



**WIN Semiconductors Corp.**

**2019 Annual General**

**Shareholders' Meeting Handbook**

**Notice to readers**

*This English version handbook is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.*

Time: 9:00 a.m., June 14, Friday, 2019

Place: 2F, No. 68, Wuner 1<sup>st</sup> St., Guishan District, Taoyuan City, Taiwan, R.O.C.  
(Fullon Hotel Linkou)

## TABLE OF CONTENTS

<b>I. MEETING PROCEDURE</b> .....	<b>1</b>
<b>II. MEETING AGENDA</b> .....	<b>2</b>
REPORT ITEMS.....	3
PROPOSED ITEMS .....	4
DISCUSSION ITEMS .....	5
DIRECTORS ELECTION.....	7
OTHER ITEMS .....	7
SPECIAL MOTIONS .....	7
ADJOURNMENT.....	7
<b>III. ATTACHMENT</b> .....	<b>8</b>
ATTACHMENT I: 2018 BUSINESS REPORT .....	8
ATTACHMENT II: 2018 AUDIT COMMITTEE’S REVIEW REPORT .....	11
ATTACHMENT III: INDEPENDENT AUDITORS’ REPORT AND 2018 CONSOLIDATED FINANCIAL STATEMENTS .....	12
ATTACHMENT IV: INDEPENDENT AUDITORS’ REPORT AND 2018 PARENT-COMPANY-ONLY FINANCIAL STATEMENTS .....	20
ATTACHMENT V: PROFIT ALLOCATION PROPOSAL.....	27
ATTACHMENT VI: 2017 PRIVATE PLACEMENT OF SECURITIES EXECUTION REPORT .....	28
ATTACHMENT VII: REVISIONS TO ARTICLES OF INCORPORATION ....	31
ATTACHMENT VIII: REVISIONS TO PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSET .....	36
ATTACHMENT IX: REVISIONS TO PROCEDURES FOR LENDING FUNDS TO OTHER PARTIES.....	52
ATTACHMENT X: REVISIONS TO PROCEDURES FOR ENDORSEMENT & GUARANTEE.....	54
ATTACHMENT XI: LIST OF DIRECTOR (INCLUDING INDEPENDENT DIRECTOR) CANDIDATES.....	57
ATTACHMENT XII: DIRECTORS AND POSITIONS HELD (INCLUDING INDEPENDENT DIRECTOR) FOR RELEASE OF NON-COMPETITION RESTRICTIONS.....	61
<b>IV. APPENDIX</b> .....	<b>63</b>
APPENDIX I: RULES AND PROCEDURES OF SHAREHOLDERS’ MEETING .....	63
APPENDIX II: ARTICLES OF INCORPORATION (BEFORE THE REVISION) .....	68
APPENDIX III: RULES FOR ELECTION OF DIRECTORS .....	74

APPENDIX IV: PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSET (BEFORE THE REVISION) .....	77
APPENDIX V: PROCEDURES FOR LENDING FUNDS TO OTHER PARTIES (BEFORE THE REVISION).....	100
APPENDIX VI: PROCEDURES FOR ENDORSEMENT & GUARANTEE (BEFORE THE REVISION).....	106
APPENDIX VII: EFFECT UPON BUSINESS PERFORMANCE, EARNINGS PER SHARE AND RETURN ON EQUITY OF ANY STOCK DIVIDEND DISTRIBUTION .....	112
APPENDIX VIII: THE ACCEPTANCE OF PROPOSED RESOLUTIONS OR NOMINATION OF CANDIDATES FOR DIRECTORS FROM ELIGIBLE SHAREHOLDERS .....	112
APPENDIX IX: SHAREHOLDING OF DIRECTORS .....	113

## **I. MEETING PROCEDURE**

### **WIN Semiconductors Corp. Procedure for the 2019 Annual General Shareholders' Meeting**

I. Call the Meeting to Order

II. Chairperson Remarks

III. Report Items

IV. Proposed Items

V. Discussion Items

VI. Directors Election

VII. Other Items

VIII. Special Motions

IX. Adjournment

## **II. MEETING AGENDA**

### **WIN Semiconductors Corp.**

#### **Agenda of the 2019 Annual General Shareholders' Meeting**

Time: 9:00 a.m., June 14, Friday, 2019

Place: 2F, No. 68, Wuner 1<sup>st</sup> St., Guishan District, Taoyuan City, Taiwan, R.O.C.  
(Fullon Hotel Linkou)

#### **I. Call the Meeting to Order**

#### **II. Chairperson Remarks**

#### **III. Report Items**

1. 2018 Business Report
2. 2018 Audit Committee's review report
3. 2018 Employees' profit sharing bonus and Directors' compensation
4. 2017 Private placement common shares execution report

#### **IV. Proposed Items**

1. Adoption of the 2018 Business Report and Financial Statements
2. Adoption of the proposal for distribution of 2018 profits

#### **V. Discussion Items**

1. Amendment to the Company's "Articles of Incorporation"
2. Amendment to the Company's "Procedures for Acquisition or Disposal of Asset"
3. Amendment to the Company's "Procedures for Lending Funds to Other Parties"
4. Amendment to the Company's "Procedures for Endorsement & Guarantee"

#### **VI. Directors Election**

1. To elect nine Directors (including three Independent Directors)

#### **VII. Other Items**

1. Proposal for release of Directors from non-competition restrictions

#### **VIII. Special Motions**

#### **IX. Adjournment**

## **REPORT ITEMS**

Report 1: 2018 Business Report

See Attachment I (pages 8-10).

Report 2: 2018 Audit Committee's review report

See Attachment II (page 11).

Report 3: 2018 Employees' profit sharing bonus and Directors' compensation

1. The Company's profit for 2018 was NT\$ 4,122,411,002 (this was the pre-tax profit after deducting the employees' profit sharing bonus and compensation for Directors). The proposed employees' profit sharing bonus and Directors' compensation were NT\$255,600,000 and NT\$74,200,000 respectively, and both will be distributed in cash.
2. These amounts were approved by the Board of Directors meeting on March 21, 2019.

Report 4: 2017 Private placement of common shares execution report

1. The execution report is made and attached hereto as Attachment VI (pages 28-30).

## **PROPOSED ITEMS**

### **Proposal 1:**

**Proposed by the Board**

Adoption of the 2018 Business Report and Financial Statements.

#### **Explanation:**

1. The Company's Financial Statements, including the balance sheets, statements of comprehensive income, statement of changes in equity, and statements of cash flows, were audited by independent auditors, Ya-Ling Chen and Mei-Yen Chen of KPMG. In addition, the Financial Statements have been approved by the Board of Directors and have been examined by the Audit Committee of the Company. The Business Report has been approved by the Board of Directors and has been examined by the Audit Committee of the Company.
2. The 2018 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached hereto as Attachments I (pages 8-10), III and IV (pages 12-26).

### **Proposal 2:**

**Proposed by the Board**

Adoption of the proposal for distribution of 2018 profits.

#### **Explanation:**

1. The Company's net profit of 2018 was NT\$3,124,453,625. In accordance with Article 22-1 of the Articles of Incorporation, the 2018 profit allocation proposal is made and attached hereto as Attachment V (page 27).
2. The proposed dividend to shareholders is a cash dividend of NT\$5 per common share, amounting to NT\$2,118,971,920. Subject to the approval of the 2019 Annual Meeting of Shareholders, the Chairman of the Board will be authorized to determine the ex-dividend date and payment date. If the total amount of outstanding common shares changes and the distribution ratio for the cash dividend needs to be adjusted, the Chairman of the Board of Directors of WIN will be authorized by the General Shareholders Meeting to make such adjustments.
3. Distribution of cash dividend will be rounded down to an integer, and the Chairman will be authorized to distribute the total rounded down amounts to specific persons for adjustment.

## **DISCUSSION ITEMS**

### **Proposal 1:**

**Proposed by the Board**

Amendment to the Company's "Articles of Incorporation."

#### **Explanation:**

- (1) WIN's "Articles of Incorporation" should be amended to comply with the amendment to Articles 161-2, 162 and 240 of the Company Law; and to prescribe a concrete dividend policy to strengthen the Company's corporate governance; and comply with the implementation of the Audit Committee of the Company. The proposed amendment to the "Articles of Incorporation" is attached hereto as Attachment VII (pages 31-35).
- (2) WIN's "Articles of Incorporation" (before the revision) is attached hereto as Appendix II (pages 68-73).

### **Proposal 2:**

**Proposed by the Board**

Amendment to the Company's "Procedures for Acquisition or Disposal of Asset."

#### **Explanation:**

- (1) WIN's "Procedures for Acquisition or Disposal of Assets" should be amended to reflect the adoption of IFRS16 "Leases" and the regulatory changes in accordance with Order No. Financial-Supervisory-Securities-Corporate-1070341072 of the Financial Supervisory Commission and to reflect the Company's operation. The proposed amendment to the "Procedures for Acquisition or Disposal of Asset" is attached hereto as Attachment VIII (pages 36-51).
- (2) WIN's "Procedures for Acquisition or Disposal of Asset" (before the revision) is attached hereto as Appendix IV (pages 77-99).

### **Proposal 3:**

**Proposed by the Board**

Amendment to the Company's "Procedures for Lending Funds to Other Parties."

#### **Explanation:**

- (1) WIN's "Procedures for Lending Funds to Other Parties" should be amended to reflect the regulatory changes in accordance with Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission and the Company's operation. The proposed amendment to the "Procedures for Lending Funds to Other Parties" is attached hereto as Attachment IX (pages 52-53).
- (2) WIN's "Procedures for Lending Funds to Other Parties" (before the revision) is attached hereto as Appendix V (pages 100-105).



**Proposal 4:**

**Proposed by the Board**

Amendment to the Company's "Procedures for Endorsement & Guarantee."

- (1) WIN's "Procedures for Endorsement & Guarantee" should be amended to reflect the regulatory changes in accordance with Order No. Financial-Supervisory-Securities-Auditing-1080304826 of the Financial Supervisory Commission and the Company's operation. The proposed amendment to the "Procedures for Endorsement & Guarantee" is attached hereto as Attachment X (pages 54-56).
- (2) WIN's "Procedures for Endorsement & Guarantee" (before the revision) is attached hereto as Appendix VI (pages 106-111).

## **DIRECTORS ELECTION**

### **Proposal 1:**

**Proposed by the Board**

To elect nine Directors (including three Independent Directors)

### **Explanation:**

- (1) According to WIN's Article of Incorporation, the Company shall have seven to nine Directors, including not less than two Independent Directors. The tenure of WIN's 7<sup>th</sup> Board of Directors (including Independent Directors) expires on June 23, 2019. All Directors will be elected at this Annual General Shareholders' Meeting.
- (2) There shall be nine Directors (including three Independent Directors), and the election shall be conducted in accordance with the candidate nomination system as specified in Article 192-1 of the Company Law. The Directors shall be elected at a shareholders' meeting. The list of Director candidates is attached hereto as Attachment XI (pages 57-60).
- (3) The newly-elected Directors shall take office on the elected day and serve a term of office of three years. The tenure of newly-elected Directors shall commence on June 14, 2019 and expire on June 13, 2022.

## **OTHER ITEMS**

### **Proposal 1:**

**Proposed by the Board**

Proposal for release of Directors from non-competition restrictions

### **Explanation:**

- (1) According to Article 209 of the Company Law, 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 candidates of the Directors of the Board 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.
- (3) Positions that Directors concurrently engage in are attached hereto as Attachment XII (pages 61-62).

## **SPECIAL MOTIONS**

## **ADJOURNMENT**

### **III. ATTACHMENT**

#### **ATTACHMENT I: 2018 BUSINESS REPORT**

Looking back at 2018, after we experienced a year with a tremendous amount of wafers shipped for 3D sensing and a record high revenue in 2017, the market expected revenue to further increase each quarter and reach new heights in 2018. However, the inventory of some customers began to pile up and the U.S.-China trade war was just beginning in the first half of 2018, which still has not yet been resolved as of today. In addition, a portion of customers began making inventory adjustments in the second half and there was high level of uncertainty in the market. Then came the poor sales of smartphones, which indirectly led to a series of order cuts in the supply chain and financial forecasts being revised to a downward trend, making the traditional stronger season not as strong as expected. Even in such a gloomy market, we still managed to end 2018 with slight revenue growth that reached a record high.

Entering 2019, it is both a year of anticipation and challenge for us. We anticipate the arrival of the 5G generation. The world has the opportunity to witness the launch of 5G mobile phones in 2019, and some countries will start to experience the 5G network in certain areas. We have many 5G handheld devices and infrastructure-related R&D projects and customer qualifications that are ongoing, preparing for many years forward from 2019. Meanwhile, for handset-related 3D sensing and optical devices, we also have more technology developments and customers that are in progress. The challenge is that, due to different 5G timetables in different countries, the infrastructure will not all be in place in the near term. It is generally believed that the development of 5G in 2019 will be at a very early stage, and the penetration rate should be very low. During the transition to 5G communications, 4G smartphone demand will slow down in the near term. This combined with the impact on the global economy from a great power rivalry have all contributed to the uncertainties for overall demand in 2019. Favorably, as we relentlessly keep well-informed of latest technology trends, continue to invest in R&D, and actively participate in the development plans of our customers, we can capture many future developments of the supply chain. This further reinforces our belief that we are on the right path in gaining strength for future growth.

We were ranked in the top 5% of the corporate governance evaluation for the fourth consecutive year in the first half of 2018, and will continue to direct our efforts in corporate governance.

2018 operating results and 2019 outlook are reported as follow:

#### **A. Operating Performance in 2018**

##### **1. Operating Performance**

The Company's 2018 consolidated revenues totaled NT\$17,310,716 thousand, representing an increase of 1.31% compared to the year 2017. 2018 net profit attributable to owners of parent was NT\$3,124,454 thousand, representing a decrease of 17.00% compared to the prior year, and EPS for 2018 was NT\$7.39.

## 2. Analysis of Receipts, Expenditures, and Profitability

Unit: NT\$ thousands; %

Items		2018 (Consolidated)	2017 (Consolidated)	
Interest Income & Interest Expense	Interest Income	59,064	26,121	
	Interest Expense	22,456	54,946	
Profitability	Return on Total Assets (%)	8.51	11.86	
	Return on Equity (%)	12.27	17.43	
	Ratio to Issued Capital (%)	Operating Income	75.63	108.11
		Pre-tax Income	88.12	107.15
	Profit Ratio (%)	17.71	21.74	
Earnings per Share (NT\$ dollars)	7.39	9.34		

## 3. Budget Implementation

The Company is not required to make public its 2018 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

We will continue to develop a series of highly integrated compound semiconductor technologies to support the development of 5G wireless communication components and key parts of infrastructure. This includes 6GHz (<6GHz) spectrum bands for ubiquitous network coverage and mmWave (~30GHz) for fixed wireless access and mobile broadband. WIN's technology portfolio covers HBT, GaN HEMT, pHEMT and highly integrated platforms to keep our customers ahead of the competition. Our advanced processes deliver the optimal combination of performance, integration, and efficiency for next-generation 5G front-ends, low-latency connections, and massive MIMO access points, and lay the foundation for the development and implementation of 5G mmWave Backhaul/Fronthaul, 5G mmWave Front End Modules for Active Antenna Arrays and User Equipment, and 5G Macrocell and MIMO Base Stations related applications. Furthermore, WIN's development of 5G optical communication and optical information components include 2.5G/10G/25G edge emitting laser diode (LD), high-power edge-emitting laser diode, 2.5G/10G photodiode (PD), avalanche photodiode (APD), and vertical cavity surface-emitting laser (VCSEL). WIN is also capable of providing one-stop-shop services for epitaxy, epitaxial growth, wafer processes, and device characterization. Looking to the future, we will continue to strengthen our technology to provide customers with high-quality and competitive products to serve different market applications, including fiber to the home, data centers, 5G infrastructure, augmented/mixed reality, automotive optoelectronic devices, and 3D sensing.

## B. Business Plan in 2019

We will continue to make capital investments in 2019 to cover equipment procurements and expenses that were suspended due to the economic downturn in the second half of 2018. Furthermore, an important IDM customer reached an agreement at the end of 2017 with WIN to close its factory, sell its equipment, and

outsource all of its PA capacity to WIN. The equipment will be delivered and installed in the first half of this year. Finally, equipment repairs, replacement of old equipment with new ones, production line optimization, and the demand of a portion of subsidiaries are expected to contribute to an over 10% increase in production capacity. This will meet the demand of the peak season this year and a portion of the production capacity needed next year.

### **C. Development Strategy**

We remain optimistic about 5G wireless communications and optical devices becoming our two engines of growth in the next few years. For 5G wireless communications, our microwave communications technology roadmap spans both the sub-6GHz and millimeter wave frequency bands. Whether it may be handheld devices or infrastructure applications, customers have used our processes to design their products. We are also optimistic about the future application of GaN devices in 5G base stations, and have started technological development five to ten years in advance. We have already begun producing small quantities for some customers, and are in the qualification process of even more customers. For optical devices, our 3D sensing related process technologies, which are currently in mass production, are not only used for facial recognition in smartphones, but many other applications are also being developed and qualified by customers. In the future, we will always have a place when it comes to VCSEL components that are used for AR/VR and LiDAR. Furthermore, optical communication devices used by data centers are still a focal point of our research and development. With our years of experience and current results in the development of optical devices, we have successfully attracted over 20 customers from around the world to work closely together with us in a variety of optoelectronic development projects. Furthermore, we also expect to see WiFi specifications transition from 802.11ac to 802.11ax (WiFi6) in response to the greater bandwidth and signal intensity of wireless transmission, as well as the demand of low and medium earth orbit satellites to use broadband network to send 5G signals. We have been actively involved in the supply chain of these applications, which will soon enter the mass production stage.

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

We have always believed that there will always be competition and we need to stay ahead of the competition to maintain our leadership in the industry. The economic and political situation is volatile, and industry supply and demand fluctuates. Besides staying alert and cautiously responding, we believe that implementing corporate governance and abiding by the law will always be the right way to operate a business.

*Chin-Tsai Chen*  
*Chairman*

*Yu-Chi Wang*  
*CEO*

*Linna Su*  
*Accounting Officer*

## **ATTACHMENT II: 2018 AUDIT COMMITTEE'S REVIEW REPORT**

### **AUDIT COMMITTEE'S REVIEW REPORT**

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements (parent-company-only & consolidated), and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit WIN's Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of WIN Semiconductors Corp. According to relevant Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

**WIN Semiconductors Corp.**  
**Chairman of the Audit Committee: Chin-Shih Lin**

March 21, 2019

## **ATTACHMENT III: INDEPENDENT AUDITORS' REPORT AND 2018 CONSOLIDATED FINANCIAL STATEMENTS**

### **Independent Auditors' Report**

The Board of Directors of WIN Semiconductors Corp.:

#### **Opinion**

We have audited the consolidated financial statements of WIN Semiconductors Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

##### **1. Evaluation of inventory**

Please refer to Note 4(h) "Inventories" for accounting policies, Note 5(a) for accounting assumptions, judgments and estimation uncertainty of inventories, and Note 6(e) for the amount of loss on valuation of inventories of the consolidated financial statements.

Due to the high industry demand and rapid fluctuation of the price of precious metals, the Group stored a significant volume of the said material, which resulted in slow turnover of inventories. Therefore, the Group cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the

inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realizable value. Consequently, the evaluation of inventory is identified as a key matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Testing the accuracy of the estimations of inventories at the lower of cost and net realizable value. Referring to the recent selling price and considering the amount of written-off inventories in the subsequent events to evaluate the appropriateness of the amount of loss on valuation of inventories or obsolescence. Analyzing the historical accuracy of judgments, including inspecting the amount of loss on valuation of inventories or obsolescence recognized in prior year and with reference to actual disposal to assess rationality of the judgments of the current period. Moreover, comparing with the provision for inventories valuation and obsolescence made in the current year to evaluate the appropriateness of the assumptions.

