors' remuneration amounting to NT\$92,900 and NT\$27,800, respectively, were recognized and accrued in the 2011 earnings.

Note 3: For stock options granted to employees, compensation cost was recognized for the year ended 2011 and 2012. When employees exercised the employee stock options, the Company reclassified capital surplus—employee stock options into capital surplus—additional paid-in capital.

Note 4: As the exercise price of the employees stock options is greater than book value as of December 31, 2011, the difference was credited to capital surplus—additional paid-in capital of NT\$1,157.

Note 5: As the exercise price of the employees stock options is less than book value as of December 31, 2012, the difference was debited to capital surplus—additional paid-in capital of NT\$539.

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Cash flows from operating activities:		
Net income	\$ 1,278,610	1,647,529
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation	975,969	1,256,812
Amortization	57,613	50,206
Amortization of cost of long-term borrowings	3,947	4,112
Loss on valuation of inventories and obsolescence	37,115	64,519
Investment loss recognized under equity method	114,698	78,339
Compensation cost arising from employee stock options	160,569	66,992
Deferred income tax (benefit) expense	(300,103)	150,351
Unrealized exchange loss on long-term borrowings	26,563	-
Loss (gain) on disposal of property, plant and equipment	14,688	(210)
Insurance claim on damaged and donated property, plant and equipment	-	54,610
Gain on disposal of investments	(183)	(22,461)
Impairment loss	-	190,129
Change in operating assets:		
Financial assets at fair value through profit or loss	1,873	183,016
Notes and accounts receivable	(171,806)	(396,533)
Other financial assets – current	(39,948)	(79,596)
Inventories	(627,472)	(341,201)
Other current assets	(23,554)	(17,486)
Change in operating liabilities:		
Financial liabilities at fair value through profit or loss	-	417
Accounts payable	218,532	31,856
Accrued expenses	145,191	(62,613)
Other current liabilities	(8,640)	14,857
Accrued pension liabilities	1,779	16,661
Net cash provided by operating activities	<u>1,865,441</u>	<u>2,890,306</u>
Cash flows from investing activities:		
Increase in available-for-sale financial assets – current	-	(367,034)
Payment for purchase of investment in bonds with no active market – noncurrent	-	(190,000)
Payment for purchase of available-for-sale financial assets – noncurrent	-	(25,192)
Proceeds from disposal of long-term investments under equity method	-	259,220
Payment for purchase of long-term investments under equity method	(123,764)	(287,591)
Payment for purchase of financial assets carried at cost – noncurrent	-	(10,000)
Payment for purchase of property, plant and equipment	(3,335,544)	(3,317,300)
Proceeds from disposal of property, plant and equipment	2,607	298
(Increase) decrease in refundable deposit	(1,451)	214
Increase in restricted assets – noncurrent	(156)	(139)
Payment for purchase of intangible assets	(49,319)	(18,307)
Net cash used in investing activities	<u>(3,507,627)</u>	<u>(3,955,831)</u>

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2011 and 2012

(Expressed in Thousands of New Taiwan Dollars)

