

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**REPORT OF INDEPENDENT ACCOUNTANTS**  
**DECEMBER 31, 2012 AND 2011**

---

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

## Report of Independent Accountants Translated from Chinese

To the Board of Directors and Stockholders of  
WPG Holdings Limited

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

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

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

PricewaterhouseCoopers, Taiwan

March 26, 2013

-----  
The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices utilized in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2012 AND 2011**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash and cash equivalents (Note 4(1))	\$ 8,872,178	7	\$ 7,785,974	7
Financial assets at fair value through profit or loss - current (Note 4(2))	48,814	-	134,526	-
Available-for-sale financial assets - current (Note 4(3))	20,919	-	19,442	-
Financial assets carried at cost - current (Note 4(15))	10,193	-	12,871	-
Notes receivable, net (Note 4(4))	1,760,655	2	1,696,082	2
Accounts receivable, net (Note 4(5))	57,685,623	48	45,446,076	42
Accounts receivable - related parties, net (Note 5)	146,198	-	23,457	-
Other receivables (Notes 4(5) and 4(18))	1,353,549	1	3,577,826	3
Other financial assets - current (Note 4(6))	1,479,940	1	3,156,385	3
Inventories, net (Note 4(7))	33,338,625	28	34,032,124	31
Deferred income tax assets - current (Note 4(18))	170,114	-	171,216	-
Other current assets (Note 4(8))	1,708,776	2	1,899,720	2
	<u>106,595,584</u>	<u>89</u>	<u>97,955,699</u>	<u>90</u>
<b><u>Funds and Investments</u></b>				
Available-for-sale financial assets - non-current (Note 4(9))	172,335	-	182,545	-
Financial assets carried at cost - non-current (Notes 4(10) (15) and 6)	531,218	1	440,575	1
Investments in bonds without active markets - non-current	5,000	-	5,000	-
Long-term investments accounted for under the equity method (Note 4(11))	878,902	1	423,657	-
Other financial assets - non-current (Note 4(12))	22,604	-	-	-
	<u>1,610,059</u>	<u>2</u>	<u>1,051,777</u>	<u>1</u>
<b><u>Property, Plant and Equipment, net (Notes 4(13) and 6)</u></b>				
<b>Cost</b>				
Land	2,711,227	2	2,469,062	2
Buildings	1,573,645	1	1,533,080	2
Machinery and equipment	92,632	-	83,549	-
Transportation equipment	22,196	-	26,701	-
Office equipment	483,106	1	476,229	1
Leasehold improvements	452,400	-	279,643	-
Other equipment	91,436	-	132,426	-
	<u>5,426,642</u>	<u>4</u>	<u>5,000,690</u>	<u>5</u>
Less: Accumulated depreciation	( 938,001)	( 1)	( 955,755)	( 1)
Accumulated impairment	( 23,972)	-	( 24,363)	-
Prepayments for equipment	652,767	1	2,177	-
	<u>5,117,436</u>	<u>4</u>	<u>4,022,749</u>	<u>4</u>
<b><u>Intangible Assets</u></b>				
Goodwill (Notes 4(15) and 10)	5,594,987	5	5,119,712	5
Deferred pension cost (Note 4(21))	13,811	-	14,922	-
Other intangible assets (Note 4(15))	368,562	-	215,872	-
	<u>5,977,360</u>	<u>5</u>	<u>5,350,506</u>	<u>5</u>
<b><u>Other Assets</u></b>				
Rental facilities, net (Notes 4(14) and 6)	105,403	-	109,235	-
Deposit-out	230,816	-	495,242	-
Other assets - others	24,164	-	36,245	-
	<u>360,383</u>	<u>-</u>	<u>640,722</u>	<u>-</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 119,660,822</u></b>	<b><u>100</u></b>	<b><u>\$ 109,021,453</u></b>	<b><u>100</u></b>

(continued on next page)

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2012 AND 2011**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2012		2011	
	Amount	%	Amount	%
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>				
<b><u>Current Liabilities</u></b>				
Short-term loans (Note 4(16))	\$ 31,690,834	26	\$ 27,235,857	25
Commercial papers payable (Note 4(17))	4,001,703	3	3,213,292	3
Financial liabilities at fair value through profit or loss - current (Note 4(2))	2,010	-	1,346	-
Notes payable	344,101	-	224,517	-
Accounts payable	32,910,955	28	28,326,675	26
Income tax payable (Note 4(18))	623,807	1	566,961	1
Accrued expenses	3,209,137	3	3,628,085	3
Other payables	786,068	1	1,266,777	1
Current portion of long-term liabilities (Note 4(19))	416,373	-	1,491,129	1
Other current liabilities	444,677	-	725,053	1
	<u>74,429,665</u>	<u>62</u>	<u>66,679,692</u>	<u>61</u>
<b><u>Long-term Liabilities</u></b>				
Long-term loans (Note 4(20))	6,441,227	5	3,977,619	4
<b><u>Other Liabilities</u></b>				
Accrued pension liabilities (Note 4(21))	334,506	1	289,122	-
Deferred income tax liabilities - non-current (Note 4(18))	185,359	-	165,329	-
Other liabilities - others	62,644	-	96,445	-
	<u>582,509</u>	<u>1</u>	<u>550,896</u>	<u>-</u>
<b><u>Total Liabilities</u></b>	<u>81,453,401</u>	<u>68</u>	<u>71,208,207</u>	<u>65</u>
<b><u>Stockholders' Equity</u></b>				
<b><u>Capital</u></b>				
Common stock (Note 1)	16,557,092	14	15,838,501	15
Capital reserve (Note 4(22))				
Common stock share premium	14,886,934	12	13,270,105	12
Treasury stock transactions	45,083	-	45,083	-
Long-term investments	5,589	-	4,020	-
Retained earnings (Note 4(23))				
Legal reserve	1,967,819	2	1,459,776	1
Special reserve	1,485,407	1	2,728,889	2
Undistributed earnings	6,148,174	5	5,251,868	5
Other adjustments to stockholders' equity				
Cumulative translation adjustments	( 2,981,460)	( 2)	( 1,514,883)	( 1)
Net loss not recognized as pension cost	( 2,831)	-	( 2,106)	-
Unrealized gain or loss on financial instruments	41,287	-	31,582	-
	<u>38,153,094</u>	<u>32</u>	<u>37,112,835</u>	<u>34</u>
Minority interest	54,327	-	700,411	1
<b><u>Total Stockholders' Equity</u></b>	<u>38,207,421</u>	<u>32</u>	<u>37,813,246</u>	<u>35</u>
Commitments and contingent liabilities (Note 7)				
Subsequent events (Note 9)				
<b><u>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>	<u>\$ 119,660,822</u>	<u>100</u>	<u>\$ 109,021,453</u>	<u>100</u>

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

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

	2012		2011	
	Amount	%	Amount	%
Operating revenues (Note 5)				
Sales revenue	\$ 366,916,737	102	\$ 338,321,476	102
Sales returns	( 3,100,773)	( 1)	( 2,799,436)	( 1)
Sales allowances	( 3,402,965)	( 1)	( 3,337,221)	( 1)
Net sales revenue	360,412,999	100	332,184,819	100
Commission revenue	201,160	-	137,772	-
Total operating revenues	360,614,159	100	332,322,591	100
Operating costs				
Cost of goods sold (Note 4(7))	( 342,519,548)	( 95)	( 314,293,769)	( 95)
Gross profit	18,094,611	5	18,028,822	5
Operating expenses				
Selling and marketing	( 8,269,698)	( 2)	( 8,263,321)	( 2)
General and administrative	( 3,632,063)	( 1)	( 3,111,039)	( 1)
Total operating expenses	( 11,901,761)	( 3)	( 11,374,360)	( 3)
Operating income	6,192,850	2	6,654,462	2
Non-operating income				
Interest income	36,794	-	45,488	-
Investment income accounted for under the equity method (Note 4(11))	28,824	-	42,613	-
Dividend income	8,977	-	8,142	-
Gain on disposal of property, plant and equipment	-	-	34,160	-
Gain on disposal of investments	13,060	-	55,396	-
Foreign exchange gain, net	64,629	-	127,112	-
Rent revenue	30,687	-	50,938	-
Gain on valuation of financial assets (Note 4(2))	18,249	-	-	-
Gain on valuation of financial liabilities (Note 4(2))	-	-	6,524	-
Other non-operating income	210,559	-	186,221	-
Total non-operating income	411,779	-	556,594	-
Non-operating expenses				
Interest expense	( 768,924)	( 1)	( 678,250)	-
Loss on disposal of property, plant and equipment	( 8,956)	-	-	-
Financing charges (Note 4(5))	( 125,618)	-	( 142,781)	-
Impairment loss (Notes 4(10) and 4(15))	( 78,667)	-	( 34,032)	-
Loss on valuation of financial assets (Note 4(2))	-	-	( 29,510)	-
Loss on valuation of financial liabilities (Note 4(2))	( 6,709)	-	-	-
Other losses (Note 4(5))	( 75,171)	-	( 59,876)	-
Total non-operating expenses	( 1,064,045)	( 1)	( 944,449)	-
Income before income tax	5,540,584	1	6,266,607	2
Income tax expense (Note 4(18))	( 1,082,362)	-	( 1,182,575)	-
Consolidated net income	\$ 4,458,222	1	\$ 5,084,032	2
Attributable to:				
Equity holders of the Company	\$ 4,465,711	1	\$ 5,080,433	2
Minority interest	( 7,489)	-	3,599	-
	\$ 4,458,222	1	\$ 5,084,032	2
	<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
Basic earnings per share (In dollars)				
Net income from operations	\$ 3.37	\$ 2.72	\$ 3.95	\$ 3.21
Minority interest	-	-	-	-
Net income	\$ 3.37	\$ 2.72	\$ 3.95	\$ 3.21
Diluted earnings per share (In dollars)				
Net income from operations	\$ 3.37	\$ 2.71	\$ 3.95	\$ 3.20
Minority interest	-	-	-	-
Net income	\$ 3.37	\$ 2.71	\$ 3.95	\$ 3.20

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

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>Retained Earnings</u>				<u>Other Adjustments to Stockholders' Equity</u>				<u>Total</u>	
	<u>Common stock</u>	<u>Capital reserve</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Undistributed earnings</u>	<u>Cumulative translation adjustments</u>	<u>Net loss not recognized as pension cost</u>	<u>Unrealized gain or loss on financial instruments</u>		<u>Minority interest</u>
<u>2011</u>										
Balance at January 1, 2011	\$ 14,530,735	\$ 15,280,103	\$ 963,280	\$ 305,983	\$ 5,488,408	(\$ 2,779,825)	(\$ 7,878)	\$ 58,814	\$ 69,990	\$ 33,909,610
Appropriations of 2010 net income (Note 1):										
Legal reserve	-	-	496,496	-	( 496,496)	-	-	-	-	-
Special reserve	-	-	-	2,422,906	( 2,422,906)	-	-	-	-	-
Cash dividends	-	-	-	-	( 2,397,571)	-	-	-	-	( 2,397,571)
Capitalization from capital reserve	1,307,766	( 1,307,766)	-	-	-	-	-	-	-	-
Cash paid from capital reserve (Note 4(12))	-	( 653,883)	-	-	-	-	-	-	-	( 653,883)
Changes in minority interest	-	-	-	-	-	-	-	-	626,822	626,822
Consolidated net income for 2011	-	-	-	-	5,080,433	-	-	-	3,599	5,084,032
Unrealized loss on financial instruments	-	-	-	-	-	-	-	( 27,232)	-	( 27,232)
Translation adjustments	-	-	-	-	-	1,264,942	-	-	-	1,264,942
Capital reserve adjustments	-	754	-	-	-	-	-	-	-	754
Net loss not recognized as pension cost	-	-	-	-	-	-	5,772	-	-	5,772
Balance at December 31, 2011	<u>\$ 15,838,501</u>	<u>\$ 13,319,208</u>	<u>\$ 1,459,776</u>	<u>\$ 2,728,889</u>	<u>\$ 5,251,868</u>	<u>(\$ 1,514,883)</u>	<u>(\$ 2,106)</u>	<u>\$ 31,582</u>	<u>\$ 700,411</u>	<u>\$ 37,813,246</u>
<u>2012</u>										
Balance at January 1, 2012	\$ 15,838,501	\$ 13,319,208	\$ 1,459,776	\$ 2,728,889	\$ 5,251,868	(\$ 1,514,883)	(\$ 2,106)	\$ 31,582	\$ 700,411	\$ 37,813,246
Common stock issued for acquisition of a subsidiary	718,591	1,616,829	-	-	-	-	-	-	-	2,335,420
Appropriations of 2011 net income (Note 2):										
Legal reserve	-	-	508,043	-	( 508,043)	-	-	-	-	-
Reversal of special reserve	-	-	-	( 1,243,482)	1,243,482	-	-	-	-	-
Cash dividends	-	-	-	-	( 4,304,844)	-	-	-	-	( 4,304,844)
Changes in minority interest	-	-	-	-	-	-	-	-	( 638,595)	( 638,595)
Consolidated net income for 2012	-	-	-	-	4,465,711	-	-	-	( 7,489)	4,458,222
Unrealized gain on financial instruments	-	-	-	-	-	-	-	9,705	-	9,705
Translation adjustments	-	-	-	-	-	( 1,466,577)	-	-	-	( 1,466,577)
Capital reserve adjustments	-	1,569	-	-	-	-	-	-	-	1,569
Net loss not recognized as pension cost	-	-	-	-	-	-	( 725)	-	-	( 725)
Balance at December 31, 2012	<u>\$ 16,557,092</u>	<u>\$ 14,937,606</u>	<u>\$ 1,967,819</u>	<u>\$ 1,485,407</u>	<u>\$ 6,148,174</u>	<u>(\$ 2,981,460)</u>	<u>(\$ 2,831)</u>	<u>\$ 41,287</u>	<u>\$ 54,327</u>	<u>\$ 38,207,421</u>

Note 1: The directors' and supervisors' remuneration in the amount of \$33,000 and employees' bonus in the amount of \$35,000 for the year ended December 31, 2010 had been deducted in the current income statement.

Note 2: The directors' and supervisors' remuneration in the amount of \$36,000 and employees' bonus in the amount of \$41,000 for the year ended December 31, 2011 had been deducted in the current income statement.

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

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	2012	2011
<b><u>Cash flows from operating activities</u></b>		
Consolidated net income	\$ 4,458,222	\$ 5,084,032
Adjustments to reconcile consolidated net income to net cash provided by (used in) operating activities:		
Changes in unrealized valuation of financial assets at fair value through profit or loss - current	( 1,107)	22,566
Changes in unrealized valuation of financial liabilities at fair value through profit or loss - current	664	114
Bad debts expense (reversal of allowance)	144,576	( 44,852)
Reversal of allowance for decline in market value and obsolescence of inventories	( 195,663)	( 8,976)
Gain on disposal of investments	( 13,060)	( 55,396)
Impairment loss	78,667	34,032
Investment income accounted for under the equity method	( 28,824)	( 42,613)
Cash dividends received from investee companies accounted for under the equity method	60,368	70,187
Depreciation	242,477	219,084
Loss (gain) on disposal of property, plant and equipment	8,956	( 34,160)
Amortization	117,440	78,960
Changes in assets and liabilities:		
Financial assets at fair value through profit or loss - current	86,819	7,299
Notes receivable, net	( 1,521,130)	246,346
Accounts receivable, net	( 10,861,494)	( 11,561,304)
Accounts receivable-related parties, net	( 122,741)	( 23,457)
Other receivables	1,947,022	2,309,428
Inventories	819,124	( 2,629,957)
Other current assets	152,474	( 762,581)
Deferred income tax assets and liabilities, net	( 13,372)	( 73,027)
Notes payable	123,593	6,476
Accounts payable	5,153,153	2,159,789
Income tax payable	57,286	( 261,795)
Accrued expenses	( 440,173)	( 404,326)
Other payables	235,604	( 907,007)
Other current liabilities	( 283,123)	290,610
Accrued pension liability	26,946	2,806
Net cash provided by (used in) operating activities	232,704	( 6,277,722)

(continued on next page)

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>2012</u>	<u>2011</u>
<b><u>Cash flows from investing activities</u></b>		
Decrease in other financial assets - current	\$ 982,850	\$ 2,228,859
Proceeds from disposal of available-for-sale financial assets - non-current	30,976	57,375
Increase in financial assets carried at cost - current	-	( 21,584)
Increase in financial assets carried at cost - non-current	( 154,853)	( 162,721)
Refund of capital received from financial assets carried at cost - non-current	9,578	8,000
Proceeds from disposal of financial assets carried at cost - non-current	-	5,213
Increase in long-term investment	( 29,670)	-
Decrease in other financial assets - non-current	( 22,604)	34,328
Acquisition of property, plant and equipment	( 1,905,213)	( 350,114)
Proceeds from disposal of property, plant and equipment	25,664	67,445
Acquisition of other intangible assets	( 236,199)	( 85,261)
Decrease (increase) in deposit-out	273,800	( 272,235)
Decrease in other assets - others	3,900	8,884
Purchase of minority interest	-	( 101,428)
Net cash (used in) provided by investing activities	<u>( 1,021,771)</u>	<u>1,416,761</u>
<b><u>Cash flows from financing activities</u></b>		
Increase in short-term loans	6,007,425	4,863,081
Increase in commercial papers payable	893,221	1,123,003
Increase in long-term loans (including current portion of long-term liabilities)	1,060,085	708,921
Payment of cash dividends	( 4,304,844)	( 3,051,454)
Decrease in minority interest	( 43,916)	( 20,533)
Decrease in other liabilities - others	( 33,801)	( 100,340)
Net cash provided by financing activities	<u>3,578,170</u>	<u>3,522,678</u>
Cumulative translation adjustments	( 1,623,410)	1,223,143
Proceeds from acquisition of subsidiaries	427,845	-
Effect of changes in consolidated subsidiaries	( 507,334)	328,135
Net increase in cash and cash equivalents	1,086,204	212,995
Cash and cash equivalents at beginning of year	<u>7,785,974</u>	<u>7,572,979</u>
Cash and cash equivalents at end of year	<u>\$ 8,872,178</u>	<u>\$ 7,785,974</u>
<b><u>Supplemental disclosures of cash flow information</u></b>		
Cash paid during the year for interest	<u>\$ 758,303</u>	<u>\$ 791,626</u>
Cash paid during the year for income tax	<u>\$ 984,076</u>	<u>\$ 1,193,004</u>
<b><u>Financing activities that result in non-cash flows</u></b>		
Capitalization from stock dividends	<u>\$ -</u>	<u>\$ 1,307,766</u>
Common stock issued for acquisition of a subsidiary	<u>\$ 2,335,420</u>	<u>\$ -</u>

(continued on next page)



**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**  
**(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)**

	2012	2011
<b><u>Supplemental disclosures of partial payment of cash</u></b>		
Acquisition of property, plant and equipment, and rental facilities	\$ 1,308,953	\$ 946,374
Add: accounts payable at the beginning of year	596,260	-
Less: accounts payable at the end of year	-	( 596,260)
Cash paid during the year for property, plant and equipment, and rental facilities	\$ 1,905,213	\$ 350,114
 <b><u>Fair value of assets and liabilities of the acquired subsidiary were as follows:</u></b>		
Cash and bank deposits	\$ 427,845	\$ -
Other current assets	2,662,231	-
Funds and investments	10,500	-
Property, plant and equipment, net	335,070	-
Goodwill	547,957	-
Intangible assets and other assets	25,501	-
Other current liabilities	( 1,140,331)	-
Long-term liabilities	( 336,784)	-
Other liabilities	( 48,375)	-
	\$ 2,483,614	\$ -

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

**WPG HOLDINGS LIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 AND 2011**

(EXPRESSED IN THOUSANDS OF NEW TAIWAN  
DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. **HISTORY AND ORGANIZATION**

- 1) WPG Holdings Limited (the Company) was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China, and as a holding company of World Peace Industrial Co., Ltd. and Silicon Application Corporation by exchanging shares of common stock on November 9, 2005. The Company's shares were listed on the Taiwan Stock Exchange (TSE) and approved by the Financial Supervisory Commission, Executive Yuan, Securities and Futures Bureau on the same date. After restructuring, Richpower Electronic Devices Co., Ltd. became the Company's subsidiary on January 1, 2008. The Company acquired Pernas Electronics Co., Ltd., Asian Information Technology Inc., Yosun Industrial Corp. and AECO Technology Inc. by exchanging shares of common stock on July 16, 2008, February 6, 2009, November 15, 2010 and March 1, 2012, respectively.
- 2) The Company was organized to create the management mechanism of the group, supervise the subsidiaries, integrate the whole group and improve operational efficiency. The Company's subsidiaries are mainly engaged in the distribution and sales of electronic / electrical components, sales of computer software and electrical products and sales of electronic / electrical components.
- 3) In accordance with the Company's Articles of Incorporation, the total shares of authorized common stock was 2,000,000,000 shares (including 200,000,000 shares of warrant, warrant preferred stock and warrant bond conversion). As of December 31, 2012, the Company and its consolidated subsidiaries had approximately 6,225 employees. As of December 31, 2012, the Company had issued capital of \$16,557,092 with a par value of \$10 (in dollars) per share.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and accounting principles generally accepted in the Republic of China. The Group's significant accounting policies are summarized below:

1) **Basis for preparation of consolidated financial statements**

- (1) The Company and all majority-owned subsidiaries are included in the consolidated

financial statements. Significant transactions and assets and liabilities between the Company and the consolidated subsidiaries are eliminated during consolidation.

According to SFAS No. 7, if the company and its subsidiaries own more than 50% of an investee company's voting rights, or has effective control over the investee company, the investee company's financial statements are included in the consolidation.

The income (loss) of the subsidiaries is included in the consolidated statement of income effective on the date the Company gains control over the subsidiaries. The income (loss) of the subsidiaries is excluded from the consolidated statement of income effective the date on which the Company loses control over the subsidiaries. Restatement of prior years' consolidated financial statements is not required.

(2) Consolidated subsidiaries and changes in consolidated subsidiaries for the years ended December 31, 2012 and 2011:

Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Sales of electronic components	100.00	100.00	
WPG Holdings Limited	Silicon Application Corporation	Sales of computer software and electronic products	100.00	100.00	
WPG Holdings Limited	Richpower Electronic Devices Co., Ltd.	Sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Pernas Electronics Co., Ltd.	"	100.00	100.00	
WPG Holdings Limited	WPG Korea Co., Ltd.	"	100.00	100.00	
WPG Holdings Limited	WPG Electronic Ltd.	"	100.00	100.00	
WPG Holdings Limited	WPG International (CI) Limited	Holding company	100.00	100.00	
WPG Holdings Limited	Asian Information Technology Inc.	Sales of electronic / electrical components	100.00	100.00	
WPG Holdings Limited	Yosun Industrial Corp.	"	100.00	100.00	
WPG Holdings Limited	WPG Investment Co., Ltd.	Investment company	100.00	100.00	
WPG Holdings Limited	AECO Technology Co., Ltd.	Sales of electronic / electrical components	100.00	-	Note 17
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	Holding company	100.00	100.00	
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	"	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Sales of electronic components	100.00	100.00	
World Peace International (BVI) Ltd.	Prime Future Technology Limited	Holding company	100.00	100.00	
Prime Future Technology Limited	World Peace International Pte. Ltd.	Holding company	100.00	100.00	Note 15
World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Sales of electronic / electrical components	80.00	100.00	Note 14
World Peace International Pte. Ltd.	WPG Americas Inc.	"	6.73	6.73	Note 2
World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	"	100.00	100.00	Note 9
World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.	"	100.00	100.00	
World Peace International Pte. Ltd.	WPG SCM Limited	"	100.00	100.00	Note 10
World Peace International (South Asia) Pte Ltd.	WPG Malaysia Sdn. Bhd	"	-	100.00	Notes 3 and 4
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	"	100.00	100.00	Note 8
World Peace International (South Asia) Pte Ltd.	WPG Electronics (Philippines) Inc.	"	100.00	100.00	Note 6
World Peace International (South Asia) Pte Ltd.	WPG (Thailand) Co., Ltd.	"	-	100.00	Notes 3 and 7
Genuine C&C (South Asia) Pte., Ltd.	WPG C&C (Malaysia) SDN BHD.	"	100.00	100.00	
Genuine C&C (South Asia) Pte., Ltd.	WPG C&C (Thailand) Co., Ltd.	Agent and sales of information products	100.00	100.00	Note 20
Genuine C&C (South Asia) Pte., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Sales of electronic / electrical components	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	Sales of electronic / electrical components	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	Gain Tune Ltd.	Warehouse business and agent of sales of electronic components	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	WPI International Trading (Shenzhen) Ltd.	"	100.00	100.00	
WPI Investment Holding (BVI) Company Ltd.	TEKSEL WPG Limited	Sales of electronic components	50.00	50.00	
WPI Investment Holding (BVI) Company Ltd.	World Peace International (Asia) Limited	"	100.00	100.00	Note 12
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	"	100.00	100.00	
WPI International (Hong Kong) Limited	WPG C&C Limited	Agent and sales of information products	100.00	100.00	
WPI International (Hong Kong) Limited	AIO Components Company Limited	Sales of electronic / electrical components	100.00	100.00	
AIO Components Company Limited	AIO (Shanghai) Components Company Limited	"	100.00	100.00	
Longview Technology Inc.	Longview Technology GC Limited	Holding company	100.00	-	Note 18
Longview Technology Inc.	Long-Think International Co., Ltd.	Sales of electronic components	100.00	-	Note 22
Longview Technology GC Limited	Long-Think International (Hong Kong) Limited	"	100.00	100.00	Note 11
Long-Think International (Hong Kong) Limited	Long-Think International (Shanghai) Limited	"	100.00	-	Note 28
Silicon Application Corporation	Silicon Application (BVI) Corp.	Holding company	100.00	100.00	
Silicon Application Corporation	Win-Win Systems Ltd.	"	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
Silicon Application Corporation	SAC Components (South Asia) Pte. Ltd.	Sales of computer software and electronic products	100.00	-	Note 19
Silicon Application Corporation	Win-Win Electronic Corp.	"	100.00	100.00	
Silicon Application (BVI) Corp.	Silicon Application Company Limited	"	100.00	100.00	
Silicon Application (BVI) Corp.	Alliance Broadcast Vision Pte. Ltd.	Sales and design of electronic components	-	51.28	Note 23
Silicon Application Company Limited	Dstar Electronic Company Limited	Sales of computer software and electronic products	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	"	100.00	100.00	
Mec Technology Co., Ltd.	Mec Technology Co., Limited	"	100.00	100.00	
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	"	100.00	100.00	
Mec Technology Co., Ltd.	Golden Guide Company Corporation	Holding company	-	-	Note 30
Golden Guide Company Corporation	Mec Technology (Shanghai) Co., Ltd.	Sales of electronic / electrical products	-	-	Note 31
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Sales of electronic components	100.00	100.00	
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	Holding company	100.00	100.00	
Pernas Enterprise (Samoa) Limited	World Components Agent (Shanghai) Inc.	Sales of electronic / electrical products	100.00	100.00	
Pernas Enterprise (Samoa) Limited	Arise Component Corp.	"	-	-	Note 13
WPG Korea Co., Ltd.	Apache Communication Inc.	Investment company	100.00	100.00	
Apache Communication Inc.	Apache Korea Corp.	Sales of electronic / electrical products	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
WPG International (CI) Limited	WPG International (Hong Kong) Limited	Holding company	100.00	100.00	
WPG International (CI) Limited	WPG Americas Inc.	Sales of electronic / electrical components	93.27	93.27	
WPG International (CI) Limited	WPG South Asia Pte. Ltd.	"	100.00	100.00	Note 24
WPG International (CI) Limited	WPG Cloud Service Limited	General trading	100.00	-	Note 27
WPG International (Hong Kong) Limited	WPG Electronics (HK) Limited	Sales of electronic / electrical components	100.00	100.00	
WPG International (Hong Kong) Limited	WPG China Inc.	"	100.00	100.00	
WPG International (Hong Kong) Limited	WPG China (SZ) Inc.	Sales of computer software and electronic products	100.00	100.00	
WPG Americas Inc.	Dynamic Image Technologies, LLC	Sales of electronic / electrical products	100.00	100.00	
WPG South Asia Pte. Ltd.	WPG Malaysia Sdn. Bhd	"	100.00	-	Notes 3 and 4
WPG South Asia Pte. Ltd.	WPG (Thailand) Co., Ltd.	"	100.00	-	Notes 3 and 7
WPG South Asia Pte. Ltd.	WPG India Electronics Pvt Ltd.	"	99.99	99.99	Note 16
WPG Malaysia Sdn. Bhd	WPG India Electronics Pvt Ltd.	"	0.01	0.01	Note 16
Asian Information Technology Inc.	Apache Communication Inc.	"	100.00	100.00	
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	"	100.00	100.00	
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Sale of RF device	100.00	100.00	
Asian Information Technology Inc.	Frontek Technology Corporation	Sales of electronic / electrical products	100.00	100.00	
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	Investment company	100.00	100.00	
Asian Information Technology Inc.	AITG Holding Corp.	"	100.00	100.00	

Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
Adivic Technology Co., Ltd.	Advance Digital Communication Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	
Frontek Technology Corporation	Jarek International Corp.	Investment company	-	100.00	Note 25
Frontek Technology Corporation	Frontek International Limited	Investment company	100.00	100.00	
Fame Hall International Co., Ltd.	Fame Hall International Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	
Fame Hall International Co., Ltd.	AIT Japan Inc.	"	100.00	100.00	
AITG Holding Corp.	Zheng Ding Technology (ShenZhen) Co., Ltd.	"	100.00	100.00	
AITG Holding Corp.	Asian Information Technology Co., Ltd.	"	-	-	Note 5
Jarek International Corp.	Jaking Technology Corp.	"	-	-	Note 13
Jarek International Corp.	Kingwealth Technology Limited	"	-	-	Note 32
Frontek International Limited	AITG Electronic Limited	"	100.00	100.00	
Yosun Industrial Corp.	Sertek Incorporated	"	100.00	100.00	
Yosun Industrial Corp.	Suntop Investments Limited	Investment company	100.00	100.00	
Yosun Industrial Corp.	Suntek Investments Ltd.	"	100.00	100.00	
Sertek Incorporated	Digital Computer System Co., Ltd.	Sales of electronic / electrical products	100.00	100.00	
Sertek Incorporated	Sertek Limited	"	100.00	100.00	
Suntop Investments Limited	Yosun Hong Kong Corp. Ltd.	"	100.00	100.00	
Suntop Investments Limited	Yosun Singapore Pte Ltd.	"	100.00	100.00	
Suntek Investments Ltd.	Siltrontech Electronics Corp.	"	-	32.22	Note 21
Suntek Investments Ltd.	Lipers Enterprise Co., Ltd.	"	-	43.08	Note 21



Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
Sertek Limited	Sertek (Shanghai) Limited	Sales of electronic / electrical products	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Giatek Corp. Ltd.	"	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun South China Corp. Ltd.	"	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	Warehouse business and sales of electronic components	100.00	100.00	
Yosun Hong Kong Corp. Ltd.	Sunwise Technology Ltd.	Sales of electronic / electrical products	100.00	100.00	
Yosun Singapore Pte Ltd.	Yosun Industrial (Thailand) Co., Ltd.	"	100.00	100.00	
Yosun Singapore Pte Ltd.	Yosun Industrial (Malaysia) SDN. BHD.	"	100.00	100.00	
Yosun Singapore Pte Ltd.	Yosun India Private Limited	Sales of electronic / electrical products	100.00	100.00	
Siltrontech Electronics Corp.	Siltrontech Electronics (HK) Corp., Limited	Import and export business	-	100.00	Note 21
Siltrontech Electronics (HK) Corp., Limited	Xiang Mao Electronics (SZ) Corp., Ltd.	Sales of electronic equipment products	-	100.00	Notes 21
Siltrontech Electronics (HK) Corp., Limited	Siltrontech Electronics (SH) Corp., Ltd.	"	-	100.00	Note 21
Lipers Enterprise Co., Ltd.	Lipers (Hong Kong) Enterprise Co., Ltd.	"	-	100.00	Note 21
Lipers Enterprise Co., Ltd.	Scope Technology Co., Ltd.	"	-	100.00	Note 21
Lipers Enterprise Co., Ltd.	Hatsushiba Tech Co., Ltd.	"	-	55.00	Note 21
Lipers Enterprise Co., Ltd.	Advance Electronics Supply Inc.	"	-	100.00	Note 21
Lipers Enterprise Co., Ltd.	Advance Electronics Supply Co., Ltd.	"	-	100.00	Note 21
Lipers (Hong Kong) Enterprise Co., Ltd.	Dongguan Lipers Electronics Co., Ltd.	Manufacturing	-	100.00	Note 21

Name of investment company	Name of subsidiaries	Main activities	% of shares held as of December 31,		Note
			2012	2011	
Lipers (Hong Kong) Enterprise Co., Ltd.	Lipers Electronic (SZ) Co., Ltd.	Sales of electronic / electrical products	-	-	Notes 21 and 26
WPG Investment Co., Ltd.	Hatsushiba Tech Co., Ltd.	"	-	30.00	Notes 21 and 29
AECO Technology Co., Ltd.	TECO Enterprise Holding (BVI) Co., Ltd.	Investment company	100.00	-	Note 17
TECO Enterprise Holding (BVI) Co., Ltd.	AECO Electronic Co., Ltd.	Trading of electronic / electrical products	100.00	-	Note 17
AECO Electronic Co., Ltd.	AECO Electronic (Ningbo) Co., Ltd.	Trading of electronic / electrical products	100.00	-	Note 17

Note 1: The combined ownership percentage of common shares held by the Company and its subsidiaries is more than 50%.

Note 2: World Peace Industrial Co., Ltd. held 6.73% of shares of WPG Americas Inc. through World Peace International Pte Ltd. and WPI International (Hong Kong) Limited as of December 31, 2012 and 2011, respectively.

Note 3: Due to restructuring, the subsidiary was sold to WPG South Asia Pte. Ltd. by World Peace International (South Asia) Pte Ltd.

Note 4: The subsidiary was formerly named WPG Electronics (Malaysia) SDN BHD. The name was changed in March, 2012.

Note 5: The subsidiary was liquidated in October 2011.

Note 6: Due to the restriction of local regulations, the Company holds 60% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

Note 7: Due to the restriction of local regulations, the Company holds 61% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%. The subsidiary was formerly named WPG Electronics (Thailand) Co., Ltd. The name was changed in April, 2012.

Note 8: The subsidiary was formerly named WPG Electronics (India) Pvt., Ltd. The name was changed in December, 2011.

Note 9: The subsidiary was formerly named WPG Electronics (South Asia) Pte., Ltd. The name was changed in August, 2011.