2. Business combination

Please refer to Note 4(u) “Business combination” for accounting policies, Note 5(b) for accounting assumptions, judgments and estimation uncertainty of assessment of business combination, and Note 6(j) for the illustration of business combination of consolidated financial statements.

Since the Group had controlled over Phalanx Biotech Group, Inc., the Group subscribed the new shares contributed by Phalanx Biotech Group, Inc. and became its largest shareholder on July 12, 2018. For the requirement of the accounting policies regarding business combination, the management of WIN Semiconductors Corp. and its subsidiaries made judgments in determining the fair value of the consideration transferred, assets acquired and non-controlling interest. There is a significant judgment involved in determining the fair value if pre-existing of the acquiree, assets acquired and liabilities assumed given the specialized nature of the acquired businesses and their related technologies. Thus, the business combination is identified as a key matter in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: Challenging the valuation assumptions and methodologies, which were derived from the independent external purchase price allocation report, with the assistance of our own valuation specialists, to assess the asset valuation models used and their key inputs. Enquiring from management its performance of operation to verify whether or not it is consistent with the input assumptions on external market information in order to identify the reasonableness of assumptions underlying the identification of the fair value if the separate identifiable assets acquired and liabilities assumed in the independent external purchase price allocation report.

**Other Matter**

WIN Semiconductors Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2018 and 2017, on which we have issued an unmodified opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC as well as SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the



preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated

financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Mei- Yen Chen.

KPMG

Taipei, Taiwan (The Republic of China)  
March 21, 2019

**Note to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017			December 31, 2018		December 31, 2017	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Assets</b>									
<b>Current assets:</b>					<b>Liabilities and Equity</b>				
1100 Cash and cash equivalents	\$ 5,462,173	16	7,849,123	21	2170 Notes and accounts payable	1,093,074	3	1,698,485	4
1110 Current financial assets at fair value through profit or loss	103,263	-	1,301,307	3	2200 Other payables	2,469,630	7	2,802,419	8
1125 Current available-for-sale financial assets	-	-	1,661,562	5	2320 Long-term liabilities, current portion	-	-	352,056	1
1170 Notes and accounts receivable, net	1,422,365	4	1,551,390	4	2399 Other current liabilities	265,679	1	224,505	1
1210 Other receivables due from related parties	-	-	182,249	1	<b>Total current liabilities</b>	<b>3,828,383</b>	<b>11</b>	<b>5,077,465</b>	<b>14</b>
1310 Inventories	3,907,390	11	3,744,681	10	<b>Non-Current liabilities:</b>				
1400 Current biological assets	103,289	-	96,738	-	2540 Long-term borrowings	5,802,600	16	5,905,480	16
1470 Other current assets	336,049	1	400,064	1	2570 Deferred tax liabilities	-	-	33,489	-
<b>Total current assets</b>	<b>11,334,529</b>	<b>32</b>	<b>16,787,114</b>	<b>45</b>	2600 Other non-current liabilities	224,235	1	206,273	-
<b>Non-current assets:</b>					<b>Total non-current liabilities</b>	<b>6,026,835</b>	<b>17</b>	<b>6,145,242</b>	<b>16</b>
1510 Non-current financial assets at fair value through profit or loss	722,405	2	-	-	<b>Total liabilities</b>	<b>9,855,218</b>	<b>28</b>	<b>11,222,707</b>	<b>30</b>
1517 Non-current financial assets at fair value through other comprehensive income	2,356,132	7	-	-	<b>Equity:</b>				
1523 Non-current available-for-sale financial assets	-	-	1,793,869	5	3110 Ordinary shares	4,238,144	12	4,226,664	11
1535 Non-current financial assets at amortized cost	29,900	-	-	-	3200 Capital surplus	9,199,357	26	9,052,896	25
1543 Non-current financial assets at cost	-	-	22,915	-	3300 Retained earnings	11,178,324	31	10,821,687	29
1546 Non-current investments in debt instrument without active market	-	-	62,200	-	3400 Other equity interests	763,882	2	1,467,968	4
1550 Investments accounted for using equity method	532,808	2	327,269	1	<b>Total equity attributable to owners of parent</b>	<b>25,379,707</b>	<b>71</b>	<b>25,569,215</b>	<b>69</b>
1600 Property, plant and equipment	15,568,252	44	14,468,268	39	36XX Non-controlling interests	224,678	1	235,530	1
1760 Investment property	1,421,528	4	1,441,902	4	<b>Total equity</b>	<b>25,604,385</b>	<b>72</b>	<b>25,804,745</b>	<b>70</b>
1780 Intangible assets	586,953	2	257,844	1					
1830 Non-current biological assets	31,059	-	37,450	-					
1840 Deferred tax assets	135,802	-	77,200	-					
1915 Prepayments for business facilities	2,643,202	7	1,640,765	5					
1990 Other non-current assets	97,033	-	110,656	-					
<b>Total non-current assets</b>	<b>24,125,074</b>	<b>68</b>	<b>20,240,338</b>	<b>55</b>					
<b>Total assets</b>	<b>\$ 35,459,603</b>	<b>100</b>	<b>37,027,452</b>	<b>100</b>	<b>Total liabilities and equity</b>	<b>\$ 35,459,603</b>	<b>100</b>	<b>37,027,452</b>	<b>100</b>

**WIN Semiconductors Corp. and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2018 and 2017**

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

		2018		2017	
		Amount	%	Amount	%
4000	<b>Operating revenue</b>	\$ 17,310,716	100	17,086,355	100
5000	<b>Operating costs</b>	<u>(11,895,545)</u>	<u>(69)</u>	<u>(10,758,385)</u>	<u>(63)</u>
	<b>Gross profit from operating</b>	<u>5,415,171</u>	<u>31</u>	<u>6,327,970</u>	<u>37</u>
	<b>Operating expenses:</b>				
6100	Selling expenses	(238,957)	(1)	(197,524)	(1)
6200	Administrative expenses	(997,791)	(6)	(868,302)	(5)
6300	Research and development expenses	(973,921)	(5)	(692,809)	(4)
6450	Gains (losses) on expected credit impairment	840	-	-	-
	<b>Total operating expenses</b>	<u>(2,209,829)</u>	<u>(12)</u>	<u>(1,758,635)</u>	<u>(10)</u>
	<b>Net operating income</b>	<u>3,205,342</u>	<u>19</u>	<u>4,569,335</u>	<u>27</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income	245,718	1	202,740	1
7020	Other gains and losses	415,834	2	(30,093)	-
7050	Finance costs	(22,456)	-	(54,946)	-
7770	Shares of losses of associates and joint ventures accounted for using equity method	<u>(109,815)</u>	<u>-</u>	<u>(158,357)</u>	<u>(1)</u>
	<b>Total non-operating income and expenses</b>	<u>529,281</u>	<u>3</u>	<u>(40,656)</u>	<u>-</u>
7900	<b>Profit before tax</b>	3,734,623	22	4,528,679	27
7950	<b>Total tax expense</b>	<u>(668,561)</u>	<u>(4)</u>	<u>(813,384)</u>	<u>(5)</u>
	<b>Profit</b>	<u>3,066,062</u>	<u>18</u>	<u>3,715,295</u>	<u>22</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss:</b>				
8311	Remeasurements of defined benefit plans	(34,051)	-	201	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	<u>(352,044)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>7,730</u>	<u>-</u>	<u>(34)</u>	<u>-</u>
	<b>Total components of other comprehensive income (losses) that will not be reclassified to profit or loss</b>	<u>(378,365)</u>	<u>(2)</u>	<u>167</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss:</b>				
8361	Exchange differences on translation of foreign financial statements	46,105	-	(74,329)	(1)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	807,998	5
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method	<u>(33,317)</u>	<u>-</u>	<u>9,263</u>	<u>-</u>
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>12,788</u>	<u>-</u>	<u>742,932</u>	<u>4</u>
8300	<b>Other comprehensive income, net</b>	<u>(365,577)</u>	<u>(2)</u>	<u>743,099</u>	<u>4</u>
8500	<b>Total comprehensive income</b>	<u>\$ 2,700,485</u>	<u>16</u>	<u>4,458,394</u>	<u>26</u>
	<b>Profit (loss) attributable to:</b>				
8610	Profit attributable to owners of parent	\$ 3,124,454	18	3,764,200	22
8620	Losses attributable to non-controlling interests	<u>(58,392)</u>	<u>-</u>	<u>(48,905)</u>	<u>-</u>
		<u>\$ 3,066,062</u>	<u>18</u>	<u>3,715,295</u>	<u>22</u>
	<b>Comprehensive income (loss) attributable to:</b>				
8710	Comprehensive income, attributable to owners of parent	\$ 2,811,518	16	4,470,438	26
8720	Comprehensive loss, attributable to non-controlling interests	<u>(111,033)</u>	<u>-</u>	<u>(12,044)</u>	<u>-</u>
		<u>\$ 2,700,485</u>	<u>16</u>	<u>4,458,394</u>	<u>26</u>
	<b>Earnings per common share (expressed in dollars)</b>				
9750	Basic earnings per share	<u>\$ 7.39</u>		<u>9.34</u>	
9850	Diluted earnings per share	<u>\$ 7.35</u>		<u>9.30</u>	

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												Non-controlling interests	Total equity
	Retained earnings					Other equity interest								
	Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Other unearned compensation for restricted shares of employees	Total other equity interest	Treasury shares	Total equity attributable to owners of parent		
<b>Balance at January 1, 2017</b>	\$ 4,076,664	3,758,737	1,068,117	8,308,684	9,376,801	1,719	-	760,178	-	761,897	(347,660)	17,626,439	691,445	18,317,884
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	311,277	(311,277)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(1,811,999)	(1,811,999)	-	-	-	-	-	-	(1,811,999)	-	(1,811,999)
Profit (losses) for the year ended December 31, 2017	-	-	-	3,764,200	3,764,200	-	-	-	-	-	-	3,764,200	(48,905)	3,715,295
Other comprehensive income for the year ended December 31, 2017	-	-	-	167	167	(101,927)	-	807,998	-	706,071	-	706,238	36,861	743,099
Total comprehensive income for the year ended December 31, 2017	-	-	-	3,764,367	3,764,367	(101,927)	-	807,998	-	706,071	-	4,470,438	(12,044)	4,458,394
Issue of shares	200,000	5,340,000	-	-	-	-	-	-	-	-	-	5,540,000	-	5,540,000
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(96,317)	(96,317)	-	(96,317)
Retirement of treasury shares	(50,000)	(45,841)	-	(348,136)	(348,136)	-	-	-	-	-	443,977	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	(159,346)	(159,346)	-	-	-	-	-	-	(159,346)	-	(159,346)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(443,871)	(443,871)
Balance at December 31, 2017	4,226,664	9,052,896	1,379,394	9,442,293	10,821,687	(100,208)	-	1,568,176	-	1,467,968	-	25,569,215	235,530	25,804,745
Effects of retrospective application and retrospective restatement	-	-	-	166,337	166,337	-	1,401,839	(1,568,176)	-	(166,337)	-	-	-	-
Equity at beginning of period after adjustments	4,226,664	9,052,896	1,379,394	9,608,630	10,988,024	(100,208)	1,401,839	-	-	1,301,631	-	25,569,215	235,530	25,804,745
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	376,420	(376,420)	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,958,665)	(2,958,665)	-	-	-	-	-	-	(2,958,665)	-	(2,958,665)
Profit (losses) for the year ended December 31, 2018	-	-	-	3,124,454	3,124,454	-	-	-	-	-	-	3,124,454	(58,392)	3,066,062
Other comprehensive income for the year ended December 31, 2018	-	-	-	(26,321)	(26,321)	65,429	(352,044)	-	-	(286,615)	-	(312,936)	(52,641)	(365,577)
Total comprehensive income for the year ended December 31, 2018	-	-	-	3,098,133	3,098,133	65,429	(352,044)	-	-	(286,615)	-	2,811,518	(111,033)	2,700,485
Disposal of investments accounted for using equity method	-	(21,163)	-	-	-	(1,421)	-	-	-	(1,421)	-	(22,584)	-	(22,584)
Changes in ownership interests in subsidiaries	-	-	-	(40,573)	(40,573)	-	-	-	-	-	-	(40,573)	-	(40,573)
Adjustment to share of changes in equity associates	-	635	-	-	-	-	-	-	-	-	-	635	-	635
Issuance of restricted shares of employees	11,480	163,877	-	-	-	-	-	-	(175,357)	(175,357)	-	-	-	-
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	17,049	17,049	-	17,049	-	17,049
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	96,486	96,486
Stock option compensation cost of subsidiary	-	3,112	-	-	-	-	-	-	-	-	-	3,112	3,695	6,807
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	91,405	91,405	-	(91,405)	-	-	(91,405)	-	-	-	-
<b>Balance at December 31, 2018</b>	\$ 4,238,144	9,199,357	1,755,814	9,422,510	11,178,324	(36,200)	958,390	-	(158,308)	763,882	-	25,379,707	224,678	25,604,385

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 3,734,623	4,528,679
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	3,158,550	2,514,612
Amortization expense	63,588	47,398
Reversal of expected credit gains	(840)	-
Net losses on financial assets or liabilities at fair value through profit or loss	57,848	16,411
Interest expenses	22,456	54,946
Interest income	(59,064)	(26,121)
Dividend income	(101,910)	(87,859)
Compensation cost arising from share-based payments	23,856	-
Shares of losses of associates and joint ventures accounted for using equity method	117,837	166,787
(Gains) losses on disposal of property, plant and equipment	(2,210)	1,809
Gains on disposal of investments	(286,514)	(163,028)
Impairment losses on financial assets	-	2,635
Changes in biological assets at fair value	(1,139)	17,455
Prepayments for business facilities transferred to expenses	15	-
<b>Total adjustments to reconcile profit (loss)</b>	<u>2,992,473</u>	<u>2,545,045</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
(Decrease) increase in financial assets at fair value through profit or loss	23,485	(831)
(Decrease) increase in notes and accounts receivable	135,566	(482,676)
Increase in inventories	(150,018)	(1,026,689)
Increase in biological assets	(12,397)	(92,323)
Decrease (increase) in other current assets	81,000	(105,198)
<b>Total changes in operating assets</b>	<u>77,636</u>	<u>(1,707,717)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in notes and accounts payable	(607,933)	912,344
Increase in other payables	143,905	371,790
Increase in other current liabilities	10,804	2,397
Increase in other non-current liabilities	1,827	1,361
<b>Total changes in operating liabilities</b>	<u>(451,397)</u>	<u>1,287,892</u>
<b>Total changes in operating assets and liabilities</b>	<u>(373,761)</u>	<u>(419,825)</u>
<b>Cash inflow generated from operations</b>	<u>6,353,335</u>	<u>6,653,899</u>
Dividends received	4,642	5,200
Income taxes paid	(878,459)	(765,072)
<b>Net cash flows from operating activities</b>	<u>5,479,518</u>	<u>5,894,027</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(84,704)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	244,675	-
Proceeds from disposal of non-current financial assets at amortized cost	32,300	-
Acquisition of financial assets at fair value through profit or loss	(477,593)	(1,200,963)
Proceeds from disposal of financial assets at fair value through profit or loss	1,486,555	109,289
Proceeds from disposal of current available-for-sale financial assets	-	181,000
Acquisition of non-current available-for-sale financial assets	-	(229,014)
Proceeds from disposal non-current available-for-sale financial assets	-	150,745
Proceeds from disposal of investments in debt instrument without active market	-	30,400
Acquisition of investments accounted for using equity method	(389,970)	(30,330)
Proceeds from disposal of investments accounted for using equity method	21,925	-
Proceeds from capital reduction of investments accounted for using equity method	-	39,833
Acquisition of property, plant and equipment	(3,188,631)	(2,694,713)
Proceeds from disposal of property, plant and equipment	4,334	3,947
Decrease (increase) in other receivables due from related parties	181,200	(181,200)
Acquisition of intangible assets	(46,528)	(83,782)
Net cash inflows (outflows) from business combination	56,790	(36,959)
Acquisition of investment properties	-	(1,258)
Decrease (increase) in other non-current assets	24,295	(8,784)
Increase in prepayments for business facilities	(2,403,075)	(1,299,756)
Interest received	63,792	22,232
Dividends received	97,268	82,659
<b>Net cash flows used in investing activities</b>	<u>(4,377,367)</u>	<u>(5,146,654)</u>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term debt	4,891,000	5,963,500
Repayments of long-term debt	(5,346,025)	(4,320,979)
Increase (decrease) in other non-current liabilities	(617)	14,255
Cash dividends paid	(2,958,665)	(1,811,999)
Proceeds from issuing shares	-	5,540,000
Payments to acquire treasury shares	-	(114,515)
Interest paid	(22,945)	(53,096)
Change in non-controlling interests	(68,770)	(462,802)
<b>Net cash flows from (used in) financing activities</b>	<u>(3,506,022)</u>	<u>4,754,364</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>16,921</u>	<u>(40,757)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(2,386,950)</u>	<u>5,460,980</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>7,849,123</u>	<u>2,388,143</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 5,462,173</u>	<u>7,849,123</u>

## **ATTACHMENT IV: INDEPENDENT AUDITORS' REPORT AND 2018 PARENT-COMPANY-ONLY FINANCIAL STATEMENTS**

### **Independent Auditors' Report**

The Board of Directors of WIN Semiconductors Corp.:

#### **Opinion**

We have audited the financial statements of WIN Semiconductors Corp. (“the Company”), which comprise the balance sheets as of December 31, 2018 and 2017, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors’ report was as follows:

##### Evaluation of inventory

Please refer to Note 4(g) “Inventories” for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventories, and Note 6(e) for the amount of loss on valuation of inventories of the parent-company-only financial statements.

Due to the high industry demand and rapid fluctuation of the price of precious metals, the Company stored a significant volume of the said material, which resulted in slow turnover of inventories. Therefore, the Company cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realizable value. Consequently, the evaluation of inventory is identified as the key matter in our audit.

##### How the matter was addressed in our audit:

Our principal audit procedures included: Testing the accuracy of the estimations of inventories at the lower of cost and net realizable value. Referring to the recent selling price and considering the amount of written-off inventories in the subsequent events to evaluate the

appropriateness of the amount of loss on valuation of inventories or obsolescence. Analyzing the historical accuracy of judgments, including inspecting the amount of loss on valuation of inventories or obsolescence recognized in prior year and with reference to actual disposal to assess rationality of the judgments of the current period. Moreover, comparing with the provision for inventories valuation and obsolescence made in the current year to evaluate the appropriateness of the assumptions.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the



audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Mei-Yen Chen.