	2011	2012
Cash flows from financing activities:		
Decrease in short-term borrowings	(365,365)	-
Increase in long-term borrowings	4,017,000	1,899,000
Redemption of long-term borrowings	(1,606,610)	(1,185,544)
Payment of cash dividends	(513,291)	(518,874)
Issuance of common stock	303,680	3,028,928
Exercise of employee stock options	<u>194,612</u>	<u>55,408</u>
Net cash provided by financing activities	<u>2,030,026</u>	<u>3,278,918</u>
Effect on cash due to changes in exchange rate	<u>2,735</u>	<u>12,888</u>
Net increase in cash and cash equivalents	390,575	2,226,281
Cash and cash equivalents at the beginning of year	<u>408,801</u>	<u>799,376</u>
Cash and cash equivalents at the end of year	<u>\$ 799,376</u>	<u>\$ 3,025,657</u>
Additional disclosure of cash flow information:		
Interest paid (excluding capitalized interest)	<u>\$ 57,072</u>	<u>\$ 102,725</u>
Income tax paid	<u>\$ 151,399</u>	<u>\$ 193,382</u>
Supplemental schedule of non-cash investing and financing activities:		
Inventories reclassified to plant, property and equipment	<u>\$ 65,912</u>	<u>\$ 69,312</u>
Other current assets reclassified to plant, property and equipment	<u>\$ 174</u>	<u>\$ 363</u>
Other current assets reclassified to intangible assets	<u>\$ 4,268</u>	<u>\$ 570</u>
Unrealized gain (loss) on financial instruments	<u>\$ (254,029)</u>	<u>\$ 189,070</u>
Translation adjustments	<u>\$ 1,021</u>	<u>\$ (1,422)</u>
Reclassification of current portion of long-term borrowings	<u>\$ 1,007,672</u>	<u>\$ 1,650,185</u>
Purchase of property, plant and equipment		
Increase in property, plant and equipment	\$ 3,452,539	3,203,565
Add: payable on equipment – beginning of year	93,625	210,620
Less: payable on equipment – end of year	<u>(210,620)</u>	<u>(96,885)</u>
Cash paid	<u>\$ 3,335,544</u>	<u>\$ 3,317,300</u>
Disposal of property, plant and equipment		
Disposal of property, plant and equipment	\$ 107	298
Add: other financial assets – current – beginning of year	<u>2,500</u>	<u>-</u>
Cash received	<u>\$ 2,607</u>	<u>\$ 298</u>
Purchase of intangible assets		
Acquisition of intangible assets	\$ 38,471	14,692
Add: accrued expenses – beginning of year	15,335	4,487
Less: accrued expenses – end of year	<u>(4,487)</u>	<u>(872)</u>
Cash paid	<u>\$ 49,319</u>	<u>\$ 18,307</u>
Disposal of long-term investments under equity method		
Disposal of long-term investments under equity method	\$ -	280,846
Less: other financial assets – current – end of year	<u>-</u>	<u>(21,626)</u>
Cash received	<u>\$ -</u>	<u>\$ 259,220</u>
Issuance of common stock		
Issuance of common stock	\$ 303,680	3,017,939
Add: Transaction cost of issuance of common stock recognized as accrued expense – end of year	<u>-</u>	<u>10,989</u>
Cash received	<u>\$ 303,680</u>	<u>\$ 3,028,928</u>

ATTACHMENT X: PROFIT ALLOCATION PROPOSAL

WIN Semiconductors Corp. 2012 Profit Allocation Proposal

Unit: NT\$

Net income of 2012 (Note)	1,647,529,430
Less: 10% legal reserve	(164,752,943)
Add: special reserve	187,646,978
Retained earnings in 2012 available for distribution	1,670,423,465
Distributable item:	
Cash dividends to common share holders (NT\$1.5 per share)	(1,136,245,572)
Unappropriated retained earnings of 2012	534,177,893
Add: Unappropriated retained earnings of previous years	1,074,503,512
Less: Adjustments arising from change in percentage of ownership in equity method	(48,288,595)
Unappropriated retained earnings, Dec. 31, 2012	1,560,392,810
Note: After expensing the following and to be distributed after 2013 Annual Shareholders' Meeting:	
(1) Directors' and supervisors' compensation	50,100,000
(2) Employees' cash bonus	167,000,000

Article 22 of Article of Incorporation:

If there is any net profit after closing of a fiscal year, the Company shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equal to the total capital amount of the Company; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. Any balance left over shall be allocated according to the following principles:

1. Employee bonus: not less than 5% but no more than 10%. The cash and stock bonus ratio for employee bonus shall be in proportionate to that distributed to shareholders and shall be determined pursuant to Employee Bonus Procedure of the Corporation. Stock-type employee bonus may be distributed to qualified employees of affiliates of the Corporation.
2. Compensation of Directors and Supervisors: not less than 1% but no more than 3%.
3. The balance is shareholders' dividend, in which cash dividend shall not be lower than 10% of entire dividend.

As the Company is a high-tech firm with intensive capital expenditure, conditions, timing, amount and kinds of the above-stated dividend policy may be adjusted, taking into account economic cycles, industry change and the Company's growth and cash demand.