Note 10: The subsidiary was formerly named WPG SCM Limited. The name was changed as World Peace International (China) Limited in July, 2011. The name was changed again in November, 2012.

Note 11: The subsidiary was formerly named WPG Technology Ltd. The name was changed as World Peace Industrial (Hong Kong) Limited in August, 2011. The name was changed

again in April, 2012. Due to restructuring, the subsidiary was sold to Longview Technology GC Limited by WPI Investment Holding (BVI) Company Ltd.

Note 12: The subsidiary was established in August, 2011.

Note 13: The subsidiary's deregistration took place in December, 2011.

Note 14: World Peace International Pte. Ltd. did not participate in the capital increase of Genuine C&C (IndoChina) Pte., Ltd. in February, 2012. As a result, the ownership percentage decreased from 100% to 80%.

Note 15: The subsidiary was formerly named WPG International (South Asia) Pte., Limited. The name was changed in August, 2011.

Note 16: The subsidiary was established in March 2011. The subsidiary was formerly named Da&Da Components (India) Pvt. Ltd. The name was changed in July, 2012.

Note 17: The Company acquired 100% ownership of AECO Technology Co., Ltd. by exchanging shares of common stock on March 1, 2012 and has control over the subsidiaries of AECO Technology Co., Ltd.

Note 18: The subsidiary was established in May, 2012.

Note 19: The subsidiary was established in June, 2012.

Note 20: Due to restriction of local regulations, the Company holds 51% ownership which is under the name of other individuals. The substantial ownership held by the Company was 100%.

Note 21: Due to the re-election of Board members of Siltrontech Electronics Corp. on June 27, 2011, Yosun Industrial Corp. acquired majority control over Siltrontech Electronics Corp. Accordingly, the Company has effective control over Lipers Enterprise Co., Ltd. Due to the re-election of the Board of Directors of Siltrontech Electronics Corp., Yosun Industrial Corp. no longer holds majority control over Siltrontech Electronics Corp. since June 5, 2012. Accordingly, the Company has no effective control over Siltrontech Electronics Corp. and its subsidiaries and Lipers Enterprise Co., Ltd. and its subsidiaries. Starting from June 5, 2012, the Company held the entity as an investment under equity method.

Note 22: The subsidiary was acquired in July 2012.

Note 23: The subsidiary was liquidated in April, 2012.

Note 24: The subsidiary was formerly named Da&Da Electronics Pte. Ltd. The name was changed in July, 2012.

Note 25: The subsidiary was liquidated in August, 2012.

Note 26: The subsidiary was established in February, 2012.

Note 27: The subsidiary was established in September, 2012.

Note 28: The subsidiary was acquired in October, 2012.

Note 29: The Company held totally 53.69% of shares of Hatsushiba Tech. Co., Ltd. through WPG Investment Co., Ltd. and Lipers Enterprise Co., Ltd. in October, 2011. According to Note 21, the Company held the entity as an investment under equity method from June 5, 2012.

Note 30: The subsidiary was liquidated in January, 2011.

Note 31: The subsidiary was liquidated in March, 2011.

Note 32: The subsidiary was liquidated in February, 2011.

- (3) Subsidiaries not included in the consolidated financial statements: None.
- (4) Different accounting periods and accounting principles adopted by subsidiaries: None.
- (5) Special operating risk of foreign subsidiaries: None.
- (6) Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.
- (7) Details of securities held by subsidiaries, issued by its parent company: None.
- (8) Information of convertible bonds and new common stock issued by subsidiaries:
  - A. WPG Americas Inc. issued new shares to WPG International (CI) Limited, an indirect subsidiary of the Company in 2011. There is no significant impact to the Company's equity.
  - B. WPG China (SZ) Inc., WPG China Inc., Long-Think International Co., Ltd., Long-Think International (HK) Limited, WPG International (CI) Limited, WPG International (Hong Kong) Limited and WPG South Asia Pte. Ltd. issued new shares to its parent company in 2012. There is no significant impact to the Company's equity.
  - C. Genuine C&C (IndoChina) Pte., Ltd. issued new shares totaling 5,631 thousand shares in 2012. World Peace International Pte. Ltd. did not participate in the capital increase. There is no significant impact to the Company's equity.

## 2) Translation of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates except for beginning retained earnings which are carried forward from prior year's balance. Dividends are translated at the rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted average rates of the year. The resulting translation differences are included in "cumulative translation adjustments" under stockholders' equity.

## 3) Foreign currency transactions

- (1) Transactions denominated in foreign currencies are translated into functional currencies at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses are recognized in current year's profit.
- (2) Monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss.
- (3) When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

## 4) Classification of current and non-current items

- (1) Assets that meet one of the following criteria are classified as current assets; otherwise

they are classified as non-current assets:

- A. Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
  - B. Assets held mainly for trading purposes;
  - C. Assets that are expected to be realized within twelve months from the balance sheet date; and
  - D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
- (2) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- A. Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
  - B. Liabilities arising mainly from trading activities;
  - C. Liabilities that are to be paid off within twelve months from the balance sheet date; and
  - D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

#### 5) Cash equivalents

- (1) Cash equivalents are short-term, highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value resulting from fluctuations in interest rates.
- (2) The consolidated statement of cash flows is prepared on the basis of cash and cash equivalents.

#### 6) Settlement date accounting

If an entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognized for assets carried at cost or amortized cost. For financial assets or financial liabilities classified as at fair value through profit or loss, the change in fair value is recognized in profit or loss. For available-for-sale financial assets, the change in fair value is recognized directly in equity.

#### 7) Financial assets and financial liabilities at fair value through profit or loss

- (1) Financial assets and financial liabilities at fair value through profit or loss in the form of equity instruments are recognized and derecognized using trade date accounting. Financial assets and financial liabilities at fair value through profit or loss in the form of debt instruments, beneficiary certificates or derivative instruments are recognized and derecognized using settlement date accounting.
- (2) Financial assets and financial liabilities at fair value through profit or loss are subsequently remeasured and stated at fair value, and the gain or loss is recognized in

profit or loss. The fair value of listed stocks and OTC stocks is based on latest quoted fair prices at the balance sheet date. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date.

8) Derivative financial instruments

While the transactions for which assets are held are option transactions, such assets shall be recognized at their fair value at the transaction date. If a derivative is a non-option derivative, the fair value initially recognized is zero. When derivative financial instruments are valued at fair value at the balance sheet date, changes in fair value are recognized as assets and liabilities, and the gain or loss is recognized as the resulting profit or loss.

9) Available-for-sale financial assets

- (1) Available-for-sale financial assets in the form of equity instruments are recognized and derecognized using trade date accounting and are initially stated at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- (2) The financial assets are remeasured and stated at fair value, and the gain or loss is recognized in equity, until the financial assets are derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. The fair value of listed stocks and OTC stocks is based on latest quoted fair prices at the balance sheet date.
- (3) If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be transferred from equity to profit or loss. When the fair value of an equity instrument subsequently increases, impairment losses recognized previously in profit or loss shall not be reversed.

10) Financial assets carried at cost

- (1) Investment in unquoted equity instruments is recognized or derecognized using trade date accounting and is recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.
- (2) Financial assets carried at cost are investments in equity instruments whose fair value cannot be evaluated, including unlisted and emerging company stocks. These financial assets are carried at cost.
- (3) If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. Such impairment loss shall not be reversed when the fair value of the asset subsequently increase.

11) Investment in bonds without active markets

- (1) Investment in bonds without active markets is recognized and derecognized using trade date accounting and is stated initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.
- (2) This financial asset is carried at amortized cost.
- (3) If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. If, subsequently, the fair value of the asset

increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previously recognized impairment loss shall be reversed to the extent of the amount of the amortized cost that would have been recognized at the date the impairment is reversed.

12) Notes and accounts receivable, other receivables and allowance for doubtful accounts

- (1) Notes receivable and accounts receivable are claims resulting from the sale of goods or services. Other receivables are those arising from transactions other than the sale of goods or services.
- (2) The Group assesses whether objective evidence of impairment exists individually or collectively for financial assets that are individually significant. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is recognized and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

13) Inventories

The Group uses the perpetual inventory system wherein the original cost is the cost to obtain the assets. Cost is determined using the moving-average method. Inventories are stated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value is based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses. Allowance for loss is provided on obsolete inventories, when necessary.

14) Long-term equity investments accounted for under the equity method

- (1) Long-term equity investments in which the Group holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized, effective January 1, 2006. Retrospective adjustment of the amount of goodwill amortized in previous year(s) is not required. The excess of acquired net asset value of investee over the initial investment cost is allocated proportionately and applied as a reduction to the book values of identifiable non-current assets, and any remaining amount of such excess after this allocation is credited to extraordinary gains.
- (2) Exchange differences arising from translation of the financial statements of overseas investee companies accounted for under the equity method are recorded as "cumulative

translation adjustments” under stockholders’ equity.

- (3) The capital reserve and long-term investment amounts are adjusted by the variance between the investment cost and the net asset of the investee company due to the disproportionate acquisition of shares in connection with the capital increase by the investee company accounted for under the equity method. If the capital reserve arising from long-term investment is not sufficient, then retained earnings is debited.
- (4) Investment loss on the non-controlled entities over which the Group has the ability to exercise significant influence is recognized to the extent that the amount of long-term investments in such investees is written down to zero. However, if the Group continues to provide endorsements, guarantees or financial support for such investees, or the deficit is temporary and will be recovered in short-term, the investment loss is recognized continuously in proportion to the Group’s equity interest in such investees. The credit balances of the investments should reduce the receivables from the investee company and the remaining balances are reported in the balance sheet as other liabilities. When the operations of such investees become profitable, the Group recognizes the profits until the amount of losses previously recognized by the Group is fully recovered.

#### 15) Property, plant and equipment and rental facilities

- (1) Property, plant and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property, plant and equipment are 3 ~ 10 years, except for buildings, leasehold improvements and miscellaneous equipment, which are 10 ~ 55 years, 2 ~ 5 years and 5 ~ 10 years, respectively.
- (2) When an asset is retired or sold, the cost and accumulated depreciation are removed from the respective accounts and any resulting gain (loss) is included in current operations.
- (3) Maintenance and repairs are expensed as incurred. Major renewals and improvements are capitalized and depreciated accordingly.
- (4) Land and buildings used for non-operating purposes are reclassified to “other assets” and depreciated accordingly.

#### 16) Intangible assets

Intangible assets are stated at cost and amortized over the estimated life using the straight-line method, except for goodwill which is described in Note 2 14) (1).

#### 17) Impairment of non-financial assets

- (1) The Group recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.
- (2) Impairment loss will be recognized whenever there is indication that the recoverable



amount of these assets is less than their respective carrying amount. Impairment loss of goodwill recognized in prior years is not recoverable in the following years.

18) Employees' bonuses and directors' and supervisors' remuneration

Effective January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated March 16, 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and the amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, according to EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated March 31, 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

19) Retirement plan and pension cost

- (1) Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial calculations. The net periodic pension costs include service cost, interest cost, expected return on plan assets, unrecognized net transition obligation and amortization of gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over the remaining service period. Prior service costs are recognized as expense if those employees have fulfilled vesting conditions when the retirement plan is effective.
- (2) Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

20) Income tax

- (1) The Group adopts SFAS No. 22, "Accounting for Income Taxes", whereby income tax is provided based on accounting income after adjusting for permanent differences. The tax effects of taxable temporary differences are recorded as deferred tax liabilities, while the tax effects of deductible temporary differences, losses available for carryforward and income tax credits are recorded as deferred tax assets.

Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized. When a change in the tax laws is enacted, the deferred tax liability or asset is recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, is recognized as an

adjustment to current income tax expense (benefit).

- (2) Over or under provision of income tax liabilities in previous years is recorded as an adjustment to the current year's income tax expense.
- (3) According to the Taiwan imputation tax system, any undistributed current earnings of a company derived on or after January 1, 1998 is subject to an additional 10% corporate income tax if the earnings are not distributed before a specific time. This 10% additional corporate income tax is recorded as income tax expense in the year the stockholders approve a resolution to retain the earnings.
- (4) According to "Income Basic Tax Act", effective January 1, 2006, income tax is accounted for based on the income tax law or other regulations when income tax is equal or more than the basic tax. When income tax is less than the basic tax, the income tax due shall be equal to the basic tax. The difference cannot be deducted from investment credits based on other regulations.
- (5) Pursuant to the Tai-Tsai-Shui Letter No. 0910458039 of the Ministry of Finance, R.O.C., dated February 12, 2003, "Criteria for Profit-seeking Enterprises in Filing Consolidated Profit-seeking Enterprise Income Tax Returns According to Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers and Acquisitions Law", if the Company holds at least 90% of the issued capital stock of its domestic subsidiaries through mergers for twelve months in a fiscal taxable year, starting from such a fiscal taxable year, the Company may choose to have itself as the taxpayer to file the consolidated profit-seeking enterprise income tax returns.
- (6) The accounting treatment of the Group in adopting the consolidated income tax return system is in accordance with EITF 92-240 of the Accounting Research and Development Foundation of the R.O.C., dated October 3, 2003. The Company and its subsidiaries should individually adopt the R.O.C. SFAS No. 22, "Accounting for Income Taxes" to account for the income taxes according to their respective income tax returns. However, settlements received or paid within the affiliated group arising from filing consolidated income tax returns will have to be adjusted as deferred income tax assets/liabilities or income taxes payable/refundable in the current period.

#### 21) Revenues, costs and expenses

Revenues are recognized when the earning process is completed and are realized or realizable. Costs and expenses are recognized as incurred.

#### 22) Earnings per share

- (1) As the Company has a complex capital structure, basic and diluted earnings per share are disclosed in the statement of income. The computation of earnings per share is as follows:
  - A. Basic earnings per share: net income divided by the weighted average number of shares outstanding during the period.
  - B. Diluted earnings per share: the computation is the same as basic earnings per share, except that the potential dilutive shares are assumed to have been converted to

common stock at the beginning of the period and net income is adjusted by the amount associated with the conversion.

- (2) The potential common shares are employee stock options issued by the Company and employees' bonus that could be distributed in the form of stock. The Company adopted the treasury stock method in computing the dilutive effect.

23) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles of the R.O.C. requires management to make estimates and assumptions that affect the reported amounts and disclosures of contingencies in the financial statements and accompanying notes. Actual results could differ from those assumptions and estimates. The allocation period of the acquisition price shall not exceed one year after the date of acquisition.

24) Business combination

The Company adopts the purchase method to account for acquisitions. Acquisition price is purchase cost plus costs directly attributable to the acquisition. The excess of the acquisition price over the acquired net fair value of the merged business is recognized as goodwill. The allocation period of the acquisition price shall not exceed one year after the date of acquisition.

25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

3. CHANGES IN ACCOUNTING PRINCIPLES

1) Notes receivable, accounts receivable and other receivables

Effective January 1, 2011, the Group adopted the amended Statement of Financial Accounting Standards No. 34, "Financial Instruments: Recognition and Measurement". Under the amended standard, if there is any objective evidence that the notes and accounts receivable, other receivables and other rights of credit are impaired, an impairment loss (or provision for doubtful accounts) is recognized immediately. The adoption of this regulation had no significant effect on the consolidated financial statements as of and for the year ended December 31, 2011.

2) Operating segments

Effective January 1, 2011, the Group adopted R.O.C. SFAS No. 41, "Operating Segments", which supersedes R.O.C. SFAS No. 20, "Segment Reporting". However, this adoption had no effect on the Group's consolidated net income and earnings per share for the year ended December 31, 2011.

#### 4. DETAILS OF SIGNIFICANT ACCOUNTS

##### 1) CASH AND CASH EQUIVALENTS

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Cash on hand	\$ 5,820	\$ 20,494
Checking accounts	1,988,654	1,386,247
Demand deposits	6,097,952	5,350,620
Time deposits	719,869	1,028,613
Cash equivalents	59,883	-
	<u>\$ 8,872,178</u>	<u>\$ 7,785,974</u>

##### 2) FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Current items:		
Financial assets for trading		
Listed stocks	\$ 22,896	\$ 120,073
Open-end mutual funds	30,800	29,500
Derivatives	<u>2,035</u>	<u>928</u>
	55,731	150,501
Adjustment of financial assets held for trading	( <u>6,917</u> )	( <u>15,975</u> )
	<u>\$ 48,814</u>	<u>\$ 134,526</u>
Current items:		
Financial liabilities for trading		
Derivatives	<u>\$ 2,010</u>	<u>\$ 1,346</u>

1. The Group recognized net gain (loss) amounting to \$11,540 and (\$22,986) for the years ended December 31, 2012 and 2011, respectively.
2. The trading items and contract information of derivatives are as follows:

	<u>December 31, 2012</u>		
	<u>Financial instruments</u>	<u>Amount (in thousands)</u>	<u>Contract period</u>
Forward currency contracts			
- Sell	EUR	1,950	2012.10.31~2013.06.17
- Sell	USD	12,990	2012.11.05~2013.02.25
- Sell - SWAP	USD	15,301	2012.09.21~2013.03.07
- Buy	USD	7,070	2012.11.30~2013.02.26
- Buy	EUR	100	2012.12.07~2013.01.14
	<u>December 31, 2011</u>		
	<u>Financial instruments</u>	<u>Amount (in thousands)</u>	<u>Contract period</u>
Forward currency contracts			
- Sell	USD	18,100	2011.09.14~2012.02.17
- Sell - SWAP	USD	9,384	2011.11.07~2012.02.07
- Buy	USD	1,700	2011.12.21~2012.01.31

The Group entered into forward exchange contracts to manage exposures to foreign exchange rate fluctuations of import or export sales. However, the forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting.

3) AVAILABLE-FOR-SALE FINANCIAL ASSETS-CURRENT

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Current items:		
Listed stocks	\$ 214	\$ 426
Bond funds	10,000	10,000
Adjustment of available-for-sale financial assets	10,705	9,016
	<u>\$ 20,919</u>	<u>\$ 19,442</u>

4) NOTES RECEIVABLE, NET

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Notes receivable	\$ 1,761,631	\$ 1,697,495
Less: Allowance for doubtful accounts	( 976)	( 1,413)
	<u>\$ 1,760,655</u>	<u>\$ 1,696,082</u>

5) ACCOUNTS RECEIVABLE, NET

(1)	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Accounts receivable	\$ 58,929,250	\$ 46,622,901
Less:		
Allowance for doubtful accounts	( 236,605)	( 160,975)
Allowance for sales discount and sales return	( 1,007,022)	( 1,015,850)
	<u>\$ 57,685,623</u>	<u>\$ 45,446,076</u>

(2)The subsidiaries entered into factoring of accounts receivable with banks. In accordance with the contract requirements, subsidiaries shall only be liable for the losses incurred on any commercial dispute and did not assume the risk of uncollectible accounts receivable. The requirements are in line with the criteria of derecognition of financial assets. The derecognized amounts had already deducted the estimated commercial disputes. The commercial papers and time deposits pledged to the banks are for losses incurred on only commercial disputes or for the banks' practice of accounts receivable factoring. The pledged commercial papers and time deposits do not cover losses other than those arising from commercial disputes.

(3)The subsidiaries factored accounts receivable totaling \$13,845,931 and \$19,080,030 for the years ended December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011, the reserve amounted to \$748,112 and \$3,146,349, respectively, which was booked as other receivables. The related management fees and financing expenses amounted to \$101,536 and \$123,403 for the years ended December 31, 2012 and 2011, respectively, which were booked as financing charges.

(4)As of December 31, 2012, details of factoring of accounts receivable are as follows:

Subsidiary – World Peace Industrial Co., Ltd.

	Cathay <u>United Bank</u>		Mega International <u>Commercial Bank</u>		Chinatrust <u>Bank</u>	Taishin International <u>Bank</u>	Taipei Fubon <u>Bank</u>
Facility	USD 34,000 (Thousands)	USD 92,300 (Thousands)	\$ 600,000	\$ 1,600,000	\$ 1,104,300		
Amount factored	\$ 630,295	\$ 2,093,127	\$ 317,648	\$ 1,001,953	\$ 675,134		
Proceeds from factoring	630,295	2,093,127	317,648	1,001,953	675,134		
Period	2012/06~ 2013/06	2012/07~ 2013/07	2012/05~ 2013/05	2012/08~ 2013/08	2012/03~ 2013/03		
Range of interest rates	1.50%~ 1.96%	0.84%~ 1.59%	1.12%~ 2.53%	1.81%~ 2.28%	0.92%~ 2.20%		
Pledged assets	Commercial papers USD 34,000 (Thousands)	Commercial papers USD 92,300 (Thousands)	Commercial papers \$ 60,000	Commercial papers \$ 1,600,000	-		

Subsidiary – Silicon Application Corporation

	Taishin International <u>Bank</u>		Mega International <u>Commercial Bank</u>	
Facility	\$ 2,800,000	USD 36,000 (Thousands)		
Amount factored	\$ 807,368	\$ 635,695		
Proceeds from factoring	807,368	635,695		
Period	2012/10~2013/04	2012/10~2013/09		
Range of interest rates	1.30%~1.73%	1.03%~1.20%		
Pledged assets	Commercial papers \$ 2,800,000	Commercial papers USD 36,000 (Thousands)		

Subsidiary – Richpower Electronic Devices Co., Ltd.

	Taiwan Cooperative Bank	Sinopac Bank	Tachong Bank	Far Eastern International Bank
Facility	USD 6,700 (Thousands)	\$ 130,000	\$ 100,000 USD 6,200 (Thousands)	USD 15,000 (Thousands)
Amount factored	\$ 91,286	\$ 5,452	\$ 17,035	\$ 113,121
Proceeds from factoring	82,157	4,362	15,332	101,809
Period	2012/06~2013/06	2012/07~2013/07	2012/07~2013/05	2012/08~2013/09
Range of interest rates	0.86%~1.12%	0.98%	1.17%~1.25%	1.40%~1.47%
Pledged assets	Commercial papers USD 6,700 (Thousands)	Commercial papers \$ 130,000	Commercial papers \$ 100,000 USD 6,200 (Thousands)	Commercial papers USD 15,000 (Thousands)

Subsidiary – Richpower Electronic Devices Co., Ltd. (cont'd)

	E. Sun Bank	Chinatrust Bank	Cathay United Bank	Mega International Commercial Bank
Facility	USD 16,000 (Thousands)	\$ 35,000	USD 700 (Thousands)	USD 2,500 (Thousands)
Amount factored	\$ 205,884	\$ 6,628	\$ 12,229	\$ 10,782
Proceeds from factoring	185,295	5,965	11,006	9,704
Period	2012/12~2013/12	2012/06~2013/05	2012/01~2013/01	2012/04~2013/05
Range of interest rates	1.02%~1.49%	1.18%~1.20%	1.75%	1.01%~1.02%
Pledged assets	Commercial papers USD 16,000 (Thousands)	Commercial papers \$ 10,000	Commercial papers USD 700 (Thousands)	Commercial papers USD 2,500 (Thousands)

Subsidiary – Pernas Electronics Co., Ltd.

	Taishin International Bank	Mega International Commercial Bank	Tachong Bank	Yuanta Bank	Taipei Fubon Bank
Facility	\$ 550,000	\$ 240,000	USD 10,500 (Thousands)	USD 24,000 (Thousands)	USD 5,280 (Thousands)
Amount factored	\$ 253,315	\$ 52,799	\$ 51,883	\$ 326,299	\$ 55,892
Proceeds from factoring	227,984	47,519	46,694	301,527	49,908
Period	2012/12~ 2013/11	2012/08~ 2013/08	2012/07~ 2013/05	2012/05~ 2013/06	2012/08~ 2013/08
Range of interest rates	1.30%~1.65%	1.33%~2.00%	1.25%~1.56%	1.35%~1.40%	1.23%~1.50%
Pledged assets	Commercial papers \$ 550,000	Commercial papers \$ 240,000	Commercial papers USD 10,500 (Thousands)	Commercial papers USD 24,000 (Thousands)	Commercial papers USD 1,088 (Thousands)

Subsidiary – Pernas Electronics Co., Ltd. (cont'd)

	EnTie Commercial Bank	DBS Bank	Far Eastern International Bank	E. Sun Bank	Shin Kong Bank
Facility	\$ 140,000 USD 2,000 (Thousands)	USD 6,000 (Thousands)	USD 7,000 (Thousands)	USD 5,500 (Thousands)	USD 7,700 (Thousands)
Amount factored	\$ 57,799	\$ 4,581	\$ 115,334	\$ 100,289	\$ 93,635
Proceeds from factoring	43,769	-	102,489	90,260	84,272
Period	2012/08~ 2013/08	2012/08~ 2013/08	2012/08~ 2013/08	2012/02~ 2013/02	2012/10~ 2013/09
Range of interest rates	1.23%~1.54%	-	1.35%	1.16%~1.50%	1.33%~1.38%
Pledged assets	Commercial papers \$ 140,000 USD 2,000 (Thousands)	Commercial papers USD 6,000 (Thousands)	Commercial papers USD 7,000 (Thousands)	Commercial papers USD 5,500 (Thousands)	Commercial papers USD 7,700 (Thousands)

Subsidiary – Asian Information Technology Inc.

	Chinatrust Bank	Taipei Fubon Bank	Sinopac Bank
Facility	\$ 583,000	\$ 1,510,000	\$ 101,640
Amount factored	\$ 296,174	\$ 761,215	\$ 99,701
Proceeds from factoring	269,203	638,900	89,731
Period	2012/05~2013/05	2012/07~2013/07	2012/08~2013/07
Range of interest rates	1.08%	0.92%~1.21%	0.86%~0.95%
Pledged assets	Commercial papers \$ 58,300	Commercial papers \$ 151,000	Commercial papers \$ 101,640

Subsidiary – Asian Information Technology Inc. (cont'd)

	Tachong Bank	Yuanta Bank	Chang Hwa Bank
Facility	\$ 2,350,000	\$ 1,762,000	\$ 69,696
Amount factored	\$ 861,464	\$ 1,130,829	\$ 34,679
Proceeds from factoring	713,130	1,006,590	-
Period	2012/05~2013/05	2012/04~2013/05	2012/03~2013/03
Range of interest rates	1.06%~1.20%	1.10%	-
Pledged assets	Commercial papers \$ 2,350,000	Commercial papers \$ 1,762,000	Commercial papers \$ 69,696



Subsidiary - Yosun Industrial Corp.

	<u>Tachong Bank</u>	<u>Standard Chartered Bank</u>	<u>Taishin International Bank</u>	<u>Far Eastern International Bank</u>	<u>Sinopac Bank</u>
Facility	\$ 3,629,960	\$ 1,617,383	\$ 19,982,752	\$ 1,000,000	\$ 910,000
Amount factored	\$ 203,350	\$ 161,045	\$ 1,346,914	\$ 52	\$ 29,706
Proceeds from factoring	186,887	152,054	1,323,410	45	29,591
Period	2012/05~ 2013/05	2012/09~ 2013/09	2012/04~ 2013/08	2012/08~ 2013/08	2012/07~ 2013/07
Range of interest rates	1.37%~ 2.04%	1.15%~1.34%	1.29%~ 2.01%	1.36%	1.15%
Pledged assets	Commercial papers	Time deposits	Commercial papers	Commercial papers	Commercial papers
	\$ 719,556	\$ 23,232	\$ 5,456,646	\$ 1,000,000	\$ 560,000
			Time deposits		
			\$ 1,452		

Subsidiary - Yosun Industrial Corp. (cont'd)

	<u>Chinatrust Bank</u>	<u>Taipei Fubon Bank</u>	<u>Mega International Commercial Bank</u>	<u>EnTie Commercial Bank</u>
Facility	\$ 760,984	\$ 1,721,600	\$ 880,000	\$ 770,000
Amount factored	\$ 247,114	\$ 241,555	\$ 55,616	\$ -
Proceeds from factoring	221,808	241,555	50,053	-
Period	2012/05~2013/05	2012/11~2013/08	2012/04~2013/11	2012/06~2013/06
Range of interest rates	1.02%~1.22%	0.89%~1.18%	1.39%	-
Pledged assets	Commercial papers	Commercial papers	Commercial papers	Commercial papers
	\$ 130,984	\$ 33,000	\$ 825,000	\$ 447,752

Subsidiary - Yosun Industrial Corp. (cont'd)

	<u>First Commercial Bank</u>	<u>Hang Seng Bank</u>	<u>DBS Bank</u>	<u>China Development Industrial Bank</u>
Facility	\$ 235,000	\$ 813,120	\$ 1,967,220	\$ 80,000
Amount factored	\$ -	\$ 631,713	\$ 9,341	\$ -
Proceeds from factoring	-	597,939	8,651	-
Period	2012/05~2013/05	2012/10~2013/10	2012/09~2013/09	2012/12~2013/12
Range of interest rates	-	1.21%~1.28%	1.21%~1.28%	-
Pledged assets	Commercial papers	Time deposits	Time deposits	Commercial papers
	\$ 150,000	\$ 78,291	\$ 22,482	\$ 80,000

(5)As of December 31, 2011, details of factoring of accounts receivable are as follows:

Subsidiary – World Peace Industrial Co., Ltd.

Facility	Cathay United Bank		Mega International Commercial Bank		Chinatrust Bank	Taishin International Bank	Taipei Fubon Bank			
	USD	34,000	USD	92,300						
	(Thousands)		(Thousands)							
Amount factored	\$	550,590	\$	2,106,837	\$	286,361	\$	1,454,826	\$	661,782
Proceeds from factoring		550,590		2,106,837		286,361		1,454,826		661,782
Period		2011/06~ 2012/06		2011/07~ 2012/07		2011/05~ 2012/05		2011/08~ 2012/08		2011/03~ 2012/03
Range of interest rates		1.21%~2.51%		0.82%~2.05%		1.19%~2.37%		1.05%~2.56%		0.79%~2.58%
Pledged assets		Commercial papers		Commercial papers		Commercial papers		Commercial papers		-
	USD	34,000	USD	92,300	\$	47,000	\$	1,600,000		
	(Thousands)		(Thousands)							

Subsidiary – Silicon Application Corporation

Facility	Taishin International Bank		Mega International Commercial Bank	Sinopac Bank Taipei Branch		
	USD	2,500,000	USD	37,000	USD	12,000
	(Thousands)		(Thousands)		(Thousands)	
Amount factored	\$	1,002,012	\$	816,851	\$	31,598
Proceeds from factoring		1,002,012		816,851		31,598
Period		2011/05~2012/04		2011/03~2012/09		2011/09~2012/07
Range of interest rates		1.73%~2.15%		1.14%~1.75%		1.46%~2.27%
Pledged assets		Commercial papers		Commercial papers		Commercial papers
	\$	2,500,000	USD	37,000	USD	12,000
			(Thousands)		(Thousands)	

Subsidiary – Richpower Electronic Devices Co., Ltd.

Facility	Taiwan Cooperative Bank		Sinopac Bank		Tachong Bank	Far Eastern International Bank		
	USD	6,700	\$	130,000	USD	5,000	USD	12,000
	(Thousands)		(Thousands)		(Thousands)		(Thousands)	
Amount factored	\$	39,469	\$	6,570	\$	24,643	\$	140,282
Proceeds from factoring		35,522		5,256		22,178		126,254
Period		2011/05~2012/05		2011/07~2012/07		2011/05~2012/05		2011/06~2012/06
Range of interest rates		1.64%~1.67%		1.72%		1.98%~2.03%		1.90%~2.15%
Pledged assets		Commercial papers		Commercial papers		Commercial papers		Commercial papers
	USD	6,700	\$	130,000	USD	5,000	USD	12,000
	(Thousands)				(Thousands)		(Thousands)	
					\$	100,000		

Subsidiary – Richpower Electronic Devices Co., Ltd. (cont'd)

	<u>E. Sun Bank</u>	<u>Chinatrust Bank</u>	<u>Cathay United Bank</u>
Facility	USD 16,000 (Thousands)	\$ 100,000	USD 700 (Thousands)
Amount factored	\$ 382,813	\$ 16,488	\$ 15,789
Proceeds from factoring	344,532	14,839	14,211
Period	2010/12~2012/12	2011/05~2012/05	2011/01~2012/01
Range of interest rates	1.28%~1.95%	1.64%	1.35%~1.88%
Pledged assets	Commercial papers USD 16,000 (Thousands)	Commercial papers \$ 10,000	Commercial papers USD 700 (Thousands)

Subsidiary – Pernas Electronics Co., Ltd.

	<u>Taishin International Bank</u>	<u>Mega International Commercial Bank</u>	<u>Tachong Bank</u>	<u>Yuanta Bank</u>
Facility	\$ 840,000	\$ 240,000	USD 10,000 (Thousands)	USD 24,000 (Thousands)
Amount factored	\$ 302,536	\$ 129,516	\$ 51,087	\$ 393,195
Proceeds from factoring	272,282	116,564	45,978	361,139
Period	2010/11~2012/12	2011/08~2012/08	2011/06~2012/05	2011/05~2012/10
Range of interest rates	1.46%~2.85%	1.24%~2.11%	2.05%~2.41%	1.55%~1.75%
Pledged assets	Commercial papers \$ 1,000,000	Commercial papers \$ 240,000	Commercial papers USD 10,000 (Thousands)	Commercial papers USD 24,000 (Thousands)

Subsidiary – Pernas Electronics Co., Ltd. (cont'd)

	<u>Taipei Fubon Bank</u>	<u>EnTie Commerical Bank</u>	<u>DBS Bank</u>	<u>Far Eastern International Bank</u>	<u>The Shanghai Commercial &amp; Savings Bank</u>
Facility	USD 10,280 (Thousands)	\$ 152,000 USD 2,000 (Thousands)	USD 6,000 (Thousands)	USD 7,000 (Thousands)	\$ 500 (Thousands)
Amount factored	\$ 109,269	\$ 32,738	\$ 78,900	\$ 53,360	\$ -
Proceeds from factoring	98,342	29,441	8,843	48,024	-
Period	2011/08~ 2012/08	2011/08~ 2012/08	2011/12~ 2012/08	2011/09~ 2012/09	2011/11~ 2012/06
Range of interest rates	1.35%~2.59%	1.28%~2.06%	1.94%~1.95%	1.98%~2.10%	-
Pledged assets	Commercial papers USD 1,088 (Thousands)	Commercial papers \$ 152,000 USD 2,000 (Thousands)	Commercial papers USD 1,000 (Thousands)	Commercial papers USD 7,000 (Thousands)	Commercial papers USD 2,000 (Thousands)

Subsidiary – Asian Information Technology Inc.