KPMG  
Taipei, Taiwan (The Republic of China)  
March 21, 2019

#### **Note to Readers**

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

## (English Translation of Financial Statements and Report Originally Issued in Chinese)

## WIN Semiconductors Corp.

## Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2018		December 31, 2017		Liabilities and Equity		December 31, 2018		December 31, 2017	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 3,474,932	10	6,692,816	18	2170	Accounts payable	\$ 1,079,252	3	1,682,749	5
1110	Current financial assets at fair value through profit or loss	17,475	-	1,131,696	3	2200	Other payables	2,351,057	7	2,722,598	7
1125	Current available-for-sale financial assets	-	-	1,661,562	5	2320	Long-term liabilities, current portion	-	-	352,056	1
1170	Accounts receivable, net	553,914	1	454,663	1	2399	Other current liabilities	217,950	1	211,649	1
1180	Accounts receivable due from related parties, net	942,499	3	1,285,142	4		<b>Total current liabilities</b>	<b>3,648,259</b>	<b>11</b>	<b>4,969,052</b>	<b>14</b>
1310	Inventories	3,876,539	11	3,735,524	10	<b>Non-Current liabilities:</b>					
1470	Other current assets	264,180	1	368,740	1	2540	Long-term borrowings	5,802,600	17	5,905,480	16
	<b>Total current assets</b>	<b>9,129,539</b>	<b>26</b>	<b>15,330,143</b>	<b>42</b>	2570	Deferred tax liabilities	-	-	33,489	-
<b>Non-current assets:</b>						2600	Other non-current liabilities	218,085	-	182,206	-
1510	Non-current financial assets at fair value through profit or loss	722,405	2	-	-		<b>Total non-current liabilities</b>	<b>6,020,685</b>	<b>17</b>	<b>6,121,175</b>	<b>16</b>
1517	Non-current financial assets at fair value through other comprehensive income	1,682,788	5	-	-		<b>Total liabilities</b>	<b>9,668,944</b>	<b>28</b>	<b>11,090,227</b>	<b>30</b>
1523	Non-current available-for-sale financial assets	-	-	1,149,835	3	<b>Equity:</b>					
1535	Non-current financial assets at amortized cost	29,900	-	-	-	3110	Ordinary shares	4,238,144	12	4,226,664	11
1546	Non-current investments in debt instrument without active market	-	-	62,200	-	3200	Capital surplus	9,199,357	26	9,052,896	25
1550	Investments accounted for using equity method	4,379,635	13	2,660,032	7	3300	Retained earnings	11,178,324	32	10,821,687	30
1600	Property, plant and equipment	14,784,516	42	14,163,365	39	3400	Other equity interests	763,882	2	1,467,968	4
1760	Investment property	1,421,528	4	1,441,902	4		<b>Total equity</b>	<b>25,379,707</b>	<b>72</b>	<b>25,569,215</b>	<b>70</b>
1780	Intangible assets	94,261	-	81,879	-						
1840	Deferred tax assets	135,802	-	77,200	-						
1915	Prepayments for business facilities	2,618,079	8	1,640,615	5						
1990	Other non-current assets	50,198	-	52,271	-						
	<b>Total non-current assets</b>	<b>25,919,112</b>	<b>74</b>	<b>21,329,299</b>	<b>58</b>						
	<b>Total assets</b>	<b>\$ 35,048,651</b>	<b>100</b>	<b>36,659,442</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 35,048,651</b>	<b>100</b>	<b>36,659,442</b>	<b>100</b>

# WIN Semiconductors Corp.

## Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue	\$ 16,757,646	100	16,477,395	100
5000	Operating costs	<u>(11,453,327)</u>	<u>(68)</u>	<u>(10,367,930)</u>	<u>(63)</u>
	Gross profit from operating	<u>5,304,319</u>	<u>32</u>	<u>6,109,465</u>	<u>37</u>
	<b>Operating expenses:</b>				
6100	Selling expenses	(131,388)	(1)	(109,666)	(1)
6200	Administrative expenses	(802,989)	(5)	(734,840)	(4)
6300	Research and development expenses	<u>(916,432)</u>	<u>(5)</u>	<u>(674,475)</u>	<u>(4)</u>
	<b>Total operating expenses</b>	<u>(1,850,809)</u>	<u>(11)</u>	<u>(1,518,981)</u>	<u>(9)</u>
	<b>Net operating income</b>	<u>3,453,510</u>	<u>21</u>	<u>4,590,484</u>	<u>28</u>
	<b>Non-operating income and expenses:</b>				
7010	Other income	208,523	1	181,820	1
7020	Other gains and losses	377,909	2	(30,475)	-
7050	Finance costs	(22,452)	-	(54,946)	-
7070	Shares of losses of subsidiaries, associates and joint ventures accounted for using equity method	<u>(224,879)</u>	<u>(1)</u>	<u>(109,323)</u>	<u>(1)</u>
	<b>Total non-operating income and expenses</b>	<u>339,101</u>	<u>2</u>	<u>(12,924)</u>	<u>-</u>
7900	<b>Profit before tax</b>	3,792,611	23	4,577,560	28
7950	<b>Total tax expense</b>	<u>(668,157)</u>	<u>(4)</u>	<u>(813,360)</u>	<u>(5)</u>
	<b>Profit</b>	<u>3,124,454</u>	<u>19</u>	<u>3,764,200</u>	<u>23</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Remeasurements of defined benefit plans	(34,051)	-	201	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(371,497)	(2)	-	-
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	19,453	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>7,730</u>	<u>-</u>	<u>(34)</u>	<u>-</u>
	<b>Total components of other comprehensive income (losses) that will not be reclassified to profit or loss</b>	<u>(378,365)</u>	<u>(2)</u>	<u>167</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	120,184	(1)	(136,844)	(1)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	617,146	4
8380	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(54,755)	(1)	225,769	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<u>65,429</u>	<u>-</u>	<u>706,071</u>	<u>4</u>
8300	<b>Other comprehensive income, net</b>	<u>(312,936)</u>	<u>(2)</u>	<u>706,238</u>	<u>4</u>
8500	<b>Total comprehensive income</b>	<u>\$ 2,811,518</u>	<u>17</u>	<u>4,470,438</u>	<u>27</u>
	<b>Earnings per common share (expressed in dollars)</b>				
9750	Basic earnings per share	<u>\$ 7.39</u>		<u>9.34</u>	
9850	Diluted earnings per share	<u>\$ 7.35</u>		<u>9.30</u>	

WIN Semiconductors Corp.

Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity interest						
	Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Other unearned compensation for restricted shares of employees	Total other equity interest	Treasury shares	Total equity
<b>Balance at January 1, 2017</b>	\$ 4,076,664	3,758,737	1,068,117	8,308,684	9,376,801	1,719	-	760,178	-	761,897	(347,660)	17,626,439
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	311,277	(311,277)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(1,811,999)	(1,811,999)	-	-	-	-	-	-	(1,811,999)
	-	-	311,277	(2,123,276)	(1,811,999)	-	-	-	-	-	-	(1,811,999)
Profit for the year ended December 31, 2017	-	-	-	3,764,200	3,764,200	-	-	-	-	-	-	3,764,200
Other comprehensive income for the year ended December 31, 2017	-	-	-	167	167	(101,927)	-	807,998	-	706,071	-	706,238
Total comprehensive income for the year ended December 31, 2017	-	-	-	3,764,367	3,764,367	(101,927)	-	807,998	-	706,071	-	4,470,438
Issue of shares	200,000	5,340,000	-	-	-	-	-	-	-	-	-	5,540,000
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(96,317)	(96,317)
Retirement of treasury shares	(50,000)	(45,841)	-	(348,136)	(348,136)	-	-	-	-	-	443,977	-
Changes in ownership interests in subsidiaries	-	-	-	(159,346)	(159,346)	-	-	-	-	-	-	(159,346)
Balance at December 31, 2017	4,226,664	9,052,896	1,379,394	9,442,293	10,821,687	(100,208)	-	1,568,176	-	1,467,968	-	25,569,215
Effects of retrospective application and retrospective restatement	-	-	-	166,337	166,337	-	1,401,839	(1,568,176)	-	(166,337)	-	-
Equity at beginning of period after adjustments	4,226,664	9,052,896	1,379,394	9,608,630	10,988,024	(100,208)	1,401,839	-	-	1,301,631	-	25,569,215
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	376,420	(376,420)	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	(2,958,665)	(2,958,665)	-	-	-	-	-	-	(2,958,665)
	-	-	376,420	(3,335,085)	(2,958,665)	-	-	-	-	-	-	(2,958,665)
Profit for the year ended December 31, 2018	-	-	-	3,124,454	3,124,454	-	-	-	-	-	-	3,124,454
Other comprehensive income for the year ended December 31, 2018	-	-	-	(26,321)	(26,321)	65,429	(352,044)	-	-	(286,615)	-	(312,936)
Total comprehensive income for the year ended December 31, 2018	-	-	-	3,098,133	3,098,133	65,429	(352,044)	-	-	(286,615)	-	2,811,518
Disposal of investments accounted for using equity method	-	(19,746)	-	-	-	(1,165)	-	-	-	(1,165)	-	(20,911)
Adjustment to share of changes in equities of subsidiaries	-	2,330	-	-	-	(256)	-	-	-	(256)	-	2,074
Changes in ownership interests in subsidiaries	-	-	-	(40,573)	(40,573)	-	-	-	-	-	-	(40,573)
Issuance of restricted shares of employees	11,480	163,877	-	-	-	-	-	-	(175,357)	(175,357)	-	-
Compensation cost arising from restricted shares of employees	-	-	-	-	-	-	-	-	17,049	17,049	-	17,049
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	91,405	91,405	-	(91,405)	-	-	(91,405)	-	-
<b>Balance at December 31, 2018</b>	\$ 4,238,144	9,199,357	1,755,814	9,442,510	11,178,324	(36,200)	958,390	-	(158,308)	763,882	-	25,379,707

WIN Semiconductors Corp.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 3,792,611	4,577,560
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	3,120,537	2,487,549
Amortization expense	53,836	41,826
Net losses on financial assets or liabilities at fair value through profit or loss	32,387	34,775
Interest expenses	22,452	54,946
Interest income	(40,999)	(18,285)
Dividend income	(79,329)	(70,680)
Compensation cost arising from share-based payments	17,049	-
Shares of losses of subsidiaries, associates and joint ventures accounted for using equity method	224,879	109,323
(Gains) losses on disposal of property, plant and equipment	(2,403)	1,809
Gains on disposal of investments	(237,129)	(160,043)
<b>Total adjustments to reconcile profit</b>	<u>3,111,280</u>	<u>2,481,220</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in accounts receivable, net	(99,251)	78,009
Decrease (increase) in accounts receivable due from related parties	342,643	(763,185)
Increase in inventories	(148,308)	(1,019,023)
Decrease (increase) in other current assets	97,199	(75,862)
<b>Total changes in operating assets</b>	<u>192,283</u>	<u>(1,780,061)</u>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in accounts payable	(603,497)	741,214
Increase in other payable	137,468	384,189
Increase in other current liabilities	6,301	4,577
Increase in other non-current liabilities	1,827	1,361
<b>Total changes in operating liabilities</b>	<u>(457,901)</u>	<u>1,131,341</u>
<b>Total changes in operating assets and liabilities</b>	<u>(265,618)</u>	<u>(648,720)</u>
Cash inflow generated from operations	6,638,273	6,410,060
Income taxes paid	(878,240)	(764,527)
<b>Net cash flows from operating activities</b>	<u>5,760,033</u>	<u>5,645,533</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(84,704)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	228,838	-
Proceeds from disposal of non-current financial assets at amortized cost	32,300	-
Acquisition of financial assets at fair value through profit or loss	(477,593)	(1,165,963)
Proceeds from disposal of financial assets at fair value through profit or loss	1,451,464	74,230
Acquisition of non-current available-for-sale financial assets	-	(229,014)
Proceeds from disposal of current available-for-sale financial assets	-	181,000
Proceeds from disposal of non-current available-for-sale financial assets	-	150,745
Acquisition of investments accounted for using equity method	(1,705,270)	(1,204,000)
Proceeds from disposal of investments accounted for using equity method	21,925	-
Proceeds from capital reduction of investments accounted for using equity method	-	39,833
Proceeds from disposal of non-current investments in debt instrument without active markets	-	30,400
Acquisition of property, plant and equipment	(2,712,970)	(2,201,117)
Proceeds from disposal of property, plant and equipment	3,367	3,929
Acquisition of intangible assets	(43,538)	(46,839)
Acquisition of investment properties	-	(1,258)
Increase in other non-current assets	-	(1,484)
Decrease in other non-current assets	2,073	-
Increase in prepayment for business facilities	(2,378,658)	(1,299,606)
Interest received	42,151	18,487
Dividends received	79,329	70,680
<b>Net cash flows used in investing activities</b>	<u>(5,541,286)</u>	<u>(5,579,977)</u>
<b>Cash flows from (used in) financing activities:</b>		
Proceeds from long-term debt	4,891,000	5,963,500
Repayments of long-term debt	(5,346,025)	(4,320,979)
Decrease in other non-current liabilities	-	(9,812)
Cash dividends paid	(2,958,665)	(1,811,999)
Proceeds from issuing shares	-	5,540,000
Payments to acquire treasury shares	-	(114,515)
Interest paid	(22,941)	(53,096)
<b>Net cash flows from (used in) financing activities</b>	<u>(3,436,631)</u>	<u>5,193,099</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(3,217,884)</u>	<u>5,258,655</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>6,692,816</u>	<u>1,434,161</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 3,474,932</u>	<u>6,692,816</u>

## ATTACHMENT V: PROFIT ALLOCATION PROPOSAL

### WIN Semiconductors Corp. 2018 Profit Allocation Proposal

Unit: NT\$

<b>Net profit of 2018</b>	<b>3,124,453,625</b>
Less: 10% legal reserve	(312,445,363)
<b>Retained earnings in 2018 available for distribution</b>	<b>2,812,008,262</b>
<b>Distributable item:</b>	
<b>Cash dividends to common share holders (NT\$5 per share)</b>	<b>(2,118,971,920)</b>
<b>Unappropriated retained earnings of 2018</b>	<b>693,036,342</b>
Add: uappropriated retained earnings, Dec. 31, 2017	6,107,207,692
Add: Effect of retrospective application and retrospective restatement	166,336,683
<b>Unappropriated retained earnings after adjustment, Dec. 31, 2017</b>	<b>6,273,544,375</b>
Add: Disposal of investments in equity instruments designated at fair value through other comprehensive income	91,404,548
Less: Remeasurements of defined benefit plans	(26,320,820)
Less: Changes in ownership interests in subsidiaries	(40,572,386)
<b>Unappropriated retained earnings, Dec. 31, 2018</b>	<b>6,991,092,059</b>

If there is any net profit after closing of a fiscal year, the Corporation 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 equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the 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.

*Chin-Tsai Chen*  
Chairman

*Yu-Chi Wang*  
CEO

*Linna Su*  
Accounting Officer

**ATTACHMENT VI: 2017 PRIVATE PLACEMENT OF SECURITIES EXECUTION REPORT**

Item	2017 1 <sup>st</sup> Private Placement Date of issuance: January 17, 2018
Securities under private placement	Common shares
Date of resolution and approved quantity	June 16, 2017, not exceeding 40,000,000 shares
Basis and rationality of price setting	<ol style="list-style-type: none"> <li>1. In accordance with “Directions for Public Companies Conducting Private Placements of Securities”, the higher of the following two calculations shall be the reference price: (a) the simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days, or (b) for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.</li> <li>2. The actual issuance price shall no lower than the reference price.</li> <li>3. The pricing date is the Board meeting date on December 8, 2017. The simple average closing price of the common shares of the Company for the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction is NT\$267.50, NT\$268.17 and NT\$283.60, respectively, the closing price for 1 business day, NT\$267.50, has been chosen. In addition, the simple average closing price of the common shares of the Company for 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction is NT\$276.92. The higher of the two prices, that is, NT\$276.92 is the reference price. The actual issuance price, NT\$277, is not lower than the reference price and meets the 2017 AGM resolutions.</li> </ol>
Method of selection of specified parties	<p>The strategic investors have the priority to be considered as Specific Persons for private placement if (i) being qualified for the rules in Article 43-6, Security and Exchange Act and relevant regulations, (ii) can meet the Company’s business needs in terms of developing new market, expanding operation scale and generating direct or indirect benefits for future operations. The major targets will be the Company’s customers and shall not be insiders or related parties of the Company. It is proposed to authorize the Company’s Board to determine the Specific Persons for private placement.</p>

The reasons for private placement	Considering the effectiveness, feasibility and costs to raise capital, the Company proposes to raise funds by way of issuance of common shares through private placement. Also, it is proposed to authorize the Company's Board to implement the private placement based on the capital market status and Company's actual needs, which can increase the flexibility and effectiveness. Fundraising through private placement with the imposed trading limitation period of 3 years can ensure more long-term cooperation between the Company and the strategic investors.				
Date of payment and completion	The aggregate subscription price NT\$5,540,000,000 was fully received on December 22, 2017.				
Information of contributing parties	Target	Eligibility	Quantity purchased	Relationship with the company	Participation in company operations
	Avago Technologies General IP (Singapore) Pte. Ltd.	Subparagraph 2, Paragraph 1, Article 43-6 of Security and Exchange Act	20,000,000 shares	Non related-party of the Company	No
Actual purchase price	NT\$277				
Difference between the actual purchase price and the reference price	The actual issuance price, NT\$277, is not lower than the reference price and meets the 2017 AGM resolutions.				
Impact of private placement on shareholder's equity	Shares of private placement to total ordinary shares was 4.72% as of Dec. 31, 2018.				
Use of funds from private placement and the progress of proposed plans	The Board of Directors has resolved to issue 20,000,000 shares on December 8, 2017, the fundraising amount has been fully paid on December 22, 2017. Therefore, the Board has resolved to terminate the remaining 20,000,000 shares for private placement during the remaining period on December 29, 2017. The execution report was as follows:				
	<b>Project name</b>	<b>Projected amount</b>	<b>Actual amount</b>	<b>Achievement</b>	
	Capital expenditure	NT\$1,277,163,603	NT\$1,277,163,603	100%	
	Research & development expenses and working capital	NT\$4,262,836,397	NT\$4,262,836,397	100%	
	<b>Total</b>	<b>NT\$5,540,000,000</b>	<b>NT\$5,540,000,000</b>	<b>100%</b>	



Effectiveness of private placement	The capital usage plan and projected benefits of private placement: Proceeds raised will be used as capital expenditure, research & development expenses and working capital. The private placement will reinforce the financial structure and contribute to the stability of the Company's growth, which can benefit shareholders' equity.
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## ATTACHMENT VII: REVISIONS TO ARTICLES OF INCORPORATION

### Before and After Revision

AFTER THE REVISION	BEFORE THE REVISION
<p>Article 1 This Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 穩懋半導體股份有限公司 in Chinese. <u>The Corporation's name shall be WIN Semiconductors Corp. in English.</u></p>	<p>Article 1 This Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 穩懋半導體股份有限公司 in Chinese.</p>
<p>Article 6 The Corporation may issue shares without printing share certificates, provided that the stock shall be recorded with the centralized securities custody institution.</p>	<p>Article 6 <u>The share certificates of the Corporation shall all be name-bearing, signed by at least three directors and numbered, and issued after being authenticated by the government authority in charge or its designated stock issuance registration institution.</u> The Corporation may issue shares without printing share certificates, provided that the stock shall be recorded with the centralized securities custody institution.</p>
<p>Section IV Directors of the Board</p> <p>Article 13 The Corporation shall have seven (7) to nine (9) Directors, who shall be elected in accordance with the nomination system by the shareholders' meeting, and to serve a term of office of three (3) years. All Directors shall be eligible for re-election. The Corporation shall have Independent Directors, seats of which shall not be less than two (2) or one-fifth of seats of Directors, whichever is higher. Matters relevant to acceptance of candidate nomination, announcement, etc. shall be proceeded pursuant to the Company Law, Securities Exchange Law and the related laws and regulations. The election of Independent Directors and Directors of the Corporation shall be conducted concurrently and the number of the Independent Directors and Directors to be elected shall be calculated separately.</p>	<p>Section IV Directors of the Board <u>and Supervisors</u></p> <p>Article 13 The Corporation shall have seven (7) to nine (9) Directors <u>and three (3) Supervisors</u>, who shall be elected in accordance with the nomination system by the shareholders' meeting, and to serve a term of office of three (3) years. All Directors <u>and Supervisors</u> shall be eligible for re-election. The Corporation shall have Independent Directors, seats of which shall not be less than two (2) or one-fifth of seats of Directors, whichever is higher. Matters relevant to acceptance of candidate nomination, announcement, etc. shall be proceeded pursuant to the Company Law, Securities Exchange Law and the related laws and regulations. The election of Independent Directors and Directors of the Corporation shall be conducted concurrently and the number of the Independent Directors and Directors to be</p>