ATTACHMENT XI: REVISIONS TO THE PROCEDURES FOR LENDING FUNDS TO OTHER PARTIES

Mark-up and Clean Revisions

MARK-UP VERSION	CLEAN VERSION
<p>Article 2 The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> 1. Those business or entities which have business relationships with the Company; or 2. Those business or entities which who have short-term needs of funding from the Company. The total amount available for lending purpose shall not exceed 40% of the total net value of the Company. <p>The short-term means one-year period. When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, the total amount for such lending shall not be subject to the second subparagraph of the first paragraph.</p>	<p>Article 2 The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> 1. Those business or entities which have business relationships with the Company; or 2. Those business or entities which who have short-term needs of funding from the Company. The total amount available for lending purpose shall not exceed 40% of the total net value of the Company. <p>The short-term means one-year period.</p>
<p>Article 6 Execution and auditing procedures for lending funds</p> <p>4. Any lending of the Company's funds shall be evaluated with and subject to the Procedures, and then submitted, together with the result of the evaluation made as described in the second paragraph of Article 6, to the Board of Directors for its approval and no delegation shall be made to any person in this regard.</p> <p>The loans between of the Company, its parent company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid paragraph. Once the loans are approved by the Board, the Chairman of the Board of Directors is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.</p> <p>Except for the offshore companies that</p>	<p>Article 6 Execution and auditing procedures for lending funds</p> <p>4. Any lending of the Company's funds shall be evaluated with and subject to the Procedures, and then submitted, together with the result of the evaluation made as described in the second paragraph of Article 6, to the Board of Directors for its approval and no delegation shall be made to any person in this regard.</p> <p>The loans of the Company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid paragraph. Once the loans are approved by the Board, the Chairman of the Board of Directors is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.</p> <p>The aforesaid loan amount of the</p>

MARK-UP VERSION	CLEAN VERSION
<p>the Company holds 100% voting rights directly or indirectly, †The aforesaid loan amount of the Company or its subsidiaries to any single enterprise shall not exceed 10% of the net worth of the latest financial reports of the Company.</p> <p>When the Company submits the loaning of funds for the Board of Directors' approval, the board shall fully take each independent director's opinions into consideration and record each director's reasons for pros and cons in the minutes.</p>	<p>Company or its subsidiaries to any single enterprise shall not exceed 10% of the net worth of the latest financial reports of the Company.</p> <p>When the Company submits the loaning of funds for the Board of Directors' approval, the board shall fully take each independent director's opinions into consideration and record each director's reasons for pros and cons in the minutes.</p>

ATTACHMENT XII: LIST OF INDEPENDENT DIRECTOR CANDIDATES

Name	Education	Major Experience	Current Position	Shareholdings
Chao-Shun Chang	Master degree in Public Finance, National Chengchi University, Taiwan	<ul style="list-style-type: none"> • CPA (1976~upto date) • Supervisor & Director of Share Long Securities Co., Ltd. • Supervisor of First Commercial Bank • Supervisor of First Financial Holding Co., Ltd. • Chairman of Franklin Templeton First Taiwan Securities Investment Trust Enterprise • Chairman of Bank of Overseas Chinese • Chairman of Taiwan Business Bank • Chairman of First Financial Holding Co., Ltd. and First Commercial Bank, Supervisor of Taiwan Stock Exchange Corporation • Supervisor of Taiwan Stock Exchange Corporation • Supervisor of Securities and Futures Institute, ROC 	<ul style="list-style-type: none"> • CPA, Enrich CPAs & Co. • Chairman, ACE Venture Consulting Corporation • Independent Director, Formosa Laboratories, Inc. 	0
Wei-Lin Wang	Juris Science Doctor, Washington University in St. Louis, USA	<ul style="list-style-type: none"> • Partner, New Hope Law Firm, Taiwan • Foreign Associate, Haynes and Boone, LLP (Dallas Headquarter), Dallas, Texas, USA • Sr. Counselor, Lee and Li, Attorneys-at-Law • Assistant Professor and Director, Graduate Institute for Intellectual Property Rights, Shih Hsin University, Taiwan • Assistant Professor, Graduate Institute of Intellectual Property, National Chengchi University, Taiwan 	<ul style="list-style-type: none"> • Assistant Professor, Graduate Institute of Financial and Economic Law, Feng Chia University • Independent Director, Young Fast Optoelectronics Co., Ltd. • Independent Director, Capital Futures Corporation • Independent Director, ANT Precision Industry Co. Ltd. 	0