	<u>Tachong Bank</u>	<u>Taipei Fubon Bank</u>	<u>Mega International Commercial Bank</u>	<u>Yuanta Bank</u>
Facility	\$ 2,350,000	\$ 1,510,000	\$ 211,925	\$ 1,762,000
Amount factored	\$ 911,669	\$ 853,254	\$ 78,129	\$ 686,105
Proceeds from factoring	67,154	-	68,048	399,567
Period	2011/05~2012/05	2011/07~2012/07	2011/03~2011/12	2011/06~2012/06
Range of interest rates	1.89%~1.91%	-	1.25%~1.30%	1.35%~1.37%
Pledged assets	Commercial papers	Commercial papers	Commercial Papers	Commercial Papers
	\$ 2,350,000	\$ 204,000	\$ 211,925	\$ 1,762,000

Subsidiary – Asian Information Technology Inc. (cont'd)

	<u>EnTie Commercial Bank</u>	<u>Chang Hwa Bank</u>	<u>Chinatrust Bank</u>
Facility	\$ 27,248	\$ 72,660	\$ 597,000
Amount factored	\$ 8,580	\$ 17,327	\$ 298,168
Proceeds from factoring	-	-	-
Period	2011/12~2012/12	2011/06~2012/01	2011/05~2012/05
Range of interest rates	-	-	-
Pledged assets	Commercial papers	Commercial papers	Commercial papers
	\$ 27,248	\$ 72,660	\$ 59,700

Subsidiary – Yosun Industrial Corp.

	<u>Tachong Bank</u>	<u>Yuanta Bank</u>	<u>Standard Chartered Bank</u>	<u>Taishin International Bank</u>	<u>Far Eastern International Bank</u>
Facility	\$ 4,025,860	\$ 227,063	\$ 1,754,436	\$ 30,039,545	\$ 3,549,435
Amount factored	\$ 291,841	\$ -	\$ 216,409	\$ 4,800,169	\$ 853,740
Proceeds from factoring	86,537	-	216,409	4,612,446	789,517
Period	2010/12~ 2012/05	2011/05~ 2012/06	2010/09~ 2012/09	2011/04~ 2012/06	2011/01~ 2012/10
Range of interest rates	1.90%~2.50%	-	1.90%~2.27%	1.39%~2.75%	1.79%~2.73%
Pledged assets	Commercial papers	Commercial papers	Time deposit \$ 24,220	Commercial papers	Commercial papers
	\$ 1,056,598	\$ 227,063		\$ 19,501,588	\$ 3,489,435
				Time deposit \$ 441,463	Time deposit \$ 80,438

Subsidiary – Yosun Industrial Corp. (cont'd)

	<u>Sinopac Bank</u>	<u>Chinatrust Bank</u>	<u>Taipei Fubon Bank</u>	<u>Mega International Commercial Bank</u>	<u>EnTie Commercial Bank</u>
Facility	\$ 984,083	\$ 2,712,633	\$ 2,179,713	\$ 970,000	\$ 778,165
Amount factored	\$ 6,732	\$ -	\$ 544,029	\$ 108,774	\$ -
Proceeds from factoring	1,507	-	544,029	49,875	-
Period	2011/08~ 2012/09	2011/05~ 2012/05	2011/09~ 2011/12	2011/07~ 2012/11	2011/04~ 2012/06
Range of interest rates	2.19%~2.75%	-	1.36%~2.55%	1.95%~2.15%	-
Pledged assets	Commercial papers	Commercial papers	Commercial papers	Commercial papers	Commercial papers
	\$ 635,303	\$ 289,110	\$ 33,000	\$ 915,000	\$ 219,358

Subsidiary – Yosun Industrial Corp. (cont'd)

	<u>First Commercial Bank</u>	<u>Hang Seng Bank</u>	<u>DBS Bank</u>	<u>Hua Nan Bank</u>	<u>Chang Hwa Bank</u>	<u>E. Sun Bank</u>
Facility	\$ 235,000	\$ 847,700	\$ 467,640	\$ 15,000	\$ 210,000	\$ 50,000
Amount factored	\$ -	\$ 601,017	\$ 70,442	-	\$ 37,455	-
Proceeds from factoring	-	540,915	63,397	-	33,710	-
Period	2011/05~ 2012/05	2011/10~ 2012/10	2011/09~ 2012/09	2011/07~ 2012/07	2011/05~ 2011/12	2011/07~ 2012/07
Range of interest rates	-	1.31%~ 1.58%	1.24%~ 1.33%	-	1.25%	-
Pledged assets	Commercial papers	Time deposits	Time deposits	Commercial papers	Commercial papers	Commercial papers
	\$ 150,000	\$ 66,059	\$ 115,705	\$ 100,000	\$ 190,000	\$ 90

Subsidiary – Yosun Industrial Corp. (cont'd)

	<u>Shin Kong Bank</u>	<u>The Chinese Bank</u>	<u>JihSun Bank</u>
Facility	\$ 174,220	\$ 30,000	\$ 10,000
Amount factored	\$ 7,885	-	\$ 793
Proceeds from factoring	6,308	-	-
Period	2011/03~2012/03	2011/01~2012/01	2011/09~2012/06
Range of interest rates	1.81%	-	-
Pledged assets	Commercial papers	Commercial papers	Commercial papers
	\$ 150,000	\$ 30,000	\$ 10,000

(6) As of December 31, 2012 and 2011, the accounts receivable of the subsidiary, Silicon Application Corporation, totaling \$302,680 and \$204,717, respectively, were pledged to the above banks.

(7) As of December 31, 2012 and 2011, the accounts receivable of the subsidiary of Yosun

Industrial Corp., totaling \$208,377 and \$133,116, respectively, were sold to banks. The subsidiaries of Yosun Industrial Corp. did not derecognize those accounts receivable. The proceeds from the advance relating to the sale of these accounts receivable are included in “short-term loans”.

6) OTHER FINANCIAL ASSETS – CURRENT

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Pledged time deposits	\$ 527,393	\$ 2,146,069
Restricted cash accounts	952,547	1,010,316
	<u>\$ 1,479,940</u>	<u>\$ 3,156,385</u>

As of December 31, 2012 and 2011, certain customers remitted \$421,973 and \$346,587, respectively, directly to the Group’s bank accounts as payment of their trade debts to the Group. As the corresponding accounts receivable were sold without recourse, such payments were restricted. For the purpose of pledged assets, please refer to Note 6.

7) INVENTORIES, NET

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Inventories	\$ 32,540,064	\$ 33,786,046
Inventories in transit	1,743,517	1,432,810
	34,283,581	35,218,856
Less: Allowance for decline in market value and obsolescence of inventories	( 944,956)	( 1,186,732)
	<u>\$ 33,338,625</u>	<u>\$ 34,032,124</u>

Expenses and losses incurred on inventories for the years ended December 31, 2012 and 2011 were as follows:

	<u>For the years ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cost of goods sold	\$ 342,708,064	\$ 314,300,181
Gain from price recovery of inventory (Note)	( 195,663)	( 8,976)
Loss on physical inventory	7,147	2,564
	<u>\$ 342,519,548</u>	<u>\$ 314,293,769</u>

Note: Gain arose from price recovery of inventories and sales of obsolete and slow-moving inventories during the years ended December 31, 2012 and 2011.

8) OTHER CURRENT ASSETS

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Prepaid expenses	\$ 126,962	\$ 136,021
Overpaid sales tax	723,509	517,091
Prepayments	836,680	1,078,916
Others	21,625	167,692
	<u>\$ 1,708,776</u>	<u>\$ 1,899,720</u>

9) AVAILABLE-FOR-SALE FINANCIAL ASSETS – NON-CURRENT

December 31, 2012							
<u>Investee company</u>	<u>Number of shares (Thousands)</u>	<u>Original cost</u>	<u>Balance</u>	<u>% of ownership</u>	<u>Market value per share (Dollars)</u>	<u>Note</u>	<u>Relationship</u>
Genuine C&C, Inc.	12,964	\$ 149,130	\$ 149,130	16.29%	\$ 11.90		Same chairman
Genesis Photonics Inc.	672	5,181	5,181	0.23%	20.80		None
Alpha & Omega Semiconductor Limited	17	<u>2,294</u>	<u>2,294</u>	-	243.94	Preferred stock	None
		<u>\$ 156,605</u>	156,605				
Add: valuation adjustment			<u>15,730</u>				
			<u>\$ 172,335</u>				

December 31, 2011							
<u>Investee company</u>	<u>Number of shares (Thousands)</u>	<u>Original cost</u>	<u>Balance</u>	<u>% of ownership</u>	<u>Market value per share (Dollars)</u>	<u>Note</u>	<u>Relationship</u>
Genuine C&C, Inc.	14,405	\$ 165,700	\$ 165,700	16.29%	\$ 10.20	Note	Same chairman
Genesis Photonics Inc.	834	6,815	6,815	0.31%	38.27		None
Alpha & Omega Semiconductor Limited	17	<u>2,294</u>	<u>2,294</u>	-	221.00	Preferred stock	None
		<u>\$ 174,809</u>	174,809				
Add: valuation adjustment			<u>7,736</u>				
			<u>\$ 182,545</u>				

Note: Genuine C&C, Inc. cancelled the treasury stocks in the fourth quarter of 2011. Accordingly, the percentage of ownership increased from 15.60% to 16.29%.

10) FINANCIAL ASSETS CARRIED AT COST – NON-CURRENT

(1)

	December 31, 2012					
	Number of shares (Thousands)	Original cost	Balance	% of ownership	Loss on impairment (Note 1)	Note
<u>Investee company</u>						
Ability I Venture Capital Corporation	10,000	\$ 100,000	\$ 100,000	10.00%	\$ -	-
Centillion III Venture Capital Corp.	5,000	50,000	50,000	9.23%	1,100	-
Promaster Technology Co., Ltd.	4,108	49,605	49,605	12.46%	-	-
M Cube Inc.	528	45,560	44,915	Note 2	-	-
Apollo Electronics Group Ltd.	6,825	47,557	41,947	15.17%	-	-
SUNRISE Technology Co., Ltd.	1,500	30,000	30,000	8.10%	-	-
GCS Holdings Inc.	861	29,444	29,444	2.36%	12,761	-
Everrich Capital Co., Ltd.	895	29,387	29,387	11.82%	7,727	Same chairman with the subsidiary
Kingpak Technology Inc.	2,439	28,335	25,424	2.23%	-	1,850 thousand shares utilized as payment guarantee
Kingmac Technology Inc.	1,133	23,853	23,853	1.90%	-	1,133 thousand shares utilized as payment guarantee
Chlen Hwa Coating Technology Inc.	1,250	20,000	20,000	1.25%	-	-
GEC Technology Hong Kong Company Limited	2,564	19,994	19,994	16.03%	-	-
Bettery Energy Technology Inc.	1,800	18,000	18,000	6.70%	-	-
Liefco Optical Inc.	1,000	15,000	15,000	4.51%	1,787	-
Jasper Display Corp.	750	15,000	15,000	3.29%	-	-
Others			130,524		19,790	-
			643,093		\$ 43,165	
Less: Accumulated impairment			( 111,875)			
			<u>\$ 531,218</u>			



December 31, 2011						
<u>Investee company</u>	Number of shares (Thousands)	Original cost	Balance	% of ownership	Loss on impairment (Note 1)	Notes
AcroSense Technology Co., Ltd.	1,194	\$ 11,941	\$ 11,941	1.74%	\$ 3,680	-
Kingpak Technology Inc.	3,049	35,419	31,779	2.23%	-	1,850 thousand shares utilized as payment guarantee
Kingmac Technology Inc.	1,133	23,853	23,853	1.90%	2,086	1,133 thousand shares utilized as payment guarantee
Centillion III Venture Capital Corp.	5,000	50,000	50,000	9.23%	8,822	-
Apollo Electronics Group Ltd.	6,825	47,557	43,730	15.17%	-	-
Hou Pang Venture Capital Corp.	1,300	13,000	12,372	2.50%	633	-
Promaster Technology Co., Ltd.	4,108	49,605	49,605	12.46%	-	-
Everrich Capital Co., Ltd.	895	29,387	29,387	11.82%	-	Same chairman with the subsidiary
Fortend Taiwan Scientific Corp.	2,400	24,000	24,000	5.65%	-	-
Jasper Display Corp.	750	15,000	15,000	3.29%	5,000	-
Bettery Energy Technology, Inc.	1,800	18,000	18,000	6.70%	-	-
GCS Holdings, Inc.	850	29,192	29,192	2.33%	-	-
Ability I Venture Capital Corporation	5,000	50,000	50,000	10.00%	-	-
M Cube Inc.	528	45,560	45,533	Note 2	-	-
Phostek Inc.	625	14,377	14,377	Note 2	-	-
Others			<u>136,603</u>		<u>5,600</u>	
			585,372		<u>\$ 25,821</u>	
Less: Accumulated impairment			( 144,797)			
			<u>\$ 440,575</u>			

Note 1: The impairment of assets is shown in Note 4(15).

Note 2: Preferred stock.

(2) All the above investee companies were measured at cost since their fair value cannot be measured reliably.

## 11) LONG-TERM EQUITY INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

### (1) Details of investments

<u>Investee company</u>	December 31, 2012						
	<u>Number of shares (Thousands)</u>	<u>Original cost</u>	<u>Balance</u>	<u>% of ownership</u>	<u>Market value per share (Dollars)</u>	<u>Note</u>	<u>Relationship</u>
Chain Power Technology Corp.	14,820	\$ 116,650	\$ 202,089	39.00%	\$ 13.64		Subsidiary's investee accounted for under the equity method
Lipers Enterprise Co., Ltd.	13,310	188,261	174,514	28.37%	13.11		"
Yosun Green Technology Corp.	4,500	45,000	36,915	45.00%	8.20		"
Pan-World Control Technologies, Inc.	2,925	34,720	29,182	45.36%	3.59		"
Yosun Japan Corp.	5	14,728	12,963	50.00%	2,592.70		"
Eesource Corp.	2,160	23,040	59,886	40.00%	27.35		Subsidiary's and indirect subsidiary's investee accounted for under the equity method
Siltrontech Electronics Corp.	24,551	149,992	223,008	32.22%	12.25		Indirect subsidiary's investee accounted for under the equity method
Genuine Trading (Hong Kong) Company Limited	12,774	48,299	43,141	39.92%	3.38		"
Suzhou Xinning Bonded Warehouse Co., Ltd.	Note	31,952	35,870	49.00%	Note		"
Suzhou Xinning Logistic Ltd.	"	25,744	32,089	29.40%	"		"
Gain Tune Logistic (Shanghai) Ltd.	"	15,215	21,032	40.00%	"		"
Others			<u>8,213</u>				
			<u>\$ 878,902</u>				

December 31, 2011							
<u>Investee company</u>	<u>Number of shares (Thousands)</u>	<u>Original cost</u>	<u>Balance</u>	<u>% of ownership</u>	<u>Market value per share (Dollars)</u>	<u>Note</u>	<u>Relationship</u>
Chain Power Technology Corp.	14,820	\$ 116,650	\$ 214,073	39.00%	\$ 14.44		Subsidiary's investee accounted for under the equity method
Yosun Green Technology Corp.	4,500	45,000	38,711	45.00%	8.60		"
Yosun Japan Corp.	5	14,728	13,618	50.00%	2,723.57		"
Eesource Corp.	2,160	23,040	71,151	40.00%	32.94		Subsidiary's and indirect subsidiary's investee accounted for under the equity method
Suzhou Xinning Bonded Warehouse Co., Ltd.	Note	31,952	38,391	49.00%	Note		Indirect subsidiary's investee accounted for under the equity method
Gain Tune Logistic (Shanghai) Ltd.	"	15,215	17,480	40.00%	"		"
Suzhou Xinning Logistic Ltd.	"	25,744	30,233	29.40%	"		"
			<u>\$ 423,657</u>				

Note: The investee company is a limited company.

(2) The investment income was \$28,824 and \$42,613 for the years ended December 31, 2012 and 2011, respectively.

12) OTHER FINANCIAL ASSETS – NON-CURRENT

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Pledged bank deposits	\$ 21,002	\$ -
Overdue receivables	176,520	235,174
Allowance for doubtful accounts	( 174,918)	( 235,174)
	<u>\$ 22,604</u>	<u>\$ -</u>

The pledged bank deposits above refer to the employee pension fund deposited with the bank that can only used for pension disbursements.

13) PROPERTY, PLANT AND EQUIPMENT, NET

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<u>Cost</u>		
Land	\$ 2,711,227	\$ 2,469,062
Buildings	1,573,645	1,533,080
Machinery and equipment	92,632	83,549
Transportation equipment	22,196	26,701
Furniture and fixtures	483,106	476,229
Leasehold improvements	452,400	279,643
Other equipment	91,436	132,426
Prepayments for equipment	<u>652,767</u>	<u>2,177</u>
	<u>6,079,409</u>	<u>5,002,867</u>
<u>Accumulated depreciation</u>		
Buildings	( 353,072)	( 338,795)
Machinery and equipment	( 44,136)	( 45,645)
Transportation equipment	( 15,191)	( 22,308)
Furniture and fixtures	( 300,365)	( 268,466)
Leasehold improvements	( 171,342)	( 196,472)
Other equipment	<u>( 53,895)</u>	<u>( 84,069)</u>
	<u>( 938,001)</u>	<u>( 955,755)</u>
Accumulated impairment	<u>( 23,972)</u>	<u>( 24,363)</u>
	<u>\$ 5,117,436</u>	<u>\$ 4,022,749</u>

Please refer to Note 6 for details of pledged assets.

14) RENTAL FACILITIES, NET

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<u>Cost</u>		
Land	\$ 37,167	\$ 37,167
Buildings	<u>105,693</u>	<u>106,969</u>
	142,860	144,136
<u>Accumulated depreciation</u>		
Buildings	<u>( 37,457)</u>	<u>( 34,901)</u>
	<u>\$ 105,403</u>	<u>\$ 109,235</u>

Please refer to Note 6 for details of pledged assets.

15) IMPAIRMENT LOSS

(1) Details of impairment loss recognized for the years ended December 31, 2012 and 2011 are set forth below:

	Amount included in statements of income for the years ended December 31,	
	<u>2012</u>	<u>2011</u>
Impairment loss - financial assets carried at cost - current	\$ 2,679	\$ 5,974
Impairment loss - financial assets carried at cost - non-current	43,165	25,821
Impairment loss - other intangible assets	-	2,237
Impairment loss - goodwill	<u>32,823</u>	<u>-</u>
	<u>\$ 78,667</u>	<u>\$ 34,032</u>

(2) The above impairment losses were incurred on goodwill and intangible assets that were attributed to the subgroup of World Peace Industrial Co., Ltd. and subgroup of Yosun Industrial Corp., respectively, and the remaining impairment loss was incurred on other general assets.

(3) The Group recognized an impairment loss on assets since the book value was more than its recoverable amount. The Group used the net fair value as the recoverable amount since this is the best estimate at the balance sheet date.

16) SHORT-TERM LOANS

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Loan for overseas purchases	\$ 11,143,159	\$ 11,131,646
Short-term loans	<u>20,547,675</u>	<u>16,104,211</u>
	<u>\$ 31,690,834</u>	<u>\$ 27,235,857</u>
Annual interest rates	<u>0.75%~3.35%</u>	<u>0.70%~2.99%</u>

17) COMMERCIAL PAPERS PAYABLE

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Commercial papers payable	\$ 4,005,000	\$ 3,214,900
Less: Unamortized discount	<u>( 3,297)</u>	<u>( 1,608)</u>
	<u>\$ 4,001,703</u>	<u>\$ 3,213,292</u>
Annual interest rates	<u>0.79%~1.40%</u>	<u>0.77%~2.21%</u>

The commercial papers payable are guaranteed by financial institutions.

18) INCOME TAX

(1) Income tax expense and payable (refundable) are reconciled as follows:

	<u>For the years ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Income tax expense	\$ 931,259	\$ 1,182,575
Additional 10% surtax on undistributed retained earnings	<u>151,103</u>	<u>-</u>
	1,082,362	1,182,575
Prepaid income tax	( 629,388)	( 676,277)
Over (under) provision of prior year's income tax	67,521	( 80,085)
Income tax payable of prior years	86,475	72,397
Change in deferred income tax	7,115	40,152
Change in consolidated entities	( 26,043)	9,295
Others	<u>22,039</u>	<u>16,504</u>
Income tax payable - net	<u>\$ 610,081</u>	<u>\$ 564,561</u>
Other receivable - income tax refundable	(\$ 13,726)	(\$ 2,400)
Income tax payable	<u>623,807</u>	<u>566,961</u>
	<u>\$ 610,081</u>	<u>\$ 564,561</u>

(2) Deferred income tax assets and liabilities as of December 31, 2012 and 2011 are as follows:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Deferred income tax assets - current	\$ 204,886	\$ 212,763
Less: Valuation allowance	<u>( 34,772)</u>	<u>( 41,547)</u>
	<u>\$ 170,114</u>	<u>\$ 171,216</u>
Deferred income tax liabilities - non-current	\$ 328,779	\$ 315,893
Less: Valuation allowance	<u>( 514,138)</u>	<u>( 481,222)</u>
	<u>(\$ 185,359)</u>	<u>(\$ 165,329)</u>

(3)The temporary differences and related income tax effect are as follows:

	<u>December 31, 2012</u>	
	<u>Amount</u>	<u>Tax effect</u>
Current items:		
Temporary differences		
Unrealized allowance for inventory		
obsolescence	\$ 346,695	\$ 62,053
Unrealized sales discount	216,390	36,786
Unrealized exchange loss	132,036	23,508
Bad debt expense	162,963	28,473
Deferred gross loss	( 2,381)	( 405)
Unrealized expense	157,585	34,720
Others	60,378	18,614
Loss carryforwards	6,687	<u>1,137</u>
		204,886
Less: Valuation allowance		( <u>34,772</u> )
		<u>\$ 170,114</u>
Non-current items:		
Temporary differences		
Investment income	(\$ 1,264,205)	(\$ 214,915)
Investment loss	30,528	5,190
Impairment loss	12,695	2,158
Reserve for building increment	( 140,617)	( 23,905)
Amortization differences of intangible		
assets	( 85,901)	( 14,174)
Pension cost differences	114,382	19,445
Cumulative translation adjustments	159,551	27,124
Others	15,396	5,168
Loss carryforwards	1,445,085	<u>522,688</u>
		328,779
Less: Valuation allowance		( <u>514,138</u> )
		<u>(\$ 185,359)</u>

	<u>December 31, 2011</u>	
	<u>Amount</u>	<u>Tax effect</u>
Current items:		
Temporary differences		
Unrealized allowance for inventory		
obsolescence	\$ 545,731	\$ 103,025
Bad debts expense	168,925	28,717
Unrealized exchange gain	( 13,658)	( 1,113)
Unrealized sales discount	222,136	38,077
Deferred gross profit	3,998	679
Unrealized expense	188,409	34,114
Others	23,504	9,106
Loss carryforwards	932	158
		<u>212,763</u>
Less: Valuation allowance		( 41,547)
		<u>\$ 171,216</u>
Non-current items:		
Temporary differences		
Investment income	(\$ 1,263,774)	(\$ 214,842)
Investment loss	270,540	45,992
Impairment loss	20,744	3,526
Reserve for building increment	( 140,617)	( 23,905)
Amortization differences of intangible		
assets	( 127,733)	( 21,077)
Pension cost differences	96,937	16,479
Cumulative translation adjustments	88,911	15,115
Others	14,356	2,561
Loss carryforwards	1,511,732	490,334
Investment tax credit		<u>1,710</u>
		315,893
Less: Valuation allowance		( 481,222)
		<u>(\$ 165,329)</u>

(4) Loss carryforwards of subsidiaries and indirect subsidiaries start to expire from 2018, and the financial year tax credits are due is in 2021.



(5) Imputation tax information

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
A. Balance of the imputation tax credit account	<u>\$ 219,150</u>	<u>\$ 23,757</u>
	<u>2012 (Expected)</u>	<u>2011 (Actual)</u>
B. Creditable ratio	<u>9.63%</u>	<u>13.25%</u>

(6) Unappropriated retained earnings

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
On and after January 1, 1998		
-Not yet subjected to 10% additional tax	\$ 4,465,711	\$ 5,080,433
-Subjected to 10% additional tax	<u>1,682,463</u>	<u>171,435</u>
Total	<u>\$ 6,148,174</u>	<u>\$ 5,251,868</u>

(7) The Taiwan imputation tax system requires that any undistributed current earnings be subject to an additional 10% corporate income tax if the earnings are not distributed in the following year.

(8) The Company's income tax returns through 2007 have been assessed and approved by the Tax Authority. However, the provisional income tax assessed by the Tax Authority for the 2007 income tax return was different from the Company's filing amount. In addition, the Tax Authority attributed all the Company's income and related operating costs and expenses arising from the provision of administrative resources and management services to its related parties to the "tax-exempt income" category for the 2007 income tax return; while, the Company attributed the above income and related operating costs and expenses to the "taxable income" category. The Company had raised an objection to the Tax Authority's assessments and requested corrections to the assessment. As of March 26, 2013, the Company had not yet gained the approval of the Tax Authority for corrections.

19) CURRENT PORTION OF LONG-TERM LOANS

<u>Type</u>	<u>Facility</u>	<u>December 31, 2012</u>	<u>Period</u>	<u>Annual interest rate</u>
Credit loan (Mega International Commercial Bank and Taipei Fubon Bank)	\$ 1,000,000 (Note 1)	\$ 377,520	2010/05/12~ 2013/05/11	1.23%
Mortgage loan (RESONA Bank)	84,100 (Note 2)	8,853	2012/03/30~ 2022/03/31	1.73%
Medium to long-term loan (Mega International Commercial Bank)	80,000 (Note 3)	30,000	2010/11/30~ 2013/11/30	2.29%
		<u>\$ 416,373</u>		

Type	Facility	December 31, 2011	Period	Annual interest rate
Medium to long-term loan (Bank of Taiwan)	\$ 3,000,000 (Note 4)	\$ 1,438,062	2009/12/08~ 2012/12/08	1.46%
Mortgage loan (Chang Hwa Bank)	13,067 (Note 5)	13,067	2007/12/10~ 2022/09/30	1.99%
Medium to long-term loan (Chang Hwa Bank )	40,000 (Note 6)	40,000	2010/06/18~ 2012/06/18	2.58%
		<u>\$ 1,491,129</u>		

Note 1: Please refer to Note 4 20), Note 3.

Note 2: Please refer to Note 4 20), Note 4.

Note 3: Please refer to Note 4 20), Note 7.

Note 4: Please refer to Note 4 20), Note 1.

Note 5: Lipers Enterprise Co., Ltd. had entered into a long-term, non-revolving loan agreement with a financial institution. The principal should be repaid in equal monthly installments.

Note 6: Lipers Enterprise Co., Ltd. had entered into a long-term loan agreement with a financial institution. According to the loan contract, the grace period is one year. Once the grace period expires, the principal should be repaid in equal monthly installments in two years.

## 20) LONG-TERM LOANS

Type	Facility	December 31, 2012	Period	Annual interest rate
Medium to long-term loan (Taiwan Cooperative Bank)	\$ 3,550,000 (Note 1)	\$ 3,000,000	2011/09/30~ 2014/09/30	1.51%
Medium to long-term loan (Taipei Fubon Bank)	7,084,800 (Note 1)	2,016,400	2012/12/07~ 2015/12/07	1.54%~1.68%
Medium to long-term loan (E. Sun Bank, etc.)	1,800,000 (Note 2)	595,793	2011/01/13~ 2014/01/13	1.52%~1.75%
Credit loan (Mega International Commercial Bank and Taipei Fubon Bank)	1,000,000 (Note 3)	377,520	2010/05/12~ 2013/05/11	1.23%
Mortgage loan (RESONA Bank)	84,100 (Note 4)	81,887	2012/03/30~ 2022/03/31	1.73%
Medium to long-term loan (Chang Hwa Bank)	576,000 (Note 5)	576,000	2012/01/02~ 2027/01/02	Note 6
Medium to long-term loan (Mega International Commercial Bank)	80,000 (Note 7)	30,000	2010/11/30~ 2013/11/30	2.29%
Medium to long-term loan (Taipei Fubon Bank)	400,000 (Note 8)	180,000	2012/08/08~ 2015/08/08	2.05%
Medium to long-term loan (Taipei Fubon Bank, etc.)	440,000 (Note 9)	-	2010/03/22~ 2015/03/22	-
		<u>6,857,600</u>		
Less: Current portion of long-term loans		( <u>416,373</u> )		
		<u>\$ 6,441,227</u>		

Type	Facility	December 31, 2011	Period	Annual interest rate
Medium to long-term loan (Taiwan Cooperative Bank)	\$ 3,550,000 (Note 1)	\$ 2,600,000	2011/09/30~ 2014/09/30	1.50%
Medium to long-term loan (Bank of Taiwan)	3,000,000 (Note 1)	1,438,062	2009/12/08~ 2012/12/08	1.46%
Medium to long-term loan (E. Sun Bank )	1,800,000 (Note 2)	782,553	2011/01/14~ 2014/01/14	1.29%~1.55%
Mortgage loan (Chang Hwa Bank)	123,733 (Note 10)	123,733	2007/10/01~ 2022/09/30	1.99%
Medium to long-term loan (Chang Hwa Bank)	40,000 (Note 11)	40,000	2010/06/18~ 2012/06/18	2.58%
Credit loan (Mega International Commercial Bank and Taipei Fubon Bank)	1,000,000 (Note 3)	484,400	2010/05/12~ 2013/05/11	1.59%~1.67%
		<u>5,468,748</u>		
Less: Current portion of long-term loans		( <u>1,491,129</u> )		
		<u>\$ 3,977,619</u>		

Note 1: (1) This pertains to a revolving loan facility for World Peace Industrial Co., Ltd., the Company's subsidiary, wherein the principal amount can be renewed after the corresponding interest is paid.

(2) The subsidiary - World Peace Industrial Co., Ltd. is required to maintain certain financial ratios during the contract period.

Note 2: Richpower Electronic Devices Co., Ltd., the Company's subsidiary, had entered into a long-term loan agreement with financial institutions on August 25, 2010. The terms and conditions of the contract were as follows:

(1) Contract term: Within three years from the first drawdown.

(2) The facility is \$1,800,000 and the first drawdown of the loan must be within six months from the contract signing date and the amount of drawdown must be no less than \$50,000 or USD1,500,000. If the amount of drawdown was in New Taiwan Dollars, the repayment period could be between 60 days and 180 days or other period agreed by the bank responsible for the revolving loan facility; if the amount of drawdown was in US Dollars, the repayment could be between two months and six months or other period agreed by the bank responsible for the revolving loan facility. If the drawdown is less than 50% of the facility, after nine months from the first drawdown date, the annual fees charged will be 0.15%.

(3) For each drawdown, the principal of every drawdown must be repaid in full at the end of the term. If the amount of drawdown was in US Dollars, the repayment currency should be the same as the borrowed currency and it would be the responsibility of the borrower to acquire foreign exchange approvals and, if any, other required approvals for repayment in US Dollars. For re-utilization of the revolving loan after maturity date, foreign transaction approvals or approvals from the bank are submitted to the lead bank. The lead banks shall notify the related banks which had participated in the syndicated loan.

(4) Richpower Electronic Devices Co., Ltd. is required to maintain certain financial ratios based on the annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 250%, time interest earned ratio should not be less than 2.5 and net value should not be less than \$1,500,000.

Note 3: Asian Information Technology Inc. and Frontek Technology Corporation, the Company's subsidiary and indirect subsidiary, had entered into a long-term loan agreement with financial institutions on March 4, 2010. The contract terms were as follows:

(1) Contract term: Within three years from the first drawdown.

(2) The facility is \$1,000,000 and the first drawdown of the loan must be within six

months from the contract signing date and the amount of drawdown must be no less than \$50,000 or USD1,500,000. If the amount of drawdown was in New Taiwan Dollars, the repayment period could be 60 days, 90 days or 180 days; if the amount of drawdown was in US Dollars, the repayment could be three months or six months.

- (3) According to the loan contract, for each drawdown, the maximum repayment term is 180 days and the principal of every drawdown must be repaid in full at the end of the term. If the amount of drawdown was in US Dollars, the repayment currency should be the same as the borrowed currency and it would be the responsibility of the borrower to acquire foreign exchange approvals and, if any, other required approvals for repayment in US Dollars. For re-utilization of the revolving loan after maturity date, foreign currency transaction approvals or approvals from the bank are submitted to the lead bank, and the lead bank shall notify the related banks which had participated in the syndicated loan.
- (4) According to the contract, Asian Information Technology Inc. is required to maintain certain financial ratios based on semi-annual and annual consolidated financial statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be higher than 250%, time interest earned ratio should not be less than 2.5 and net value should not be less than \$3,000,000.

Note 4: AIT Japan Inc., the Company's indirect subsidiary, had entered into a long-term loan agreement for a period of ten years with a financial institution on March 28, 2012, and the facility is JPY 250,000,000. The pledged assets are land, and furniture and fixtures (see Note 6). The principal should be repaid in equal monthly installments (totaling 114 months) of JPY 2,193,000 from October 31, 2012 and the last monthly installment will be JPY 2,191,000.

Note 5: The Company had entered into a long-term agreement for fifteen years with a financial institution. The pledged assets are the land and building of Linkou warehouse. The principal should be repaid in equal monthly installments starting 2015.

Note 6: The interest rate is the index interest rate plus 0.21% from the borrowing day to January 2, 2013, plus 0.4% from January 2, 2013 and plus 1.5% from January 2, 2014.

Note 7: AECO Technology Inc., the Company's subsidiary, had entered into a long-term loan agreement with a financial institution. The principal should be repaid in equal quarterly installments after 15 months of the first drawdown date.

Note 8: AECO Technology Inc., the Company's subsidiary, had entered into a long-term loan agreement with financial institutions on July 6, 2012. The facility is \$400,000 and the contract term is three years. AECO Technology Inc. is required to maintain certain financial ratios based on the annual consolidated financial

statements during the contract period as follows: liquidity ratio should not be less than 100%, debt ratio should not be more than 200%, and net value should not be less than \$1,400,000. Otherwise, from 2013, interest earned ratio should not be less than 100%.

Note 9: AECO Technology Inc., the Company's subsidiary, had entered into a syndicated loan agreement with financial institutions on March 10, 2010. The facility is \$880,000 and the contract term is five years. AECO Technology Inc. is required to maintain certain financial ratio based on semi-annual and annual consolidated financial statements during the contract period. AECO Technology Inc. had early repayment for the six-month period ended June 30, 2012.

Note 10: Please refer to Note 4 19), Note 5.

Note 11: Please refer to Note 4 19), Note 6.

## 21) ACCRUED PENSION LIABILITY

(1) The Company and certain ROC subsidiaries have a non-contributory and funded defined benefit pension plan in accordance with the "Labor Standards Law", covering all regular employees before the implementation of the Labor Pension Act on July 1, 2005. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter with a maximum of 45 units. Retirement benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and certain ROC subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee.