AFTER THE REVISION	BEFORE THE REVISION
	elected shall be calculated separately.
<p>Article 14-1 The Board of Directors may establish various committees with different functions. The committees subordinated to the Board of Directors shall stipulate charters and rules regarding the exercise of rights and duties and which shall be put in force upon approval by the Board of Directors.</p> <p><u>In compliance with laws or regulations, the Corporation shall establish an Audit Committee, which shall consist of all Independent Directors. The Audit Committee shall be responsible for those responsibilities of supervisors specified in the Company Law of the Republic of China, Securities and Exchange Law and other relevant regulations.</u></p>	<p>Article 14-1 The Board of Directors may establish various committees with different functions. The committees subordinated to the Board of Directors shall stipulate charters and rules regarding the exercise of rights and duties and which shall be put in force upon approval by the Board of Directors.</p> <p><u>Where the Corporation has established an Audit Committee by law or regulations, the Audit Committee shall be responsible for those responsibilities of supervisors specified in the Company Law of the Republic of China, Securities and Exchange Law and other relevant regulations. Upon establishment of an Audit Committee, all provisions related to supervisors shall cease to apply.</u></p>
<p>Article 15 The Board of Directors shall hold a meeting at least once every quarter. The reasons for convention of meetings of the Board of Directors shall be specified in the meeting notice and be given to each Director, provided that a meeting of the Board of Directors may be convened at any time in the event of emergency. The notice for convention of meetings of the Board of Directors shall be given to each Director in writing, in the form of electronic transmission or facsimile.</p>	<p>Article 15 The Board of Directors shall hold a meeting at least once every quarter. The reasons for convention of meetings of the Board of Directors shall be specified in the meeting notice and be given to each Director <u>and Supervisor</u>, provided that a meeting of the Board of Directors may be convened at any time in the event of emergency. The notice for convention of meetings of the Board of Directors shall be given to each Director <u>and Supervisor</u> in writing, in the form of electronic transmission or facsimile.</p>
<p>Article 19 The Corporation may defray compensation to all the Directors when they perform the duties relevant to the Corporation. The Board of Directors is authorized to determine the compensation for all Directors based on the standards of the industry, taking into account the individual performance and the long term performance of the Corporation, and the business operation risk of the Corporation. The compensation for Independent Directors may be reasonably different from Directors.</p>	<p>Article 19 The Corporation may defray compensation to all the Directors <u>and Supervisors</u> when they perform the duties relevant to the Corporation. The Board of Directors is authorized to determine the compensation for all Directors <u>and Supervisors</u> based on the standards of the industry, taking into account the individual performance and the long term performance of the Corporation, and the business operation risk of the Corporation. The compensation for Independent Directors may be reasonably different from</p>

AFTER THE REVISION	BEFORE THE REVISION
	Directors.
<p>Article 19-1 The Corporation may purchase liability insurance for Directors.</p>	<p>Article 19-1 The Corporation may purchase liability insurance for Directors <u>and Supervisors</u>.</p>
<p>Article 21 After closing of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular Shareholders' meeting for acceptance:</p> <ol style="list-style-type: none"> <li>1. Business Report;</li> <li>2. Financial Statements, and</li> <li>3. Proposal Concerning Appropriation of Net Profits or Losses.</li> </ol> <p><u>If the proposal concerning appropriation of net profits is paid in cash according to the second paragraph of Article 22-1, it shall be reported to the regular Shareholders' meeting.</u></p>	<p>Article 21 After closing of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular Shareholders' meeting for acceptance:</p> <ol style="list-style-type: none"> <li>1. Business Report;</li> <li>2. Financial Statements, and</li> <li>3. Proposal Concerning Appropriation of Net Profits or Losses.</li> </ol>
<p>Article 22 Employees' Profit Sharing Bonus and Compensation of Directors If there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:</p> <ol style="list-style-type: none"> <li>1. Employee's profit sharing bonus: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Corporation. In addition, employee's profit sharing bonus shall be distributed in the form of shares or cash. Stock-type employee's profit sharing bonus may be distributed to qualified employees of affiliates of the Corporation.</li> <li>2. Compensation of Directors: no more than 3%.</li> </ol> <p>However, if there are any accumulated losses of the Corporation, the Corporation shall pre-reserve the amount to offset the loss. The distribution of employees' compensation and compensation of Directors shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.</p>	<p>Article 22 Employees' Profit Sharing Bonus and Compensation of Directors <u>and Supervisors</u> If there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:</p> <ol style="list-style-type: none"> <li>1. Employee's profit sharing bonus: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Corporation. In addition, employee's profit sharing bonus shall be distributed in the form of shares or cash. Stock-type employee's profit sharing bonus may be distributed to qualified employees of affiliates of the Corporation.</li> <li>2. Compensation of Directors <u>and Supervisors</u>: no more than 3%.</li> </ol> <p>However, if there are any accumulated losses of the Corporation, the Corporation shall pre-reserve the amount to offset the loss. The distribution of employees' compensation and compensation of Directors <u>and Supervisors</u> shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.</p>
<p>Article 22-1 Profits Distribution If there is any net profit after closing of a fiscal year, the Corporation shall first pay</p>	<p>Article 22-1 Profits Distribution If there is any net profit after closing of a fiscal year, the Corporation shall first pay</p>

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>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 equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, <u>the Corporation shall set aside at least 50% for shareholders' dividends</u>, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend. <u>It is authorized the distributable dividends and bonuses or legal capital reserve and capital reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.</u></p> <p>As the Corporation 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 Corporation's growth and cash demand.</p>	<p>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 equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend. As the Corporation 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 Corporation's growth and cash demand.</p>
<p>Article 25 The Article of Incorporation are agreed to and signed on December 12, 1999 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on May 12, 2000, the second Amendment on May 4, 2001, the third Amendment on June 24, 2002, the fourth Amendment on June 24, 2003, the fifth Amendment on October 26, 2004, the sixth Amendment on June 24, 2005, the seventh Amendment on June 2, 2006, the eighth Amendment on June 19, 2008,</p>	<p>Article 25 The Article of Incorporation are agreed to and signed on December 12, 1999 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on May 12, 2000, the second Amendment on May 4, 2001, the third Amendment on June 24, 2002, the fourth Amendment on June 24, 2003, the fifth Amendment on October 26, 2004, the sixth Amendment on June 24, 2005, the seventh Amendment on June 2, 2006, the eighth Amendment on June 19, 2008,</p>

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
the ninth Amendment on June 26, 2009, the tenth Amendment on June 24, 2010, the eleventh Amendment on June 10, 2011, the twelfth Amendment on June 5, 2012, the thirteenth Amendment of June 3, 2015, the fourteenth Amendment of June 24, 2016 <u>and the fifteenth Amendment of June 14, 2019.</u>	the ninth Amendment on June 26, 2009, the tenth Amendment on June 24, 2010, the eleventh Amendment on June 10, 2011, the twelfth Amendment on June 5, 2012, the thirteenth Amendment of June 3, 2015 <u>and</u> the fourteenth Amendment of June 24, 2016.

**ATTACHMENT VIII: REVISIONS TO PROCEDURES FOR ACQUISITION  
OR DISPOSAL OF ASSET**

**Before and After Revision**

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>Article 2: The term “assets” as used in these Procedures includes the following:</p> <ol style="list-style-type: none"> <li>1. Securities (including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities).</li> <li>2. Real property (including land, houses and buildings, <u>and investment property</u>) and equipment</li> <li>3. Memberships.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. <u>Right-of-use assets.</u></li> <li>6. <u>Derivatives.</u></li> <li>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>8. <u>Other major assets.</u></li> </ol>	<p>Article 2: The term “assets” as used in these Procedures includes the following:</p> <ol style="list-style-type: none"> <li>1. Securities (including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities).</li> <li>2. Real property (including land, houses and buildings, investment property, <u>and rights to use land</u>) and equipment</li> <li>3. Memberships.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. <u>Derivatives.</u></li> <li>6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>7. <u>Other major assets.</u></li> </ol>
<p>Article 3: Terms used in this Procedure are defined as follows:</p> <ol style="list-style-type: none"> <li>1. Derivatives: refer to forward contracts, options contracts, futures contracts, leverage contracts, <u>or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives.</u> The term “forward contracts” does not include insurance contracts, or long-term purchase (sales) <u>contracts.</u></li> <li>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refer to assets acquired or disposed</li> </ol>	<p>Article 3: Terms used in this Procedure are defined as follows:</p> <ol style="list-style-type: none"> <li>1. Derivatives: refer to forward contracts, options contracts, futures contracts, leverage contracts, <u>and swap contracts, and compound contracts combining the above products,</u> whose value is derived from <u>assets, interest rates, foreign exchange rates, indexes or other interests.</u> The term “forward contracts” does not include insurance contracts, <u>performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</u></li> <li>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refer to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the</li> </ol>

AFTER THE REVISION	BEFORE THE REVISION
<p>through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under Article <u>156-3</u> of the Company Law.</p> <p>3.~6. (Omitted)</p> <p>7. Net worth: refers to the <u>balance sheet equity attributable to the owners of the parent company</u> according to the latest financial reports audited or reviewed by the certified public accountants (CPAs).</p>	<p>Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under <u>the eighth paragraph of Article 156</u> of the Company Act.</p> <p>3.~6. (Omitted)</p> <p>7. Net worth: refers to the <u>value calculated</u> according to the latest financial reports audited or reviewed by the certified public accountants (CPAs).</p>
<p>Article 4: Professional appraisers and their officers, CPAs, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA’s opinions, attorney’s opinions, or underwriter’s opinions shall <u>meet the following requirements:</u></p> <p>1. <u>Shall not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Securities and Exchange Act, the Company Law, the Banking Act of the Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p>2. <u>Shall not be a related party or de facto related party of any party to the transaction.</u></p> <p>3. <u>If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de</u></p>	<p>Article 4: Professional appraisers and their officers, CPAs, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA’s opinions, attorney’s opinions, or underwriter’s opinions shall <u>not be a related party of any party to the transaction.</u></p>



AFTER THE REVISION	BEFORE THE REVISION
<p><u>facto related parties of each other.</u>  <u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u></p> <ol style="list-style-type: none"> <li><u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u></li> <li><u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u></li> <li><u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u></li> <li><u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></li> </ol>	
<p>Article 6: The Company specifies the following items in the procedures:</p> <ol style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. Appraisal procedures: <ol style="list-style-type: none"> <li>(1) The units responsible for implementation should report the reasons for acquisition or disposition of assets, subject matter, transaction counterparties, transaction price, terms of payment, and appraisal results or evaluation reports etc. to the level in-charge for decision making.</li> <li>(2) The means of price determination: <ol style="list-style-type: none"> <li>i. In acquiring or disposing real <u>property</u> and equipment: refer to Article 8 in Section 2 of the</li> </ol> </li> </ol> </li> </ol>	<p>Article 6: The Company specifies the following items in the procedures:</p> <ol style="list-style-type: none"> <li>1. (Omitted)</li> <li>2. Appraisal procedures: <ol style="list-style-type: none"> <li>(1) The units responsible for implementation should report the reasons for acquisition or disposition of assets, subject matter, transaction counterparties, transaction price, terms of payment, and appraisal results or evaluation reports etc. to the level in-charge for decision making.</li> <li>(2) The means of price determination: <ol style="list-style-type: none"> <li>i. In acquiring or disposing real <u>estate</u> and equipment: refer to Article 8 in Section 2 of the Procedure.</li> </ol> </li> </ol> </li> </ol>

AFTER THE REVISION	BEFORE THE REVISION
<p>Procedure.</p> <p>ii. In acquiring or disposing securities:</p> <p>(i) The price of securities trading at a centralized securities exchange market or at the place of business of a securities firm is determined by its listed price or market price.</p> <p>(ii) The price of securities not trading at a centralized securities exchange market, at the place of business of a securities firm or at a private placement: refer to Article 9 in Section 2 of the Procedure.</p> <p>iii. In acquiring or disposing memberships or intangible assets: refer to Article 10 in Section 2 of the Procedure.</p> <p>iv. Related party transactions: refer to Section 3 of the Procedure.</p> <p>v. Engaging in derivatives trading: refer to Section 4 of the Procedure.</p> <p>vi. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions and assignment of shares: refer to Section 5 of the Procedure.</p> <p>3. Operating procedures:</p> <p>(1) Degree of authority delegated and the levels to which authority is delegated The acquisition and disposition of assets should be decided in accordance with the Company's delegation of authorization and in the following situations, provided, however, the matters shall be approved by the Board of Directors in advance:</p> <p>i. In acquiring or disposing real <u>property, excluding additions to the buildings and structures.</u></p> <p>ii.~v. (Omitted)</p> <p>vi. In acquiring or disposing of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets,</p>	<p>ii. In acquiring or disposing securities:</p> <p>(i) The price of securities trading at a centralized securities exchange market or at the place of business of a securities firm is determined by its listed price or market price.</p> <p>(ii) The price of securities not trading at a centralized securities exchange market, at the place of business of a securities firm or at a private placement: refer to Article 9 in Section 2 of the Procedure.</p> <p>iii. In acquiring or disposing memberships or intangible assets: refer to Article 10 in Section 2 of the Procedure.</p> <p>iv. Related party transactions: refer to Section 3 of the Procedure.</p> <p>v. Engaging in derivatives trading: refer to Section 4 of the Procedure.</p> <p>vi. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions and assignment of shares: refer to Section 5 of the Procedure.</p> <p>3. Operating procedures:</p> <p>(1) Degree of authority delegated and the levels to which authority is delegated The acquisition and disposition of assets should be decided in accordance with the Company's delegation of authorization and in the following situations, provided, however, the matters shall be approved by the Board of Directors in advance:</p> <p>i. In acquiring or disposing real <u>estate.</u></p> <p>ii.~v. (Omitted)</p> <p>vi. In acquiring or disposing of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or</p>

AFTER THE REVISION	BEFORE THE REVISION
<p>or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds <u>issued by domestic securities investment trust enterprises.</u></p> <p>(2) The units responsible for implementation</p> <p>i. Securities: the finance department.</p> <p>ii. Real <u>property</u>, equipment, memberships, intangible assets: the using department or the relevant department in-charge of assets management.</p> <p>iii. Derivatives: the finance department.</p> <p>iv. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions, and assignment of shares: the project team assembled by the relevant departments.</p> <p>4. Public announcement and regulatory filing procedures: refer to Chapter III of the Procedure.</p> <p>5. Total amounts of real <u>property and right-of-use assets</u> and securities acquired by the Company and each subsidiary not for business use in, and limits on individual securities.</p> <p>(1) The total amount of any real <u>property and right-of-use assets</u> purchased by the Company not for business use may not exceed 50 percent of the Company's net worth; the total amount of any real <u>property and right-of-use assets</u> purchased by each subsidiary of the Company not for business use may not exceed 50 percent of the Company's net worth.</p> <p>(2) The <u>investment limits</u> of <u>securities</u> <u>invested</u> by the Company: <u>total amount that is invested in all securities</u> may not exceed 100 percent of the Company's net worth; <u>the amount that is invested in each individual security</u> may not exceed 80 percent of the Company's</p>	<p>redemption of <u>domestic</u> money market funds.</p> <p>(2) The units responsible for implementation</p> <p>i. Securities: the finance department.</p> <p>ii. Real <u>estate</u>, equipment, memberships, intangible assets: the using department or the relevant department in-charge of assets management.</p> <p>iii. Derivatives: the finance department.</p> <p>iv. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions, and assignment of shares: the project team assembled by the relevant departments.</p> <p>4. Public announcement and regulatory filing procedures: refer to Chapter III of the Procedure.</p> <p>5. Total amounts of real <u>estate</u> and securities acquired by the Company and each subsidiary not for business use in, and limits on individual securities.</p> <p>(1) The total amount of any real <u>estate</u> purchased by the Company not for business use may not exceed 50 percent of the Company's net worth; the total amount of any real <u>estate</u> purchased by each subsidiary of the Company not for business use may not exceed 50 percent of the Company's net worth.</p> <p>(2) The <u>total amount of all security investments</u> by the Company <u>and all of its subsidiaries</u> may not exceed 100 percent of the Company's net worth.</p> <p>(3) <u>The amount of security investment by the Company in each individual security</u> may not exceed 50 percent of the Company's net worth; <u>the amount of security investment by the Company and all of its subsidiaries in each individual security</u> may not exceed 100 percent of the Company's net worth. <u>The amount of security investment by each subsidiary of the Company in each individual security</u> may not</p>

AFTER THE REVISION	BEFORE THE REVISION
<p>net worth.</p> <p>(3) <u>The investment limits of securities invested by each of its subsidiaries: total amount that is invested in all securities may not exceed 100 percent of the Company's net worth; the amount that is invested in each individual security may not exceed 60 percent of the Company's net worth.</u></p> <p>6. ~7. (Omitted)</p>	<p>exceed <u>20</u> percent of the Company's net worth.</p> <p>6.~7. (Omitted)</p>
<p>Article 8: In acquiring or disposing of real property, equipment, <u>or right-of-use assets thereof</u> where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a <u>domestic</u> government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment <u>or right-of-use assets thereof held for</u> business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall <u>also be followed whenever there is any subsequent change</u> to the terms and conditions of the transaction.</p> <p>2.~4. (Omitted)</p>	<p>Article 8: In acquiring or disposing of real property <u>or</u> equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed <u>for any future changes</u> to the terms and conditions of the transaction.</p> <p>2.~4. (Omitted)</p>
<p>Article 10: Where the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof or memberships</u> and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a <u>domestic</u> government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement</p>	<p>Article 10: Where the Company acquires or disposes of <u>memberships or</u> intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by</p>

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
of Auditing Standards No. 20 published by the ARDF.	the ARDF.
<u>Article 11</u> : The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with second paragraph of Article <u>30</u> herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained need not be counted toward the transaction amount.	<u>Article 10-1</u> : The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with second paragraph of Article <u>29</u> herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA’s opinion has been obtained need not be counted toward the transaction amount.
<p><u>Article 13</u>: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company’s total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA’s opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>11</u> herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>	<p><u>Article 12</u>: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company’s total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA’s opinion in compliance with the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article <u>10-1</u> herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p>
<p><u>Article 14</u>: When the Company intends to acquire or dispose of real property or <u>right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property or <u>right-of-use assets thereof</u> from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic</p>	<p><u>Article 13</u>: When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company’s total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises, the</p>

AFTER THE REVISION	BEFORE THE REVISION
<p>money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property <u>or right-of-use assets thereof</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article <u>15</u> and Article <u>16</u>.</li> <li>4.~7. (Omitted)</li> </ol> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with second paragraph Article <u>30</u> herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</p> <p><u>With respect to the types of transactions listed below, when to be conducted between the Company and its subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company’s Board of Directors delegate the Chairman of Board of Directors to decide such matters when the transaction is within 10 percent of the Company’s net value and subsequently submitted to and ratified by the next Board of Directors meeting:</u></p> <ol style="list-style-type: none"> <li>1. <u>Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</u></li> <li>2. <u>Acquisition or disposal of real property</u></li> </ol>	<p>Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article <u>14</u> and Article <u>15</u>.</li> <li>4. 7. (Omitted)</li> </ol> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with second paragraph Article <u>29</u> herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.</p> <p><u>With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries, the Company’s Board of Directors delegate the Chairman of Board of Directors to decide such matters when the transaction is within 10 percent of the Company’s net value and subsequently submitted to and ratified by the next Board of Directors meeting.</u></p> <p>When a matter is submitted for discussion by the Board of Directors pursuant to the first paragraph, the Board of Directors shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</p>