(2) Effective January 1, 2010, the Company and certain subsidiaries have funded defined benefit pension plans in accordance with the "Regulations on pensions of managers", covering all managers appointed by the Company. Under the defined benefit pension plan, one unit is accrued for each year of service, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the remuneration per unit ratified during the appointed period.

(3) The related assumptions used to calculate the periodic pension cost are as follows:

	<u>For the years ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Discount rate	1.75%	1.90%~2.00%
Rate of compensation increase	0.00%~4.00%	0.00%~4.00%
Expected rate of return on plan assets	1.75%	1.90%~2.00%

(4) The reconciliations of the funded status of the accrued pension liability as of December 31, 2012 and 2011 are summarized as follows:

A.

	December 31,	
	2012	2011
Benefit obligation:		
Vested benefit obligation	(\$ 172,405)	(\$ 131,254)
Non-vested benefit obligation	( 407,491)	( 415,896)
Accumulated benefit obligation	( 579,896)	( 547,150)
Effect of future salary increments	( 222,672)	( 224,401)
Projected benefit obligation	( 802,568)	( 771,551)
Fair value of plan assets	325,229	315,587
Funded status	( 477,339)	( 455,964)
Unrecognized net transition obligation	12,301	22,487
Unrecognized prior years' service cost	6,793	8,952
Unrecognized net loss	171,720	183,834
Additional liability	( 42,744)	( 43,130)
Accrued pension liabilities	( 329,269)	( 283,821)
Accrued pension expenses (Amount to be contributed to the Bureau of Labor Insurance in next period)	( 5,237)	( 5,301)
	(\$ 334,506)	(\$ 289,122)
Vested benefit	<u>\$ 146,454</u>	<u>\$ 128,228</u>

B. The components of net pension cost for 2012 and 2011 were as follows:

	For the years ended December 31,	
	2012	2011
Service cost	\$ 10,918	\$ 11,596
Interest cost	15,138	14,754
Expected return on plan assets	( 5,749)	( 5,354)
Unrealized transition obligation	3,609	4,286
Curtailment gain	( 4,783)	-
Amortization of prior years' service cost	2,159	19,603
Unrecognized pension loss	7,977	7,674
Net pension cost	<u>\$ 29,269</u>	<u>\$ 52,559</u>

(5) Effective July 1, 2005, in accordance with the Labor Pension Act, the Company and its certain ROC subsidiaries adopted a defined contribution pension plan (the "New Plan"). Under the New Plan, employees have the option to choose the New Plan and the Company and certain ROC subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts deposited with the Bureau of Labor Insurance. Pensions are paid by monthly

installments or in lump sum based on the accumulated balances of the employees' individual pension accounts.

(6) For the years ended December 31, 2012 and 2011, the pension costs of the Company and its subsidiaries were \$331,326 and \$351,260, respectively.

## 22) CAPITAL RESERVE

- (1) In accordance with the Business Mergers and Acquisitions Law, any undistributed retained earnings of a company acquired through a share exchange is absorbed by the acquiring company and recorded as capital surplus. Such capital surplus is not covered by the restrictions provided in Article 241(1) of the Company Law. Further, in the year the shares were exchanged, such distribution was not subject to restrictions provided in Article 8 of Securities and Exchange Law Enforcement Rules. Since the capital surplus did not result from the operations of the acquiring company, it shall not be used for directors' and employees' bonuses. As of December 31, 2012, the capital reserve which pertains to undistributed earnings of World Peace Industrial Co., Ltd. and Silicon Application Corporation amounted to \$2,569.
- (2) The R.O.C. Company Law requires that the capital reserve be exclusively used to offset accumulated deficit or increase capital or in whole or in part by distributing cash to its original shareholder's in proportion to the number of shares being held, and shall not be used for any other purpose. The capital reserve is used to offset accumulated deficit only when the legal reserve and special reserve are not sufficient. Only capital reserve from paid-in capital in excess of par value and donations can be used to increase capital and the total amount is limited to 10% of outstanding capital each year.
- (3) Pursuant to a resolution approved in the stockholders' meeting on June 22, 2011, the Company approved to distribute \$733,856 cash dividend from the capital reserve which pertains to undistributed earnings of Yosun Industrial Corp. according to the Business Mergers and Acquisitions Law. The total undistributed earnings (net of legal reserve) was \$653,883 (recorded as "capital reserve-common stock share premium").

## 23) LEGAL RESERVE, SPECIAL RESERVE AND UNDISTRIBUTED EARNINGS

- (1) As stipulated in the Company's Articles of Incorporation, the Company should set aside a certain amount as special reserve if necessary, and the remaining current year's earnings, if any, shall be distributed in the following order:
  - A. Directors' and supervisors' remuneration: up to 3% of the earnings;
  - B. 0.01% ~ 5% of the earnings is appropriated as employees' bonuses; and
  - C. The remaining earnings may be declared as dividends. At least 20% of the total dividends shall be in the form of cash dividends.Employees of the Company's subsidiaries are entitled to receive the distribution of earnings. The terms shall be defined by the Board of Directors.
- (2) Legal reserve can only be used to cover accumulated losses or issue new shares or cash to shareholders in proportion to their share ownership, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.



(3) Details of unallocated net income are set forth as follows:

A. Pursuant to a resolution approved in the stockholders' meeting on June 22, 2011, the Company made the following appropriations of 2010 net income:

- a) Legal reserve of \$496,496;
- b) Special reserve of \$2,422,906; and
- c) Cash dividends of \$2,397,571 or a dividend of \$1.65 (in dollars) per share.

The abovementioned appropriations were the same with that approved by the Board of Directors.

B. Pursuant to a resolution approved in the stockholders' meeting on June 22, 2012, the Company made the following appropriations of 2011 net income:

- a) Legal reserve of \$508,043;
- b) Reversal of special reserve of \$1,243,482; and
- c) Cash dividends of \$4,304,844 or a dividend of \$2.6 (in dollars) per share.

The abovementioned appropriations were the same with that approved by the Board of Directors.

C. With regard to the appropriations of 2010 net income, employees' bonuses and directors' and supervisors' remuneration, as approved by the Board of Directors and stockholders in 2011, amounted to \$35,000 and \$33,000, respectively. The amounts of bonus to employees and remunerations to directors and supervisors as approved during the stockholders' meeting were consistent with the amounts charged against earnings in 2010.

D. With regard to the appropriations of 2011 net income, employees' bonuses and directors' and supervisors' remuneration, as approved by the Board of Directors and stockholders in 2012, amounted to \$41,000 and \$36,000, respectively. The amounts of bonus to employees and remunerations to directors and supervisors as approved during the stockholders' meeting were consistent with the amounts charged against earnings in 2011.

E. The employees' bonuses are \$48,000 and \$41,000 and directors' and supervisors' remuneration are \$37,000 and \$36,000 for the years ended December 31, 2012 and 2011, respectively. The estimation of employees' bonus and directors' and supervisors' remuneration are based on a certain percentage (prescribed by the Company's Articles of Incorporation) of net income in current year after taking into account the legal reserve and other factors.

F. The distribution information mentioned in A~D will be posted in the "Market Observation Post System" of the Taiwan Stock Exchange Corporation.

24) EARNINGS PER SHARE

	For the year ended December 31, 2012				
	Amount		Weighted-average number of outstanding common shares (In thousands of shares)	Earnings per share (in dollars)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share:					
Net income of common stockholders	\$5,548,073	\$4,465,711	1,644,094	<u>\$ 3.37</u>	<u>\$ 2.72</u>
Dilutive effect:					
Employees' bonus	-	-	1,356		
Diluted earnings per share:					
Net income of common stockholders	<u>\$5,548,073</u>	<u>\$4,465,711</u>	<u>1,645,450</u>	<u>\$ 3.37</u>	<u>\$ 2.71</u>

	For the year ended December 31, 2011				
	Amount		Weighted-average number of outstanding common shares (In thousands of shares)	Earnings per share (in dollars)	
	Before income tax	After income tax		Before income tax	After income tax
Basic earnings per share:					
Net income of common stockholders	\$6,263,008	\$5,080,433	1,583,850	<u>\$ 3.95</u>	<u>\$ 3.21</u>
Dilutive effect:					
Employees' bonus	-	-	1,363		
Diluted earnings per share:					
Net income of common stockholders	<u>\$6,263,008</u>	<u>\$5,080,433</u>	<u>1,585,213</u>	<u>\$ 3.95</u>	<u>\$ 3.20</u>

Effective January 1, 2008, as employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include the estimated shares that would increase from employees' stock bonus issuance in the computation of the weighted-average number of common shares outstanding during the reporting period, taking into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting period that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting period. Since capitalization of employees' bonus no longer belongs to distribution of stock dividends, the calculation of basic EPS and diluted EPS for all periods presented shall not be adjusted retroactively.

## 25) PERSONNEL EXPENSES, DEPRECIATION AND AMORTIZATION

	<u>For the years ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
Personnel expenses		
Salaries	\$ 6,116,314	\$ 6,279,372
Labor and medical insurances	357,811	293,848
Pension	331,326	351,260
Others	308,122	272,404
	<u>\$ 7,113,573</u>	<u>\$ 7,196,884</u>
Depreciation (including rental facilities)	<u>\$ 242,477</u>	<u>\$ 219,084</u>
Amortization	<u>\$ 117,440</u>	<u>\$ 78,960</u>

## 5. RELATED PARTY TRANSACTIONS AND BALANCES

### 1) Names of the related parties and their relationship with the Company

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Genuine C&C, Inc. (Genuine)	Same chairman
P.T WPG Electrindo Jaya (WPG PT)	Investor of indirect subsidiary accounted for under the equity method
Siltrontech Electronics Corp. (Siltrontech) (Note 1)	Investee accounted for under the equity method
Hubei Xinsheng Technology Investment Management Co., Ltd. (Hubei Xinsheng)	Indirect subsidiary's investee accounted for under the equity method
WPG Holding Education Foundation	Same chairman

Note 1: Due to the re-election of Board members of Siltrontech Electronics Corp. on June 27, 2011, Yosun Industrial Corp. acquired majority control over Siltrontech Electronics Corp. Due to the re-election of the Board of Directors of Siltrontech Electronics Corp. Yosun Industrial Corp. no longer holds majority control over Siltrontech Electronics Corp. since June 5, 2012. Accordingly, the Company has no effective control over Siltrontech Electronics Corp. Starting from June 5, 2012, the Company held the entity as an investment under equity method.

Note 2: Hubei Xinsheng Technology Investment Management Co., Ltd. from October 5, 2012 become related parties due to the investment.

2) Significant related party transactions

(1)Sales

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of consolidated net sales	Amount	Percentage of consolidated net sales
WPG PT	\$ 949,201	-	\$ -	-
Genuine	127,309	-	126,505	-
Others	57,000	-	82,055	-
	<u>\$ 1,133,510</u>	<u>-</u>	<u>\$ 208,560</u>	<u>-</u>

The terms and sales prices of the subsidiary - World Peace Industrial Co., Ltd. with its related parties were negotiated in consideration of different factors including product, cost, market, competition and other conditions. The collection period was 30 to 90 days. The other subsidiaries deal with its related parties using general terms and sales prices.

(2)Purchases

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of consolidated net purchases	Amount	Percentage of consolidated net purchases
Hubei Xinsheng	\$ 163,073	-	\$ -	-
Siltrontech	106,179	-	-	-
Others	49,314	-	4,214	-
	<u>\$ 318,566</u>	<u>-</u>	<u>\$ 4,214</u>	<u>-</u>

The purchase prices for Hubei Xinsheng were negotiated in consideration of different factors including products, market competition and other conditions, and the products were delivered within 14 days after receipts of prepayments for those products. The purchase prices and terms for other related parties were the same as those for general suppliers. The purchase transactions with Siltrontech from June 27, 2011 to June 5, 2012 had been eliminated.

(3) Accounts receivable

	December 31,			
	2012		2011	
	Amount	Percentage of consolidated accounts receivable	Amount	Percentage of consolidated accounts receivable
WPG PT	\$ 119,591	-	\$ -	-
Others	26,607	-	23,457	-
	<u>\$ 146,198</u>	<u>-</u>	<u>\$ 23,457</u>	<u>-</u>

(4) Prepayment (Recorded as other current assets)

	December 31,			
	2012		2011	
	Amount	Percentage of consolidated prepayment	Amount	Percentage of consolidated prepayment
Hubei Xinsheng	<u>\$ 109,077</u>	<u>7</u>	<u>\$ -</u>	<u>-</u>

(5) Donation

The Company and subsidiaries donated \$3,600 and \$3,350 to WPG Holding Education Foundation for the years ended December 31, 2012 and 2011, respectively.

(6) Information of key management (including directors, supervisors, general manager and vice general managers)

	2012	2011
Salary (Note A)	\$ 57,736	\$ 47,324
Bonus (Note B)	85,951	51,373
Distribution of earnings (Note C)	58,600	56,500
Service execution fees	289	-
	<u>\$ 202,576</u>	<u>\$ 155,197</u>

A. Including wages, special responsibility allowances, pensions, severance pay, etc.

B. Including all kinds of incentives.

C. Pertains to the Company's estimated directors' and supervisors' remuneration and employees' bonus.

D. For more information, please refer to the Company's annual report.

3) Related party transactions in excess of \$100,000 of significant subsidiaries (transactions with subsidiaries were eliminated when preparing consolidated financial statements)

(1) The related party transactions in excess of \$100,000 of the significant subsidiary - World Peace Industrial Co., Ltd. ("WPI") were as follows:

A. Names of the related parties and their relationship with the company for related party transactions in excess of \$100,000

<u>Names of related parties</u>	<u>Relationship with World Peace Industrial Co., Ltd.</u>
WPG Holdings Limited (WPGH)	Parent company
Silicon Application Corporation (SAC)	Same parent company
Longview Technology Inc. (Longview)	Subsidiary
WPI International (Hong Kong) Limited (WPI- Int'l (HK))	Indirect subsidiary
Gain Tune Ltd. (GT)	"
World Peace International (South Asia) Pte Ltd. (World Peace (S))	"
WPG SCM Limited (WPG SCM)	"
Genuine C&C (South Asia) Pte., Ltd. (GCC (SA))	"
WPI International Trading (Shanghai) Ltd. (WPI Int'l - SH)	"
WPG Americas Inc. (WPG Americas)	Same ultimate parent company
Frontek Technology Corporation (Frontek)	Same ultimate parent company
WPG Eleletronics (HK) Limited (WPG EL (HK))	"
Genuine C&C Inc. (Genuine)	Chairman is WPI's director

B. Significant related party transactions in excess of \$100,000

a. Sales

	<u>For the years ended December 31,</u>			
	<u>2012</u>		<u>2011</u>	
	<u>Amount</u>	<u>Percentage of net sales of subsidiary</u>	<u>Amount</u>	<u>Percentage of net sales of subsidiary</u>
WPI Int'l (HK)	\$ 7,610,807	12	\$ 6,610,195	10
GT	1,324,400	2	735,116	1
WPG SCM	153,437	1	900,898	1
WPG EL (HK)	129,841	-	-	-
Genuine	127,309	-	126,505	-
Longview	126,507	-	29,185	-
World Peace (S)	57,211	-	142,457	1
SAC	19,478	-	103,622	-
	<u>\$ 9,548,990</u>	<u>15</u>	<u>\$ 8,647,978</u>	<u>13</u>

The terms and sales prices were negotiated in consideration of factors including product, cost, market and competition. The collection period for related parties was 30 to 90 days.

b. Purchases

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of net purchases of subsidiary	Amount	Percentage of net purchases of subsidiary
WPI Int'l (HK)	\$ 1,943,445	3	\$ 1,985,382	3
Longview	387,651	1	415,791	1
Frontek	339,210	1	275,581	-
GT	293,738	-	474,898	1
World Peace (S)	153,548	-	173,482	-
	<u>\$ 3,117,592</u>	<u>5</u>	<u>\$ 3,325,134</u>	<u>5</u>

The purchase terms and prices were negotiated in consideration of factors including product, cost, market and competition. The payment period for related parties was 30 to 75 days.

c. Management fee (Recorded as administrative expense)

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of management fee of subsidiary	Amount	Percentage of management fee of subsidiary
WPGH	\$ 224,098	47	\$ 160,953	42
WPG EL (HK)	118,954	25	103,606	27
	<u>\$ 343,052</u>	<u>72</u>	<u>\$ 264,559</u>	<u>69</u>

d. Accounts receivable

	December 31,			
	2012		2011	
	Amount	Percentage of accounts receivable of subsidiary	Amount	Percentage of accounts receivable of subsidiary
WPI Int'l (HK)	\$ 452,794	4	\$ 1,200,153	10
GT	137,748	1	102,621	1
WPG EL (HK)	129,375	1	-	-
	<u>\$ 719,917</u>	<u>6</u>	<u>\$ 1,302,774</u>	<u>11</u>

e. Other receivables - Financing activities

	For the year ended December 31, 2012				
	Maximum balance	Ending balance	Interest rate	Interest income	Interest receivable
Longview	<u>\$ 120,000</u>	<u>\$ 120,000</u>	1.50%	<u>\$ 1,065</u>	<u>\$ 1,065</u>

	For the year ended December 31, 2011				
	Maximum balance	Ending balance	Interest rate	Interest income	Interest receivable
WPG Americas	\$ 151,375	\$ -	1.95%~ 2.30%	\$ 2,611	\$ -

f. Accounts payable

	December 31,			
	2012		2011	
	Amount	Percentage of accounts payable of subsidiary	Amount	Percentage of accounts payable of subsidiary
WPI Int'l (HK)	\$ 216,947	4	\$ 145,245	2

g. Commitments

World Peace Industrial Co., Ltd. has provided guarantees relating to the credit lines of certain subsidiaries as shown below:

	December 31,			
	2012		2011	
	(in thousands of dollars)		(in thousands of dollars)	
GCC (SA)	USD	22,000	USD	22,000
WPI Int'l - SH	USD	14,194	USD	12,425

(2) The related party transactions in excess of \$100,000 of the significant subsidiary – Silicon Application Corporation were as follows:

A. Names of the related parties and their relationship with the company for the related party transactions in excess of \$100,000

<u>Names of related parties</u>	<u>Relationship with Silicon Application Corporation</u>
WPG Holdings Limited (WPGH)	Parent company
World Peace Industrial Co., Ltd. (WPI)	Same Parent company
WPG Electronics (HK) Limited (WPG EL (HK))	Affiliated company
Everwiner Enterprise Co., Ltd. (EE)	"
Silicon Application (BVI) Corp. (SAC (BVI))	Subsidiary
Silicon Application Company Limited (SACL)	Indirect subsidiary



**B. Significant related party transactions in excess of \$100,000**

**a. Sales**

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of net sales of subsidiary	Amount	Percentage of net sales of subsidiary
WPG EL (HK)	\$ 1,533,494	8	\$ 918,331	6

The term and sales prices were the same with third parties.

**b. Purchases**

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of net purchases of subsidiary	Amount	Percentage of net purchases of subsidiary
SACL	\$ 634,510	5	\$ 320,533	2
WPI	19,444	-	103,744	1
	\$ 653,954	5	\$ 424,277	3

The term and purchase prices were negotiated between the related parties.

**c. Accounts receivable**

	December 31,			
	2012		2011	
	Amount	Percentage of accounts receivable of subsidiary	Amount	Percentage of accounts receivable of subsidiary
WPG EL (HK)	\$ 551,109	11	\$ 307,568	8

**d. Other receivables - Financing activities**

There was no transaction in excess of \$100,000 for the year ended December 31, 2012.

	For the year ended December 31, 2011				
	Maximum balance	Ending balance	Interest rate	Interest income	Interest receivable
WPGH	\$ 300,000	\$ -	1.45%	\$ 2,233	\$ -
EE	150,000	-	1.55%	338	-
	\$ 450,000	\$ -		\$ 2,571	\$ -

**e. Other payables - Financing activities**

	For the year ended December 31, 2012				
	Maximum balance	Ending balance	Interest rate	Interest expense	Interest payable
SAC (BVI)	\$ 871,200	\$ 601,128	1.10%	\$ 4,986	\$ 2,946

	For the year ended December 31, 2011				
	Maximum balance	Ending balance	Interest rate	Interest expense	Interest payable
SAC (BVI)	\$ 302,750	\$ 287,613	1.00%~1.50%	\$ 2,813	\$ 625

f. Commitments

Silicon Application Corporation has provided guarantees relating to the credit lines and purchase transactions of subsidiary as shown below:

	December 31, 2012		December 31, 2011	
	(in thousands of dollars)		(in thousands of dollars)	
SACL	USD	52,000	USD	52,000

(3)The related party transactions in excess of \$100,000 of the significant subsidiary - Yosun Industrial Corp. were as follows:

A. Names of the related parties and their relationship with the company for the related party transactions in excess of \$100,000

Names of related parties	Relationship with Yosun Industrial Corp.
WPG Holdings Limited (WPGH)	Parent company
Sertek Incorporated (Sertek)	Subsidiary
Yosun Hong Kong Corp. Ltd. (Yosun-H.K.)	Indirect subsidiary
Yosun Singapore Pte Ltd. (Yosun Singapore)	"
Sertek Limited (Sertek-H.K.)	"
Sunwise Technology Ltd. (Sunwise)	"
Giatek Corp. Ltd. (Giatek)	"
Siltrontech Electronics Corp. (Siltrontech)	Investee accounted for under the equity method

B. Significant related party transactions in excess of \$100,000

a. Sales

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of net sales of subsidiary	Amount	Percentage of net sales of subsidiary
Yosun-H.K.	\$ 3,178,330	10	\$ 3,626,288	10
Sertek-H.K.	2,040,279	6	1,283,254	3
Sertek	1,142,538	4	536,314	2
Yosun Singapore	82,180	-	108,874	-
Sunwise	-	-	174,115	-
	<u>\$ 6,443,327</u>	<u>20</u>	<u>\$ 5,728,845</u>	<u>15</u>

The terms and sales prices were based on cost plus as a determined gross profit. The

collection period was the same with third parties.

b. Purchases

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of net purchases of subsidiary	Amount	Percentage of net purchases of subsidiary
Yosun-H.K.	\$ 994,083	3	\$ 1,329,744	4
Sertek	250,888	1	204,061	1
Yosun Singapore	150,619	1	192,566	-
Siltrontech	102,152	-	18	-
	<u>\$ 1,497,742</u>	<u>5</u>	<u>\$ 1,726,389</u>	<u>5</u>

The term and purchase prices were based on cost plus as a determined gross profit. The payment period was the same with third parties.

c. Management fee

	For the years ended December 31,			
	2012		2011	
	Amount	Percentage of management fee of subsidiary	Amount	Percentage of management fee of subsidiary
WPGH	\$ 136,361	100	\$ 113,755	100

d. Accounts receivable

	December 31,			
	2012		2011	
	Amount	Percentage of accounts receivable of subsidiary	Amount	Percentage of accounts receivable of subsidiary
Yosun-H.K.	\$ 320,758	8	\$ 1,934,727	36

e. Financing activities (Recorded as other receivable)

	For the year ended December 31, 2012				
	Maximum balance	Ending balance	Interest rate	Interest income	Interest receivable
WPGH	\$ 850,000	\$ -	1.75%	\$ 2,649	\$ -

There was no transaction in excess of \$100,000 for the year ended December 31, 2011.

f. Commitments

Yosun Industrial Corp. has provided guarantees relating to the credit lines and purchase transactions of a subsidiary as shown below:

	December 31, 2012		December 31, 2011	
	(in thousands of dollars)		(in thousands of dollars)	
Yosun-H.K.	USD	2,000	USD	18,101
	\$	-	\$	270,000

	December 31, 2012 <u>(in thousands of dollars)</u>		December 31, 2011 <u>(in thousands of dollars)</u>	
Yosun Singapore	USD	11,600	USD	14,000
	\$	124,000	\$	120,000
Sertek	USD	30,000	USD	40,000
	\$	80,000	\$	50,000
Giatek	USD	24,100	USD	36,970
	HKD	16,000	HKD	16,000
Sunwise	HKD	40,000	HKD	40,000
	\$	-	USD	2,500

(4)The related party transactions in excess of \$100,000 for the significant subsidiary - WPI (BVI): None.

#### 6. PLEDGED ASSETS

As of December 31, 2012 and 2011, the details of pledged assets were as follows:

<u>Assets (Note 1)</u>	<u>December 31, 2012</u>	<u>Purpose of Collateral</u>
Other financial assets - current		
-Bank deposits	\$ 530,574	Long-term and short-term loans, import loans, security for purchases, guarantee for customs, deposits for litigation and factoring
-Time deposits	527,393	Short-term loans, import loans, security for purchases, guarantee for customs, deposits for litigation, factoring and oil card
Financial assets carried at cost - non-current (Note 2)	28,126	Security for purchases
Land (including rental facilities)	1,196,822	Long-term and short-term loans, import loans and security for import
Buildings (including rental facilities)	762,741	"
Deposit-out	13,104	Tariff security deposit
	<u>\$ 3,058,760</u>	

<u>Assets (Note 1)</u>	<u>December 31, 2011</u>	<u>Purpose of Collateral</u>
Other financial assets - current		
-Bank deposits	\$ 663,729	Short-term loans, import loans, security for purchases, guarantee for customs and deposits for factoring
-Time deposits	2,146,069	Short-term loans, import loan, security for purchases, deposits for litigation, guarantee for customs, deposits for litigation, factoring and oil card
Financial assets carried at cost - non-current (Note 2)	28,615	Security for purchases
Land (including rental facilities)	1,112,629	Long-term and short-term loans, import loans, security for purchases and trust of real estate transaction
Buildings (including rental facilities)	684,902	"
	<u>\$ 4,635,944</u>	

Note 1: There are 8,999 thousand shares of WPG Investment Co., Ltd. which have been pledged for purchases as of December 31, 2012 and 2011.

Note 2: There are 1,850 thousand shares and 1,133 thousand shares of Kingpak Technology Inc. and Kingmac Technology Inc., respectively, which have been pledged for purchases as of December 31, 2012 and 2011.

#### 7. COMMITMENTS AND CONTINGENT LIABILITIES

In addition to Notes 4 5) (3) ~ (4), other commitments were as follows:

- 1) As of December 31, 2012, the Group has future commitments for rentals and acquisition of computer software totaling \$315,111.
- 2) As of December 31, 2012, the subsidiaries has future commitments for construction contracts and lease of parking lots totaling \$738,883.
- 3) As of December 31, 2012, the subsidiaries have letters of credit issued but not negotiated amounting to \$973,926 and USD 85,237 thousand for purchases.
- 4) In 2007, COMTREND CORPORATION filed with the court for execution of a provisional seizure of \$13,236 in bank deposits of Pernas Electronics Co., Ltd., a subsidiary of the Company, alleging that the goods of Pernas Electronics Co., Ltd. sold in 2006 were defective. In July 2007, Pernas Electronics Co., Ltd. offered a counter guarantee to rescind the provisional seizure. In August 2007, COMTREND CORPORATION filed for a provisional seizure of \$6,671 in bank deposits of Pernas Electronics Co., Ltd. for the second time. Again, Pernas Electronics Co., Ltd. offered a counter guarantee to rescind the provisional seizure in October 2007. In October 2008, Taiwan Banciao District Court rendered a judgment to rescind the provisional seizure filed in August 2007 by COMTREND CORPORATION. Taiwan Taipei District Court rendered a judgement that Pernas Electronics Co., Ltd. needed to pay \$20,901, plus interests with 5% annual interest

rate and litigation fees of \$548 on May 13, 2011. Pernas Electronics Co., Ltd. had filed an appeal with Taiwan High Court, but the litigation is still pending as of the report date.

8. SIGNIFICANT CATASTROPHE

None.

9. SUBSEQUENT EVENT

1) The board of directors of an investee of Yosun Industrial Corp. passed a resolution to dispose its investee-Siltrontech Electronics Corp. accounted for under the equity method on February 21, 2013. As of March 26, 2013, the disposal procedures had not been finished. Disposal gain is estimated to be \$147,899.

2) The board of directors of the Company's indirect subsidiary-Adivic Technology Co., Ltd. ( "Adivic" ) passed a resolution on January 24, 2013 to make capital reduction of \$20,000 first to cover accumulated deficit and then make capital increase of \$140,000 by cash. The Company's subsidiary-Asian Information Technology Inc. ( "Asian" ) passed a resolution on the same day to subscribe for new shares amounting to \$58,400 issued by Adivic for the capital increase. Asian did not subscribe for the other amount of \$81,600, therefore Asian's ownership in Adivic reduced to 49%; Asian has lost control over Adivic. The capital increase procedures had been finished on February 25, 2013.

10. OTHERS

1) Financial statement presentation

Certain accounts in the 2011 consolidated financial statements were reclassified to conform with the 2012 consolidated financial statement presentation.

2) Fair values of the financial instruments:

Financial instruments	December 31, 2012			December 31, 2011		
	Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated value		Quotations in an active market	Estimated value
Non-derivative financial instruments						
Assets:						
Financial assets with book value equal to fair value	\$ 70,986,384	\$ -	\$ 70,986,384	\$ 61,442,973	\$ -	\$ 61,442,973
Financial assets at fair value through profit or loss	46,779	46,779	-	133,598	133,598	-
Available-for-sale financial assets - current	20,919	20,919	-	19,442	19,442	-
Available-for-sale financial assets - non-current	172,335	172,335	-	182,545	182,545	-
Financial assets carried at cost - current	10,193	-	-	12,871	-	-
Financial assets carried at cost - non-current	531,218	-	-	440,575	-	-
Investments in bonds without active markets - non-current	5,000	-	5,000	5,000	-	5,000
Other financial assets - non-current	22,604	-	22,604	-	-	-
Deposits-out	230,816	-	230,816	495,242	-	495,242
Liabilities:						
Financial liabilities with book value equal to fair value	73,387,475	-	73,387,475	64,620,256	-	64,620,256
Deposits-in (recorded as "other liabilities - others")	11,800	-	11,800	3,949	-	3,949
Long-term interest-bearing liabilities (including current portion)	6,857,600	-	6,857,600	5,468,748	-	5,468,748

Financial instruments	December 31, 2012			December 31, 2011		
	Book value	Fair value		Book value	Fair value	
		Quotations in an active market	Estimated value		Quotations in an active market	Estimated value
Assets:						
Financial assets at fair value through profit or loss - Forward exchange contracts	\$ 2,035	\$ -	\$ 2,035	\$ 928	\$ -	\$ 928
Liabilities:						
Financial liabilities at fair value through profit or loss - Forward exchange contracts	2,010	-	2,010	1,346	-	1,346



The related assumptions regarding the fair value of financial instruments are as follows:

- (1) For short-term instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties and excluding income tax refundable), other financial assets - current, short-term loans, commercial papers payable, notes and accounts payable (including related parties), accrued expenses, other payables and other current liabilities.
  - (2) The fair values of listed stocks and open-end mutual funds which were recognized as financial assets at fair value through profit or loss are based on the quotations in the active market, which are the latest quoted closing prices or the net asset value at the balance sheet date.
  - (3) The fair values of available-for-sale financial assets are based on the quotations in the active market, which are the latest quoted closing prices or the net asset value at the balance sheet date.
  - (4) The fair values of investments in bonds without active markets - non-current are based on book values, which approximate fair value.
  - (5) Other financial assets - non-current include overdue receivables and pledged time deposits. The book value is approximate to the fair value.
  - (6) The fair values of deposits-out and deposits-in are based on book values, which approximate fair value.
  - (7) As floating interest rates are adopted for most of the long-term loans, their fair value is based on their book value.
  - (8) The fair values of derivative financial instruments which include unrealized gains or losses on unsettled contracts were determined based upon the amounts to be received or paid assuming that the contracts were settled as of the reporting date. The information on fair values was provided by financial institutions.
- 3) As of December 31, 2012 and 2011, the financial assets with fair value risk due to the change of interest rate amounted to \$1,230,112 and \$2,913,280, respectively, and the financial liabilities are \$23,955,682 and \$19,687,000, respectively; financial assets with cash flow risk due to the change of interest rate amounted to \$90,137 and \$261,402, respectively, and the financial liabilities are \$18,594,455 and \$16,230,897, respectively.
- 4) The Group recognized the adjustment in equity from available-for-sale financial assets amounting to \$22,266 and \$24,004, and the amount removed from equity and recognized in profit or loss was \$12,561 and \$51,236 for the years ended December 31, 2012 and 2011, respectively.
- 5) Strategies of financial risk control and hedging
- (1) Being a holding company, the Company uses the following procedures to implement financial risk management for its subsidiaries effectively and efficiently:

- A. Subsidiaries shall establish risk management strategies for the identified risks, including currency risk, interest rate risk and credit risk, and report them to management.
- B. Subsidiaries shall write a report on the results of their hedging activities and submit it to the board of directors on a monthly basis.
- C. The Company's internal audit department shall review subsidiaries' controls over derivative product transactions regularly, and report on their appropriateness to the board of directors.
- D. Under the procedure for acquisition and disposal of assets of the Company, the Group could only enter into derivative transaction contracts which fulfills financial hedging purpose.

(2) Strategies of financial risk control and hedging of subsidiaries

- A. Adopt the total risk management and control system in order to identify all risks of the subsidiary (including market risk, credit risk, liquidity risk, and cash flow risk), and help management to control and evaluate these risks effectively.
- B. The purpose of market risk management is to manage all the market risks taking into consideration the economic environment, competition, and market value risk.
- C. The subsidiaries' hedging strategy is to concentrate on market value and cash flow risks.
- D. To decrease the fair value from currency exchange rate volatility, the subsidiaries entered into forward foreign currency contracts and currencies swap to avoid fluctuations in exchange rates.

6) Information of material financial risk

- (1) Investment in equity-type financial instruments: Includes financial assets at fair value through profit or loss, available-for-sale financial assets, and financial assets carried at cost.

A. Market risk

Investments by subsidiaries in equity-type financial instruments are affected by changes in market prices. However, the Group can monitor market-induced changes and establish stop-loss points when appropriate, so anticipated market risk is low.

B. Credit risk

As long as the subsidiaries place transaction orders with centralized exchanges and over-the-counter trading centers, or trades with trading counterparties whose credit ratings are good, the trading counterparty is not expected to default, so the probability of credit risk is low.

C. Liquidity risk

The Group anticipates that investments in equity-type financial instruments with active market will be sold at a price similar to fair value; where there is no active market, there is liquidity risk.

D. Cash flow risk of interest changes

Investments by the Group in equity-type financial instruments do not belong to interest products, so there is no cash flow risk of interest changes.

- (2) Receivables: Includes notes receivable, accounts receivable (including related parties), and other receivables (including related parties).

A. Market risk

The receivables of the Group are due within a year, so anticipated market risk is low.

B. Credit risk

The debtors of the Group have good credit ratings, so anticipated credit risk is low.

C. Liquidity risk

The receivables of the Group are due within a year, so anticipated liquidity risk is low.