AFTER THE REVISION	BEFORE THE REVISION
<p><u>right-of-use assets held for business use.</u></p>	
<p><u>Article 15:</u> The Company that acquires real property or right-of-use assets thereof from a related party shall evaluate the reasonableness of the transaction costs by the following means:  1.~2. (Omitted)  Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either the means listed in the preceding paragraph.  The Company that acquires real property <u>or right-of-use assets thereof</u> from a related party and appraises the cost of the real property in accordance with <u>the preceding two paragraphs</u> of this Article shall also engage a CPA to check the appraisal and render a specific opinion.  1. The related party acquired the real property <u>or right-of-use assets thereof</u> through inheritance or as a gift.  2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property <u>or right-of-use assets thereof</u> to the signing date for the current transaction.  3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company’s own land or on rented land.  4. <u>The real property right-of-use assets for business use are acquired by the Company with its subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p>	<p><u>Article 14:</u> The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:  1.~2. (Omitted)  Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either the means listed in the preceding paragraph.  The Company that acquires real property from a related party and appraises the cost of the real property in accordance with <u>first and second paragraphs</u> of this Article shall also engage a CPA to check the appraisal and render a specific opinion.  When the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 and the preceding three paragraphs do not apply:  1. The related party acquired the real property through inheritance or as a gift.  2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.  3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company’s own land or on rented land.</p>
<p><u>Article 16:</u> When the results of the Company’s appraisal conducted in accordance with first and second paragraphs of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>17</u>. However, where the</p>	<p><u>Article 15:</u> When the results of the Company’s appraisal conducted in accordance with first and second paragraphs of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article <u>16</u>. However, where the</p>

AFTER THE REVISION	BEFORE THE REVISION
<p>following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <ol style="list-style-type: none"> <li>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <ol style="list-style-type: none"> <li>(1) (Omitted)</li> <li>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market <u>sale or leasing</u> practices.</li> </ol> </li> <li>2. Where the Company acquiring real property, <u>or obtaining real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of <u>completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</u> Completed transactions <u>involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property <u>or obtaining of the right-of-use assets</u></u></li> </ol>	<p>following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:</p> <ol style="list-style-type: none"> <li>1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions: <ol style="list-style-type: none"> <li>(1) (Omitted)</li> <li>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</li> <li>(3) <u>Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.</u></li> </ol> </li> <li>2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions <u>completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</u> Completed transactions <u>for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction <u>for</u> similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no</u></li> </ol>



AFTER THE REVISION	BEFORE THE REVISION
thereof.	less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.
<p><u>Article 17:</u> Where the Company acquires real property <u>or the right-of-use assets thereof</u> from a related party and the results of appraisals conducted in accordance with <u>the preceding two</u> Articles are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> <li>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property <u>or right-of-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</li> <li>2. Audit Committee <u>members</u> shall comply with Article 218 of the Company Law.</li> <li>3. Actions taken pursuant to <u>preceding two subparagraphs</u> shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</li> </ol> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased <u>or leased</u> at a premium, or they have been disposed of, <u>or the leasing contract has been terminated</u>, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing</p>	<p><u>Article 16:</u> Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article <u>14 and Article 15</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <ol style="list-style-type: none"> <li>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.</li> <li>2. Audit Committee shall comply with Article 218 of the Company Law.</li> <li>3. Actions taken pursuant to <u>subparagraph 1 and subparagraph 2</u> shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</li> </ol> <p>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p>When the Company obtains real property</p>

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>	<p>from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.</p>
<p><u>Article 20:</u> Management principles by the Board of Directors: 1. (Omitted) 2. Appointed by the Board, the chairman of the board or the person designated by the chairman of the board should be responsible for regularly reviewing the adequacy of the current risk management measures are consistency with the principles and procedures set forth herein. Once having identified unusual transactions and performances, the chairman of the board or the person designated by the chairman of the board needs undertake any actions deemed necessary to correct the situation and report to the Board immediately, <u>an independent director shall be present at the meeting and express an opinion.</u></p>	<p><u>Article 19:</u> Management principles by the Board of Directors: 1. (Omitted) 2. Appointed by the Board, the chairman of the board or the person designated by the chairman of the board should be responsible for regularly reviewing the adequacy of the current risk management measures are consistency with the principles and procedures set forth herein. Once having identified unusual transactions and performances, the chairman of the board or the person designated by the chairman of the board needs undertake any actions deemed necessary to correct the situation and report to the Board immediately.</p>
<p><u>Article 21:</u> <u>The Company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, Board of Directors approval dates, and the matters required to be carefully evaluated according to the preceding two Articles in detail in the log book.</u> Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a regular basis, to conduct auditing on how well the related departments according to the Procedures, and to make report on a monthly basis. Should there be any violation found, a written report is needed to notify the independent directors.</p>	<p><u>Article 20:</u> <u>In accordance with the relevant regulations, a reference book shall be established and maintained to record the Company's financial derivative transactions.</u> Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a regular basis, to conduct auditing on how well the related departments according to the Procedures, and to make report on a monthly basis. Should there be any violation found, a written report is needed to notify the independent directors.</p>
<p><u>Article 24:</u> (Omitted) When participating in a merger, demerger, acquisition, or transfer of another</p>	<p><u>Article 23:</u> (Omitted) When participating in a merger, demerger, acquisition, or transfer of another</p>

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ol style="list-style-type: none"> <li>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</li> <li>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</li> <li>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</li> </ol> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of <u>the preceding two</u> paragraphs.</p>	<p>company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:</p> <ol style="list-style-type: none"> <li>1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.</li> <li>2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.</li> <li>3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.</li> </ol> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs <u>3 and 4</u>.</p>

AFTER THE REVISION	BEFORE THE REVISION
<p><u>Article 29</u>: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of <u>Article 24</u>, <u>Article 25</u>, and <u>the preceding Article</u>.</p>	<p><u>Article 28</u>: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of <u>Article 23</u>, <u>Article 24</u>, and <u>Article 27</u>.</p>
<p><u>Article 30</u>: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property <u>or right-of-use assets thereof</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets thereof</u> from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of <u>domestic</u> government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.</li> <li>2.~3. (Omitted)</li> <li>4. Where equipment <u>or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction</u> counterparty is not a related party, and the transaction amount meets any of the following criteria: <ol style="list-style-type: none"> <li>(1) When the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</li> <li>(2) When the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</li> </ol> </li> <li>5. Where land is acquired under an</li> </ol>	<p><u>Article 29</u>: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:</p> <ol style="list-style-type: none"> <li>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.</li> <li>2.~3. (Omitted)</li> <li>4. Where <u>the type of asset acquired or disposed is equipment for business use, the trading</u> counterparty is not a related party, and the transaction amount meets any of the following criteria: <ol style="list-style-type: none"> <li>(1) When the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</li> <li>(2) When the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</li> </ol> </li> <li>5. Where land is acquired under an arrangement on engaging others to build on the <u>company's own land, engaging others to build on rented land,</u></li> </ol>

AFTER THE REVISION	BEFORE THE REVISION
<p>arrangement on engaging others to build on the <u>Company's</u> own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of <u>domestic</u> government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) <u>of real property or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>4. (Omitted)</p> <p>(Omitted)</p>	<p>joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and the amount the Company expects to invest in the transaction reaches NT\$500 million.</u></p> <p>6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>1. The amount of any individual transaction.</p> <p>2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>3. The cumulative transaction amount <u>of real property</u> acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>4. (Omitted)</p> <p>(Omitted)</p>
<p><u>Article 32</u>: Information required to be publicly announced and reported in accordance with the provisions of the <u>preceding</u> Chapter on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the Company.</p>	<p><u>Article 31</u>: Information required to be publicly announced and reported in accordance with the provisions of Chapter <u>III</u> on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the Company.</p> <p>The paid-in capital or total assets of the</p>

AFTER THE REVISION	BEFORE THE REVISION
<p>The paid-in capital or total assets of the Company shall be the standard <u>applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold</u> requiring public announcement and regulatory filing <u>under the first paragraph of Article 30.</u></p>	<p>Company shall be the standard <u>for determining whether or not a subsidiary referred to in the preceding paragraph is subject to first paragraph of Article 29,</u> requiring a public announcement and regulatory filing <u>in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.</u></p>
<p><u>Article 33:</u> For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a foreign subsidiary whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under Articles 8 to 10 and 13, 10 percent of equity attributable to owners of the parent shall be substituted; <u>for calculations under the provisions of these Procedures regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p>	<p><u>Article 31-1:</u> For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a foreign subsidiary whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under Articles 8 to 10 and 13, 10 percent of equity attributable to owners of the parent shall be substituted.</p>
<p><u>Article 35:</u> The Procedures shall become effective upon approval by the <u>Audit Committee, and Board of Directors,</u> and be <u>introduced</u> to the shareholders' meeting <u>for the latter's consent.</u> The same applies in case of any revisions.</p>	<p><u>Article 33:</u> The Procedures shall become effective upon approval by the Board of Directors and be <u>reported</u> to the shareholders' meeting. The same applies in case of any revisions.</p>

**ATTACHMENT IX: REVISIONS TO PROCEDURES FOR LENDING FUNDS  
TO OTHER PARTIES**

**Before and After Revision**

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>Article 2 The party to whom the Company may lend its funds shall be limited to:</p> <ol style="list-style-type: none"> <li>1. Those business or entities which have business relationships with the Company; or</li> <li>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.</li> </ol> <p>The short-term means one-year period.  <u>The responsible person of the Company who has violated the provisions of the preceding paragraph shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted there-from.</u></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"> <li>1. Those business or entities which have business relationships with the Company; or</li> <li>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.</li> </ol> <p>The short-term means one-year period.</p>
<p>Article 6 Execution and auditing procedures for lending funds 1~7. (Omitted)</p> <ol style="list-style-type: none"> <li>8. Internal auditors shall perform auditing on the Company’s lending profile every quarter and produce written auditing reports. Should there be any violation found, the internal auditors shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions, and a written report is needed to notify the <u>audit committee</u>.</li> <li>9. Where the recipients of the fund lending are not in compliance with the Procedure or the amount of funds lent exceeds the limits set forth in the Procedure as a result of change of conditions, the financial department of the Company shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions and prepare corrective plans and submit such corrective plans</li> </ol>	<p>Article 6 Execution and auditing procedures for lending funds 1~7. (Omitted)</p> <ol style="list-style-type: none"> <li>8. Internal auditors shall perform auditing on the Company’s lending profile every quarter and produce written auditing reports. Should there be any violation found, the internal auditors shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions, and a written report is needed to notify the <u>supervisors</u>.</li> <li>9. Where the recipients of the fund lending are not in compliance with the Procedure or the amount of funds lent exceeds the limits set forth in the Procedure as a result of change of conditions, the financial department of the Company shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions and prepare corrective plans and submit such corrective plans</li> </ol>

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>to <u>the audit committee</u> and rectify as scheduled under the corrective plans. 10. (Omitted)</p>	<p>to supervisors and rectify as scheduled under the corrective plans. 10. (Omitted)</p>
<p>Article 11 Effectiveness and amendment After the Procedures have been approved by the Board of Directors, they shall be submitted to a shareholders' meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to a shareholders' meeting for discussing; the same applies when the procedures are amended. <u>The Procedures, and any amendments to them, shall be subject to the consent of one-half or more of all audit committee members and be submitted to the Board of Directors for a resolution. Any matter that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.</u></p>	<p>Article 11 Effectiveness and amendment After the Procedures have been approved by the Board of Directors, they shall be submitted to <u>each supervisor, and then to a</u> shareholders' meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>each supervisor and a</u> shareholders' meeting for discussing; the same applies when the procedures are amended. <u>When the Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration of each independent director's opinions and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the minutes of the Board of Directors.</u></p>



**ATTACHMENT X: REVISIONS TO PROCEDURES FOR ENDORSEMENT & GUARANTEE**

**Before and After Revision**

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>Article 4 Limits of endorsements and/or guarantees</p> <p>1. The aggregate amount of endorsements and/or guarantees of the Company shall not exceed the 50% of net worth of the latest financial statements audited or reviewed by the certified public accountants. The limits to any single enterprise shall not exceed the <u>50%</u> of the net worth of the latest financial statements audited or reviewed by the certified public accountants.</p> <p>2. The limits of the Company and its subsidiaries' endorsements and/or guarantees shall not exceed 50% of the Company's net worth as stated in its latest financial statements audited or reviewed by the certified public accountants. The limits of the Company and its subsidiaries' endorsements and/or guarantees to any single enterprise shall not exceed <u>50%</u> of the net worth of the latest financial statements audited or reviewed by the certified public accountants.</p>	<p>Article 4 Limits of endorsements and/or guarantees</p> <p>1. The aggregate amount of endorsements and/or guarantees of the Company shall not exceed the 50% of net worth of the latest financial statements audited or reviewed by the certified public accountants. The limits to any single enterprise shall not exceed the <u>30%</u> of the net worth of the latest financial statements audited or reviewed by the certified public accountants.</p> <p>2. The limits of the Company and its subsidiaries' endorsements and/or guarantees shall not exceed 50% of the Company's net worth as stated in its latest financial statements audited or reviewed by the certified public accountants. The limits of the Company and its subsidiaries' endorsements and/or guarantees to any single enterprise shall not exceed <u>30%</u> of the net worth of the latest financial statements audited or reviewed by the certified public accountants.</p>
<p>Article 10 Attentions</p> <p>1. Internal auditors shall perform auditing on the Company's endorsement and/or guarantee procedures and execution thereof and produce written auditing reports. Should there be any violation found, the internal auditors shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions, and a written report is needed to notify the <u>audit committee</u>.</p> <p>2. If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in Article 3 herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the</p>	<p>Article 10 Attentions</p> <p>1. Internal auditors shall perform auditing on the Company's endorsement and/or guarantee procedures and execution thereof and produce written auditing reports. Should there be any violation found, the internal auditors shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions, and a written report is needed to notify the <u>supervisors</u>.</p> <p>2. If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in Article 3 herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the</p>

AFTER THE REVISION	BEFORE THE REVISION
<p>amounts of limits are calculated, a corrective plan shall be provided to the <u>audit committee</u> and the proposed correction actions should be implemented within the period specified in the plan.</p> <p>3.~4. (Omitted)</p>	<p>amounts of limits are calculated, a corrective plan shall be provided to the <u>supervisors</u> and the proposed correction actions should be implemented within the period specified in the plan.</p> <p>3.~4. (Omitted)</p>
<p>Article 12 Disclosure and report</p> <p>When the Company provides endorsement and/or guarantee to other parties, the related information shall be disclosed and reported to Market Observation Post System website designated by the government agency in charge of securities:</p> <ol style="list-style-type: none"> <li>1. The Company shall monthly disclose and report the Company's and its subsidiaries' remaining amount of endorsement and/or guarantee of the last month before the tenth day of every month.</li> <li>2. If the Company and its subsidiaries meet any of the following criteria, the Company shall disclose and report the relevant information within two days of the occurrence of the event. <ul style="list-style-type: none"> <li>(1)~(2) (Omitted)</li> <li>(3) The Company's and its subsidiaries' remaining amount of the endorsement and/or guarantee to one single company reaches NT\$10 millions or more, and the total remaining amount of endorsement and/or guarantee, <u>carrying amounts of investments accounted for using the equity method</u> and loan exceeds 30% of the net worth of the Company's latest financial reports.</li> <li>(4) The Company's and its subsidiaries' newly increased amount of the endorsement and guarantee reached NT\$30,000,000 and more, and the amount exceeds 5% of the net worth of the Company's latest financial reports.</li> </ul> </li> </ol> <p>If the subsidiary of the Company is not a public listed company of the country, and is applied to subparagraph <u>two, item</u> four of the preceding paragraph, it shall be disclosed and reported by the Company.</p>	<p>Article 12 Disclosure and report</p> <p>When the Company provides endorsement and/or guarantee to other parties, the related information shall be disclosed and reported to Market Observation Post System website designated by the government agency in charge of securities.</p> <ol style="list-style-type: none"> <li>1. The Company shall monthly disclose and report the Company's and its subsidiaries' remaining amount of endorsement and/or guarantee of the last month before the tenth day of every month.</li> <li>2. If the Company and its subsidiaries meet any of the following criteria, the Company shall disclose and report the relevant information within two days of the occurrence of the event. <ul style="list-style-type: none"> <li>(1)~(2) (Omitted)</li> <li>(3) The Company's and its subsidiaries' remaining amount of the endorsement and/or guarantee to one single company reaches NT\$10 millions or more, and the total remaining amount of endorsement and/or guarantee, <u>long-term investment and loan exceeds 30% of the net worth of the Company's latest financial reports.</u></li> <li>(4) The Company's and its subsidiaries' newly increased amount of the endorsement and guarantee reached NT\$30,000,000 and more, and the amount exceeds 5% of the net worth of the Company's latest financial reports.</li> </ul> </li> </ol> <p>If the subsidiary of the Company is not a public listed company of the country, and is applied to subparagraph four of the preceding paragraph, it shall be disclosed and reported by the Company.</p>

<b>AFTER THE REVISION</b>	<b>BEFORE THE REVISION</b>
<p>Article 14 Effectiveness and amendment After the Procedures have been approved by the Board of Directors, they shall be submitted to a shareholders' meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to a shareholders' meeting for discussing; the same applies when the procedures are amended.</p> <p><u>The Procedures, and any amendments to them, shall be subject to the consent of one-half or more of all audit committee members and be submitted to the Board of Directors for a resolution. Any matter that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.</u></p>	<p>Article 14 Effectiveness and amendment After the Procedures have been approved by the Board of Directors, they shall be submitted to <u>each supervisor, and then to a</u> shareholders' meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to <u>each supervisor and</u> a shareholders' meeting for discussing; the same applies when the procedures are amended.</p> <p><u>When the Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration of each independent director's opinions and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the minutes of the Board of Directors.</u></p>

**ATTACHMENT XI: LIST OF DIRECTOR (INCLUDING INDEPENDENT DIRECTOR) CANDIDATES**

Title	Name	Education & Major Experience	Other Major Positions	Shareholdings* (shares)
Director	Mr. Chin-Tsai Chen (Dennis Chen, 陳進財)	<ul style="list-style-type: none"> <li>• Master Degree in Public Administration, University of San Francisco, USA</li> <li>• Director, Namchow Chemical Industrial Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman and President, WIN Semiconductors Corp.</li> <li>• Vice Chairman, HIWIN Technologies Corp.</li> <li>• Supervisor, Inventec Solar Energy Corporation</li> <li>• Independent Director, Kinsus Interconnect Technology Corp.</li> <li>• Independent Director, Tong Hsing Electronic Ind, Ltd.</li> <li>• Director Representative, Taipei Financial Center Corp.</li> <li>• Director, ITEQ Corporation</li> <li>• Director Representative, WIN Venture Capital Corp.</li> <li>• Director Representative, Mercuries Life Insurance</li> <li>• Director, WIN SEMI. USA, INC.</li> <li>• Director, Win Semiconductors Cayman Islands Co., Ltd.</li> <li>• Chairman, Chainwin Agrotech and Biotech (Cayman Islands) Ltd.</li> <li>• Chairman, Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.</li> <li>• Chairman, Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.</li> <li>• Director, Jiangsu Merit/CM Agriculture Development Co., Ltd.</li> <li>• Director, Jiangsu CM/Merit Agriculture Development Co., Ltd.</li> </ul>	12,402,953