D. Cash flow risk of interest changes

The receivables of the Group are due within a year, so anticipated cash flow risk of interest change is low.

- (3) Loans: Includes short-term loans, commercial papers payable and long-term loans (including current portion of long-term loans)

A. Market risk

The fair value of certain loans with fixed-rate are short-term loans, so anticipated market risk is low.

B. Credit risk

No credit risk.

C. Liquidity risk

The operating capital of subsidiaries is sufficient for its working capital, so anticipated liquidity risk is low.

D. Cash flow risk of interest changes

The interest of financial instruments changes following the market interest, so the cash flow in the future will change.

(4) Derivative instruments

Please refer to Notes 4 2) and 11 2) (10) for details of derivative instruments transaction. Related risks are as follows:

A. Market risk

The subsidiaries entered into derivative financial instruments contracts in order to hedge the risk of foreign exchange losses. The market risk as a result of currency fluctuation is offset by the exchange gains or losses from the assets or liabilities being hedged.

B. Credit risk

All derivative financial instruments were purchased from reputable international financial institutions. Thus, the risk is low for these financial institutions to default on the contract.

### C. Liquidity risk

The operating capital of subsidiaries is sufficient for its working capital, so anticipated current risk is low.

### D. Cash flow risk of interest changes

Investments by subsidiaries in financial instruments do not belong to interest products, so there is no cash flow risk of interest changes.

### (5) Exchange rate

Certain transactions of the Group involve non-functional currency which are exposed to exchange rate fluctuation. The information of foreign currency denominated financial assets and liabilities which are significantly affected by exchange rate fluctuation is as follows:

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	Foreign currency amount <u>(In thousands)</u>	Exchange rate	Foreign currency amount <u>(In thousands)</u>	Exchange rate
Foreign currency: Functional currency				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:TWD	\$ 740,286	29.04	\$ 599,984	30.28
USD:HKD	119,856	7.75	104,299	7.77
USD:JPY	23,073	86.33	9,344	77.51
RMB:HKD	290,717	1.24	214,273	1.23
RMB:USD	142,043	0.16	89,654	0.16
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD:TWD	615,423	29.04	583,047	30.28
USD:HKD	182,694	7.75	171,504	7.77
USD:JPY	11,590	86.33	15	77.51

### 7) Business combination

1. To integrate the electronic component distribution industry and enhance the Group's competitiveness, the Company absorbed AECO Technology Co., Ltd. through share swap on March 1, 2012, as approved by the Board of Directors on October 4, 2011, and issued 71,859 thousand shares. The transaction was recognized using purchase method accounting. The difference amount between purchase price and fair value of identified net assets was recorded as goodwill totaling \$477,038.
2. To integrate the electronic component distribution industry and enhance the Group's competitiveness, Longview Technology Inc., the indirect subsidiary of the Company, acquired all outstanding shares of Long-Think International Co., Ltd. which was accounted for by the purchase method. The difference amount between fair value of net

assets and purchase price was recorded as goodwill totaling \$773. The base date of transfer of shares was July 1, 2012.

3. To integrate the electronics component distribution industry and enhance the Group's competitiveness, Long-Think International (Hong Kong) Limited, the indirect subsidiary of the Company, acquired all outstanding shares of Long-Think International (Shanghai) Limited which was accounted for by the purchase method. The difference amount between fair value of net assets and purchase price was recorded as goodwill totaling \$70,146. The base date of transfer of shares was October 4, 2012.
4. The Company's indirect subsidiary - Long-Think International Co., Ltd. signed a business right transfer agreement with Long-Think Enterprise Co., Ltd. (Long Think) on July 2, 2012 to acquire the business right of Long Think with cash of \$16,500 (including 5% business tax). The effective date of transfer was on July 2, 2012. The price to acquire the business right was equal to the value of identifiable net assets acquired.
5. The Company's indirect subsidiary - Long-Think International (Hong Kong) Limited signed a business right transfer agreement with Long-Think Technology (HK) Limited on May 31, 2012 to acquire the business right Long-Think Technology (HK) Limited by cash. The effective date of transfer was on July 2, 2012. The price to acquire the business right was adjusted to US\$5,999 thousand, which was equal to the value of identifiable net assets acquired. As of December 31, 2012, the amount unpaid was \$69,204.
6. The business activities of each subsidiary were as follows:
  - A. AECO Technology Inc.: Please refer to Note 11 2) (1).
  - B. Long-Think International Co., Ltd.: sales of electronic components.
  - C. Long-Think International (Shanghai) Limited: Sales of electronic components.
7. Pro forma supplemental information were as follows:
  - A. As of December 31, 2012 and 2011, the operating results of AECO Technology Inc. were included in the consolidated statement of income of WPG Holdings Limited, and pro forma supplemental information was prepared under the assumption that the Company had acquired AECO Technology Inc. since January 1, 2011.
  - B. As of December 31, 2012 and 2011, the operating results of Long-Think International Co., Ltd. was included in the consolidated statement of income of WPG Holdings Limited, and pro forma supplemental information was prepared under the assumption that the Company had acquired Long-Think International Co., Ltd. since January 1, 2011.
  - C. As of December 31, 2012 and 2011, the operating results of Long-Think International (Shanghai) Limited was included in the consolidated statement of income of WPG Holdings Limited, and pro forma supplemental information was prepared under the assumption that the Company had acquired Long-Think International (Shanghai) Limited since January 1, 2011.

WPG HOLDINGS LIMITED  
PRO FORMA CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(UNAUDITED)

	<u>For the year ended December 31, 2012</u>		<u>For the year ended December 31, 2011</u>	
Operating revenues				
Sales revenue	\$	361,374,320	\$	339,654,610
Service revenue		<u>201,160</u>		<u>137,772</u>
Total operating revenues		361,575,480		339,792,382
Operating costs				
Cost of goods sold	(	<u>343,515,164</u> )	(	<u>321,058,946</u> )
Gross profit		18,060,316		18,733,436
Operating expenses	(	<u>12,087,973</u> )	(	<u>11,945,638</u> )
Operating income		5,972,343		6,787,798
Non-operating income		423,434		641,982
Non-operating expenses	(	<u>1,086,117</u> )	(	<u>981,002</u> )
Income before income tax		5,309,660		6,448,778
Income tax expense	(	<u>1,103,860</u> )	(	<u>1,217,510</u> )
Consolidated net income	\$	<u>4,205,800</u>	\$	<u>5,231,268</u>
Attributable to:				
Equity holders of the Company	\$	4,213,444	\$	5,228,424
Minority interest	(	<u>7,644</u> )	(	<u>2,844</u> )
	\$	<u>4,205,800</u>	\$	<u>5,231,268</u>
		<u>Before tax</u>	<u>After tax</u>	<u>Before tax</u>
				<u>After tax</u>
Basic earnings per share (In dollars)				
Net income from operations	\$	3.21	\$	2.54
Minority interest		<u>-</u>		<u>-</u>
Net income	\$	<u>3.21</u>	\$	<u>3.89</u>
		<u>2.54</u>		<u>3.16</u>
Diluted earnings per share (In dollars)				
Net income from operations	\$	3.21	\$	2.54
Minority interest		<u>-</u>		<u>-</u>
Net income	\$	<u>3.21</u>	\$	<u>3.89</u>
		<u>2.54</u>		<u>3.16</u>

## 8) Condensed balance sheet and statements of income of significant subsidiary

### (1) World Peace Industrial Co., Ltd.

<u>World Peace Industrial Co., Ltd.</u>					
<u>Condensed Balance Sheets</u>					
<u>December 31, 2012 and 2011</u>					
<u>Assets</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities and</u>	<u>2012</u>	<u>2011</u>
			<u>Stockholder's Equity</u>		
Current assets	\$ 19,063,343	\$ 18,460,427	Current liabilities	\$ 13,617,137	\$ 13,547,292
Funds and long-term investments	11,006,411	9,734,016	Long-term liabilities	5,016,400	2,600,000
Property, plant and equipment, net	721,929	728,338	Other liabilities	174,585	170,245
Intangible assets and other assets	99,568	101,953	Total liabilities	18,808,122	16,317,537
			Common stock	6,290,000	6,290,000
			Capital reserve	3,600,675	3,600,274
			Retained earnings	3,825,013	3,684,579
			Other adjustments to stockholder's equity	( 1,632,559)	( 867,656)
			Total stockholder's equity	12,083,129	12,707,197
Total assets	<u>\$ 30,891,251</u>	<u>\$ 29,024,734</u>	Total liabilities and stockholder's equity	<u>\$ 30,891,251</u>	<u>\$ 29,024,734</u>

World Peace Industrial Co., Ltd.  
Condensed Statements of Income  
For The Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue	\$ 65,147,316	\$ 65,891,114
Operating costs	( 62,583,842)	( 63,124,938)
Unrealized intercompany loss	2,561	1,990
Realized intercompany loss	( 1,990)	( 11,420)
Gross profit	2,564,045	2,756,746
Operating expenses	( 1,663,628)	( 1,573,739)
Operating income	900,417	1,183,007
Non-operating income	1,769,617	1,583,677
Non-operating expenses	( 254,458)	( 195,614)
Income before income tax	2,415,576	2,571,070
Income tax expense	( 124,650)	( 181,634)
Net income	<u>\$ 2,290,926</u>	<u>\$ 2,389,436</u>

## (2) Silicon Application Corporation

<u>Silicon Application Corporation</u>					
<u>Condensed Balance Sheets</u>					
<u>December 31, 2012 and 2011</u>					
<u>Assets</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities and</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 7,194,168	\$ 5,867,132	<u>Stockholder's Equity</u>	\$ 6,585,616	\$ 4,673,715
Funds and long-term investments	2,649,628	2,338,434	Current liabilities	64,119	63,996
Property, plant and equipment, net	249,534	250,468	Other liabilities	6,649,735	4,737,711
Intangible assets and other assets	<u>5,671</u>	<u>5,461</u>	Total liabilities		
			Common stock	2,300,000	2,300,000
			Capital reserve	522,237	566,857
			Retained earnings	1,099,435	1,107,026
			Other adjustments to stockholder's equity	(472,406)	(250,099)
			Total stockholder's equity	<u>3,449,266</u>	<u>3,723,784</u>
Total assets	<u>\$ 10,099,001</u>	<u>\$ 8,461,495</u>	Total liabilities and stockholder's equity	<u>\$ 10,099,001</u>	<u>\$ 8,461,495</u>

Silicon Application Corporation  
Condensed Statements of Income  
For The Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue	\$ 18,534,630	\$ 16,472,174
Operating costs	(17,517,799)	(15,482,242)
Gross profit	1,016,831	989,932
Operating expenses	(704,866)	(688,184)
Operating income	311,965	301,748
Non-operating income	373,489	449,944
Non-operating expenses	(75,429)	(67,373)
Income before income tax	610,025	684,319
Income tax expense	(46,506)	(50,425)
Net income	<u>\$ 563,519</u>	<u>\$ 633,894</u>



(3) Yosun Industrial Corp.

<u>Yosun Industrial Corp.</u>					
<u>Condensed Balance Sheets</u>					
<u>December 31, 2012 and 2011</u>					
<u>Assets</u>	<u>2012</u>	<u>2011</u>	<u>Liabilities and</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 8,133,730	\$ 10,237,000	<u>Stockholder's Equity</u>	\$ 6,471,431	\$ 7,875,647
Funds and long-term investments	5,805,112	5,693,468	Current liabilities	177,525	175,517
Property, plant and equipment, net	618,272	660,853	Other liabilities	6,648,956	8,051,164
Intangible assets and other assets	<u>2,504</u>	<u>2,673</u>	Total liabilities	4,161,692	4,161,692
			Common stock	2,570,900	2,570,900
			Capital reserve	1,459,032	1,944,285
			Retained earnings	(280,962)	(134,047)
			Other adjustments to stockholder's equity	7,910,662	8,542,830
			Total stockholder's equity	14,559,618	16,593,994
Total assets	<u>\$ 14,559,618</u>	<u>\$ 16,593,994</u>	Total liabilities and stockholder's equity	<u>\$ 14,559,618</u>	<u>\$ 16,593,994</u>

<u>Yosun Industrial Corp.</u>		
<u>Condensed Statements of Income</u>		
<u>For The Years Ended December 31, 2012 and 2011</u>		
	<u>2012</u>	<u>2011</u>
Operating revenue	\$ 31,476,476	\$ 36,283,303
Operating costs	(30,177,117)	(34,435,910)
Gross profit	1,299,359	1,847,393
Operating expenses	(986,469)	(1,015,293)
Operating income	312,890	832,100
Non-operating income	565,131	639,002
Non-operating expenses	(206,256)	(170,788)
Income before income tax	671,765	1,300,314
Income tax expense	(29,220)	(144,403)
Net income	<u>\$ 642,545</u>	<u>\$ 1,155,911</u>

(4) WPI Investment Holdings (BVI) Company Ltd.

WPI Investment Holdings (BVI) Company Ltd.

Condensed Balance Sheets

December 31, 2012 and 2011

Unit: USD thousand

<u>Assets</u>			<u>Liabilities and</u>		
	<u>2012</u>	<u>2011</u>	<u>Stockholder's Equity</u>	<u>2012</u>	<u>2011</u>
Current assets	\$ 2,847	\$ 461	Current liabilities	\$ 6	\$ 8
Funds and long-term investments	<u>267,256</u>	<u>218,839</u>	Common stock	85,169	85,169
			Capital reserve	3,755	3,755
			Retained earnings	180,310	129,608
			Other adjustments to stockholder's equity	<u>863</u>	<u>760</u>
			Total stockholder's equity	<u>270,097</u>	<u>219,292</u>
Total assets	<u>\$ 270,103</u>	<u>\$ 219,300</u>	Total liabilities and stockholder's equity	<u>\$ 270,103</u>	<u>\$ 219,300</u>

WPI Investment Holdings (BVI) Company Ltd.

Condensed Statements of Income

For The Years Ended December 31, 2012 and 2011

Unit: USD thousand

	<u>2012</u>	<u>2011</u>
Operating revenue	\$ 50,644	\$ 46,850
Operating costs	<u>-</u>	<u>-</u>
Gross profit	50,644	46,850
Operating expenses	<u>( 8)</u>	<u>( 15)</u>
Operating income	50,636	46,835
Non-operating income	66	-
Non-operating expenses	<u>-</u>	<u>-</u>
Income before income tax	50,702	46,835
Income tax expense	<u>-</u>	<u>-</u>
Net income	<u>\$ 50,702</u>	<u>\$ 46,835</u>

## 11. DISCLOSURE INFORMATION OF THE COMPANY AND ITS SUBSIDIARIES

### 1) Related information of significant transactions

The disclosure information of the investee companies was based on their audited financial statements and the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. All the disclosure information is for reference only.

(1) Financing activities to any company or person for the year ended December 31, 2012: None.

(2) Guarantee information for the year ended December 31, 2012:

Number	Guarantor	Party being guaranteed		Limit on guarantee provided for such party	Maximum outstanding guarantee balance for the year ended December 31, 2012	Outstanding guarantee amount at December 31, 2012	Amount of guarantee secured with collateral	Ratio of accumulated guarantee amount to net value of the company	Ceiling on total amount of guarantees provided	Note
		Name	Relationship with the Company							
0	WPG Holdings Limited	Richpower Electronic Devices Co., Ltd.	Note 1	\$ 19,076,547	\$ 350,000	\$ 350,000	\$ -	0.92	\$ 19,076,547	Note 2
0	WPG Holdings Limited	WPG Korea Co., Ltd.	Note 1	"	\$ 58,080	\$ 58,080	-	0.15	"	Note 2
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	Note 1	"	\$ 92,572	\$ 86,694	86,694	0.23	"	Notes 2 and 3

Note 1: The Company directly owns over 50% of the shares of the subsidiary.

Note 2: The limit to a single company should not exceed 50% of the Company's stockholder's equity. For business transaction with the Company, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases.

Note 3: There are 8,999 thousand shares of WPG Investment Co., Ltd. which have been pledged for purchases for World Peace Industrial Co., Ltd. The book value of those pledged investments is \$86,694.

(3) Marketable securities held by the Company at December 31, 2012:

Name of investor	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company	General ledger accounts	December 31, 2012				Note
					Number of shares (in thousands)	Book value	Percentage of ownership	Market value (in dollars)	
WPG Holdings Limited	Equity securities	World Peace Industrial Co., Ltd.	A subsidiary	Long-term equity investments accounted for under the equity method	629,000	\$ 12,081,756	100	\$ 19.21	Note 1
"	"	Asian Information Technology Inc.	"	"	253,822	3,684,757	100	14.52	"
"	"	Silicon Application Corporation	"	"	230,000	3,449,266	100	15.00	"
"	"	Richpower Electronic Devices Co., Ltd.	"	"	85,000	2,086,358	100	24.55	"
"	"	Pernas Electronics Co., Ltd.	"	"	73,500	1,065,453	100	14.28	"
"	"	WPG Electronics Ltd.	"	"	3,920	46,329	100	11.82	"
"	"	WPG Korea Co., Ltd.	"	"	769	179,487	100	233.40	"

Name of investor	Name and type of marketable securities				December 31, 2012				
	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company	General ledger accounts	Number of shares (in thousands)	Book value	Percentage of ownership	Market value (in dollars)	Note
WPG Holdings Limited	Equity securities	WPG International (CI) Limited	A subsidiary	Long-term equity investments accounted for under the equity method	94,752	\$ 2,127,907	100	\$ 22.46	Note 1
"	"	Yosun Industrial Corp.	"	"	416,169	12,893,748	100	19.01	"
"	"	WPG Investment Co., Ltd.	"	"	34,200	329,473	100	9.63	Notes 1 and 2
"	"	AECO Technology Co., Ltd.	"	"	172,000	2,164,963	100	9.04	Note 1
"	"	Ability I Venture Capital Corporation	None	Financial assets carried at cost - non-current	8,000	80,000	8	9.94	"

Note 1: Without market value, it is stated at net value per stock.

Note 2: There are 8,999 thousand shares of WPG Investment Co., Ltd. which have been pledged for purchases of World Peace Industrial Co., Ltd.

(4) Marketable securities acquired or sold during the year ended December 31, 2012 in excess of \$100,000 or over 20% of capital:

Acquirer / seller	Name of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2012		Addition		Disposal			December 31, 2012		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Disposal gain/(loss)	Number of shares	Amount
WPG Holdings Limited	WPG International (CI) Limited	Note 1	WPG International (CI) Limited	NA	57,016,236	\$1,190,224	37,735,516	\$ 937,683 (Note 2)	-	\$ -	\$ -	-	94,751,752	\$2,127,907
"	AECO Technology Co., Ltd.	"	AECO Technology Co., Ltd.	"	-	-	172,000,000 (Note 3)	2,164,963 (Note 4)	-	-	-	-	172,000,000	2,164,963

Note 1: Recorded as long-term investments accounted for under the equity method.

Note 2: The Company invested \$1,106,700 and recognized investment loss and cumulative translation adjustments amounting to (\$169,017).

Note 3: The Company acquired 157,932,068 shares, including stock dividends of 14,067,932 shares.

Note 4: The Company invested \$2,335,420 and recognized investment gain, cash dividends and cumulative translation adjustments amounting to (\$170,457).

(5) Acquired real estate in excess of \$100,000 or over 20% of capital: None.

(6) Disposal of real estate in excess of \$100,000 or over 20% of capital: None.

(7) Related party purchases or sales transactions in excess of \$100,000 or over 20% of capital:

<u>Purchaser / seller</u>	<u>Name of transaction parties</u>	<u>Relationship</u>	<u>Transaction terms</u>			<u>Credit terms</u>	<u>Description of and reasons for difference in transaction terms compared to non-related party transactions</u>		<u>Accounts or notes receivable (payable)</u>	
			<u>Purchases (sales)</u>	<u>Amount (in thousands)</u>	<u>Percentage of total purchases (sales)</u>		<u>Unit price</u>	<u>Credit period</u>	<u>Balance (in thousands)</u>	<u>Percentage of total accounts or notes receivable (payable)</u>
WPG Holdings Limited	World Peace Industrial Co., Ltd.	A Subsidiary	Service revenue	\$ 224,098	42	Note	Note	Note	\$ 18,383	39
"	Yosun Industrial Corp.	"	"	136,361	25	"	"	"	12,566	27

Note: The Company provides related parties administrative resources and management services. The sales terms and prices were negotiated between the related parties.

(8) Receivable from related parties in excess of \$100,000 or over 20% of capital: None.

(9) Information on derivative transactions: None.

2) Disclosure information of investee companies

The disclosure information of the investee companies was based on their audited financial statements and the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements. All the disclosure information is for reference only.

(1) Information of investee company:

Name of investor	Name of investee company	Region	Main activities	Original investment		Held as of December 31, 2012			Income (loss) of the investee company (in thousands)	Investment income (loss) recognized by the Company (Note 1) (in thousands)	Note
				Balance as of December 31, 2012 (in thousands)	Balance as of December 31, 2011 (in thousands)	Number of shares	Percentage of ownership	Book value (in thousands)			
WPG Holdings Limited	World Peace Industrial Co., Ltd.	Taiwan	Sales of electronic /electrical components	\$ 9,041,829	\$ 9,041,829	629,000,000	100.00	\$ 12,081,756	\$ 2,290,926	\$ 2,290,926	Note 4
WPG Holdings Limited	Asian Information Technology Inc.	Taiwan	Sales of electronic /electrical components	3,563,464	3,563,464	253,822,467	100.00	3,684,757	502,159	502,159	Note 4
WPG Holdings Limited	Silicon Application Corporation	Taiwan	Sales of electronic /electrical components	2,758,458	2,758,458	230,000,000	100.00	3,449,266	563,519	563,519	Note 4
WPG Holdings Limited	Richpower Electronic Devices Co., Ltd.	Taiwan	Sales of electronic /electrical components	1,820,882	1,820,882	85,000,000	100.00	2,086,358	372,842	372,842	Note 4
WPG Holdings Limited	Pernas Electronics Co., Ltd.	Taiwan	Sales of electronic /electrical components	318,473	318,473	73,500,000	100.00	1,065,453	242,323	241,957	Note 4
WPG Holdings Limited	WPG Electronics Ltd.	Taiwan	Sales of electronic /electrical components	14,735	14,735	3,920,000	100.00	46,329	4,629	4,629	Note 4
WPG Holdings Limited	WPG Korea Co., Ltd.	South Korea	Sales of electronic /electrical components	125,566	125,566	769,164	100.00	179,487	11,190	11,190	Note 4
WPG Holdings Limited	WPG International (CI) Limited	Cayman Islands	Holding company	2,889,658	1,782,958	94,751,752	100.00	2,127,907 (	117,705) (	117,705)	Note 4
WPG Holdings Limited	Yosun Industrial Corp.	Taiwan	Sales of electronic /electrical components	12,939,060	12,939,060	416,169,249	100.00	12,893,748	642,545	631,727	Note 4
WPG Holdings Limited	WPG Investment Co., Ltd.	Taiwan	Investment company	344,997	344,997	34,200,000	100.00	329,473 (	14,229) (	14,229)	Note 4

Name of investor	Name of investee company	Region	Main activities	Original investment		Held as of December 31, 2012			Income (loss) of the investee company (in thousands)	Investment income (loss) recognized by the Company (Note 1) (in thousands)	Note
				Balance as of December 31, 2012 (in thousands)	Balance as of December 31, 2011 (in thousands)	Number of shares	Percentage of ownership	Book value (in thousands)			
WPG Holdings Limited	AECO Technology Co., Ltd.	Taiwan	Sales of electronic / electrical components	\$ 2,335,420	\$ -	172,000,000	100.00	\$ 2,164,963	( \$ 212,773)	\$ 39,091	Note 4
World Peace Industrial Co., Ltd.	WPI Investment Holding (BVI) Company Ltd.	British Virgin Islands	Holding company	2,833,198	2,833,198	85,169,066	100.00	7,848,623	1,499,115	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	World Peace International (BVI) Ltd.	British Virgin Islands	Holding company	1,132,162	1,132,162	34,196,393	100.00	2,321,905	99,278	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	Longview Technology Inc.	Taiwan	Sales of electronic / electrical components	364,290	364,290	26,760,000	100.00	449,873	79,934	-	Notes 2 and 5
World Peace Industrial Co., Ltd.	Chain Power Technology Corp.	Taiwan	Sales of electronic / electrical components	116,650	116,650	14,820,382	39.00	202,089	40,881	-	Notes 2 and 3
Longview Technology Inc.	Longview Technology GC Limited	British Virgin Islands	Holding company	335,328	-	11,300,000	100.00	334,747	6,040	-	Notes 2 and 5
Longview Technology Inc.	Long-Think International Co., Ltd.	Taiwan	Sales of electronic / electrical components	37,302	-	4,000,000	100.00	30,299	( 7,810)	-	Notes 2 and 5
Asian Information Technology Inc.	Frontek Technology Corporation	Taiwan	Sales of electronic / electrical components	1,515,256	1,515,256	191,790,352	100.00	2,081,162	225,055	-	Notes 2 and 5
Asian Information Technology Inc.	Apache Communication Inc.	Taiwan	Sales of electronic / electrical components	280,312	280,312	52,005,510	100.00	721,936	126,096	-	Notes 2 and 5
Asian Information Technology Inc.	Henshen Electric Trading Co., Ltd.	Taiwan	Sales of electronic / electrical components	479,112	479,112	38,470,846	100.00	404,723	18,928	-	Notes 2 and 5
Asian Information Technology Inc.	AITG Holding Corp.	Mauritius	Investment company	USD 2,702	USD 2,702	2,701,790	100.00	81,994	( 3,890)	-	Notes 2 and 5

Name of investor	Name of investee company	Region	Main activities	Original investment		Held as of December 31, 2012				Investment income (loss) recognized by the Company (Note 1) (in thousands)	Note
				Balance as of December 31, 2012	Balance as of December 31, 2011	Number of shares	Percentage of ownership	Book value	Income (loss) of the investee company (in thousands)		
				(in thousands)	(in thousands)						
Asian Information Technology Inc.	Fame Hall International Co., Ltd.	British Virgin Islands	Investment company	USD 4,703	USD 4,703	4,703,107	100.00	\$ 181,474	\$ 18,094	\$ -	Notes 2 and 5
Asian Information Technology Inc.	Adivic Technology Co., Ltd.	Taiwan	Sales of electronic /electrical components	\$ 40,000	\$ 40,000	4,000,000	100.00	6,191	( 11,758)	-	Notes 2 and 5
Adivic Technology Co., Ltd.	Advance Digital Communication Co., Ltd.	U.S.A.	Sales of electronic / electrical components	USD 11	USD 11	75,000	100.00	USD 11	-	-	Notes 2 and 5
Frontek Technology Corporation	Frontek International Limited	British Virgin Islands	Investment company	USD 2,970	USD 2,970	2,970,000	100.00	103,202	1,055	-	Notes 2 and 5
Frontek Technology Corporation	Jarek International Corp.	Samoa	Investment company	USD -	USD 250	-	-	-	47	-	Notes 2, 5 and 6
Silicon Application Corp.	Silicon Application (BVI) Corp.	British Virgin Islands	Investment company	USD 22,000	USD 22,000	22,000,000	100.00	2,442,401	335,123	-	Notes 2 and 5
Silicon Application Corp.	WIN-WIN Systems Ltd.	British Virgin Islands	Investment company	USD 740	USD 740	765,000	100.00	29,857	141	-	Notes 2 and 5
Silicon Application Corp.	Win-Win Electronics Corp.	Taiwan	Sales of computer software and electronic products	10,000	10,000	1,000,000	100.00	10,483	( 107)	-	Notes 2 and 5
Silicon Application Corp.	SAC Components (South Asia) Pte. Ltd.	Singapore	Sale of computer software and electronic products	USD 3,500	USD -	3,500,000	100.00	100,958	( 694)	-	Notes 2 and 5
Pernas Electronics Co., Ltd.	Everwiner Enterprise Co., Ltd.	Taiwan	Sale of electronic / electrical components	343,959	343,959	28,000,000	100.00	795,449	222,138	-	Notes 2 and 5
Pernas Electronics Co., Ltd.	Pernas Enterprise (Samoa) Limited	Samoa	Investment company	USD 1,000	USD 1,000	1,000,000	100.00	4,270	( 489)	-	Notes 2 and 5



Name of investor	Name of investee company	Region	Main activities	Original investment		Held as of December 31, 2012			Income (loss) of the investee company (in thousands)	Investment income (loss) recognized by the Company (Note 1) (in thousands)	Note
				Balance as of December 31, 2012 (in thousands)	Balance as of December 31, 2011 (in thousands)	Number of shares	Percentage of ownership	Book value (in thousands)			
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Hong Kong	Sales of electronic components	\$ 284,899	\$ 284,899	63,000,000	100.00	\$ 957,284	\$ 200,798	\$ -	Notes 2 and 5
Richpower Electronic Devices Co., Ltd.	Mec Technology Co., Ltd.	Taiwan	Sales of electronic components	401,247	401,247	24,300,000	100.00	403,705	60,929	-	Notes 2 and 5
Mec Technology Co., Ltd.	Mec Technology Co., Limited	Hong Kong	Sales of electronic components	1,092	1,092	25,000	100.00	8,087 (	141)	-	Notes 2 and 5
Mec Technology Co., Ltd.	Richpower Electronic Devices Pte., Ltd.	Singapore	Sales of electronic components	1,988	1,988	10,000	100.00	175,669	15,421	-	Notes 2 and 5
Yosun Industrial Corp.	Suntop Investments Ltd.	Cayman Islands	Investment company	1,812,188	1,812,188	50,700,000	100.00	3,504,612	173,632	-	Notes 2 and 5
Yosun Industrial Corp.	Sertek Incorporated	Taiwan	Sales of office machinery and electronic components	1,616,722	1,616,722	94,828,100	100.00	1,735,312	320,434	-	Notes 2 and 5
Yosun Industrial Corp.	Suntek Investments Ltd.	Taiwan	Investment company	70,000	70,000	26,000,000	100.00	309,481	30,897	-	Notes 2 and 5
Yosun Industrial Corp.	Yosun Green Technology Corp.	Taiwan	Sales of electronic components	45,000	45,000	4,500,000	45.00	36,915 (	4,312)	-	Notes 2 and 3
Yosun Industrial Corp.	Yosun Japan Corp.	Japan	Sales of electronic components	14,728	14,728	5,000	50.00	12,964	2,712	-	Notes 2 and 3
Yosun Industrial Corp.	Lipers Enterprise Co., Ltd.	Taiwan	Sales of electronic components	188,261	188,261	13,310,445	28.37	174,514	11,438	-	Notes 2 and 3
Yosun Industrial Corp.	Pan-World Control Technologies, Inc.	Taiwan	Wholesale of machinery	19,920	-	1,660,000	25.74	17,407 (	12,794)	-	Notes 2 and 3

Name of investor	Name of investee company	Region	Main activities	Original investment		Held as of December 31, 2012				Investment income (loss) recognized by the Company (Note 1) (in thousands)	Note
				Balance as of December 31, 2012 (in thousands)	Balance as of December 31, 2011 (in thousands)	Number of shares	Percentage of ownership	Book value (in thousands)	Income (loss) of the investee company (in thousands)		
Suntek Investments Ltd.	Eesource Corp.	Taiwan	Sales of office machinery and electronic components	\$ 11,520	\$ 11,520	1,080,000	20.00	\$ 30,347	\$ 27,937	\$ -	Notes 2 and 3
Suntek Investments Ltd.	Siltrontech Electronics Corp.	Taiwan	Sales of electronic components	149,992	149,992	24,551,450	32.22	223,008	( 16,884)	-	Notes 2 and 3
Sertek Incorporated	Sertek Limited	Hong Kong	Sales of electronic components	83,494	83,494	19,500,000	100.00	314,264	82,682	-	Notes 2 and 5
Sertek Incorporated	Digital Computer System Co., Ltd.	Taiwan	Sales of electronic components	14,800	14,800	12,495	100.00	12,411	( 162)	-	Notes 2 and 5
WPG Investment Co., Ltd.	Eesource Corp.	Taiwan	Sales of office machinery and electronic components	11,520	11,520	1,080,000	20.00	29,539	27,937	-	Notes 2 and 3
WPG Investment Co., Ltd.	Hatsushiba Tech Co., Ltd.	Taiwan	Wholesale and retail of electronic components	11,010	7,260	975,000	32.50	5,880	( 11,758)	-	Notes 2 and 3
WPG Investment Co., Ltd.	Pan-World Control Technologies Inc.	Taiwan	Wholesale of machinery	14,800	-	1,265,218	19.62	11,775	( 12,794)	-	Notes 2 and 3
AECO Technology Co., Ltd.	TECO Enterprise Holding (BVI) Co., Ltd.	British Virgin Islands	Investment company	436,280	436,280	12,610,000	100.00	642,513	( 39,179)	-	Notes 2 and 5
WPG Korea Co., Ltd.	Apache Communication Inc.	British Virgin Islands	Investment Company	KRW 2,461,542	KRW 2,461,542	2,795,000	100.00	KRW 3,063,454 (USD	115)	-	Notes 2 and 5

(Note 1): Investment income (loss) recognized by the Company including realized (unrealized) gain or loss from upstream, sidestream intercompany transactions and amortization of investment discount (premium).

(Note 2): Investment income (loss) recognized by each subsidiary.

(Note 3): An investee company accounted for under the equity method by subsidiary.

(Note 4): A subsidiary.

(Note 5): An indirect subsidiary.

(Note 6): The company was liquidated in August, 2012.

(2) Financing activities to any company or person:

Number	Creditor	Borrower	General ledger accounts	Maximum	Outstanding	Annual interest rate	Purpose	Amount of transactions with borrowers	Reason for financing	Allowance for doubtful accounts provided	Collateral placed		Limit on financing activities for such party (in thousands)	Ceiling of the financing activities provided to all parties	Note
				balance during the year (in thousands)	balance at December 31, 2012 (in thousands)						Item	Amount		(in thousands)	
1	Gain Tune Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	\$ 856,680	\$ 624,360	1.00%	Working capital	\$ -	Operation	\$ -	None	\$ -	\$ 993,947	\$ 993,947	(Outstanding balance of loan: \$450,120) Note 2
2	World Peace International (South Asia) Pte Ltd.	Genuine C&C (South Asia) Pte., Ltd.	Other receivables - related parties	348,480	290,400	1.48%	Working capital	-	Operation	-	None	-	3,959,013	3,959,013	(Outstanding balance of loan: \$136,488) Note 3
2	World Peace International (South Asia) Pte Ltd.	World Peace International Pte. Ltd.	Other receivables - related parties	580,800	290,400	1.48%	Working capital	-	Operation	-	None	-	3,959,013	3,959,013	(Outstanding balance of loan: \$248,292) Note 3
2	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	Other receivables - related parties	958,320	493,680	2.14%	Working capital	-	Operation	-	None	-	3,959,013	3,959,013	(Outstanding balance of loan: \$304,920) Notes 3 and 7
2	World Peace International (South Asia) Pte Ltd.	WPG C&C (Malaysia) SDN BHD.	Other receivables - related parties	58,080	-	-	Working capital	-	Operation	-	None	-	3,959,013	3,959,013	(Outstanding balance of loan: \$0) Note 3
2	World Peace International (South Asia) Pte Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Other receivables - related parties	58,080	-	-	Working capital	-	Operation	-	None	-	3,959,013	3,959,013	(Outstanding balance of loan: \$0) Note 3
2	World Peace International (South Asia) Pte Ltd.	Yosun Singapore Pte. Ltd.	Other receivables - related parties	435,600	435,600	-	Working capital	-	Operation	-	None	-	3,959,013	3,959,013	(Outstanding balance of loan: \$0) Note 3
2	World Peace International (South Asia) Pte Ltd.	WPG South Asia Pte. Ltd.	Other receivables - related parties	290,400	145,200	-	Working capital	-	Operation	-	None	-	3,959,013	3,959,013	(Outstanding balance of loan: \$0) Note 3
3	World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.	Other receivables - related parties	145,200	-	-	Working capital	-	Operation	-	None	-	1,941,912	1,941,912	(Outstanding balance of loan: \$0) Note 3
3	World Peace International Pte. Ltd.	WPG Americas Inc.	Other receivables - related parties	145,200	-	-	Working capital	-	Operation	-	None	-	1,941,912	1,941,912	(Outstanding balance of loan: \$0) Notes 3 and 7

Number	Creditor	Borrower	General ledger accounts	Maximum	Outstanding	Annual interest rate	Purpose	Amount of transactions with borrowers	Reason for financing	Allowance for	Collateral placed		Limit on financing	Ceiling of the	Note
				balance during the year	balance at December 31, 2012					doubtful accounts provided	Item	Amount	activities for such party (in thousands)	financing activities provided to all parties (in thousands)	
				(in thousands)	(in thousands)										
3	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables - related parties	\$ 145,200	-	-	Working capital	\$ -	Operation	\$ -	None	\$ -	\$ 1,941,912	\$ 1,941,912	(Outstanding balance of loan: \$0) Note 3
3	World Peace International Pte. Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Other receivables - related parties	14,520	-	-	Working capital	-	Operation	-	None	-	388,382	388,382	(Outstanding balance of loan: \$0) Note 3
3	World Peace International Pte. Ltd.	WPG C&C (Malaysia) SDN BHD.	Other receivables - related parties	29,040	-	-	Working capital	-	Operation	-	None	-	1,941,912	1,941,912	(Outstanding balance of loan: \$0) Note 3
3	World Peace International Pte. Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Other receivables - related parties	58,080	-	-	Working capital	-	Operation	-	None	-	1,941,912	1,941,912	(Outstanding balance of loan: \$0) Note 3
3	World Peace International Pte. Ltd.	WPG South Asia Pte. Ltd.	Other receivables - related parties	145,200	-	-	Working capital	-	Operation	-	None	-	1,941,912	1,941,912	(Outstanding balance of loan: \$0) Note 3
4	WPI International Trading (Shenzhen) Ltd.	WPI International Trading (Shanghai) Ltd.	Other receivables - related parties	136,072	136,072	3.00%	Working capital	-	Operation	-	None	-	144,244	144,244	(Outstanding balance of loan: \$136,072) Note 11
5	Long-Think International (Hong Kong) Limited	WPI International (Hong Kong) Limited	Other receivables - related parties	319,440	319,440	-	Working capital	-	Operation	-	None	-	333,708	333,708	(Outstanding balance of loan: \$0) Note 11
6	WPI Investment Holding (BVI) Company Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	11,616	-	-	Working capital	-	Operation	-	None	-	3,137,448	7,843,620	(Outstanding balance of loan: \$0) Note 11
6	WPI Investment Holding (BVI) Company Ltd.	WPI International (Hong Kong) Limited	Other receivables - related parties	81,312	81,312	1.00%	Working capital	-	Operation	-	None	-	7,843,620	7,843,620	(Outstanding balance of loan: \$81,312) Note 11
7	World Peace International (BVI) Ltd.	World Peace Industrial Co., Ltd.	Other receivables - related parties	56,628	-	-	Working capital	-	Operation	-	None	-	928,847	2,322,118	(Outstanding balance of loan: \$0) Note 11
8	Genuine C&C (South Asia) Pte., Ltd.	World Peace International Pte. Ltd.	Other receivables - related parties	14,520	-	-	Working capital	-	Operation	-	None	-	344,236	344,236	(Outstanding balance of loan: \$0) Note 3

Number	Creditor	Borrower	General ledger accounts	Maximum	Outstanding	Annual interest rate	Purpose	Amount of transactions with borrowers	Reason for financing	Allowance for	Collateral placed		Limit on financing	Ceiling of the	Note
				balance during the year	balance at December 31, 2012					doubtful accounts provided	Item	Amount	activities for such party (in thousands)	financing activities provided to all parties (in thousands)	
				(in thousands)	(in thousands)										
8	Genuine C&C (South Asia) Pte., Ltd.	WPG C&C (Malaysia) SDN BHD.	Other receivables – related parties	\$ 14,520	\$ -	-	Working capital	\$ -	Operation	\$ -	None	\$ -	\$ 344,236	\$ 344,236	(Outstanding balance of loan: \$0) Note 3
8	Genuine C&C (South Asia) Pte., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Other receivables – related parties	14,520	-	-	Working capital	-	Operation	-	None	-	344,236	344,236	(Outstanding balance of loan: \$0) Note 3
9	Genuine C&C (IndoChina) Pte., Ltd.	World Peace International (South Asia) Pte Ltd.	Other receivables – related parties	14,520	-	-	Working capital	-	Operation	-	None	-	60,216	60,216	(Outstanding balance of loan: \$0) Note 3
10	WPG SCM Limited	World Peace International Pte. Ltd.	Other receivables – related parties	29,040	-	-	Working capital	-	Operation	-	None	-	505,648	505,648	(Outstanding balance of loan: \$0) Note 3
10	WPG SCM Limited	World Peace International (South Asia) Pte Ltd.	Other receivables – related parties	29,040	-	-	Working capital	-	Operation	-	None	-	505,648	505,648	(Outstanding balance of loan: \$0) Note 3
11	World Peace International (India) Pvt., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Other receivables – related parties	1,452	-	-	Working capital	-	Operation	-	None	-	25,182	25,182	(Outstanding balance of loan: \$0) Note 3
12	WPG C&C Computers And Peripheral (India) Private Limited	WPG India Electronics Pvt Ltd.	Other receivables – related parties	14,520	14,520	-	Working capital	-	Operation	-	None	-	503,372	503,372	(Outstanding balance of loan: \$0) Note 3
13	WPI International (Hong Kong) Limited	AIO Components Company Limited	Other receivables – related parties	58,080	29,040	-	Working capital	-	Operation	-	None	-	6,866,097	6,866,097	(Outstanding balance of loan: \$0) Note 11
13	WPI International (Hong Kong) Limited	WPG C&C Limited	Other receivables – related parties	522,720	522,720	1.45%	Working capital	-	Operation	-	None	-	6,866,097	6,866,097	(Outstanding balance of loan: \$43,560) Note 11
13	WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Other receivables – related parties	174,240	174,240	1.65%	Working capital	-	Operation	-	None	-	6,866,097	6,866,097	(Outstanding balance of loan: \$174,240) Note 11

Number	Creditor	Borrower	General ledger accounts	Maximum	Outstanding	Annual interest rate	Purpose	Amount of transactions with borrowers	Reason for financing	Allowance for	Collateral placed		Limit on financing	Ceiling of the	Note
				balance during the year	balance at December 31, 2012					doubtful accounts provided	Item	Amount	activities for such party (in thousands)	financing activities provided to all parties (in thousands)	
				(in thousands)	(in thousands)										
13	WPI International (Hong Kong) Limited	Long-Think International (Hong Kong) Limited	Other receivables – related parties	\$ 252,648	\$ 252,648	1.55%	Working capital	\$ -	Operation	\$ -	None	\$ -	\$ 6,866,097	\$ 6,866,097	(Outstanding balance of loan: \$161,172) Note 11
14	World Peace Industrial Co., Ltd.	Longview Technology Inc.	Other receivables – related parties	200,000	200,000	1.5%	Working capital	-	Operation	-	None	-	1,208,313	4,833,252	(Outstanding balance of loan: \$120,000) Note 9
15	Longview Technology Inc.	Long-Think International Co., Ltd.	Other receivables – related parties	50,000	50,000	1.85%	Working capital	-	Operation	-	None	-	179,162	179,162	(Outstanding balance of loan: \$50,000) Note 4
16	Richpower Electronic Devices Co., Ltd.	WPG Holdings Limited	Other receivables – related parties	200,000	200,000	-	Working capital	-	Operation	-	None	-	834,543	834,543	(Outstanding balance of loan: \$0) Note 4
16	Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Other receivables – related parties	290,400	290,400	-	Working capital	-	Operation	-	None	-	834,543	834,543	(Outstanding balance of loan: \$0) Note 4
16	Richpower Electronic Devices Co., Ltd.	WPG Korea Co., Ltd.	Other receivables – related parties	58,080	58,080	-	Working capital	-	Operation	-	None	-	834,543	834,543	(Outstanding balance of loan: \$0) Note 4
17	Mec Technology Co., Limited	Richpower Electronic Devices Pte., Ltd.	Other receivables – related parties	116,160	29,040	2.01%	Working capital	-	Operation	-	None	-	142,350	142,350	(Outstanding balance of loan: \$29,040) Note 12
18	Apache Communication Inc.	Frontek Technology Corporation	Other receivables – related parties	100,000	-	-	Working capital	-	Operation	-	None	-	180,484	288,774	(Outstanding balance of loan: \$0) Note 6
18	Apache Communication Inc.	Adivic Technology Co., Ltd.	Other receivables – related parties	40,000	25,000	1.47%	Working capital	-	Operation	-	None	-	180,484	288,774	(Outstanding balance of loan: \$25,000) Note 6
19	Henshen Electric Trading Co., Ltd.	Frontek Technology Corporation	Other receivables – related parties	90,000	50,000	1.28%~1.33%	Working capital	-	Operation	-	None	-	101,181	161,889	(Outstanding balance of loan: \$50,000) Note 6
19	Henshen Electric Trading Co., Ltd.	WPG China Inc.	Other receivables – related parties	58,080	-	-	Working capital	-	Operation	-	None	-	101,181	161,889	(Outstanding balance of loan: \$0) Note 6

Number	Creditor	Borrower	General ledger accounts	Maximum	Outstanding	Annual interest rate	Purpose	Amount of transactions with borrowers	Reason for financing	Allowance for	Collateral placed		Limit on financing	Ceiling of the	Note
				balance during the year	balance at December 31, 2012					doubtful accounts provided	Item	Amount	activities for such party (in thousands)	financing activities provided to all parties (in thousands)	
				(in thousands)	(in thousands)										
19	Henshen Electric Trading Co., Ltd.	Apache Communication Inc.	Other receivables – related parties	\$ 87,120	\$ 87,120	1.33%	Working capital	\$ -	Operation	\$ -	None	\$ -	\$ 101,181	\$ 161,889	(Outstanding balance of loan: \$87,120) Note 6
19	Henshen Electric Trading Co., Ltd.	Adivic Technology Co., Ltd.	Other receivables – related parties	10,000	10,000	1.33%	Working capital	-	Operation	-	None	-	101,181	161,889	(Outstanding balance of loan: \$10,000) Note 6
20	Asian Information Technology Inc.	Frontek Technology Corporation	Other receivables – related parties	360,000	-	-	Working capital	-	Operation	-	None	-	921,189	1,473,903	(Outstanding balance of loan: \$0) Note 6
20	Asian Information Technology Inc.	WPG Americas Inc.	Other receivables – related parties	174,240	-	-	Working capital	-	Operation	-	None	-	921,189	1,473,903	(Outstanding balance of loan: \$0) Notes 6 and 7
20	Asian Information Technology Inc.	Apache Communication Inc.	Other receivables – related parties	464,640	232,320	1.33%	Working capital	-	Operation	-	None	-	921,189	1,473,903	(Outstanding balance of loan: \$232,320) Note 6
21	AIT Japan Inc.	Frontek Technology Corporation	Other receivables – related parties	29,040	-	-	Working capital	-	Operation	-	None	-	36,622	58,595	(Outstanding balance of loan: \$0) Note 6
22	Silicon Application Corporation	WPG Korea Co., Ltd.	Other receivables – related parties	58,080	-	-	Working capital	-	Operation	-	None	-	1,379,706	1,379,706	(Outstanding balance of loan: \$0) Note 5
22	Silicon Application Corporation	WPG China Inc.	Other receivables – related parties	87,120	87,120	-	Working capital	-	Operation	-	None	-	1,379,706	1,379,706	(Outstanding balance of loan: \$0) Note 5
23	Silicon Application (BVI) Corp.	Silicon Application Corporation	Other receivables – related parties	871,200	871,200	1.10%	Working capital	-	Operation	-	None	-	976,960	2,442,401	(Outstanding balance of loan: \$601,128) Note 11
23	Silicon Application (BVI) Corp.	Silicon Application Company Limited	Other receivables – related parties	435,600	435,600	1.40%	Working capital	-	Operation	-	None	-	2,442,401	2,442,401	(Outstanding balance of loan: \$290,400) Note 11
24	Sunwise Technology Ltd.	Yosun Hong Kong Corp. Ltd.	Other receivables – related parties	255,552	-	-	Working capital	-	Operation	-	None	-	264,203	264,203	(Outstanding balance of loan: \$0) Note 8

Number	Creditor	Borrower	General ledger accounts	Maximum	Outstanding	Annual interest rate	Purpose	Amount of transactions with borrowers	Reason for financing	Allowance for	Collateral placed		Limit on financing	Ceiling of the	Note
				balance during the year	balance at December 31, 2012					doubtful accounts provided	Item	Amount	activities for such party (in thousands)	financing activities provided to all parties (in thousands)	
				(in thousands)	(in thousands)										
25	Sertek (Shanghai) Limited	Yosun Shanghai Corp. Ltd.	Other receivables – related parties	\$ 54,305	-	-	Working capital	\$ -	Operation	\$ -	None	\$ -	\$ 78,150	\$ 78,150	(Outstanding balance of loan: \$0) Note 8
26	Yosun Industrial Corp.	WPG Holdings Limited	Other receivables – related parties	850,000	300,000	-	Working capital	-	Operation	-	None	-	1,582,132	3,164,265	(Outstanding balance of loan: \$0) Note 10
26	Yosun Industrial Corp.	WPG China Inc.	Other receivables – related parties	58,080	58,080	-	Working capital	-	Operation	-	None	-	1,582,132	3,164,265	(Outstanding balance of loan: \$0) Note 10
27	Apache Korea Corp.	WPG Korea Co., Ltd.	Other receivables – related parties	58,080	58,080	2.50%	Working capital	-	Operation	-	None	-	72,384	72,384	(Outstanding balance of loan: \$58,080) Note 1

Note 1: Accumulated financing activities and the individual limit to any company or person should not be in excess of 100% of creditors' net assets.

Note 2: (1) Accumulated financing activities to any company or person should not be in excess of 150% of creditor's net assets.

(2) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(3) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 150% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 3: (1) For those borrowers which are not 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 40% of the creditor's net assets.

(2) For those borrowers which are 100% held investee company, the individual limit amount and the accumulated financing activities to those borrowers should not be in excess of 200% of the creditor's net assets.

(3) The total limit of (1) and (2) should not exceed 200% of the creditor's net assets.

Note 4: (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets.

(3) Accumulated financing activities to any company should not be in excess of 40% of creditor's net assets.

Note 5: (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 40% of creditor's net assets.

(3) Accumulated financing activities to any company should not be in excess of 40% of creditor's net assets.

(4) The financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be restricted by (2).

Note 6: (1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 25% of creditor's assets.

(3) The financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be restricted by (1) and (2).



(4) Accumulated financing activities to any company should not be in excess of 40% of creditor's net assets.

Note 7: The limit amount of financing activities and guarantees from the Company and subsidiaries (including indirect subsidiaries) to WPG Americas, Inc. is USD36.5 million.

Note 8: (1) Accumulated financing to any company should not exceed 100% of the creditor's net assets.

(2) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(3) For short-term financing:

a: The financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets.

b: For borrower not fulfilling said criteria, the limit should not exceed 10% of the creditor's net assets.

Note 9: (1) Accumulated financing activities to any company should not be in excess of 40% of creditor's net assets.

(2) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(3) For short-term financing, financing activities to a single company should not be in excess of 10% of creditor's net assets.

Note 10: Accumulated financing activities to any company or person should not be in excess of 40% of creditor's net assets.

(1) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(2) For short-term financing, financing activities to a single company should not be in excess of 20% of creditor's net assets.

Note 11: (1) Accumulated financing activities to any company or person should not be in excess of 100% of creditor's net assets.

(2) For business transaction to the creditor, the individual limit should not exceed the amount of business transactions; the amount of business transactions means the higher between sales and purchases.

(3) For short-term financing, the financing activities to an overseas company which is 100% directly or indirectly held by ultimate parent company should not be in excess of 100% of creditor's net assets. For borrower not fulfilling said criteria, the limit should not exceed 40% of the creditor's net assets.

Note 12: (1) For business transaction to the creditor or company, the accumulated financing activities should not exceed 40% of the creditor's net assets; and the individual limit should not exceed the total amount of business transaction; the amount of business transactions means the higher amount between sales and purchases

(2) For short-term financing, the loan to a single company should not be in excess of 40% of creditor's net assets.

(3) The combination amount of (1) and (2) should not exceed 40% of the creditor's net assets.

## (3) Guarantee information:

Name of the company providing guarantee		Parties being guaranteed		Limit of guarantee for such party (in thousands)	Maximum outstanding guarantee balance during the year (in thousands)	Outstanding guarantee balance at December 31, 2012 (in thousands)	Balance of guarantee with collateral	Ratio of accumulated guarantee amount to net value of the Company	Ceiling on the outstanding guarantee provided to all parties (in thousands)	Note
Number	Name	Name	Relationship with the Company							
1	World Peace Industrial Co., Ltd.	Genuine C&C (South Asia) Pte., Ltd.	Note 1	\$ 6,041,565	\$ 638,880	\$ 638,880	\$ -	5.29	\$ 9,666,503	Note 20
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Note 1	6,041,565	38,500	38,500	-	0.32	9,666,503	Note 20
1	World Peace Industrial Co., Ltd.	TEKSEL WPG Limited	Note 1	6,041,565	65,340	65,340	-	0.54	9,666,503	Note 20
1	World Peace Industrial Co., Ltd.	WPI International Trading (Shanghai) Ltd.	Note 1	6,041,565	412,194	412,194	-	3.41	9,666,503	Note 20
2	World Peace International Pte. Ltd.	WPG SCM Limited	Note 1	4,398,914	211,992	211,992	-	9.64	4,398,914	Note 13
2	World Peace International Pte. Ltd.	World Peace International (South Asia) Pte Ltd.	Note 1	4,398,914	1,836,780	1,771,440	-	80.54	4,398,914	Note 13
2	World Peace International Pte. Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Note 1	4,398,914	223,608	223,608	-	10.17	4,398,914	Note 13
2	World Peace International Pte. Ltd.	Genuine C&C (South Asia) Pte., Ltd.	Note 1	4,398,914	29,040	29,040	-	1.32	4,398,914	Note 13
2	World Peace International Pte. Ltd.	WPG C&C (Malaysia) SDN BHD.	Note 1	4,398,914	1,257	-	-	-	4,398,914	Note 13
2	World Peace International Pte. Ltd.	WPG Americas Inc.	Note 3	4,398,914	219,252	203,280	-	9.24	4,398,914	Notes 13 and 19
3	WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Note 1	3,433,048	279,600	186,400	-	2.71	5,492,877	Notes 14 and 15
3	WPI International (Hong Kong) Limited	WPG China Inc.	Note 3	3,433,048	83,490	83,490	-	1.22	5,492,877	Notes 14 and 15
4	Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Note 1	1,669,086	465,000	300,000	-	14.38	1,669,086	Notes 7 and 8
5	Asian Information Technology Inc.	Frontek Technology Corporation	Note 1	1,473,903	250,000	200,000	-	5.43	1,842,379	Notes 9 and 10
6	Frontek Technology Corporation	AITG Electronic Limited	Note 1	832,465	37,470	37,470	-	1.80	1,040,581	Notes 16 and 17
6	Frontek Technology Corporation	Asian Information Technology Inc.	Note 2	832,465	280,000	280,000	-	13.45	1,040,581	Notes 16 and 17
7	Pernas Electronics Co., Ltd.	World Components Agent (Shanghai) Inc.	Note 1	524,761	14,520	-	-	-	524,761	Notes 11 and 12
8	Silicon Application Corporation	Silicon Electronics Company Limited	Note 1	2,759,413	1,510,080	1,510,080	-	43.78	3,449,266	Notes 5 and 6
8	Silicon Application Corporation	WPG South Asia Pte. Ltd.	Note 3	2,759,413	58,080	-	-	-	3,449,266	Notes 5 and 6

Number	Name of the company providing guarantee		Parties being guaranteed		Limit	Maximum outstanding	Outstanding	Balance of	Ratio of	Ceiling on the	Note
	Name	Name	Relationship with the Company	for such party (in thousands)	guarantee balance during the year (in thousands)	guarantee balance at December 31, 2012 (in thousands)	guarantee with collateral	accumulated guarantee amount to net value of the Company	outstanding guarantee provided to all parties (in thousands)		
8	Silicon Application Corporation	SAC Componets (South Asia) Pte. Ltd.	Note 1	\$ 2,759,413	\$ 58,080	\$ 58,080	\$ -	1.68	\$ 3,449,266	Notes 5 and 6	
9	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Note 1	7,910,662	795,624	58,080	-	0.73	15,821,324	Note 4	
9	Yosun Industrial Corp.	Yosun Singapore Pte Ltd.	Note 1	7,910,662	530,560	460,864	-	5.83	15,821,324	Note 4	
9	Yosun Industrial Corp.	Sertek Incorporated	Note 1	7,910,662	1,241,600	951,200	-	12.02	15,821,324	Note 4	
9	Yosun Industrial Corp.	Giatek Corp. Ltd.	Note 1	7,910,662	1,096,680	759,816	-	9.60	15,821,324	Note 4	
9	Yosun Industrial Corp.	Sunwise Technology Limited	Note 1	7,910,662	222,480	149,880	-	1.89	15,821,324	Note 4	
10	Sertek Incorporated	Sertek Limited	Note 1	1,439,892	551,760	203,280	-	14.12	2,879,784	Note 4	
11	AECO Technology Co., Ltd.	AECO Electronic Co., Ltd.	Note 1	777,726	537,660	421,080	-	27.07	777,726	Note 18	

Note 1: Represents that the Company and its subsidiaries hold combined ownership of more than 50%.

Note 2: Represents that the Company hold combined ownership of more than 50% directly.

Note 3: Represents the guarantor is an affiliate of guarantee.

Note 4: The guarantee amount to a single company should not be in excess of 100% of guarantor's net assets; the cumulative guarantee amount to others should not be in excess of 200% of guarantor's net assets.

Note 5: The guarantee amount to a single company should not be in excess of 80% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases.

Note 6: The cumulative guarantee amount to others should not be in excess of 100% of guarantor's net assets.

Note 7: The guarantee amount to a single company should not be in excess of 80% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases.

Note 8: The cumulative guarantee amount to others should not be in excess of 80% of guarantor's net assets.

Note 9: The guarantee amount to a single company should not be in excess of 40% of guarantor's net assets.

Note 10: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets.

Note 11: The guarantee amount to a single company should not be in excess of 50% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases. The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets.

Note 12: The guarantor is held by the Company more than 90% but less than 100% directly or indirectly, the cumulative guarantee amount to the other affiliate of guarantee should not be in excess of 10% of the Company's net assets.

Note 13: The guarantee amount to a single company should not be in excess of 200% of guarantor's consolidated net assets.

Note 14: The guarantee amount to a single company should not be in excess of 50% of guarantor's net assets. For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases.

Note 15: The cumulative guarantee amount to others should not be in excess of 80% of guarantor's net assets.

Note 16: The guarantee amount to a single company should not be in excess of 40% of guarantor's net assets.

Note 17: The cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets.

Note 18: The guarantee amount to a single company and the cumulative guarantee amount to others should not be in excess of 50% of guarantor's net assets.

Note 19: The limit amount of financing activities and guarantee from the Company and subsidiaries (including indirect subsidiaries) to WPG Americas Inc. is USD36.5 million.

Note 20: The guarantee amount to a single company should not be in excess of 50% of guarantor's net assets. The cumulative guarantee amount to others should not be in excess of 80% of guarantor's net assets.

For business transaction with the guarantor, the guarantee amount should not exceed the amount of business transaction, which is the higher between sales and purchases.

## (4) Marketable securities held by the investee companies at December 31, 2012

Name and type of marketable securities				December 31, 2012					
Name of investor	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company	General ledger accounts	Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership	Market value (in dollars) (Note 1)	Note
World Peace Industrial Co., Ltd.	Equity securities	WPI Investment Holding (BVI) Company Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	85,169	\$ 7,848,623	100.00	\$ 92.09	
World Peace Industrial Co., Ltd.	Equity securities	World Peace International (BVI) Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	34,196	2,321,905	100.00	67.91	
World Peace Industrial Co., Ltd.	Equity securities	Longview Technology Inc.	An indirect subsidiary	Long-term investments accounted for under equity method	26,760	449,873	100.00	16.74	
World Peace Industrial Co., Ltd.	Equity securities	Chain Power Technology Corp.	A subsidiary's long-term investments accounted for under equity method	Long-term investments accounted for under equity method	14,820	202,089	39.00	13.64	
World Peace Industrial Co., Ltd.	Equity securities	Genuine C&C, Inc.	Same chairman	Available-for-sale financial assets - non-current	12,964	154,272	16.29	11.90	
World Peace Industrial Co., Ltd.	Equity securities	Prohubs International Corp., etc.	None	Financial assets carried at cost - non-current, etc.	-	29,649	-	-	
WPI Investment Holding (BVI) Company Ltd.	Equity securities	WPI International (Hong Kong) Limited	An indirect subsidiary	Long-term investments accounted for under equity method	4,053,564	6,875,470	100.00	1.69	
WPI Investment Holding (BVI) Company Ltd.	Equity securities	Gain Tune Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	500,000	662,631	100.00	1.33	
WPI Investment Holding (BVI) Company Ltd.	Equity securities	WPI International Trading (Shenzhen) Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	144,244	100.00	Note 2	
WPI Investment Holding (BVI) Company Ltd.	Equity securities	TEKSEL WPG Limited, etc.	An indirect subsidiary, etc.	Long-term investments accounted for under equity method	-	78,759	-	-	
WPI International (Hong Kong) Limited	Equity securities	WPI International Trading (Shanghai) Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	172,486	100.00	Note 2	

Name of investor	Name and type of marketable securities			Relationship of the issuer with the Company	General ledger accounts	December 31, 2012			Market value (in dollars) (Note 1)	Note
	Type of marketable securities	Name of marketable securities				Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership		
WPI International (Hong Kong) Limited	Equity securities	WPG C&C Limited	An indirect subsidiary	Long-term investments accounted for under equity method	6,500	\$ 306,436	100.00	\$ 47.14		
WPI International (Hong Kong) Limited	Equity securities	AIO Components Company Limited	An indirect subsidiary	Long-term investments accounted for under equity method	1,362	151,036	100.00	110.92		
WPI International (Hong Kong) Limited	Equity securities	WPG Americas Inc.	An indirect subsidiary	Long-term investments accounted for under equity method	4,000	( 936)	2.67	( 0.22)	Note 4	
AIO Components Company Limited	Equity securities	AIO (Shanghai) Components Company Limited	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	35,237	100.00	Note 2		
World Peace International (BVI) Ltd.	Equity securities	Prime Future Technology Limited	An indirect subsidiary	Long-term investments accounted for under equity method	36,448	2,286,308	100.00	62.73		
Prime Future Technology Limited	Equity securities	World Peace International Pte. Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	248,633	2,281,762	100.00	8.85		
World Peace International Pte. Ltd.	Equity securities	World Peace International (South Asia) Pte Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	34,315	1,987,990	100.00	57.93		
World Peace International Pte. Ltd.	Equity securities	WPG SCM Limited	An indirect subsidiary	Long-term investments accounted for under equity method	12,800	252,824	100.00	19.75		
World Peace International Pte. Ltd.	Equity securities	Genuine C&C (IndoChina) Pte., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	5,359	120,446	80.00	22.47		
World Peace International Pte. Ltd.	Equity securities	WPG Americas Inc., etc.	An indirect subsidiary	Long-term investments accounted for under equity method	-	59,493	-	-	Note 4	
Genuine C&C (South Asia) Pte., Ltd.	Equity securities	WPG C&C Computers And Peripheral (India) Private Limited	An indirect subsidiary	Long-term investments accounted for under equity method	48,420	251,686	100.00	5.20		

Name of investor	Name and type of marketable securities			General ledger accounts	December 31, 2012			Market value (in dollars) (Note 1)	Note
	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company		Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership		
Genuine C&C (South Asia) Pte., Ltd.	Equity securities	WPG C&C (Malaysia) SDN BHD, etc.	An indirect subsidiary	Long-term investments accounted for under equity method	-	\$ 5,986	-	\$ -	
World Peace International (South Asia) Pte Ltd.	Equity securities	World Peace International (India) Pvt., Ltd., etc.	An indirect subsidiary	Long-term investments accounted for under equity method	-	13,936	-	-	
Gain Tune Ltd.	Equity securities	Genuine Trading (Hong Kong) Company Limited	Investee accounted for under equity method	Long-term investments accounted for under equity method	12,774	43,141	39.92	3.38	
Longview Technology Inc.	Equity securities	Longview Technology GC Limited	An indirect subsidiary	Long-term investments accounted for under equity method	11,300	334,747	100.00	29.62	
Longview Technology Inc.	Equity securities	Long-Think International Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	4,000	30,299	100.00	7.38	
Longview Technology GC Limited	Equity securities	Long-Think International (Hong Kong) Limited	An indirect subsidiary	Long-term investments accounted for under equity method	780,000	333,708	100.00	0.43	
Long-Think International (Hong Kong) Limited	Equity securities	Long-Think International (Shanghai) Limited	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	144,593	100.00	Note 2	
WPG Investment Co., Ltd.	Equity securities	Eesource Corp., etc.	Investee accounted for under equity method	Long-term investments accounted for under equity method	-	47,194	-	-	
WPG Investment Co., Ltd.	Equity securities	SUNRISE Technology Co., Ltd., etc.	None	Financial assets at fair value through profit or loss - current, etc.	-	193,983	-	-	
Silicon Application Corporation	Equity securities	Silicon Application (BVI) Corp.	An indirect subsidiary	Long-term investments accounted for under equity method	22,000	2,442,401	100.00	111.02	
Silicon Application Corporation	Equity securities	SAC Components (South Asia) Pte. Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	3,500	100,958	100.00	28.85	
Silicon Application Corporation	Equity securities	Genesis Photonics Inc., etc.	None	Available-for-sale financial assets - non-current, etc.	-	65,929	-	-	Note 3

Name of investor	Name and type of marketable securities			General ledger accounts	December 31, 2012			Market value (in dollars) (Note 1)	Note
	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company		Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership		
Silicon Application Corporation	Equity securities	Win-Win Electronic Corp., etc.	An indirect subsidiary	Long-term investments accounted for under equity method	-	\$ 40,340	-	\$ -	
Silicon Application (BVI) Corp.	Equity securities	Silicon Application Company Limited	An indirect subsidiary	Long-term investments accounted for under equity method	100,000	1,479,622	100.00	14.80	
Silicon Application (BVI) Corp.	Equity securities	Silicon Electronics Company of Japan, etc.	An indirect subsidiary, etc.	Long-term investments accounted for under equity method, etc.	-	65,959	-	-	
Silicon Application Company Limited	Equity securities	Dstar Electronic Company Limited	An indirect subsidiary	Long-term investments accounted for under equity method	6,000	30,172	100.00	5.03	
Win-Win Systems Ltd.	Equity securities	Silicon Electronics Company(s) Pte. Ltd.	None	Financial assets carried at cost - non-current	180	6,618	10.00	36.77	
Richpower Electronic Devices Co., Ltd.	Equity securities	Richpower Electronic Devices Co., Limited	An indirect subsidiary	Long-term investments accounted for under equity method	63,000	957,284	100.00	15.19	
Richpower Electronic Devices Co., Ltd.	Equity securities	Mec Technology Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	24,300	403,705	100.00	14.65	
Richpower Electronic Devices Co., Ltd.	Equity securities	Promaster Technology Corp., etc.	None	Financial assets carried at cost - non-current, etc.	-	72,292	-	-	
Mec Technology Co., Ltd.	Equity securities	Richpower Electronic Devices Pte., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	10	175,669	100.00	17,566.92	
Mec Technology Co., Ltd.	Equity securities	Mec Technology Co., Limited, etc.	An indirect subsidiary, etc.	Long-term investments accounted for under equity method, etc.	-	24,229	-	-	
Pernas Electronics Co., Ltd.	Equity securities	Everwiner Enterprise Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	28,000	795,449	100.00	21.54	

Name of investor	Name and type of marketable securities			December 31, 2012					Note
	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company	General ledger accounts	Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership	Market value (in dollars) (Note 1)	
Pernas Electronics Co., Ltd.	Equity securities	Pernas Enterprise (Samoa) Limited	An indirect subsidiary	Long-term investments accounted for under equity method	1,000	\$ 4,270	100.00	\$ 4.27	
Pernas Enterprise (Samoa) Limited	Equity securities	World Components Agent (Shanghai) Inc.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	4,251	100.00	Note 2	
Asian Information Technology Inc.	Equity securities	Frontek Technology Corporation	An indirect subsidiary	Long-term investments accounted for under equity method	191,790	2,081,162	100.00	10.85	
Asian Information Technology Inc.	Equity securities	Apache Communication Inc.	An indirect subsidiary	Long-term investments accounted for under equity method	52,006	721,936	100.00	13.88	
Asian Information Technology Inc.	Equity securities	Henshen Electric Trading Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	38,471	404,723	100.00	10.52	
Asian Information Technology Inc.	Equity securities	Fame Hall International Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	4,703	181,474	100.00	38.59	
Asian Information Technology Inc.	Equity securities	AITG Holding Corp.	An indirect subsidiary	Long-term investments accounted for under equity method	2,702	81,994	100.00	30.35	
Asian Information Technology Inc.	Equity securities	Adivic Technology Co., Ltd., etc.	An indirect subsidiary, etc.	Long-term investments accounted for under equity method, etc.	-	37,122	-	-	
Adivic Technology Co., Ltd.	Equity securities	Advance Digital Communication Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	75	USD 11	100.00	USD 0.14	
Frontek Technology Corporation	Equity securities	Frontek International Limited	An indirect subsidiary	Long-term investments accounted for under equity method	2,970	103,202	100.00	34.75	
Frontek Technology Corporation	Equity securities	Alpha & Omega Semiconductor Ltd.	None	Available-for-sale financial assets-non-current	17	4,077	Note 5	243.94	