Title	Name	Education & Major Experience	Other Major Positions	Shareholdings* (shares)
Director	International Fiber Technology Co., Ltd. (國際纖維科技股份有限公司)	<ul style="list-style-type: none"> <li>• Bachelor Degree in Agricultural Economics, National Taiwan University, Taiwan</li> <li>• Chairman, International Fiber Technology Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Director Representative, WIN Semiconductors Corp.</li> <li>• Chairman, International Fiber Technology Co., Ltd.</li> <li>• Director, Kuo Cheng Investment Enterprise Co., Ltd.</li> </ul>	3,503,097
	Representative: Mr. Su-Chang Hsieh (代表人：謝式川)			0
Director	Mr. Li-Cheng Yeh (葉力誠)	<ul style="list-style-type: none"> <li>• Master Degree in Computer Science, Pace University, USA</li> <li>• Supervisor, Inventec Energy Corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Director, WIN Semiconductors Corp.</li> <li>• Chairman, Kou Hsieh Investment Co., Ltd.</li> <li>• Chairman, Fu Tai Investment Co., Ltd.</li> <li>• Chairman, Chuan Cheng Assets Management Co., Ltd.</li> <li>• Vice Chairman, Royal Base Corporation</li> <li>• Director Representative, Inventec Appliances Corp.</li> <li>• Director, Inventec Solar Energy Corporation</li> <li>• Supervisor, Inventec Besta Co., Ltd.</li> </ul>	7,687,525
Director	Dr. Yu-Chi Wang (YC Wang, 王郁琦)	<ul style="list-style-type: none"> <li>• PhD in Material Engineering, Rutgers University, USA</li> <li>• Researcher, Bell Laboratories, Lucent Technologies, Murray Hill, NJ, USA</li> </ul>	<ul style="list-style-type: none"> <li>• Director and CEO, WIN Semiconductors Corp.</li> <li>• Director and CEO, WIN SEMI. USA, INC.</li> </ul>	880,000
Director	Dr. Wen-Ming Chang (William Chang, 張文銘)	<ul style="list-style-type: none"> <li>• PhD in Chemical Engineering, Clemson University, USA</li> <li>• General Manager, Huga Optotech Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Director &amp; BU General Manager, WIN Semiconductors Corp.</li> <li>• Independent Director, GIGA SOLAR MATERIALS CORPORATION</li> </ul>	314,750

Title	Name	Education & Major Experience	Other Major Positions	Shareholdings* (shares)
Director	Mr. Shun-Ping Chen (Steve Chen, 陳舜平)	<ul style="list-style-type: none"> <li>• Master Degree in Business Administration, Rutgers University, USA</li> <li>• Acting Spokesperson, ASUSTEK Computer Inc.</li> </ul>	<ul style="list-style-type: none"> <li>• Director &amp; Senior Vice President, WIN Semiconductors Corp.</li> <li>• Director Representative, WIN Venture Capital Corp.</li> <li>• Supervisor Representative, CDIB CME Fund Ltd.</li> <li>• Director Representative, NEW FUTURE CAPITAL CO., LTD.</li> <li>• Independent Director, Wei Chuan Foods Corp.</li> </ul>	1,897,993
Independent Director	Mr. Chin-Shih Lin (林錦獅)	<ul style="list-style-type: none"> <li>• Master Degree in Accounting, Tamkang University, Taiwan</li> <li>• Certified Public Accountant (CPA)</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Director &amp; Compensation Committee Member, WIN Semiconductors Corp.</li> <li>• Certified Public Accountant (CPA)</li> <li>• Supervisor, Prolific Technology Inc.</li> <li>• Independent Director &amp; Compensation Committee Member, Namchow Holdings Co., Ltd.</li> </ul>	0

Title	Name	Education & Major Experience	Other Major Positions	Shareholdings* (shares)
Independent Director	Dr. Shen-Yi Lee (李伸一)	<ul style="list-style-type: none"> <li>• PhD in Law, Chinese Culture University, Taiwan</li> <li>• Qualified Arbitrator, Chinese Arbitration Association</li> </ul>	<ul style="list-style-type: none"> <li>• Independent Director &amp; Compensation Committee Member, WIN Semiconductors Corp.</li> <li>• Compensation Committee Member, Capital Futures Corporation</li> <li>• Director, Dharma Drum Mountain Humanity and Social Foundation</li> <li>• Director Representative, Nan Ya Plastics Corporation</li> <li>• Director, East Tender Optoelectronics Corporation</li> <li>• Chairman, Sheng Yi Biotech Co., Ltd.</li> <li>• Independent Director, Entie Commercial Bank, Ltd.</li> <li>• Supervisor, Chinese Culture University</li> <li>• Supervisor, Taoyuan International Airport Services Co., Ltd.</li> </ul>	38,000
Independent Director	Ms. Hai-Ming Chen (陳海鳴)	<ul style="list-style-type: none"> <li>• PhD, National Chiao Tung University</li> <li>• Professor, Graduate Institute of Management Sciences &amp; Dean of Human Resource, Tamkang University, Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation Committee Member, WIN Semiconductors Corp.</li> <li>• Compensation Committee Member, Namchow Chemical Industrial Co., Ltd.</li> <li>• Independent Director &amp; Chairman of Compensation Committee, Tecom Co., Ltd.</li> <li>• Emeritus Professor, Tamkang University</li> <li>• Supervisor, Advanced Micro Electronics Co., Ltd.</li> <li>• Review Committee Member on Research Proposal of Ministry of National Defense R.O.C.</li> </ul>	5,120

\* Shareholdings as of April 16, 2019.

**ATTACHMENT XII: DIRECTORS AND POSITIONS HELD (INCLUDING INDEPENDENT DIRECTOR) FOR RELEASE OF NON-COMPETITION RESTRICTIONS**

Title	Name	Relevant positions held concurrently by directors	
Director	Chin-Tsai Chen (Dennis Chen, 陳進財)	<ol style="list-style-type: none"> <li>1. HIWIN Technologies Corp.</li> <li>2. Kinsus Interconnect Technology Corp.</li> <li>3. Tong Hsing Electronic Industries, Ltd.</li> <li>4. Taipei Financial Center Taipei Corp.</li> <li>5. ITEQ Corporation</li> <li>6. Mercuries Life Insurance Co., Ltd.</li> <li>7. Chainwin Biotech and Agrotech (Cayman Islands) Co., Ltd.</li> <li>8. Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.</li> <li>9. Jiangsu Chainwin Kang Yuan Agricultural Development Co., Ltd.</li> <li>10. Jiangsu Merit/CM Agriculture Development Co., Ltd.</li> <li>11. Jiangsu CM/Merit Agriculture Development Co., Ltd.</li> </ol>	<p>Vice Chairman Independent Director Independent Director Director Representative Director Director Representative Chairman Chairman Chairman Director Director</p>
Director	International Fiber Technology Co., Ltd. Representative: Su-Chang Hsieh (國際纖維科技股份有限公司 代表人：謝式川)	<ol style="list-style-type: none"> <li>1. International Fiber Technology Co., Ltd.</li> <li>2. Kuo Cheng Investment Enterprise Co., Ltd.</li> </ol>	<p>Chairman Director</p>
Director	Li-Cheng Yeh (葉力誠)	<ol style="list-style-type: none"> <li>1. Kuo Hsieh Investment Co., Ltd.</li> <li>2. Fu Tai Investment Co., Ltd.</li> <li>3. Chuan Cheng Assets Management Co., Ltd.</li> <li>4. Royal Base Corporation</li> <li>5. Inventec Appliances Corp.</li> <li>6. Inventec Solar Energy Corporation</li> </ol>	<p>Chairman Chairman Chairman Vice Chairman Director Representative Director</p>



Title	Name	Relevant positions held concurrently by directors	
Director	Wen-Ming Chang (William Chang, 張文銘)	1. GIGA SOLAR MATERIALS CORPORATION	Independent Director
Director	Shun-Ping Chen (Steve Chen, 陳舜平)	1. NEW FUTURE CAPITAL CO., LTD. 2. Wei Chuan Foods Corp.	Director Representative Independent Director
Independent Director	Chin-Shih Lin (林錦獅)	1. Namchow Holdings Co., Ltd.	Independent Director
Independent Director	Shen-Yi Lee (李伸一)	1. Dharma Drum Mountain Humanities and Social Improvement Foundation 2. Nan Ya Plastics Corporation 3. East Tender Optoelectronics Corporation 4. Sheng Yi Biotech Co., Ltd. 5. Entie Commercial Bank, Ltd.	Director Director Representative Director Chairman Independent Director
Independent Director	Hai-Ming Chen (陳海鳴)	1. Tecom Co., Ltd.	Independent Director

## IV. APPENDIX

### APPENDIX I: RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

#### WIN Semiconductors Corp. Rules and Procedures of Shareholders' Meeting

Approved by the AGM on June 24, 2016

1. Unless otherwise provided for in applicable laws and regulations or the Company's Articles of Incorporation, Shareholders' Meeting Rules and Procedures of the Company shall comply with the following articles.
2. The shareholders or their appointed proxies are referred to as shareholders on these articles.
3. Shareholders' meetings (the "Meeting") shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for a Meeting. The Meeting shall not start earlier than 9:00 AM or later than 3:00 PM.
4. The Company may appoint retained lawyers, certified public accountants or related persons to participate in the Meeting.
5. The Company shall provide a sign-in book allowing attending shareholders to sign in or require attending shareholders to submit attendance cards in lieu of signing in. Shareholders shall be admitted to the Meeting on the basis of attendance passes, attendance cards, or other attendance documents; those persons soliciting proxy forms shall be required to present identification documents for checking identities. When the government or a legal entity is a shareholder, more than one representative may attend the Meeting. However, a legal entity serving as proxy to attend the Meeting may appoint only one representative to attend.
6. Voting and attendance at the Meeting shall be based on number of shares. If a shareholder requests counting of number of the attendees, the chairman may turn it down. After such request was made, a resolution is duly passed should the attendance constitute the quorum if a voting is made on an agenda item. Shares of shareholders without voting rights shall not be included in the total number of issued and outstanding shares when voting on resolutions. If there is concern that a shareholder's interest may conflict with and adversely affect the Company's interests with regard to any matters discussed at the Meeting, such shareholder may not participate in voting, and may not represent another shareholder to exercise his or her voting rights. The number of shares of those persons not permitted to exercise their voting rights in the foregoing paragraph shall not be included in counting the total number of voting shares for attending shareholders.

Except in the case of a trust enterprise or securities proxy organization approved by the securities competent authority, the proxy voting rights of a person serving as a proxy for two or more shareholders may not exceed 3% of total issued and outstanding shares voting rights; if it does exceed 3%, the excess portion shall not be counted.

7. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the Vice Chairman of the Board of Directors or one of the Directors shall preside at the Meeting in accordance with Article 208 of the Company Law of the Republic of China.

If the Meeting is convened by any person entitled to convene the Meeting other than the Board of Directors, such person shall be the chairman to preside at the Meeting. If there is more than one such person entitled to convene the Meeting, those persons shall nominate amongst themselves to be the Meeting's chairman.

The notifications and announcements shall state the reasons for the Meeting. The election or discharge of directors, the amendment of this Company's Articles of Incorporation, the dissolution, merger, or spin-off of the Company, or the matters specified in the Article 185, Paragraph 1 of the Company Law, or Article 26-1 or Article 43-6 of the Securities and Exchange Law shall be listed among the reasons for the Meeting, and may not be proposed as provisional motions.

8. The Company shall locate the surveillance video taping at the entrance of the Meeting place, and the proceeding of the Meeting shall be audio recorded and videotaped and these tapes shall be preserved for at least one year. However, the said audio and video tapes shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.
9. The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and the Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements, the number of shares represented by the attending shareholders has not yet constituted more than one-third of all issued and outstanding shares, the chairman shall announce the termination of the Meeting.

If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law of the Republic of China, and shareholders shall be notified to attend another shareholders' meeting to approve the tentative resolutions within one month.

If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law of the Republic of China.

10. The agenda of the Meeting shall be set by the Board of Directors if the meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the items (including provisional motions) listed in the agenda are completed.

11. When a shareholder attending the meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance card) and the account name of the shareholder. The chairman shall determine the sequence of shareholder's speeches.

If any attending shareholder at the Meeting submits a speech note but does not speak, no speech should be deemed to have been made by the shareholder. In case the content of the speech of a shareholder is inconsistent with the content of the speech note, the content of actual speech shall prevail.

The same shareholder may not speak more than twice concerning the same item without the chairman's consent, and each speech time may not exceed five minutes. The chairman may stop the speech of any shareholder who violates the above provision or exceeds the scope of the agenda item.

Unless otherwise permitted by the chairman and the speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder, otherwise the chairman shall stop such interruption.

When a legal-entity shareholder has appointed two or more representatives to attend the Meeting, only one representative can speak for each agenda item.

The chairman may respond himself/herself or designate another person to respond after the speech of attending shareholder.

12. Unless otherwise listed in the agenda items, there shall be no discussion or voting. The chairman must provide sufficient time for the explanation and discussion of all items on the agenda and amendments and provisional motions submitted by shareholders; the chairman may announce an end of discussion and submit an item for a vote if the chairman deems that the agenda item is ready for voting. If the item(s) discussion of which was ended by the chairman is announced by the chairman to submit for voting(s), the votings may be conducted at same time, but each agenda item shall be voted separately.

13. Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all the attending shareholders after solicitation by the chairman.
14. If there is amendment to or substitute for an agenda item, the chairman shall decide the sequence of voting for such original agenda item, the amendment and the substitute. If any one of them has been approved, the others shall be deemed vetoed and no further voting will be necessary.
15. The chairman shall appoint persons to handle checking and counting ballots during votes on agenda items. However, the persons responsible for checking ballots must be shareholders. The ballots shall be publicly counted at the Meeting venue and the results of voting shall be announced at the Meeting and placed on record.
16. During procession of the Meeting, the chairman may announce recession. In case of force majeure, the chairman may determine to suspend the Meeting and announce the time of resuming the Meeting. In accordance with Article 182 of the Company Law of the Republic of China, the shareholders may have resolution to extend or continue the Meetings in five days.  
Before the agenda (including provisional motions) set for the Meeting are completed, if the Meeting place cannot continue to be used, a new place will be located for resumption of the Meeting.
17. Persons handling affairs of the Meeting shall wear identification cards or arm badges. The chairman may order disciplinary officers or security guards to assist in keeping order in the Meeting place. Such disciplinary officers or security guards shall wear arm badges marked "Disciplinary Personnel" when assisting in maintaining order in the Meeting place.  
If the Meeting place is equipped with loudspeaker equipment, the chairman shall stop any shareholders using equipment not installed by the Company from speaking.  
The chairman shall order disciplinary officers or security guard to escort any shareholders who violate these Rules and Procedures and fail to heed the chairman's correction, or disrupt the proceeding of the Meeting and fail to desist, to leave the Meeting place.
18. If the election of directors is conducted during the Meeting, such an election shall be performed in accordance with the Company's Rules for Election of Directors and Supervisors, and the results must be announced at the Meeting.  
The ballots casts in the election in the forgoing paragraph shall be sealed and signed by the persons responsible for checking ballots and kept for at least one year. If a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law, ballots shall be kept until the end of the lawsuit.

19. Resolutions made at the Meeting shall be complied in the form of minutes. The chairman shall affix his signature or seal to the minutes, which shall be issued to shareholders within 20 days after the end of the Meeting.

With regard to the issue of minutes in the forgoing paragraph, the minutes may be distributed in the form of an announcement on the Market Observation Post System Website.

The minutes must faithfully record the Meeting's date (year, month, day), place, chairman's name, resolution method, summary of proceeding and results of resolutions.

The minutes of the Meeting shall be preserved for as long as the Company exists.

"There is no objection from any shareholders after solicitation by the chairman and the resolution is passed" shall be recorded in the minutes if no objection is voiced after solicitation by the chairman before an agenda item is put to a vote. If there are any objections, however, the resolution method, the number of approval votes cast and the percentage of the approval votes as to total votes shall be recorded in the minutes.

If any resolutions made by the Meeting are material information pursuant to the applicable laws and regulations or the Taiwan Stock Exchange Corporation's (Taipei Exchange's) regulations, the Company shall transmit the content of such resolutions to the Market Observation Post System Website within the specified period of time.

20. Shareholders attending the Meeting shall have the obligation to observe Meeting rules, obey resolutions and maintain order at the Meeting place.

21. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

## **APPENDIX II: ARTICLES OF INCORPORATION (BEFORE THE REVISION)**

### **WIN Semiconductors Corp.**

#### **Articles of Incorporation**

Approved by the AGM on June 24, 2016

### **Section I General Provisions**

#### **Article 1**

This Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be 穩懋半導體股份有限公司 in Chinese.

#### **Article 2**

The scope of business of the Corporation shall be as follows:

1. CC01080 - Manufacturing of electronic parts and components.
2. F119010 - Wholesale of electronic materials.
3. ZZ99999 - All business items that are not prohibited or restricted by law, except those that are subject to special approval.

#### **Article 3**

The Corporation shall have its principal office in Taoyuan City, Taiwan, and shall be free, whenever necessary and upon approval of the Board of Directors and government authorities in charge, to set up branch offices at various locations within or outside the territory of the Republic of China.

#### **Article 4**

The Corporation may provide endorsement and guarantee and act as a guarantor pursuant to the Corporation's Endorsement and Guarantee Procedure, whenever the Corporation deems it necessary to carry out its business.

### **Section II Capital Stock**

#### **Article 5**

The total capital stock of the Corporation shall be in the amount of 10,000,000,000 New Taiwan Dollars, divided into 1,000,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments subject to the approval by the meeting of the Board of Directors. The Corporation may issue employee stock options from time to time. A total of 100,000,000 shares (representing 1,000,000,000 New Taiwan Dollars) among the above total capital stock shall be reserved for issuing employee stock options.

## **Article 6**

The share certificates of the Corporation shall all be name-bearing, signed by at least three directors and numbered, and issued after being authenticated by the government authority in charge or its designated stock issuance registration institution. The Corporation may issue shares without printing share certificates, provided that the stock shall be recorded with the centralized securities custody institution.

## **Article 7**

All transfers of stocks and name changes conducted by shareholders shall follow the Company Law and applicable regulations.

## **Article 8**

All transfers of stocks, pledges of rights, losses, successions, gifts, losses of seal, amendments of seal, changes of address or similar stock transactions conducted by shareholders of the Corporation shall follow the “Guidelines for Stock Operations of Public Companies” unless specified otherwise by securities laws and regulations.

## **Article 8 – 1**

When it is proposed that the Corporation cease public offering of its shares, the Corporation shall submit such proposal for approval by the Shareholders’ Meeting in accordance with the Company Law of the Republic of China, provided that such clause shall not be varied or amended during the period of registration with and/or listing on the Emerging Market of Gre Tai Securities Market, Taiwan Stock Exchange Corporation and/or the Gre Tai Securities Market.

## **Section III Shareholders Meeting**

## **Article 9**

Shareholders’ Meetings of the Corporation are of two types, namely: (1) regular meetings, and (2) special meetings. Regular meetings shall be convened within six (6) months after the close of each fiscal year. Special meetings shall be convened whenever necessary. The above-stated shareholders’ meetings shall be convened by the Board of Directors unless otherwise provided for in the Company Law of the Republic of China.

## **Article 10**

If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it by signing or sealing a proxy stating scope of authorization. The handling of proxies shall follow Procedures Governing Using Proxies in Shareholders Meetings of a Public Company issued by the government authority in charge.



**Article 11**

Unless otherwise provided for by laws, each share of stock in the Corporation shall be entitled to one vote.

**Article 12**

Except as provided in the Company Law of the Republic of China, shareholders' meeting may be held if attended by shareholders representing more than one half of the total issued and outstanding capital stock of the Corporation, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

**Section IV Directors of the Board and Supervisors****Article 13**

The Corporation shall have seven (7) to nine (9) Directors and three (3) Supervisors, who shall be elected in accordance with the nomination system by the shareholders' meeting, and to serve a term of office of three (3) years. All Directors and Supervisors shall be eligible for re-election.