Name of investor	Name and type of marketable securities			General ledger accounts	December 31, 2012			Market value (in dollars) (Note 1)	Note
	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company		Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership		
Fame Hall International Co., Ltd.	Equity securities	AIT Japan Inc.	An indirect subsidiary	Long-term investments accounted for under equity method	6	\$ 146,488	100.00	\$ 24,410.73	
Fame Hall International Co., Ltd.	Equity securities	Fame Hall International Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	10,819	31,966	100.00	2.90	
AITG Holding Corp.	Equity securities	Zheng Ding Technology (ShenZhen) Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	43,103	100.00	Note 2	
Frontek International Limited	Equity securities	AITG Electronic Limited	An indirect subsidiary	Long-term investments accounted for under equity method	22,800	93,803	100.00	4.07	
WPG International (CI) Limited	Equity securities	WPG International (Hong Kong) Limited	An indirect subsidiary	Long-term investments accounted for under equity method	421,877	2,028,700	100.00	4.81	
WPG International (CI) Limited	Equity securities	WPG Americas Inc., etc.	An indirect subsidiary	Long-term investments accounted for under equity method	-	( 35,987)	93.27	-	Note 4
WPG International (CI) Limited	Equity securities	WPG South Asia Pte. Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	7,634	130,088	100.00	16.85	
WPG International (Hong Kong) Limited	Equity securities	WPG Electronics (HK) Limited	An indirect subsidiary	Long-term investments accounted for under equity method	31,640	150,284	100.00	4.75	
WPG International (Hong Kong) Limited	Equity securities	WPG China Inc.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	1,597,828	100.00	Note 2	
WPG International (Hong Kong) Limited	Equity securities	WPG China (SZ) Inc.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	239,518	100.00	Note 2	
WPG International (Hong Kong) Limited	Equity securities	Suzhou Xinning Logistic Co., Ltd.	Investee accounted for under equity method	Long-term investments accounted for under equity method	Note 2	32,089	29.40	Note 2	

Name of investor	Name and type of marketable securities			December 31, 2012					Note
	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company	General ledger accounts	Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership	Market value (in dollars) (Note 1)	
WPG South Asia Pte. Ltd.	Equity securities	WPG Malaysia Sdn Bhd, etc.	An indirect subsidiary	Long-term investments accounted for under equity method	-	\$ 101,428	-	\$ -	
Yosun Industrial Corp.	Equity securities	Suntop Investments Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	50,700	3,504,612	100.00	69.12	
Yosun Industrial Corp.	Equity securities	Sertek Incorporated	An indirect subsidiary	Long-term investments accounted for under equity method	94,828	1,735,312	100.00	15.18	
Yosun Industrial Corp.	Equity securities	Suntek Investments Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	26,000	309,481	100.00	11.90	
Yosun Industrial Corp.	Equity securities	Lipers Enterprise Co., Ltd.	Investee accounted for under equity method	Long-term investments accounted for under equity method	13,310	174,514	28.37	13.11	
Yosun Industrial Corp.	Equity securities	Yosun Green Technology Corp., etc.	Investee accounted for under equity method, etc.	Long-term investments accounted for under equity method, etc.	-	81,193	-	-	
Suntop Investments Ltd.	Equity securities	Yosun Hong Kong Corp. Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	295,270	USD 110,717	100.00	USD 0.37	
Suntop Investments Ltd.	Equity securities	Yosun Singapore Pte Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	20,600	USD 9,860	100.00	USD 0.34	
Suntek Investments Ltd.	Equity securities	Siltrontech Electronics Corp.	Investee accounted for under equity method	Long-term investments accounted for under equity method	24,551	223,008	32.22	12.25	
Suntek Investments Ltd.	Equity securities, etc.	Eesource Corp., etc.	Investee accounted for under equity method, etc.	Long-term investments accounted for under equity method, etc.	-	67,467	-	-	
Yosun Singapore Pte Ltd.	Equity securities	Yosun Industrial (Malaysia) Sdn. Bhd., etc.	An indirect subsidiary	Long-term investments accounted for under equity method	-	USD 493	-	-	

Name of investor	Name and type of marketable securities			General ledger accounts	December 31, 2012			Market value		Note
	Type of marketable securities	Name of marketable securities	Relationship of the issuer with the Company		Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership	(in dollars)	(Note 1)	
Yosun Hong Kong Corp. Ltd.	Equity securities	Yosun Shanghai Corp. Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	USD 10,952	100.00		Note 2	
Yosun Hong Kong Corp. Ltd.	Equity securities	Giatek Corp. Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	39,000	USD 37,213	100.00	USD		0.88
Yosun Hong Kong Corp. Ltd.	Equity securities	Yosun South China Corp. Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	USD 5,420	100.00			Note 2
Yosun Hong Kong Corp. Ltd.	Equity securities	Sunwise Technology Limited	An indirect subsidiary	Long-term investments accounted for under equity method	8,000	USD 10,067	100.00	USD		1.14
Sertek Incorporated	Equity securities	Sertek Limited	An indirect subsidiary	Long-term investments accounted for under equity method	19,500	314,264	100.00			16.12
Sertek Incorporated	Equity securities	Digital Computer Systems Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	12	12,411	100.00			993.28
Sertek Limited	Equity securities	Sertek (Shanghai) Limited	An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	USD 2,691	100.00			Note 2
Digital Computer Systems Co., Ltd.	Fund	Taishin Lucky Money Market Fund	None	Available-for-sale financial asset - current	941	10,173	-			10.81
AECO Technology Co., Ltd.	Equity securities	Hua-Jie (Taiwan) Corp.	None	Financial assets carried at cost - non-current	1,050	7,722	3.58			7.35
AECO Technology Co., Ltd.	Equity securities	TECO Enterprise Holding (BVI) Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	12,610	642,513	100.00			50.95
TECO Enterprise Holding (BVI) Co., Ltd.	Equity securities	AECO Electronic Co., Ltd.	An indirect subsidiary	Long-term investments accounted for under equity method	98,280	642,401	100.00			6.54

Name of investor	Name and type of marketable securities			Relationship of the issuer with the Company	General ledger accounts	December 31, 2012			Market value (in dollars) (Note 1)	Note
	Type of marketable securities	Name of marketable securities				Number of shares (in thousands)	Book value (in thousands)	Percentage of ownership		
AECO Electronic Co., Ltd.	Equity securities	AECO Electronic (Ningbo) Co., Ltd.		An indirect subsidiary	Long-term investments accounted for under equity method	Note 2	\$ 85,249	100.00	Note 2	
WPG Korea Co., Ltd.	Equity securities	Apache Communication Inc.		An indirect subsidiary	Long-term investments accounted for under equity method	2,795	KRW3,063,454	10.00	KRW	1,096.05
Apache Communication Inc.	Equity securities	Apache Korea Corp.		An indirect subsidiary	Long-term investments accounted for under equity method	211	USD 2,493	100.00	USD	11.81

Note 1: Market price is determined as follows:

1. The closing price at the balance sheet date. The fair value of open-end mutual funds is based on the net assets at the balance sheet date.
2. Without market price, equity securities are based on net assets.

Note 2: The investee is a limited company.

Note 3: There are 1,133 and 1,850 thousand shares of Kingpak Technology Inc. and Kingmac Technology Inc. which have been pledged for purchases as of December 31, 2012.

Note 4: The Company holds 100% of its shares through WPG International (CI) Limited, WPI Investment Holding (BVI) Company Ltd. and World Peace International (BVI) Ltd.

Note 5: This pertains to preferred stocks.

(5) Marketable securities acquired or sold during the year ended December 31, 2012 in excess of \$100,000 or 20% of capital:

Name of transaction parties	Kind of marketable security	Name of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2012		Addition		Disposal			December 31, 2012		
						Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales amount	Cost	Disposal gain (loss)	Number of shares (in thousands)	Amount
Richpower Electronic Devices Co., Ltd.	Fund	Yuanta Wan Tai Bond Fund	Financial assets at fair value through profit or loss - current	Taiwan Cooperative Bank	None	-	\$ -	13,683	\$ 200,000	13,683	\$ 200,142	\$ 200,000	\$ 142	-	\$ -
Richpower Electronic Devices Co., Ltd.	Fund	Taishin Lucky Money Market Fund	Financial assets at fair value through profit or loss - current	Taiwan Cooperative Bank	None	-	-	11,177	120,000	11,177	120,143	120,000	143	-	-
Richpower Electronic Devices Co., Ltd.	Fund	082Mega Diamond Bond Fund	Financial assets at fair value through profit or loss - current	Taiwan Cooperative Bank	None	-	-	11,602	140,000	11,602	140,193	140,000	193	-	-
Richpower Electronic Devices Co., Ltd.	Fund	032Capital Money Market Fund	Financial assets at fair value through profit or loss - current	Taiwan Cooperative Bank	None	-	-	12,775	200,000	12,775	200,086	200,000	86	-	-
Longview Technology Inc.	Equity Securities	Longview Technology GC Limited	Long-term investments accounted for under equity method	Longview Technology GC Limited	Not applicable	-	-	11,300	334,747	-	-	-	-	11,300	334,747 (Note 1)
Longview Technology GC Limited	Equity Securities	Long-Think International (Hong Kong) Limited	Long-term investments accounted for under equity method	Long-Think International (Hong Kong) Limited	Not applicable	-	-	780,000	333,708	-	-	-	-	780,000	333,708 (Note 2)
Long-Think International (Hong Kong) Limited	(Note 7)	Long-Think International Trading (Shanghai) Ltd.	Long-term investments accounted for under equity method	Long-Think Technology (HK) Limited	Not applicable	-	-	(Note 7)	144,593	-	-	-	-	(Note 7)	144,593 (Note 3)

Name of transaction parties	Kind of marketable security	Name of marketable security	General ledger accounts	Name of transaction parties	Relationship	January 1, 2012		Addition		Disposal			December 31, 2012		
						Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Sales amount	Cost	Disposal gain (loss)	Number of shares (in thousands)	Amount
Silicon Application Corp.	Equity Securities	SAC Components (South Asia) Pte. Ltd.	Long-term investments accounted for under equity method	SAC Components (South Asia) Pte. Ltd.	Not applicable	-	\$ -	3,500	\$ 100,958	-	\$ -	\$ -	\$ -	3,500	\$ 100,958 (Note 4)
WPG International (CI) Limited	Equity Securities	WPG International (Hong Kong) Limited	Long-term investments accounted for under equity method	WPG International (Hong Kong) Limited	Subsidiary	135,627	889,512	286,250	1,139,188 (Note 5)	-	-	-	-	421,877	2,028,700
WPG International (Hong Kong) Limited	Note 7	WPG China Inc.	Long-term investments accounted for under equity method	WPG China Inc.	Subsidiary	Note 7	548,578	Note 6	1,049,250 (Note 6)	-	-	-	-	Note 7	1,597,828

Note 1: The Company invested \$335,328 and recognized investment gain and cumulative translation adjustment totaling (\$581).

Note 2: Including cost of acquisition, capital increase, investment gain and cumulative translation adjustment amounting to \$65,570, \$261,360 and \$6,778, respectively, for this period.

Note 3: The Company invested \$143,490 and recognized investment gain and cumulative translation adjustment totaling \$1,103.

Note 4: The Company invested \$104,510 and recognized investment loss and cumulative translation adjustment totaling (\$3,552).

Note 5: The Company invested \$1,072,607 and recognized investment gain and cumulative translation adjustment totaling \$66,581.

Note 6: The Company invested \$1,016,400 and recognized investment gain and cumulative translation adjustment totaling \$32,850.

Note 7: The investee is a limited company.

(6) Acquisition of real estate in excess of \$100,000 or 20% of capital:

If the counterparty is a related party, information as to the last

transaction of the property is disclosed below:

Name of purchaser	Real Estate	Date of transaction	Contract Amount	Amount paid	Transaction party	Relationship	Owner	Relationship	Date	Amount	Amount Decided	Purpose	Arrangement
AIT Japan Inc.	Building	2012.3.30	\$ 110,396	\$ 110,396	Kume Katsuhiro	None	Not applicable	Not applicable	Not applicable	Not applicable	Market Price	Office use	The seller can use the building until June 30, 2012

(7) Disposal of real estate in excess of \$100,000 or 20% of Capital: None.

(8) Purchases from or sales to related parties in excess of \$100,000 or 20% of capital: (Notes 1 and 2)

Purchaser/ seller	Name of transaction parties	Relationship	Transaction terms					Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)		
			Purchases (sales)	Amount		Percentage of total purchases (sales)	Credit terms	Unit price	Credit period	Balance		Note
				(in thousands)						(in thousands)	Percentage of total accounts or notes receivable (payable)	
WPI International (Hong Kong) Limited	WPG SCM Limited	Same ultimate parent company	Sales	(USD	12,104)	(0.57%)	Note 3	Note 3	Note 3	USD	1,973	0.77%
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	Same ultimate parent company	Sales	(USD	65,729)	(3.09%)	Note 3	Note 3	Note 3	USD	7,471	2.93%
WPI International (Hong Kong) Limited	WPI International Trading (Shanghai) Ltd.	Same ultimate parent company	Sales	(USD	32,792)	(1.54%)	Note 3	Note 3	Note 3	USD	4,733	1.86%
WPI International (Hong Kong) Limited	World Peace International (South Asia) Pte Ltd.	Same ultimate parent company	Sales	(USD	27,025)	(1.27%)	Note 3	Note 3	Note 3	USD	4,077	1.60%
WPI International (Hong Kong) Limited	WPG China (SZ) Inc.	Same ultimate parent company	Sales	(USD	5,328)	(0.25%)	Note 3	Note 3	Note 3	USD	1,693	0.66%
WPI International (Hong Kong) Limited	TEKSEL WPG Limited	Same ultimate parent company	Sales	(USD	5,502)	(0.26%)	Note 3	Note 3	Note 3	USD	793	0.31%
WPI International (HK) Limited	WPG Korea Co., Ltd.	Same ultimate parent company	Sales	(USD	4,112)	(0.19%)	Note 3	Note 3	Note 3	USD	755	0.30%
WPI International (Hong Kong) Limited	WPG China Inc.	Same ultimate parent company	Sales	(USD	3,966)	(0.19%)	Note 3	Note 3	Note 3	USD	768	0.30%
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	Same ultimate parent company	Sales	(USD	71,548)	(19.03%)	Note 3	Note 3	Note 3	USD	24,691	29.76%
World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	Same ultimate parent company	Sales	(USD	5,193)	(1.38%)	Note 3	Note 3	Note 3	USD	1,271	1.53%
World Peace International (South Asia) Pte Ltd.	World Peace International (India) Pvt., Ltd.	Same ultimate parent company	Sales	(USD	3,507)	(0.93%)	Note 3	Note 3	Note 3	USD	1,528	1.84%

Purchaser/ seller	Name of transaction parties	Relationship	Transaction terms					Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit terms	Unit price	Credit period	Balance	Percentage of total accounts or notes receivable (payable)	Note	
				(in thousands)								(in thousands)
WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	Same ultimate parent company	Sales	(USD 32,835)	(13.01%)	Note 3	Note 3	Note 3	USD 955	3.83%		
WPG C&C Limited	WPI International (Hong Kong) Limited	Same ultimate parent company	Sales	(USD 17,164)	(6.8%)	Note 3	Note 3	Note 3	USD 1,079	4.33%		
Longview Technology Ltd.	World Peace Industrial Co., Ltd.	Same ultimate parent company	Sales	(\$ 387,651)	(10.05%)	Note 3	Note 3	Note 3	\$ 8,360	1.20%		
Longview Technology Ltd.	WPI International (Hong Kong) Limited	Same ultimate parent company	Sales	(\$ 1,181,515)	(30.64%)	Note 3	Note 3	Note 3	\$ 145,597	20.82%		
Longview Technology Ltd.	WPG SCM Limited	Same ultimate parent company	Sales	(\$ 124,131)	(3.22%)	Note 3	Note 3	Note 3	\$ 25,623	3.66%		
Genuine C&C (South Asia) Pte., Ltd.	WPG C&C (Malaysia) SDN BHD.	Same ultimate parent company	Sales	(USD 18,916)	(10.39%)	Note 3	Note 3	Note 3	USD 2,390	15.52%		
Genuine C&C (South Asia) Pte., Ltd.	WPG C&C (Thailand) Co., Ltd.	Same ultimate parent company	Sales	(USD 9,241)	(5.07%)	Note 3	Note 3	Note 3	USD 1,923	12.49%		
Genuine C&C (South Asia) Pte., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Same ultimate parent company	Sales	(USD 68,334)	(37.52%)	Note 3	Note 3	Note 3	USD 4,106	26.66%		
Genuine C&C (South Asia) Pte., Ltd.	Genuine C&C (IndoChina) Pte., Ltd.	Same ultimate parent company	Sales	(USD 30,515)	(16.75%)	Note 3	Note 3	Note 3	USD 1,192	7.74%		
Gain Tune Ltd.	World Peace Industrial Co., Ltd.	Same ultimate parent company	Sales	(USD 9,934)	(6.98%)	Note 3	Note 3	Note 3	USD 870	36.27%		
Genuine C&C (Indochina) Pte., Ltd.	P.T. WPG Electrindo Jaya	Investor company which accounts for under equity method	Sales	(USD 32,103)	(90.57%)	Note 3	Note 3	Note 3	USD 4,118	100.00%		



Purchaser/ seller	Name of transaction parties	Relationship	Transaction terms					Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)		
			Purchases (sales)	Amount		Percentage of total purchases (sales)	Credit terms	Unit price	Credit period	Balance		Note
				(in thousands)						(in thousands)	Percentage of total accounts or notes receivable (payable)	
AIO Components Company Limited	WPI International (Hong Kong) Limited	Same ultimate parent company	Sales	(USD	4,341)	(18.60%)	Note 3	Note 3	Note 3	USD	634	14.19%
WPI International Trading (Shanghai) Ltd.	Hubei Xinsheng Technology Investment Management Co., Ltd.	Affiliated company's investee accounted for under equity method	Purchases	RMB	34,815	2.73%	Note 10	Note 10	Note 10	\$	-	-
Silicon Application Company Limited	Silicon Application Corp.	Same ultimate parent company	Sales	(\$	634,510)	(2.24%)	Note 7	Note 7	Note 7	\$	29,100	0.62%
Silicon Application Company Limited	Dstar Electronic Company Limited	Same ultimate parent company	Sales	(\$	537,773)	(1.90%)	Note 7	Note 7	Note 7	\$	137,627	2.92%
Silicon Application Company Limited	WPG China (SZ) Inc.	Same ultimate parent company	Sales	(\$	268,463)	(0.95%)	Note 7	Note 7	Note 7	\$	121,729	2.58%
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	Same ultimate parent company	Sales	(\$	1,741,260)	(17.90%)	Note 6	Note 6	Note 6	\$	359,496	17.35%
Richpower Electronic Devices Co., Ltd.	WPG Electronics (HK) Limited	Same ultimate parent company	Sales	(\$	1,787,654)	(18.38%)	Note 6	Note 6	Note 6	\$	575,331	27.76%
Richpower Electronic Devices Co., Ltd.	WPG Korea Co., Ltd.	Same ultimate parent company	Sales	(\$	178,952)	(1.84%)	Note 6	Note 6	Note 6	\$	13,660	0.66%
Mec Technology Co., Ltd.	Richpower Electronic Devices Co., Ltd.	Same ultimate parent company	Sales	(\$	436,913)	(19.35%)	Note 6	Note 6	Note 6	\$	79,931	20.12%
Mec Technology Co., Ltd.	WPG Electronics (HK) Limited	Same ultimate parent company	Sales	(\$	103,930)	(4.60%)	Note 6	Note 6	Note 6	\$	56,628	14.25%
Richpower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd.	Same ultimate parent company	Sales	(USD	8,616)	(1.85%)	Note 6	Note 6	Note 6	USD	2,395	3.05%

Purchaser/ seller	Name of transaction parties	Relationship	Transaction terms				Description of and reasons for difference in transaction terms compared to non-related party transactions			Accounts or notes receivable (payable)		
			Purchases (sales)	Amount	Percentage of total	Credit terms	Unit price	Credit period	Balance	Percentage of total accounts	Note	
				(in thousands)	purchases (sales)							(in thousands)
Richpower Electronic Devices Co., Limited	WPG China Inc.	Same ultimate parent company	Sales	(USD 3,675)	(0.79%)	Note 6	Note 6	Note 6	USD 616		0.78%	
Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	Same ultimate parent company	Sales	(\$ 1,286,715)	(23.72%)	Paid 90 days or 15 days after sales	Note 7	Note 7	\$ 81,249		9.23%	
Asian Information Technology Inc.	AIT Japan Inc.	Same ultimate parent company	Sales	(\$ 1,564,054)	(12.09%)	Note 8	Note 8	Note 8	\$ 95,994		4.50%	
Asian Information Technology Inc.	WPG China (SZ) Inc.	Same ultimate parent company	Sales	(\$ 109,296)	(0.84%)	Note 8	Note 8	Note 8	\$ 23,168		1.09%	
AITG Electronic Limited	Frontek Technology Corporation	Same ultimate parent company	Sales	(\$ 398,070)	(100.00%)	Note 8	Note 8	Note 8	\$ 25,369		100.00%	
Apache Communication Inc.	Asian Information Technology Inc.	Same ultimate parent company	Sales	(\$ 620,576)	(4.98%)	Note 8	Note 8	Note 8	\$ 98,955		4.33%	
AIT Japan Inc.	Asian Information Technology Inc.	Same ultimate parent company	Sales	(\$ 270,554)	(8.77%)	Note 8	Note 8	Note 8	\$ 56,662		16.99%	
Frontek Technology Corporation	World Peace Industrial Co., Ltd.	Same ultimate parent company	Sales	(\$ 339,210)	(2.18%)	Note 8	Note 8	Note 8	\$ 42,329		1.81%	
Frontek Technology Corporation	WPG Electronics (HK) Limited	Same ultimate parent company	Sales	(\$ 299,234)	(1.92%)	Note 8	Note 8	Note 8	\$ 166,648		7.12%	
Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	Same ultimate parent company	Sales	(USD 33,608)	(3.86%)	75 days after sales	Note 5	Note 5	\$ -		-	
Yosun Hong Kong Corp. Ltd.	Giatek Corp. Ltd.	Same ultimate parent company	Sales	(USD 105,948)	(12.16%)	75 days after sales	Note 5	Note 5	USD 4,720		4.47%	
Yosun Hong Kong Corp. Ltd.	Yosun South China Corp. Ltd.	Same ultimate parent company	Sales	(USD 22,502)	(2.58%)	75 days after sales	Note 5	Note 5	USD 7,699		7.29%	

Purchaser/ seller	Name of transaction parties	Relationship	Transaction terms				Description of and reasons for difference in transaction terms compared to non-related party transactions		Accounts or notes receivable (payable)			Note
			Purchases (sales)	Amount	Percentage of total	Credit terms	Unit price	Credit period	Balance	Percentage of total accounts		
				(in thousands)	purchases (sales)				(in thousands)	or notes receivable (payable)		
Yosun Hong Kong Corp. Ltd.	Yosun Singapore Pte Ltd.	Same ultimate parent company	Sales	(USD 16,408)	(1.88%)	75 days after sales	Note 5	Note 5	USD 3,342		3.16%	
Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	Same ultimate parent company	Sales	(USD 39,468)	(4.53%)	75 days after sales	Note 5	Note 5	USD 19,466		18.43%	
Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	Same ultimate parent company	Sales	(USD 6,924)	(3.73%)	45 days after sales	Note 5	Note 5	USD 124		0.53%	
Yosun Singapore Pte Ltd.	Yosun Industrial Corp.	Same ultimate parent company	Sales	(USD 5,112)	(2.76%)	45 days after sales	Note 5	Note 5	USD 380		1.62%	
Giatek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	Same ultimate parent company	Sales	(USD 44,286)	(16.37%)	75 days after sales	Note 5	Note 5	\$ -		-	
Giatek Corp. Ltd.	Yosun South China Corp. Ltd.	Same ultimate parent company	Sales	(USD 4,851)	(1.79%)	75 days after sales	Note 5	Note 5	USD 593		2.27%	
Sertek Incorporated	Sertek Limited	Same ultimate parent company	Sales	(\$ 2,156,789)	(14.53%)	75 days after sales	Note 7	Note 7	\$ 340,381		13.03%	
Sertek Incorporated	Yosun Industrial Corp.	Same ultimate parent company	Sales	(\$ 250,888)	(1.69%)	75 days after sales	Note 7	Note 7	\$ -		-	
Sertek Limited	Yosun Hong Kong Corp. Ltd.	Same ultimate parent company	Sales	(USD 9,538)	(5.74%)	75 days after sales	Note 7	Note 7	USD 432		1.74%	
WPG China Inc.	WPI International (Hong Kong) Limited	Same ultimate parent company	Sales	(USD 15,728)	(23.67%)	Note 4	Note 4	Note 4	USD 1,684		8.31%	
WPG China Inc.	Frontek Technology Corporation	Same ultimate parent company	Sales	(USD 4,502)	(6.78%)	Note 4	Note 4	Note 4	USD 429		2.12%	

Purchaser/ seller	Name of transaction parties	Relationship	Transaction terms				Description of and reasons for difference in transaction terms compared to non-related party transactions	Accounts or notes receivable (payable)			
			Purchases (sales)	Amount (in thousands)	Percentage of total purchases (sales)	Credit terms		Balance (in thousands)	Percentage of total accounts or notes receivable (payable)	Note	
AECO Electronic Co., Ltd.	AECO Electronic (Ningbo) Co., Ltd.	Same ultimate parent company	Sales	(USD 6,904)	(15.57%)	Note 9	Note 9	Note 9	USD 3,406	38.44%	

Note 1: As the related party transactions of consolidated subsidiaries exceeding \$100 million are voluminous, the related information disclosed here is from the sales aspect.

Note 2: For the information of related party purchases or sales transactions of World Peace Industrial Co., Ltd., please refer to Note 5 -3) (1). For the information of related party purchases or sales transactions of Silicon Application Corporation, please refer to Note 5 -3) (2).

For the information of related party purchases or sales transactions of Yosun Industrial Corp., please refer to Note 5-3) (3).

Note 3: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~75 days from the month of sales.

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60 days from the month of sales.

Note 5: Similar to third parties.

Note 6: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 60~120 days from the end of the month of sales.

Note 7: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition.

Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 30~120 days from the end of the month of sales.

Note 9: The terms and sales prices were negotiated in consideration of different factors including product, cost, market and competition. The collection period is 90~180 days after monthly billings.

Note 10: The terms and purchase price were negotiated in consideration of different factors including product, cost, market and competition. The products were delivered within 14 days after receipts of prepayments.

(9) Receivable from related parties in excess of \$100,000 or 20% of capital:

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties (Note)			Overdue receivables		Subsequent collections (in thousands)	Allowance for doubtful accounts provided
			(in thousands)	Turnover rate	Amount	Action adopted for overdue accounts			
World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	Same ultimate parent company	Accounts receivable	\$ 452,794	9.21	\$ -	-	\$ 452,794	\$ -
"	Gain Tune Ltd.	"	Accounts receivable	\$ 137,748	11.02	\$ -	-	\$ 137,748	\$ -
"	Longview Technology Inc.	"	Other receivables	\$ 121,791	Not applicable	\$ -	-	\$ 906	\$ -
"	WPG Electronics (HK) Limited	"	Accounts receivable	\$ 129,375	2.01	\$ -	-	\$ 91,059	\$ -
Longview Technology Inc.	WPI International (Hong Kong) Limited	"	Accounts receivable	\$ 145,597	12.70	\$ -	-	\$ 145,597	\$ -
World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	"	Accounts receivable	USD 24,691	3.67	\$ -	-	USD 17,659	\$ -
"	World Peace International Pte. Ltd.	"	Other receivables	USD 8,561	Not applicable	\$ -	-	USD 8,561	\$ -
"	WPG Americas Inc.	"	Other receivables	USD 10,637	Not applicable	\$ -	-	USD 5,137	\$ -
"	Genuine C&C (South Asia) Pte., Ltd.	"	Other receivables	USD 4,797	Not applicable	\$ -	-	USD 4,797	\$ -
WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	"	Accounts receivable	USD 7,471	10.71	\$ -	-	USD 7,471	\$ -
"	World Peace International (South Asia) Pte Ltd.	"	Accounts receivable	USD 4,077	5.32	\$ -	-	USD 4,077	\$ -
"	Long-Think International (Hong Kong) Limited	"	Other receivables	USD 5,557	Not applicable	\$ -	-	USD 2,553	\$ -
"	WPI International Trading (Shanghai) Ltd.	"	Notes receivable and Account receivable	USD 4,733	8.10	\$ -	-	USD 4,733	\$ -
"	WPI International Trading (Shanghai) Ltd.	"	Other receivables	USD 6,044	Not applicable	\$ -	-	\$ -	\$ -
WPI International Trading (Shenzhen) Ltd.	WPI International Trading (Shanghai) Ltd.	"	Other receivables	USD 4,686	Not applicable	\$ -	-	USD 1,678	\$ -

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties (Note)				Overdue receivables		Subsequent collections (in thousands)	Allowance for doubtful accounts provided
			(in thousands)		Turnover rate	Amount	Action adopted for overdue accounts			
Genuine C&C (South Asia) Pte., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	Same ultimate parent company	Accounts receivable	USD	4,106	11.82	\$ -	-	USD 4,106	\$ -
Genuine C&C (IndoChina) Pte., Ltd.	P.T. WPG Electrindo Jaya	Investor company which accounts for the counterparty under the equity method	Accounts receivable	USD	4,118	15.59	\$ -	-	USD 4,118	\$ -
Gain Tune Ltd.	WPI International (Hong Kong) Limited	Same ultimate parent company	Other receivables	USD	15,577	Not applicable	\$ -	-	USD 24	\$ -
Silicon Application Corporation	WPG Electronics (HK) Limited	"	Accounts receivable	\$	551,109	3.57	\$ -	-	\$ 473,220	\$ -
Silicon Application (BVI) Corporation	Silicon Application Corporation	"	Other receivables	\$	604,074	Not applicable	\$ -	-	\$ -	\$ -
"	Silicon Application Company Limited	"	Other receivables	\$	292,263	Not applicable	\$ -	-	\$ -	\$ -
Silicon Application Company Limited	Dstar Electronic Company Limited	"	Accounts receivable	\$	137,627	7.59	\$ -	-	\$ 129,425	\$ -
"	WPG China (SZ) Inc.	"	Accounts receivable	\$	121,729	3.63	\$ -	-	\$ 121,724	\$ -
Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	"	Accounts receivable	\$	359,496	6.35	\$ -	-	\$ 234,976	\$ -
"	WPG Electronics (HK) Limited	"	Accounts receivable	\$	575,331	3.30	\$ -	-	\$ 509,253	\$ -
Asian Information Technology Inc.	Apache Communication Inc.	"	Other receivables	\$	236,866	Not applicable	\$ -	-	\$ -	\$ -
Frontek Technology Corporation	WPG Electronics (HK) Limited	"	Accounts receivable	\$	166,648	3.22	\$ -	-	\$ 52,089	\$ -
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	"	Accounts receivable	\$	320,758	2.82	\$ -	-	\$ 295,343	\$ -

Name of creditor	Transaction parties	Relationship	Balance of receivable from related parties (Note)			Overdue receivables		Subsequent collections (in thousands)	Allowance for doubtful accounts provided
			(in thousands)	Turnover rate	Amount	Action adopted for overdue accounts			
Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	Same ultimate parent company	Other receivables	\$ 112	Not applicable	\$ -	-	\$ -	\$ -
Sertek Incorporated	Sertek Limited	"	Accounts receivable	\$ 340,381	5.28	\$ -	-	\$ 256,643	\$ -
Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	"	Accounts receivable	USD 19,466	2.61	\$ -	-	USD 5,396	\$ -
Yosun Hong Kong Corp. Ltd.	Giatek Corp. Ltd.	"	Accounts receivable	USD 4,720	27.35	\$ -	-	USD 4,720	\$ -
Yosun Hong Kong Corp. Ltd.	Yosun South China Corp. Ltd.	"	Accounts receivable	USD 7,699	4.02	\$ -	-	USD 2,306	\$ -

(10) Information on derivative transactions (Unit: in thousands of dollars):

The information on derivative transactions of investee companies for the year ended December 31, 2012 are as follows:

1. Derivative transactions of World Peace Industrial Co., Ltd.

Derivative transactions	Principal amount	Contract period
Forward foreign currency contract - SWAP - Buy NTD/Sell USD	USD 2,430	2012.12.26~2013.01.16

The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$1,261.

2. Derivative transactions of Silicon Application Corporation

Derivative transactions	Principal amount	Contract period
Forward foreign currency contract - Buy NTD/Sell USD	USD 8,000	2012.11.05~2013.02.25
Forward foreign currency contract - Buy USD/Sell EUR	EUR 1,950	2012.10.31~2013.06.17
Forward foreign currency contract - Buy EUR/Sell USD	EUR 100	2012.12.07~2013.01.14

The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$705.

3. Derivative financial instrument transactions which Richpower Electronic Devices Co., Ltd. entered into are summarized as follows:

- There are no unsettled derivative transactions as of December 31, 2012.
- The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$707.

4. Derivative transactions of Pemas Electronics Co., Ltd.

Derivative transactions	Principal amount	Contract period
Forward foreign currency contract - SWAP - Buy NTD/Sell USD	USD 11,200	2012.12.17~2013.01.31
Forward foreign currency contract - Buy NTD/Sell USD	USD 1,500	2012.12.18~2013.01.18

The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$11,666.

5. Derivative transactions of Everwiner Enterprise Co., Ltd.

Derivative transactions	Principal amount	Contract period
Forward foreign currency contract - SWAP - Buy NTD/Sell USD	USD 1,000	2012.10.25~2013.01.24

The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$449.

6. Derivative transactions of Longview Technology Ltd.

Derivative transactions	Principal amount	Contract period
Forward foreign currency contract - SWAP - Buy NTD/Sell USD	USD 671	2012.09.21~2013.03.07

The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$370.