The Corporation shall have Independent Directors, seats of which shall not be less than two (2) or one-fifth of seats of Directors, whichever is higher. Matters relevant to acceptance of candidate nomination, announcement, etc. shall be proceeded pursuant to the Company Law, Securities Exchange Law and the related laws and regulations. The election of Independent Directors and Directors of the Corporation shall be conducted concurrently and the number of the Independent Directors and Directors to be elected shall be calculated separately.

**Article 14**

The Board of Directors is consisted of Directors. The Directors shall elect from among themselves a Chairman of the Board of Directors and a Vice Chairman of the Board of Directors, by a majority in a meeting attended by over two-thirds of the Directors. The Board of Directors shall have the authority to undertake all matters on behalf of the Corporation pursuant to the laws and regulations, the Articles of Incorporation of the Corporation, and the resolutions adopted by the Shareholders' meeting and the meeting of the Board of Directors.

**Article 14 - 1**

The Board of Directors may establish various committees with different functions. The committees subordinated to the Board of Directors shall stipulate charters and rules regarding the exercise of rights and duties and which shall be put in force upon approval by the Board of Directors.

Where the Corporation has established an Audit Committee by law or regulations, the Audit Committee shall be responsible for those responsibilities of supervisors specified in the Company Law of the Republic of China, Securities and Exchange Law and other relevant regulations. Upon establishment of an Audit Committee, all provisions related to supervisors shall cease to apply.

#### **Article 15**

The Board of Directors shall hold a meeting at least once every quarter.

The reasons for convention of meetings of the Board of Directors shall be specified in the meeting notice and be given to each Director and Supervisor, provided that a meeting of the Board of Directors may be convened at any time in the event of emergency. The notice for convention of meetings of the Board of Directors shall be given to each Director and Supervisor in writing, in the form of electronic transmission or facsimile.

#### **Article 16**

The authorities of the Board of Directors shall follow the Company Law of the Republic of China and other applicable regulations.

#### **Article 17**

Meetings of the Board of Directors shall be presided by the Chairman of the Board of Directors. In his absence, acting for him shall be determined in accordance with Article 208 of the Company Law of the Republic of China. Other than the Board of Directors, anyone who has the right to convene a shareholders' meeting shall preside that shareholders' meeting. If there are two (2) or more persons who have the right to convene such meeting, a chairman shall be elected among themselves.

#### **Article 18**

Except as otherwise provided in the Company Law of the Republic of China, a meeting of the Board of Directors may be held if attended by a majority of total Directors and resolutions shall be adopted with the concurrence of the majority of the Directors present at the meeting. A Director may, by written authorization stating the scope of authority, appoint another Director to attend the meeting, provided that one Director may not be acting for two or more Directors.

#### **Article 19**

The Corporation may defray compensation to all the Directors and Supervisors when they perform the duties relevant to the Corporation. The Board of Directors is authorized to determine the compensation for all Directors and Supervisors based on the standards of the industry, taking into account the individual performance and the long term performance of the Corporation, and the business operation risk of the

Corporation. The compensation for Independent Directors may be reasonably different from Directors.

#### **Article 19 - 1**

The Corporation may purchase liability insurance for Directors and Supervisors.

### **Section V Management**

#### **Article 20**

The Corporation may appoint a Chief Executive Officer, whose appointment, discharge and compensation shall follow Article 29 of the Company Law of the Republic of China and be appointed by a resolution attended by a majority of Directors and adopted with the concurrence of the majority of the Directors present at the meeting.

### **Section VI Accounting**

#### **Article 21**

After closing of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular Shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements, and
3. Proposal Concerning Appropriation of Net Profits or Losses.

#### **Article 22 Employees' Profit Sharing Bonus and Compensation of Directors and Supervisors**

If there is any net profit after closing of a fiscal year, it shall be allocated according to the following principles:

1. Employee's profit sharing bonus: not less than 5% but no more than 10% and shall be determined and pursuant to Employee Bonus Procedure of the Corporation. In addition, employee's profit sharing bonus shall be distributed in the form of shares or cash. Stock-type employee's profit sharing bonus may be distributed to qualified employees of affiliates of the Corporation.
2. Compensation of Directors and Supervisors: no more than 3%.

However, if there are any accumulated losses of the Corporation, the Corporation shall pre-reserve the amount to offset the loss. The distribution of employees' compensation and compensation of Directors and Supervisors shall follow the special resolution by Board of Directors, and report it to the shareholders' meeting.

#### **Article 22 - 1 Profits Distribution**

If there is any net profit after closing of a fiscal year, the Corporation 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 equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend.

As the Corporation 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 Corporation's growth and cash demand.

## **Section VII Supplementary Provisions**

### **Article 23**

The amount of re-investment by the Corporation may exceed 40% of its paid-in capital.

### **Article 24**

In regard to all matters not provided for in the Articles of Incorporation, the Company Law and relevant laws and regulations of the Republic of China shall govern.

### **Article 25**

The Article of Incorporation are agreed to and signed on December 12, 1999 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on May 12, 2000, the second Amendment on May 4, 2001, the third Amendment on June 24, 2002, the fourth Amendment on June 24, 2003, the fifth Amendment on October 26, 2004, the sixth Amendment on June 24, 2005, the seventh Amendment on June 2, 2006, the eighth Amendment on June 19, 2008, the ninth Amendment on June 26, 2009, the tenth Amendment on June 24, 2010, the eleventh Amendment on June 10, 2011, the twelfth Amendment on June 5, 2012, the thirteenth Amendment of June 3, 2015 and the fourteenth Amendment of June 24, 2016.

## **APPENDIX III: RULES FOR ELECTION OF DIRECTORS**

### **WIN Semiconductors Corp. Rules for Election of Directors**

Approved by the AGM on June 24, 2016

#### **Article 1**

Unless otherwise provided in relevant laws and regulations or the Company's Articles of Incorporation, the directors of this Company shall be elected in accordance with the rules specified herein.

#### **Article 2**

Election of directors of this Company shall be held at the shareholders' meeting. This Company shall prepare ballots and note the number of voting rights.

#### **Article 2-1**

The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership.
8. Ability to make policy decisions.

#### **Article 2-2**

Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company

Act, reviewing of directors' qualifications, education and working experience credentials, and the existence of any matters set forth in Article 30 of the Company Act.

**Article 3**

In the election of directors of this Company, the names of voters may be represented by shareholders' numbers.

**Article 4**

In the election of directors of this Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons. The election of Independent Directors and Directors of the Corporation shall be conducted concurrently and the number of the Independent Directors and Directors to be elected shall be calculated separately.

**Article 5**

In the election of directors of this Company, candidates who acquire more votes should win the seats. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

**Article 6**

At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from the shareholders present.

**Article 7**

The ballot box used for voting shall be prepared by the Company and checked in public by the person to check the ballots before voting.

**Article 8**

If the candidate is a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number, and the number of votes cast for such candidate. If the candidate is not a shareholder of this Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number, and the number of votes cast for such candidate. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name(s) of their representative(s) should be filled in the column.

## **Article 9**

Ballots shall be deemed void under the following conditions:

- (1) Ballots not prepared by the Company;
- (2) Blank ballots not completed by the voter;
- (3) Illegible writing;
- (4) If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (5) The number of candidates filled in the ballot exceeding the number of the seats to be elected.
- (6) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
- (7) Ballots not placed in the ballot box;
- (8) Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;
- (9) The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;
- (10) The total votes cast by the voter exceeding the total voting rights of such voter.

## **Article 10**

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

## **Article 11**

The Board of Directors shall issue notifications to the directors elected.

## **Article 12**

The Rules and any revision thereof shall become effective after approval by the shareholders' meeting.

**APPENDIX IV: PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSET (BEFORE THE REVISION)**

**WIN Semiconductors Corp.**

**Procedures for Acquisition or Disposal of Assets**

Approved by the AGM on June 16, 2017

**Chapter I General Principles**

Article 1: This Company's acquisition or disposal of assets should be made in accordance with the following Procedures. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2: The term "assets" as used in these Procedures includes the following:

1. Securities (including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities).
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Derivatives.
6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
7. Other major assets.

Article 3: Terms used in this Procedure are defined as follows:

1. Derivatives: refer to forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.



2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refer to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter “transfer of shares”) under the eighth paragraph of Article 156 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
5. Date of occurrence: refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of the Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
6. Mainland China area investment: refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
7. Net worth: refers to the value calculated according to the latest financial reports audited or reviewed by the certified public accountants (CPAs).

Article 4: Professional appraisers and their officers, CPAs, attorneys, and securities underwriters that provide the Company with appraisal reports, CPA’s opinions, attorney’s opinions, or underwriter’s opinions shall not be a related party of any party to the transaction.

## **Chapter II Disposition Procedures**

### **Section I Establishment of Disposition Procedures**

Article 5: The Company shall establish the procedures for the acquisition or disposal of assets. The procedures shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and then to a shareholders meeting for approval; the same applies when the procedures are amended.

When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

For matters that discussion and approval of the Audit Committee under the procedures are required, if approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.

Article 6: The Company specifies the following items in the procedures:

1. The scope of assets: refer to Article 2 of the Procedure.
2. Appraisal procedures:
  - (1) The units responsible for implementation should report the reasons for acquisition or disposition of assets, subject matter, transaction counterparties, transaction price, terms of payment, and appraisal results or evaluation reports etc. to the level in-charge for decision making.
  - (2) The means of price determination:
    - i. In acquiring or disposing real estate and equipment: refer to Article 8 in Section 2 of the Procedure.
    - ii. In acquiring or disposing securities:
      - (i) The price of securities trading at a centralized securities exchange market or at the place of business of a securities firm is determined by its listed price or market

price.

- (ii) The price of securities not trading at a centralized securities exchange market, at the place of business of a securities firm or at a private placement: refer to Article 9 in Section 2 of the Procedure.
- iii. In acquiring or disposing memberships or intangible assets: refer to Article 10 in Section 2 of the Procedure.
- iv. Related party transactions: refer to Section 3 of the Procedure.
- v. Engaging in derivatives trading: refer to Section 4 of the Procedure.
- vi. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions and assignment of shares: refer to Section 5 of the Procedure.

### 3. Operating procedures:

- (1) Degree of authority delegated and the levels to which authority is delegated

The acquisition and disposition of assets should be decided in accordance with the Company's delegation of authorization and in the following situations, provided, however, the matters shall be approved by the Board of Directors in advance:

- i. In acquiring or disposing real estate.
- ii. In acquiring or disposing of securities for any individual transaction, where the transaction amount reaches 10 percent or more of the Company's net worth.
- iii. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions, and assignment of shares.
- iv. In acquiring of securities (excluding balancing funds, bond funds and money market funds), where the accumulated original costs of securities (excluding balancing funds, bond funds and money market funds) reaches 60 percent or more of the Company's net worth.

- v. In acquiring of individual security (excluding balancing funds, bond funds and money market funds), where the accumulated original costs of the security reaches 10 percent or more of the Company's net worth.
- vi. In acquiring or disposing of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

(2) The units responsible for implementation

- i. Securities: the finance department.
- ii. Real estate, equipment, memberships, intangible assets: the using department or the relevant department in-charge of assets management.
- iii. Derivatives: the finance department.
- iv. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions, and assignment of shares: the project team assembled by the relevant departments.

4. Public announcement and regulatory filing procedures: refer to Chapter III of the Procedure.

5. Total amounts of real estate and securities acquired by the Company and each subsidiary not for business use in, and limits on individual securities.

(1) The total amount of any real estate purchased by the Company not for business use may not exceed 50 percent of the Company's net worth; the total amount of any real estate purchased by each subsidiary of the Company not for business use may not exceed 50 percent of the Company's net worth.

(2) The total amount of all security investments by the Company and all of its subsidiaries may not exceed 100 percent of the Company's net worth.

- (3) The amount of security investment by the Company in each individual security may not exceed 50 percent of the Company's net worth; the amount of security investment by the Company and all of its subsidiaries in each individual security may not exceed 100 percent of the Company's net worth. The amount of security investment by each subsidiary of the Company in each individual security may not exceed 20 percent of the Company's net worth.
6. Control procedures for the acquisition and disposal of assets by subsidiaries
  - (1) The Company shall urge its subsidiaries to enact the "Procedures for Acquisition or Disposal of Assets" and implement the procedures in accordance with proper authorizations of the organizations.
  - (2) The Company shall supervise its subsidiaries to assure the latter's acquisition or disposal of assets are in compliance with the "Procedures for Acquisition or Disposal of Assets."
7. The Company's persons-in-charge engages in any acquisition or disposal of assets shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures. Subsequent castigation is subject to the related personnel guidelines and procedures of the Company.

Article 7: With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, such objection or reservation shall be recorded in the minutes of the Board of Directors meeting.

Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.

## **Section II Acquisition or Disposal of Assets**

Article 8: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a

government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
  - (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
  - (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9: The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for

reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 10: Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the Company shall engage a CPA prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 10-1: The calculation of the transaction amounts referred to in the preceding three Articles shall be done in accordance with second paragraph of Article 29 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 11: Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

### **Section III Related Party Transactions**

Article 12: When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the Company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10-1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 13: When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article.
7. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding



paragraph shall be made in accordance with second paragraph Article 29 herein, and “within the preceding year” as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries, the Company’s Board of Directors delegate the Chairman of Board of Directors to decide such matters when the transaction is within 10 percent of the Company’s net value and subsequently submitted to and ratified by the next Board of Directors meeting.

When a matter is submitted for discussion by the Board of Directors pursuant to the first paragraph, the Board of Directors shall take into full consideration each independent director’s opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.

Article 14: The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party’s transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. “Necessary interest on funding” is imputed as the weighted-average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution’s appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either the

means listed in the preceding paragraph.

The Company that acquires real property from a related party and appraises the cost of the real property in accordance with first and second paragraphs of this Article shall also engage a CPA to check the appraisal and render a specific opinion.

When the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 13 and the preceding three paragraphs do not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

Article 15: When the results of the Company's appraisal conducted in accordance with first and second paragraphs of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
  - (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction

division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

- (2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
- (3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

2. Where the Company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 16: Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account

for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company.

2. Audit Committee shall comply with Article 218 of the Company Law.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

#### **Section IV Engaging in Derivatives Trading**

Article 17: The Company engages in derivatives trading shall be in accordance with the following trading principles and strategies:

1. Types of derivatives:

The Company can only engage in derivatives trading for hedging purpose. The mainly type of derivatives are forward contracts and option contracts.

2. Operating or hedging strategies:

Engaging in derivatives trading is to assist the risk management of the Company, and hedging should be the only concern. To avoid credit risk, the trading counterparties shall be those financial institutions that have business relationships with the Company.

3. Segregation of duties:

(1) The finance department: in charge of derivative trading in accordance with the Procedures shall collect market information from time to time, be familiar with the relative laws, regulations

and the skills of trading, periodically calculate the net position deriving from foreign assets against liabilities of the Company, process the hedging in consistent with the Company's strategy and provide information to managing, sales, and purchasing units in time for decision making.

- (2) The accounting department: the derivatives transactions shall be recorded, reported in the financial statements and calculated realized gains or losses and unrealized gains or losses in accordance with Generally Accepted Accounting Principles.
- (3) The auditing department: regularly and non-regularly auditing the derivative transactions in accordance with internal audit system.

#### 4. Essentials of performance evaluation

The finance department shall regularly evaluate net gains or losses and unsettled contract, and report to authorized manager for decision reference and performance evaluation to correct and improve the strategy.

#### 5. Total amount of derivatives contracts that may be traded and the maximum loss limit on total trading and for individual contracts:

##### (1) Derivatives trading for hedging purpose:

- i. Total aggregate contract amount: the total amount of derivatives which the Company is capable to take is based on 100% of latest quarterly revenue amounts.
- ii. Capped amount on losses of contracts: the capped amount on losses of each individual contract shall not exceed 10 percent of the specific contract amount, the capped amount on losses of all contracts shall not exceed 30 percent of the total contracts amount. Chairman's approval is required in special circumstances.

##### (2) Derivatives trading for trading purpose:

The Company shall not engage in derivatives trading for trading purpose.

#### Article 18: Risk management:

##### 1. Risk management measures are as below:

##### (1) Credit risk management:

Credit risk is controlled by restricting the counterparties that the Company deals with to those who either have banking relationship with the Company or are internationally renowned and can provide sufficient information.

(2) Market risk management:

Market risk arising from the fluctuations of foreign exchange rates or from other factors shall be closely monitored and controlled.

(3) Liquidity risk management:

Liquidity risk should be controlled by restricting counterparties to those who have adequate facility, sufficient information, and sizable trading capacity and capability to enter into transactions in any markets.

(4) Cash flow risk management:

The Company shall maintain adequate level of quick assets and credit facilities to meet the cash settlement requirement.

(5) Operating risk management:

Delegation systems and operating procedures set forth herein are employed to control operating risk.

(6) Legal risk management:

Any legal documents in respect of financial derivative transactions shall first be reviewed by legal department before being executed to control legal risk.

2. Different personnel shall be assigned for trading, confirmation and settlement.
3. Personnel who are in charge of risk evaluation, monitoring and controlling shall not be in same department as those described in the preceding paragraph, and reporting shall be made to the Board of Directors.
4. The transaction associated with hedging purpose for business requirements shall be evaluated twice per month by finance department, and the evaluation reports shall be submitted to the chairman of the board or the person designated by the chairman of the board.
5. The authorized trader will need to submit hedging objects, types of transaction and details to authorized manager for approval before derivatives trading, and shall report to the most recent Board of

Directors meeting.

Article 19: Management principles by the Board of Directors:

1. The Board of Directors shall appoint the chairman of the board or the person designated by the chairman of the board to monitor and control the trading risk of derivatives at all times and periodically assesses whether the result of trading is consistent with the management policy and whether the risk undertaking is within the ambit permitted.
2. Appointed by the Board, the chairman of the board or the person designated by the chairman of the board should be responsible for regularly reviewing the adequacy of the current risk management measures are consistency with the principles and procedures set forth herein. Once having identified unusual transactions and performances, the chairman of the board or the person designated by the chairman of the board needs undertake any actions deemed necessary to correct the situation and report to the Board immediately.

Article 20: In accordance with the relevant regulations, a reference book shall be established and maintained to record the Company's financial derivative transactions.

Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a regular basis, to conduct auditing on how well the related departments according to the Procedures, and to make report on a monthly basis. Should there be any violation found, a written report is needed to notify the independent directors.

### **Section V Merger, Spin-off, Acquisition and Transfer of Shares**

Article 21: The Company that conducts a merger, demerger, acquisition, or transfer of shares, shall, prior to convening the board of directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or

indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 22: The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Companies shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 23: The Company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent. A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

1. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.



2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.
3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 24: Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 25: The Companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

Article 26: The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 27: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another

company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 28: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the Company shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 23, Article 24, and Article 27.

### **Chapter III Public Disclosure of Information**

Article 29: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria:
  - (1) When the Company's paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.

- (2) When the Company's paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
  - (1) Trading of government bonds.
  - (2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

“Within the preceding year” as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives

trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

- Article 30: Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding Article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:
1. Change, termination, or rescission of a contract signed in regard to the original transaction.
  2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
  3. Change to the originally publicly announced and reported information.

#### **Chapter IV Miscellaneous**

- Article 31: Information required to be publicly announced and reported in accordance with the provisions of Chapter III on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the Company.
- The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to first paragraph of Article 29, requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of

the total assets.

Article 31-1: For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used.

In the case of a foreign subsidiary whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under Articles 8 to 10 and 13, 10 percent of equity attributable to owners of the parent shall be substituted.

Article 32: Commitment to the ROC Taipei Exchange

1. The Company shall not waive subsequent right(s) of subscribing stock in WIN SEMI. USA, INC. and Win Semiconductors Cayman Islands Co., Ltd. newly issued for the purpose of capital increase. In case any strategic alliance or other waiving of such right that is approved the ROC Taipei Exchange, special resolution of the Board of Directors shall be obtained for waiving the right.

2. Any amendments of the preceding paragraph shall be announced on the Market Observation Post System (MOPS) and reported to the ROC Taipei Exchange.

Article 33: The Procedures shall become effective upon approval by the Board of Directors and be reported to the shareholders' meeting. The same applies in case of any revisions.

**APPENDIX V: PROCEDURES FOR LENDING FUNDS TO OTHER PARTIES  
(BEFORE THE REVISION)**

**WIN Semiconductors Corp.**

**Procedures for Lending Funds to Other Parties**

Approved by the AGM on June 10, 2013

**Article 1** The Company shall follow the Procedures set forth below for lending funds to other parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

**Article 2** The party to whom the Company may lend its funds shall be limited to:

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.

The short-term means one-year period.

**Article 3** For any borrower, the evaluation guidelines are as follows:

1. Fund-lending to companies having business relationship with the Company shall be limited to a company with which the sales or purchasing transaction with the Company has occurred.
2. For the companies in need of funds for a short term period, the borrower shall be limited to:
  - (1) The Company holds long-term investments under equity method;
  - (2) The Company holds more than 50% of the shares, or
  - (3) Others approved by the Board of Directors of the Company.

**Article 4** Limitation of total amount for lending and funds lent to an individual company

1. The total amount for lending to a company

For any borrower, the total amount available and evaluation guidelines are as follows:

- (1) The total amount for lending to a company having business relationship with the Company shall not exceed the previous or this year's total transaction amount between the parties (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher.)

(2) The total amount for lending to a company having short-term funding needs shall not exceed 20% of the latest financial reports of the Company.

2. The total amount for lending of the Company

The total amount available for lending shall not exceed 40% of the latest financial reports of the Company.

**Article 5** The term and interest calculation of the loan

The term of the lending by the Company shall not exceed one year, and any extension of term should be approved by the Board of Directors. The interest rate of the loan shall not be lower than the average capital cost of the Company for its short-term loan with the financial institutions and the interests shall be calculated on a daily basis. Any adjustment shall be approved by the Board of Directors in special circumstances.

**Article 6** Execution and auditing procedures for lending funds

1. Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan amount requested, term, purpose and collateral, together with certain basic information and financial data, to the personnel in charge to facilitate the evaluation and credit checking by the Company.
2. After receiving the application for lending of funds, the Company's division in charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business relations between the funding recipient and the Company, the recipient's financial and operational condition, the recipient's ability for repayment of indebtedness and its credit worthiness, profitability and intended usages of funds. The extents of impact of the Company's aggregate amount of funds lent on the Company's operations, financial conditions and shareholders' equity shall also be taken into consideration.
3. After credit investigation and risk evaluation is conducted, for those borrowers with poor credit or unjustifiable purpose, the Financial Division shall respond to the borrowers after getting the approval of the General Manager and the Chairman of the Board of Directors. For those cases with good credit and justifiable purposes, or those cases that the borrower can furnish collaterals in the same amount of funds to be lent and have no risks, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the loan of funds and submit a proposal to the General Manager and the Chairman of the Board of Directors and get approval of the Board of Directors before lending of funds.



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.

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.

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.

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.

5. When lending funds or providing short-term financing to others, the Company shall require the borrower to provide guarantee notes, collateral and/or other guarantee in the same amount of funds lent except for subsidiaries in which the Company directly or indirectly holds more than 50% of the voting shares and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens on the collaterals, and the Company shall evaluate quarterly whether the value of the collaterals provided is comparable to the balance of the amount of funds lent and shall demand additional collaterals if necessary. With regards to the aforementioned collateral, if the borrower provides guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals, the Board of Directors may, referring to the assessment report of the division in charge, consider such guarantee and make a decision; in the case of corporation guarantee, it is required to review if the guarantor's articles of incorporation provide that the provision of corporation guarantee is allowed.
6. All collateral, except land and securities, shall be covered by fire insurance. For vehicles, comprehensive liability insurance shall be procured. The insured amount shall, in principle, be not less than the replacement cost of the collateral. The Company shall be named as the beneficiary of the insurance. The insured object, quantity, location and coverage conditions must be consistent with the requirements of the Company.

7. The financial department of the Company shall set up a record book for recording matters relating to fund lending by the Company. After a lending of funds has been approved by the Board of Directors, the financial department shall record the details of the entity to which the lending of funds is made, amount, date of approval by the Board of Directors, drawdown date, and matters to be carefully evaluated in accordance with the Operating Procedures in the record book for further inspection.
8. Internal auditors shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, the internal auditors shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions, and a written report is needed to notify the supervisors.
9. Where the recipients of the fund lending are not in compliance with the Procedure or the amount of funds lent exceeds the limits set forth in the Procedure as a result of change of conditions, the financial department of the Company shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions and prepare corrective plans and submit such corrective plans to supervisors and rectify as scheduled under the corrective plans.
10. The Company shall, in accordance with GAAP, evaluate the status of the loan, list adequate preparatory bad debt, appropriately disclose relevant information in the financial reports, and provide relevant data for the certified public accountants to proceed with necessary auditing procedure.

**Article 7** Procedures of disclosure and report

1. When the Company lends its funds to other parties, the related information must be disclosed and reported to Market Observation Post System website designated by the Financial Supervisory Commission (FSC).
2. The Company shall, before the tenth day of each month, disclose and report its and its subsidiary's remaining amount of loan of last month.
3. In addition to the monthly public announcement and reporting of the Company's balance of lending of funding, the Company and subsidiaries whose loan balance reaches one of the following levels shall announce and report such event within two days from its occurrence to Market Observation Post System:
  - (1) The aggregate balance of the Company and its subsidiaries' loan reaches 20% or more of the Company's net worth as stated in its latest financial statements.
  - (2) The balance of the Company and its subsidiaries' loan for a single enterprise

reaches 10% or more of Company's net worth as stated in its latest financial statements.

- (3) The balance of the Company or its subsidiaries' newly added loan reaches NT\$10 millions or more and the aggregate amount of loan reaches 2% or more of Company's net worth as stated in its latest financial statements.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the third subparagraph of the preceding paragraph.

**Article 8** Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights

1. After each lending has been made, the financial department of the Company shall frequently monitor any changes in the borrowers' and guarantors' financial, business and related credit conditions, and any changes in the value of collaterals, and prepare written records of the monitoring results. If there is any significant change, the financial department of the Company shall promptly report to CEO and related divisions in charge for their timely actions.
2. When a borrower repays the loan on due date or, upon request of the Company, repays the loan before the due date, the financial department of the Company shall execute the following procedures:
  - (1) Confirm receipt of repaying the loan by the borrower.
  - (2) Report to the Chairman of Board of Directors and CEO and after getting their approval, return the promissory note with cancellation of the loan of funds or eliminate the collateral registration.
3. If repayment cannot be made on the due date, the borrower shall apply for a deferred repayment in advance and such defer request shall be submitted to the Board of Directors for approval; otherwise the Company may take enforcement actions against the collaterals or guarantors in accordance of applicable laws for recovery.

**Article 9** Procedures for controlling and managing loans of funds to others by subsidiaries

1. The Company shall urge its subsidiaries to enact the "Procedures for Lending Funds to Other Parties" and implement the procedures in accordance with proper authorizations of the organizations in charge.
2. The Company shall supervise subsidiaries to assure the latter's lending of funds are in compliance with the "Procedures for Lending Funds to Other Parties."

**Article 10** Penalty provisions

The Company's managers and persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related personnel guidelines and procedures of the Company.

**Article 11** Effectiveness and amendment

After the Procedures have been approved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor and a shareholders' meeting for discussing; the same applies when the procedures are amended.

When the Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration of each independent director's opinions and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the minutes of the Board of Directors.

**APPENDIX VI: PROCEDURES FOR ENDORSEMENT & GUARANTEE  
(BEFORE THE REVISION)**

**WIN Semiconductors Corp.  
Procedures for Endorsement & Guarantee**

Approved by the AGM on June 10, 2011

**Article 1**

The Procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

**Article 2**

The term “endorsement and/or guarantee” used in the Procedure is defined as follows:

1. Financial endorsement and/or guarantee, including:
  - (1) Discounted bill financing;
  - (2) Endorsement or guarantee made for the financing needs of other companies;
  - (3) Issuing negotiable instruments for the purpose of providing guarantee to obtain finance for its own businesses to an entity other than the financial institutions.
2. Custom duty endorsement and/or guarantee, which shall mean endorsement or guarantee for the Company itself or other companies in respect of the custom duty matters.
3. Other endorsement and/or guarantee, which shall mean other endorsement or guarantee which cannot be included in the above two categories.
4. When the Company creates a pledge or mortgage on its chattel or real estate as a collateral for the loans of another company, the collateral shall also be the subject of the Procedure.

**Article 3 Applicability**

The Company may provide endorsement and/or guarantee for the following companies:

1. Subsidiaries in which the Company directly and indirectly holds more than 50% of its total outstanding common shares.
2. The Company and its subsidiaries on a consolidated basis hold more than 50% of

its total outstanding common shares.

Each of the companies, in which the Company holds more than 90% shareholding directly or indirectly, may make endorsement and/or guarantee for each other. The amount shall not exceed 10% of the net worth of the Company. The limits to the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.

#### **Article 4 Limits of endorsements and/or guarantees**

1. The aggregate amount of endorsements and/or guarantees of the Company shall not exceed the 50% of net worth of the latest financial statements audited or reviewed by the certified public accountants. The limits to any single enterprise shall not exceed the 30% of the net worth of the latest financial statements audited or reviewed by the certified public accountants.
2. The limits of the Company and its subsidiaries' endorsements and/or guarantees shall not exceed 50% of the Company's net worth as stated in its latest financial statements audited or reviewed by the certified public accountants. The limits of the Company and its subsidiaries' endorsements and/or guarantees to any single enterprise shall not exceed 30% of the net worth of the latest financial statements audited or reviewed by the certified public accountants.

#### **Article 5 Decision of endorsements and/or guarantees and level of authorization:**

1. Any endorsement and/or guarantee shall be processed and approved in accordance of Article 6 of the Procedure and the Board of Directors of the Company shall approve the making of endorsements and/or guarantees, however, the Board of Directors may authorize the Chairman of the Board of Directors to decide such matters when the transaction is within 20% of the net worth of the latest financial statements audited or reviewed by the certified public accountants and then submit such matter to the Board of Directors for ratification.
2. When any subsidiaries in which the Company holds more than 90% of the voting shares directly or indirectly plan to provide endorsements and/or guarantees in accordance of the second paragraph of Article 3, the proposal shall be submitted to the Board of Directors for approval. The endorsements and/or guarantees provided between the companies in which the Company holds 100% of the voting shares directly or indirectly do not follow the same rule.
3. When the Company submits the endorsement and/or guarantee decisions 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.

## **Article 6 Endorsements and/or guarantees procedures**

1. The requesting enterprise shall submit an endorsement and/or guarantee application form or a letter with the financial data in detail to the financial department of the Company.
2. In effecting the endorsement and/or guarantee, the financial department shall review the qualification item by item of the Company to be endorsed and/or guaranteed, whether the amount is in conformity with the Procedure, and if it has satisfied the criteria for disclosure and report, and shall evaluate the necessity and rationality of the endorsement and/or guarantee, the impact towards the Company's operating risk, financial position and shareholders' equity, the credit and risk of the endorsed and/or guaranteed enterprise. If necessary, collateral shall be obtained from the Company to be endorsed and/or guaranteed. Then it shall, with clear reporting of the content, reason and risk evaluation, be reported to the Chairman of the Board of Directors for its approval, and then presented to the Board of Directors to be discussed and consented to. If it is within the authorized amount, the Chairman of Board of Directors may approve first and then reported to the Board of Directors for approval. After these procedures, the financial department shall apply for sealing and note issuance, transfer all the relevant records to the accounting department and report to the shareholders' meeting.
3. The financial department shall request the delivery of notes of the same amount and maturity as a counter guarantee.
4. The financial department shall make a detailed list of the guarantee provided and cancelled every month for the purpose of tracing and disclosure and report and, periodically assess and acknowledge contingent losses of the endorsement and/or guarantee, and disclose relevant information in the financial reports and provide the certified public accountants with relevant information.
5. A registry for the record of endorsement and guarantee and its relief shall be established by financial department. After the endorsement and/or guarantee have been approved by the Board of Directors or the Chairman of Board of Directors, in addition to the application for the chop, the party endorsed and/or guaranteed, amount of endorsement, the date of approval of the Board of Directors or the Chairman of Board of Directors, the date of the endorsement and/or guarantee and all the evaluation issues according to the Procedure shall be recorded in detail for reference. All relevant documents such as notes and contracts should be copied and kept.

## **Article 7 Extension for endorsement and/or guarantee**

The extension for such endorsement and/or guarantee when the original term expires shall be processed in accordance with Article 6.

## **Article 8 The cancellation of endorsement and/or guarantee**

If the endorsement and/or guarantee needs to be cancelled upon request of the endorsed and/or guarantee company or the Company, the financial department shall execute the following procedures:

1. If the endorsement and/or guarantee needs to be cancelled due to performance of debt or change of note as a result of extension of the term, the endorsed company shall deliver a formal letter with the original notes endorsed and relevant documents to the financial department to be chopped "cancellation" and returned, the application letter shall be kept for reference.
2. The financial department shall submit a report to the CEO, the Chairman of the Board of Directors and get approval and then return the notes to the endorsed and/or guaranteed company.
3. The financial department shall register the cancelled notes into the registry to reduce the accumulated amount of the endorsement.

## **Article 9 The using and keeping procedure for the Company's chop and notes**

1. The Company's chop for the registration to the Ministry of Economic Affairs shall be used as the special chop for endorsement and/or guarantee.
2. Notes used for issuing endorsement and/or guarantee and seals of the Company shall be kept separately by persons appointed and authorized by the Chairman of Board of Directors. Internal procedures must be followed for sealing and note issuance purposes.
3. When the Company provides guarantee to foreign companies, the letter of guarantee shall be signed by the Chairman of Board of Directors or CEO authorized by the Board of Directors.

## **Article 10 Attentions**

1. Internal auditors shall perform auditing on the Company's endorsement and/or guarantee procedures and execution thereof and produce written auditing reports. Should there be any violation found, the internal auditors shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions, and a written report is needed to notify the supervisors.



2. If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in Article 3 herein, or the amount of endorsement and/or guarantee exceeded the limits due to changes of basis on which the amounts of limits are calculated, a corrective plan shall be provided to the supervisors and the proposed correction actions should be implemented within the period specified in the plan.
3. When and if from business perspective, it is necessary that the aggregate amount of endorsements and/or guarantees of the Company exceed the limited amount specified in the Procedure and the applicants' other conditions qualify the criterion of the Procedure. Under such circumstance, the Board of Directors shall approve the making of endorsement and/or guarantee and majority of the directors shall sign as joint guarantors for the contingency loss and the Procedure shall be modified and submitted to the shareholders' meeting for confirmation thereafter. If the shareholders' meeting does not approve it, the Company shall make a plan to eliminate such exceeding amount within certain period of time.
4. In case the Company or its subsidiary desires to provide endorsement and/or guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, the financial department shall get the financial data of the subsidiary to be endorsed and/or guaranteed every month.

#### **Article 11 Internal control procedures of the Company's subsidiaries**

1. The Company shall urge its subsidiaries to enact the "Procedures for Endorsement & Guarantee" and implement the procedures in accordance with proper authorizations of the organizations in charge.
2. The Company shall supervise subsidiaries to provide endorsement and/or guarantee to outside parties are in compliance with the "Procedures for Endorsement & Guarantee."

#### **Article 12 Disclosure and report**

When the Company provides endorsement and/or guarantee to other parties, the related information shall be disclosed and reported to Market Observation Post System website designated by the government agency in charge of securities.

1. The Company shall monthly disclose and report the Company's and its subsidiaries' remaining amount of endorsement and/or guarantee of the last month before the tenth day of every month.
2. If the Company and its subsidiaries meet any of the following criteria, the Company shall disclose and report the relevant information within two days of the

occurrence of the event.

- (1) The Company's and its subsidiaries' remaining amount of the endorsement and/or guarantee reaches the amount higher than the 50% of the net worth of the Company's latest financial reports.
- (2) The Company's and its subsidiaries' remaining amount of the endorsement and/or guarantee to one single company reaches the amount higher than the 20% of the net worth of the Company's latest financial reports.
- (3) The Company's and its subsidiaries' remaining amount of the endorsement and/or guarantee to one single company reaches NT\$10 millions or more, and the total remaining amount of endorsement and/or guarantee, long-term investment and loan exceeds 30% of the net worth of the Company's latest financial reports.
- (4) The Company's and its subsidiaries' newly increased amount of the endorsement and guarantee reached NT\$30,000,000 and more, and the amount exceeds 5% of the net worth of the Company's latest financial reports.

If the subsidiary of the Company is not a public listed company of the country, and is applied to subparagraph four of the preceding paragraph, it shall be disclosed and reported by the Company.

### **Article 13 Penalty provisions**

The Company's managers and persons-in-charge shall follow the Procedure in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related personnel guidelines and procedures of the Company.

### **Article 14 Effectiveness and amendment**

After the Procedures have been approved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor and a shareholders' meeting for discussing; the same applies when the procedures are amended.

When the Procedures are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration of each independent director's opinions and shall record each independent director's explicit opinion for assent or dissent and reasons for dissent in the minutes of the Board of Directors.

**APPENDIX VII: EFFECT UPON BUSINESS PERFORMANCE, EARNINGS PER SHARE AND RETURN ON EQUITY OF ANY STOCK DIVIDEND DISTRIBUTION**

No stock dividend distributed, not applicable.

**APPENDIX VIII: THE ACCEPTANCE OF PROPOSED RESOLUTIONS OR NOMINATION OF CANDIDATES FOR DIRECTORS FROM ELIGIBLE SHAREHOLDERS**

1. In accordance with Article 172-1 of the Company Law, the time frame for the acceptance of proposed resolutions or nomination of candidates for directors from eligible shareholders will start from April 8 to April 18, 2019.
2. In addition to the nomination of eighth election of directors by the Board, no other proposal or nomination was submitted by any shareholders who hold more than one per cent of the company outstanding shares within this period.

## APPENDIX IX: SHAREHOLDING OF DIRECTORS

### WIN Semiconductors Corp. Shareholding of Directors

Book closure date: April 16, 2019

Position	Name	Shareholding (shares)	Shareholding ratio (%)
Chairman	Chin-Tsai Chen	12,402,953	2.93%
Director	International Fiber Technology Co, Ltd.	3,503,097	0.83%
	Representative: Su-Chang Hsieh	0	0%
Director	Li-Chen Yeh	7,687,525	1.81%
Director	Yu-Chi Wang	880,000	0.21%
Director	Wen-Ming Chang	314,750	0.07%
Director	Shun-Ping Chen	1,897,993	0.45%
<b>Total</b>	<b>Shareholding of directors (excluding independent directors)</b>	<b>26,686,318</b>	<b>6.30%</b>
Independent Director	Chin-Shih Lin	0	0%
Independent Director	Shen-Yi Lee	38,000	0.01%
Independent Director	Wei-Lin Wang	0	0%
<b>Total</b>	<b>Shareholding of independent directors</b>	<b>38,000</b>	<b>0.01%</b>

- Total issued shares: 423,814,384 shares  
Note: The redeemed new restricted employee shares, totaling 20,000 shares, was yet uncanceled as of April 16, 2019.
- The minimum required combined shareholding of all directors by law: 16,000,000 shares.
- The shareholding of directors (excluding independent directors) on the book closure date: 26,686,318 shares (6.30%) as of April 16, 2019.
- The Company has set up Audit Committee, therefore, the minimum numbers of shares required to be held by the entire bodies of supervisors is not applicable.