7. Derivative transactions of Genuine C&C (South Asia) Pte., Ltd.

<u>Derivative transactions</u>	<u>Principal amount</u>	<u>Contract period</u>
Forward foreign currency contract - Buy USD/Sell MYR	USD 500	2012.12.31~2013.02.04

The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to USD73 thousand.

8. Derivative transactions of WPG C&C (Thailand) Co., Ltd.

<u>Derivative transactions</u>	<u>Principal amount</u>	<u>Contract period</u>
Forward foreign currency contract - Buy USD/Sell THB	USD 1,570	2012.11.30~2013.02.26

The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to THB1,779 thousand.

9. Derivative transactions of World Peace International (South Asia) Pte Ltd.

<u>Derivative transactions</u>	<u>Principal amount</u>	<u>Contract period</u>
Forward foreign currency contract - Buy SGD /Sell USD	USD 2,500	2012.12.14~2013.01.22

The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to USD120 thousand.

10. Derivative financial instrument transactions which Mec Technology Ltd. entered into are summarized as follows:

-There is no unsettled derivative transaction as of December 31, 2012.

-The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$167.

11. Derivative financial instrument transactions which Frontek Technology Corporation entered into are summarized as follows:

-There is no unsettled derivative transaction as of December 31, 2012.

-The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$285.

12. Derivative financial instrument transactions which WPG C&C Computers And Peripheral (India) Private Limited entered into are summarized as follows:

<u>Derivative transactions</u>	<u>Principal amount</u>	<u>Contract period</u>
Forward foreign currency contract - Buy USD/Sell INR	USD 3,000	2012.12.14~2013.01.15

The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to INR992 thousand.

13. Derivative financial instrument transactions which AECO Technology Co., Ltd. entered into are summarized as follows:

<u>Derivative transactions</u>	<u>Principal amount</u>	<u>Contract period</u>
Forward foreign currency contract - Buy NTD/Sell USD	USD 2,990	2012.11.20~2013.01.22

The net gain recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to \$5,538.

14. Derivative financial instrument transactions which WPG Korea Co., Ltd. entered into are summarized as follows:

-There is no unsettled derivative transaction as of December 31, 2012.

-The net loss recognized on forward foreign currency contracts for the year ended December 31, 2012 amounted to KRW56,580 thousand.

3) Disclosure of information on indirect investments in Mainland China

The disclosure information of the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements.

(1) Basic information

Name of investee in Mainland China	Main activities of investee	Capital (Note 3) (in thousands)	Method of investment	Accumulated remittance as of January 1, 2012 (in thousands)	Remitted or collected during the year ended December 31, 2012		Accumulated remittance as of December 31, 2012 (in thousands)	Ownership held by the Company (direct and indirect)	Investment income (loss) recognized by the Company during the year	Ending balance of investment (in thousands)	Investment income (loss) remitted back as of December 31, 2012
					Remitted out	Collected					
WPG China Inc.	Sales of electronic components	\$ 1,402,051	Note 1	\$ 387,333	\$ 1,016,400	\$ -	\$ 1,043,733	100.00%	\$ 56,230	\$ 1,597,828	\$ -
WPI International Trading (Shenzhen) Ltd.	Sales of electronic components	\$ 92,928	Note 1	\$ 92,928	\$ -	\$ -	\$ 92,928	100.00%	\$ 3,034	\$ 144,244	\$ -
Suzhou Xinning Bonded Warehouse Co., Ltd.	Warehousing services	\$ 29,040	Note 1	\$ 27,248	\$ -	\$ -	\$ 27,248	49.00%	(\$ 1,238)	\$ 35,870	\$ -
WPI Logistics (Shanghai) Ltd.	Warehousing services/extra work	\$ 36,794	Note 1	\$ 14,391	\$ -	\$ -	\$ 14,391	40.00%	\$ 4,108	\$ 21,032	\$ -
WPI International Trading (Shanghai) Ltd.	Sales of electronic components	\$ 193,116	Note 1	\$ 18,876	\$ -	\$ -	\$ 18,876	100.00%	\$ 39,383	\$ 172,486	\$ -
Suzhou Xinning Logistics Co., Ltd.	Warehousing services	\$ 61,449	Note 1	\$ 17,860	\$ -	\$ -	\$ 17,860	29.40%	\$ 5,032	\$ 32,089	\$ -
AIO (Shanghai) Components Company Limited	Sales of electronic components	\$ 5,808 (Note 9)	Note 1	\$ -	\$ -	\$ -	\$ -	100.00%	\$ 8,214	\$ 35,237	\$ -
Long-Think International (Shanghai) Limited	Sales of electronic components	\$ 11,616 (Note 11)	Note 1	\$ -	\$ 143,490	\$ -	\$ 143,490	100.00%	\$ 2,985	\$ 144,593	\$ -
Software World Limited	Sales of electronic components	\$ - (Note 4)	Note 1	\$ 5,372	\$ -	\$ -	\$ 5,372	-	\$ -	\$ -	\$ -
Mec Technology (Shanghai) Co., Ltd.	Sales of electronic components	\$ - (Note 2)	Note 1	\$ 14,520	\$ -	\$ -	\$ 14,520	-	\$ -	\$ -	\$ -
WPG China (SZ) Inc.	Sales of computer software and electronic components	\$ 138,639 (Note 10)	Note 1	\$ 45,376	\$ 56,205	\$ -	\$ 101,581	100.00%	\$ 15,739	\$ 239,518	\$ -
Silicon Application (Shanghai) Ltd.	Sales of computer software and electronic components	\$ - (Note 3)	Note 1	\$ 6,370	\$ -	\$ -	\$ 6,370	-	\$ -	\$ -	\$ -
Silicon Application (Wuhon) Ltd.	Sales of computer software information systems	\$ - (Note 5)	Note 1	\$ 6,186	\$ -	\$ -	\$ 6,186	-	\$ -	\$ -	\$ -
World Components Agent (Shanghai) Inc.	Sales of electronic components	\$ 5,808	Note 1	\$ 5,808	\$ -	\$ -	\$ 5,808	100.00%	(\$ 489)	\$ 4,251	\$ -
Arise Component Corp.	Sales of electronic components	\$ - (Note 7)	Note 1	\$ 23,232	\$ -	\$ -	\$ 23,232	-	\$ -	\$ -	\$ -

Name of investee in Mainland China	Main activities of investee	Capital (Note 3) (in thousands)	Method of investment	Accumulated remittance as of January 1, 2012 (in thousands)	Remitted or collected during the year ended December 31, 2012		Accumulated remittance as of December 31, 2012 (in thousands)	Ownership held by the Company (direct and indirect)	Investment income (loss) recognized by the Company during the year	Ending balance of investment (in thousands)	Investment income (loss) remitted back as of December 31, 2012
					Remitted out	Collected					
Asian Information Technology Co., Ltd.	Sales of electronic components	\$ - (Note 6)	Note 1	\$ 98,736	\$ -	\$ 58,080	\$ 40,656	-	\$ -	\$ -	\$ -
Zheng Ding Technology (Shenzhen) Co., Ltd.	Sales of electronic components	\$ 37,160	Note 1	\$ 37,160	\$ -	\$ -	\$ 37,160	100.00%	\$ 1,048	\$ 43,103	\$ -
Jaking Technology Corp.	Sales of electronic components	\$ - (Note 8)	Note 1	\$ 32,815	\$ -	\$ 36,158	\$ -	-	\$ -	\$ -	\$ -
AECO Electronics (Ningbo) Co., Ltd.	Sales of electronic components	\$ 113,837	Note 1	\$ 113,837	\$ -	\$ -	\$ 113,837	100.00%	(\$ 31,660)	\$ 85,249	\$ -
Yosun Shanghai Corp. Ltd.	Sales of electronic components and warehousing services	\$ 223,611	Note 1	\$ 223,611	\$ -	\$ -	\$ 223,611	100.00%	\$ 16,036	\$ 318,046	\$ -
Yosun South China Corp. Ltd.	Sales of electronic components	\$ 124,872	Note 1	\$ -	\$ -	\$ -	\$ -	100.00%	\$ 11,940	\$ 157,397	\$ -
Sertek (Shanghai) Limited	Sales of electronic components	\$ 72,600	Note 1	\$ -	\$ -	\$ -	\$ -	100.00%	\$ 1,160	\$ 78,147	\$ -

(Note 1): Investment through a holding company registered in a country other than Taiwan and Mainland China.

(Note 2): It was liquidated in March, 2011.

(Note 3): It was liquidated in the fourth quarter, 2009.

(Note 4): It was liquidated in December, 2008.

(Note 5): It was dissolved in November, 2007.

(Note 6): It was deregistered in October, 2011.

(Note 7): It was deregistered in December, 2011.

(Note 8): It was deregistered in December, 2011. Due to the effect of currency exchange, the return on investment in TWD was more than the original investment cost.

(Note 9): WPI International (Hong Kong) Limited acquired AIO Components Company Limited as of July 1, 2010, and AIO (Shanghai) Company Limited became the Company's indirect subsidiary. The investment of USD469 thousand in AIO (Shanghai) Company Limited was permitted by Investment Commission.

(Note 10): WPG International (Hong Kong) Limited invested in WPG (Shenzhen) Inc. in the amount of HKD10 million, which is part of the distribution of earnings from WPG China Inc. The investment had been permitted by Investment Commission, and was excluded from the ceiling of investment amount in Mainland China.

(Note 11): Longview Technology Inc. held 100% ownership of Long-Think International (Shanghai) Limited through its investment in Long-Think International (Hong Kong) Limited which registered in a country other than Taiwan or Mainland China on August 31, 2012. The investment in Long-Think International (Shanghai) Limited was permitted by Investment Commission.

(Note 12): In this table, the capital, amount remitted out or collected to Mainland China during 2012, accumulated amount of remittance to Mainland China as of December 31, 2012, the ending balance of investment, and accumulated amount of investment income remitted back to Taiwan as of December 31, 2012 are translated using the USD:NTD exchange rate on December 31, 2012. Exchange rate as of December 31, 2012 was USD 1: NTD 29.04 and HKD 1: NTD 3.747. The unit expressed is in thousands of dollars.

(Note 13): The ending balance of investment was calculated based on combined ownership percentage held by the Company.

(Note 14): The investment income or loss was recognized based on the financial statements which were audited by independent accountants.

(2) The ceiling of investment amount in Mainland China

<u>Company</u>	<u>Accumulated amount remitted out of Taiwan to Mainland China (Note 1)</u>	<u>Investment amount approved by the Investment Commission (Note 1)</u>	<u>Ceiling of investment amount of the company (Note 2)</u>
WPG Holdings Limited	\$ 1,523,174	\$ 2,030,216	\$ 22,924,453
World Peace Industrial Co., Ltd.	296,933	578,110	7,281,049
Richpower Electronic Devices Co., Ltd.	19,892	14,520	1,251,815
Silicon Application Corp.	12,556	18,251	2,069,560
Pernas Electronics Co., Ltd.	29,040	29,040	629,713
Asian Information Technology Inc.	77,816	116,160	2,210,854
Yosun Industrial Corp.	223,611	428,750	4,746,397
Sertek Incorporated	-	72,600	863,935
AECO Technology Co., Ltd.	113,837	113,837	933,271

(Note 1): Exchange rate as of December 31, 2012 was USD 1: NTD 29.04 and HKD 3.747.

(Note 2): The ceiling of investment amount of the company is calculated based on the investor's net assets.

(Note 3): Richpower Electronic Devices Co., Ltd. had cancelled USD 185 thousand of the investment amount from Investment Commission. Since the investee had liquidated but the investment was not remitted back, the investment amount was included in the accumulated amount remitted out of Taiwan to Mainland China.

(3) Significant direct or indirect transactions of the Company with the investee companies in Mainland China: Please refer to Note 11 2) (8).

4) The relationship and significant transactions between the Company and its subsidiaries for the years ended December 31, 2012 and 2011.

The disclosure information of the transactions with subsidiaries disclosed below had been eliminated when preparing consolidated financial statements.

2012:

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Commission	\$ 224,098	Note 9	0.06
0	"	Yosun Industrial Corp.	1	"	136,361	"	0.04
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Sales	7,610,807	Note 4	2.11
1	"	Gain Tune Ltd.	3	"	1,324,400	"	0.37
1	"	WPG SCM Limited	3	"	153,437	"	0.04
1	"	WPG Electronics (HK) Limited	3	"	129,841	"	0.04
1	"	Longview Technology Inc.	3	"	126,507	"	0.04
2	WPI International (Hong Kong) Limited	WPG SCM Limited	3	"	357,886	Note 10	0.10
2	"	World Peace Industrial Co., Ltd.	3	"	1,943,445	"	0.54
2	"	WPI International Trading (Shanghai) Ltd.	3	"	969,580	"	0.27
2	"	World Peace International (South Asia) Pte Ltd.	3	"	799,064	"	0.22
2	"	WPG China (SZ) Inc.	3	"	157,536	"	0.04
2	"	TEKSEL WPG Limited	3	"	162,681	"	0.05
2	"	WPG Korea Co., Ltd.	3	"	121,582	"	0.03
2	"	WPG China Inc.	3	"	117,265	"	0.03
3	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	2,115,502	"	0.59
3	"	World Peace Industrial Co., Ltd.	3	"	153,548	"	0.04
3	"	World Peace International (India) Pvt., Ltd.	3	"	103,694	"	0.03
4	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	970,852	"	0.27
4	"	WPI International (Hong Kong) Limited	3	"	507,498	"	0.14
5	Longview Technology Inc.	World Peace Industrial Co., Ltd.	3	"	387,651	"	0.11
5	"	WPI International (Hong Kong) Limited	3	"	1,181,515	"	0.33
5	"	WPG SCM Limited	3	"	124,131	"	0.03
6	Genuine C&C (South Asia) Pte., Ltd.	WPG C&C (Malaysia) SDN BHD.	3	"	559,301	"	0.16
6	"	WPG C&C (Thailand) Co., Ltd.	3	"	273,234	"	0.08

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
6	Genuine C&C (South Asia) Pte., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	Sales	\$ 2,020,472	Note 10	0.56
6	"	Genuine C&C (IndoChina) Pte., Ltd.	3	"	902,255	"	0.25
7	Gain Tune Ltd.	World Peace Industrial Co., Ltd.	3	"	293,738	"	0.08
8	AIO Components Company Limited	WPI International (Hong Kong) Limited	3	"	128,353	"	0.04
9	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	1,533,494	Note 7	0.43
10	Silicon Application Company Limited	Silicon Application Corp.	3	"	634,510	Note 6	0.18
10	"	Dstar Electronic Company Limited	3	"	537,773	"	0.15
10	"	WPG China (SZ) Inc.	3	"	268,463	"	0.07
11	Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	3	"	1,741,260	Note 8	0.48
11	"	WPG Electronics (HK) Limited	3	"	1,787,654	"	0.50
11	"	WPG Korea Co., Ltd.	3	"	178,952	"	0.05
12	Mec Technology Co., Ltd.	Richpower Electronic Devices Co., Ltd.	3	"	436,913	"	0.12
12	"	WPG Electronics (HK) Limited	3	"	103,930	"	0.03
13	Richpower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd.	3	"	254,754	"	0.07
13	"	WPG China Inc.	3	"	108,661	"	0.03
14	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	1,286,715	Notes 6 and 13	0.36
15	Asian Information Technology Inc.	AIT Japan Inc.	3	"	1,564,054	Note 14	0.43
15	"	WPG China (SZ) Inc.	3	"	109,296	"	0.03
16	AITG Electronic Limited	Frontek Technology Corporation	3	"	398,070	"	0.11
17	Apache Communication Inc.	Asian Information Technology Inc.	3	"	620,576	"	0.17
18	AIT Japan Inc.	Asian Information Technology Inc.	3	"	270,554	"	0.08
19	Frontek Technology Corporation	World Peace Industrial Co., Ltd.	3	"	339,210	"	0.09
19	"	WPG Electronics (HK) Limited	3	"	299,234	"	0.08
20	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	3,178,330	Notes 11	0.88
20	"	Sertek Limited	3	"	2,040,279	"	0.57

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
20	Yosun Industrial Corp.	Sertek Incorporated	3	Sales	\$ 1,142,538	Note 11	0.32
21	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	"	994,083	Notes 15 and 16	0.28
21	"	Giaterk Corp. Ltd.	3	"	3,132,627	"	0.87
21	"	Yosun South China Corp. Ltd.	3	"	665,330	"	0.18
21	"	Yosun Singapore Pte Ltd.	3	"	485,145	"	0.13
21	"	Yosun Shanghai Corp. Ltd.	3	"	1,166,974	"	0.32
22	Yosun Singapore Pte Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	204,726	Notes 15 and 17	0.06
22	"	Yosun Industrial Corp.	3	"	150,619	"	0.04
23	Giaterk Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	1,309,430	Notes 15 and 16	0.36
23	"	Yosun South China Corp. Ltd.	3	"	143,432	"	0.04
24	Sertek Incorporated	Sertek Limited	3	"	2,156,789	"	0.60
24	"	Yosun Industrial Corp.	3	"	250,888	"	0.07
25	Sertek Limited	Yosun Hong Kong Corp. Ltd.	3	"	282,016	"	0.08
26	WPG China Inc.	WPI International (Hong Kong) Limited	3	"	465,039	Note 5	0.13
26	"	Frontek Technology Corporation	3	"	133,113	"	0.04
27	AECO Electronic Co., Ltd.	AECO Electronic (Ningbo) Co., Ltd.	3	"	204,135	Note 18	0.06
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Accounts receivable	452,794	Note 4	0.38
1	"	Gain Tune Ltd.	3	"	137,748	"	0.12
1	"	WPG Electronics (HK) Limited	3	"	129,375	"	0.11
5	Longview Technology Inc.	WPI International (Hong Kong) Limited	3	"	145,597	Note 10	0.12
3	World Peace International (South Asia) Pte Ltd.	WPG SCM Limited	3	"	717,027	"	0.60
2	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	216,947	"	0.18
2	"	World Peace International (South Asia) Pte Ltd.	3	"	118,396	"	0.10
2	"	WPI International Trading (Shanghai) Ltd.	3	Notes receivable and accounts receivable	137,446	"	0.11
6	Genuine C&C (South Asia) Pte., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	Accounts receivable	119,238	"	0.10
9	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	551,109	Note 7	0.46
10	Silicon Application Company Limited	Dstar Electronic Company Limited	3	"	137,627	Note 6	0.12
10	"	WPG China (SZ) Inc.	3	"	121,729	"	0.10



Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
11	Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	3	Accounts receivable	\$ 359,496	Note 8	0.30
11	"	WPG Electronics (HK) Limited	3	"	575,331	"	0.48
19	Frontek Technology Corporation	WPG Electronics (HK) Limited	3	"	166,648	Note 14	0.14
20	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	320,758	Notes 11	0.27
24	Sertek Incorporated	Sertek Limited	3	"	340,381	Notes 15 and 16	0.28
21	Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	3	"	565,293	"	0.47
21	"	Giatak Corp. Ltd.	3	"	137,069	"	0.11
21	"	Yosun South China Corp. Ltd.	3	"	223,579	"	0.19
1	World Peace Industrial Co., Ltd.	Longview Technology Inc.	3	Other receivables	121,971	Note 12	0.10
3	World Peace International (South Asia) Pte Ltd.	World Peace International Pte. Ltd.	3	"	248,611	"	0.21
3	"	WPG Americas Inc.	3	"	308,898	"	0.26
3	"	Genuine C&C (South Asia) Pte., Ltd.	3	"	139,305	"	0.12
2	WPI International (Hong Kong) Limited	Long-Think International (Hong Kong) Limited	3	"	161,375	"	0.13
2	"	WPI International Trading (Shanghai) Ltd.	3	"	175,518	"	0.15
28	WPI International Trading (Shenzhen) Ltd.	WPI International Trading (Shanghai) Ltd.	3	"	136,081	"	0.11
7	Gain Tune Limited	WPI International (Hong Kong) Limited	3	"	452,356	"	0.38
29	Silicon Application (BVI) Corporation	Silicon Application Corporation	3	"	604,074	"	0.50
29	"	Silicon Application Company Limited	3	"	292,263	"	0.24
15	Asian Information Technology Inc.	Apache Communication Inc.	3	"	236,866	"	0.20

Note 1: The transaction information of the Company and the consolidated subsidiaries are noted in column "Number". The number means:

1. Number 0 represents the Company.
2. The consolidated subsidiaries are in order from number 1.

Note 2: The relationship with the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

Note 3: Ratios of asset/liability are divided by consolidated total assets, and ratios of gain/loss accounts are divided by consolidated sales revenue.

Note 4: The terms and sales prices were negotiated in consideration of different factors including product, cost, market, competition and other conditions. The collection period was 30-90 days.

Note 5: The terms and sales prices were negotiated in consideration of different factors including product, market, competition and other conditions. The collection period was 60 days.

Note 6: The terms and sales prices were negotiated in consideration of different factors including product, cost, market, competition and other conditions.

Note 7: The terms and sales prices are similar to third parties.

Note 8: The terms and sales prices were negotiated in consideration of different factors including product, cost, market, competition and other conditions. The collection period was 60-120 days.

Note 9: The commission revenue arose from providing administration resources and management service for related parties. Commission fees and collection terms are negotiated by both parties.

Note 10: The terms and sales prices were negotiated in consideration of different factors including product, cost, market, competition and other conditions. The collection period was 30~75 days.

Note 11: The price is based on the cost plus a determined profit. The collection period is similar to third parties.

Note 12: Mainly accrued financing charges.

Note 13: The collection is within 90 days from the month of sale or 15 days after sale.

Note 14: The terms and sales prices were negotiated in consideration of different factors including product, market, competition and other conditions. The collection period was 30-120 days.

Note 15: The terms and sales prices are similar to third parties.

Note 16: The collection period is 75 days after sales.

Note 17: The collection period is 45 days after sales.

Note 18: The terms and sales prices were negotiated in consideration of different factors including product, market, competition and other conditions. The collection period was 90-180 days.

2011:

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
0	WPG Holdings Limited	World Peace Industrial Co., Ltd.	1	Commission	\$ 160,953	Note 11	0.05
0	"	Yosun Industrial Corp.	1	"	113,755	"	0.03
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Limited	3	Sales	6,610,195	Note 4	1.99
1	"	World Peace International (China) Limited (Note 19)	3	"	900,898	"	0.27
1	"	Gain Tune Ltd.	3	"	735,116	"	0.22
1	"	World Peace International (South Asia) Pte Ltd.	3	"	142,457	"	0.04
1	"	Silicon Application Corp.	3	"	103,622	"	0.03
2	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	1,985,372	Note 12	0.60
2	"	Silicon Application Company Limited	3	"	386,098	"	0.12
2	"	World Peace International (China) Limited (Note 19)	3	"	292,528	"	0.09
2	"	TEKSEL WPG Limited	3	"	154,451	"	0.05
2	"	WPI International Trading (Shanghai) Ltd.	3	"	539,226	"	0.16
2	"	WPG Electronics Limited	3	"	106,387	"	0.03
2	"	World Peace International (South Asia) Pte Ltd.	3	"	588,201	"	0.18
3	Gain Tune Ltd.	World Peace Industrial Co., Ltd.	3	"	474,905	"	0.14
3	"	World Peace International (China) Limited (Note 19)	3	"	157,008	"	0.05
3	"	Sertek Incorporated	3	"	111,678	"	0.03
3	"	WPG C&C Limited	3	"	5,412,157	"	1.63
4	World Peace International (South Asia) Pte Ltd.	World Peace Industrial Co., Ltd.	3	"	173,471	"	0.05
4	"	World Peace International (China) Limited (Note 19)	3	"	1,663,829	"	0.50
4	"	World Peace International (India) Pvt., Ltd.	3	"	114,207	"	0.03
5	WPG C&C Limited	WPI International Trading (Shanghai) Ltd.	3	"	399,855	"	0.12
5	"	WPI International (Hong Kong) Limited	3	"	243,993	"	0.07
6	Longview Technology Inc.	World Peace Industrial Co., Ltd.	3	"	415,791	"	0.13
6	"	WPI International (Hong Kong) Limited	3	"	207,740	"	0.06

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
7	Genuine C&C (South Asia) Pte., Ltd.	WPG C&C (Malaysia) SDN BHD.	3	Sales	\$ 465,146	Note 12	0.14
7	"	WPG C&C (Thailand) Co., Ltd.	3	"	243,993	"	0.07
7	"	WPG C&C Computers And Peripheral (India) Private Limited	3	"	216,371	"	0.07
7	"	Genuine C&C (Indochina) Pte., Ltd.	3	"	206,660	"	0.06
8	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	918,331	Note 7	0.28
9	Silicon Application Company Limited	Silicon Application Corp.	3	"	320,533	Note 6	0.10
10	Richpower Electronic Devices Co., Ltd.	WPG Electronics Limited	3	"	137,028	Note 8	0.04
10	"	Richpower Electronic Devices Co., Limited	3	"	1,330,370	"	0.40
10	"	WPG Electronics (HK) Limited	3	"	1,355,179	"	0.41
11	Richpower Electronic Devices Co., Limited	Richpower Electronic Devices Co., Ltd.	3	"	727,835	"	0.22
11	"	WPI International (Hong Kong) Limited	3	"	179,644	"	0.05
12	Mec Technology Co., Ltd.	Richpower Electronic Devices Co., Ltd.	3	"	103,760	"	0.03
13	Everwiner Enterprise Co., Ltd.	Pernas Electronics Co., Ltd.	3	"	555,409	Note 6	0.17
14	World Components Agent (Shanghai) Inc.	Pernas Electronics Co., Ltd.	3	"	744,250	"	0.22
14	"	Everwiner Enterprise Co., Ltd.	3	"	655,939	"	0.20
15	Asian Information Technology Inc.	AIT Japan, Inc.	3	"	1,883,993	Note 8	0.57
16	AITG Electronic Limited	Frontek Technology Corporation	3	"	389,742	"	0.12
17	AIT Japan, Inc.	Asian Information Technology Inc.	3	"	260,531	"	0.08
18	Frontek Technology Corporation	WPG China Inc.	3	"	115,780	"	0.03
18	"	World Peace Industrial Co., Ltd.	3	"	275,581	"	0.08
19	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	"	3,626,288	Note 14	1.09
19	"	Sertek Limited	3	"	1,283,254	"	0.39
19	"	Sertek Incorporated	3	"	536,314	"	0.16
19	"	Sunwise Technology Ltd.	3	"	174,115	"	0.05
19	"	Yosun Singapore Pte Ltd.	3	"	108,874	"	0.03

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
20	Yosun Hong Kong Corp. Ltd.	Yosun Industrial Corp.	3	Sales	\$ 1,326,207	Note 15	0.40
20	"	Giitek Corp. Ltd.	3	"	1,967,851	Note 16	0.59
20	"	Yosun South China Corp. Ltd.	3	"	456,150	"	0.14
20	"	Yosun Singapore Pte Ltd.	3	"	316,457	"	0.10
20	Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	3	"	958,394	"	0.29
21	Yosun Singapore Pte Ltd.	Yosun Industrial Corp.	3	"	194,871	Note 15	0.06
21	"	Yosun Hong Kong Corp. Ltd.	3	"	140,135	Note 13	0.04
22	Sunwise Technology Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	324,364	"	0.10
23	Giitek Corp. Ltd.	Yosun Hong Kong Corp. Ltd.	3	"	1,426,186	"	0.43
23	"	Yosun South China Corp. Ltd.	3	"	319,984	"	0.10
24	Sertek Incorporated	Sertek Limited	3	"	4,131,726	Note 17	1.24
24	"	Yosun Industrial Corp.	3	"	204,061	Note 16	0.06
25	Scope Technology Co., Ltd.	Lipers Enterprise Co., Ltd.	3	"	114,376	Note 10	0.03
26	WPG China Inc.	WPI International (Hong Kong) Limited	3	"	528,995	Note 5	0.16
26	"	Frontek Technology Corporation	3	"	125,083	"	0.04
1	World Peace Industrial Co., Ltd.	WPI International (Hong Kong) Ltd.	3	Accounts receivable	1,200,153	Note 4	1.10
1	"	Gain Tune Ltd.	3	"	102,621	"	0.09
2	WPI International (Hong Kong) Limited	World Peace Industrial Co., Ltd.	3	"	145,259	Note 12	0.13
2	"	WPI International Trading (Shanghai) Ltd.	3	"	101,906	"	0.09
2	"	World Peace International (South Asia) Pte Ltd.	3	"	184,133	"	0.17
3	Gain Tune Ltd.	WPG C&C Limited	3	"	213,984	"	0.20
4	World Peace International (South Asia) Pte Ltd.	World Peace International (China) Limited (Note 19)	3	"	433,659	"	0.40
7	Genuine C&C (South Asia) Pte., Ltd.	WPG C&C Computers And Peripheral (India) Private Limited	3	"	225,640	"	0.21
7	"	Genuine C&C (Indo China) Pte., Ltd.	3	"	194,093	"	0.18
8	Silicon Application Corp.	WPG Electronics (HK) Limited	3	"	307,568	Note 7	0.28
10	Richpower Electronic Devices Co., Ltd.	Richpower Electronic Devices Co., Limited	3	"	188,676	Note 8	0.17
10	"	WPG Electronics (HK) Limited	3	"	506,457	"	0.46
15	Asian Information Technology Inc.	AIT Japan Inc.	3	"	251,237	"	0.23

Number (Note 1)	Name of counterparty	Name of transaction parties	Relationship (Note 2)	Transaction terms			Percentage of total combined revenue or total assets (Note 3)
				Subject	Amount	Transaction terms	
19	Yosun Industrial Corp.	Yosun Hong Kong Corp. Ltd.	3	Accounts receivable	\$ 1,934,727	Note 14	1.77
20	Yosun Hong Kong Corp. Ltd.	Yosun Shanghai Corp. Ltd.	3	"	327,394	Note 16	0.30
20	"	Yosun South China Corp. Ltd.	3	"	106,144	"	0.10
24	Sertek Incorporated	Sertek Limited	3	"	476,224	Note 17	0.44
26	WPG China Ltd.	WPI International (Hong Kong) Limited	3	"	106,840	Note 5	0.10
3	Gain Tune Ltd.	WPI International (Hong Kong) Limited	3	Other receivables	832,563	Note 18	0.76
4	World Peace International (South Asia) Pte Ltd.	WPG Americas Inc.	3	"	393,575	"	0.36
4	"	World Peace International Pte. Ltd.	3	"	130,183	"	0.12
15	Asian Information Technology Inc.	Frontek Technology Corporation	3	"	250,313	Note 9	0.23
27	Apache Communication Inc.	Frontek Technology Corporation	3	"	100,969	"	0.09
28	Silicon Application (BVI) Corporation	Silicon Application Corp.	3	"	288,238	Note 18	0.26
28	"	Silicon Application Company Limited	3	"	196,788	"	0.18
29	WPI International Trading (Shenzhen) Ltd.	WPI International Trading (Shanghai) Ltd.	3	"	140,355	"	0.13

Note 1: The transaction information of the Company and the consolidated subsidiaries are noted in column "Number". The number means:

1. Number 0 represents the Company.
2. The consolidated subsidiaries are in order from number 1.

Note 2: The relationship with the transaction parties are as follows:

1. The Company to the consolidated subsidiary.
2. The consolidated subsidiary to the Company.
3. The consolidated subsidiary to another consolidated subsidiary.

Note 3: Ratios of asset/liability are divided by consolidated total assets, and ratios of gain/loss accounts are divided by consolidated sales revenue.

Note 4: The price is based on the negotiation by both parties to the contract agreed to; collections are made within 30-75 days from the month of sale.

Note 5: The price is based on the negotiation by both parties to the contract agreed to; collections are made within 60 days from the month of sale.

Note 6: The terms and sales prices were negotiated in consideration of different factors including product, cost, market, competition and other conditions.

Note 7: The terms and sales prices are similar to third parties.

Note 8: The price is based on the negotiation by both parties to the contract agreed to; collections are made within 30-120 days from the month of sale.

Note 9: Mainly receivables arising from payment on behalf of others.

Note 10: The price is based on the cost plus a determined profit. The collection period is 95 days after sale.

Note 11: The commission revenue arose from providing administration resources and management service to related parties. Commission fees and collection terms are negotiated by both parties.

Note 12: The price is based on the negotiation by both parties to the contract agreed to collection are made with 30-60 days from the month of sale.

Note 13: The price is based on the cost plus a determined profit. The collection period is 75 days after sale.

Note 14: The price is based on the cost plus a determined profit. The collection period is similar to third parties.

Note 15: The price is based on the cost plus a determined profit. The collection period is 45 days after sales, and the amount due for collection is the net amount after offsetting accounts receivable and payable.

Note 16: The price is based on the cost plus determined profit. The collection period is 30 days from the month of sale.

Note 17: The price is based on the cost plus determined profit. The collection period is 90 days after sale.

Note 18: Mainly accrued financing charges.

Note 19: The name was changed as WPG SCM Limited in November, 2012.

## 12. OPERATING SEGMENT INFORMATION

### 1) General information

The Group is mainly engaged in the import and export of electronic components. The products include CPU, analog IC, discrete IC, logic IC, DRAM, Flash, optical component, etc. The chief operating decision-maker evaluates performance based on the separate net income of sub-groups, which includes World Peace Industrial Co., Ltd. and its subsidiaries, Silicon Application Corp. and its subsidiaries, Asian Information Technology Inc. and its subsidiaries, Yosun Industrial Corp. and its subsidiaries and others.

### 2) Measurement of segment information

The Group's chief operating decision-maker uses the net income as basis for assessing the performance of the Group's operating segments.

### 3) Information on segment profit (loss) and assets

The segment information of the reportable segments provided to the chief operating decision-maker for the years ended December 31, 2012 and 2011 is as follows:

2012:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yosun Industrial Corp. and its subsidiaries	Others	Eliminations	Total
Revenue from external customers	\$ 151,179,182	\$ 44,410,692	\$ 41,316,357	\$ 78,795,790	\$ 44,912,138	\$ -	\$ 360,614,159
Revenue from internal customers	881,739	1,975,489	1,064,049	178,955	3,847,484	( 7,947,716)	-
Total revenue	<u>\$ 152,060,921</u>	<u>\$ 46,386,181</u>	<u>\$ 42,380,406</u>	<u>\$ 78,974,745</u>	<u>\$ 48,759,622</u>	<u>(\$ 7,947,716)</u>	<u>\$ 360,614,159</u>
Segment profit (loss)	<u>\$ 3,770,082</u>	<u>\$ 1,473,723</u>	<u>\$ 916,274</u>	<u>\$ 1,976,077</u>	<u>\$ 547,295</u>	<u>\$ 1,141,462</u>	<u>\$ 9,824,913</u>
Net income (loss)	<u>\$ 2,290,926</u>	<u>\$ 563,519</u>	<u>\$ 502,159</u>	<u>\$ 642,545</u>	<u>\$ 477,756</u>	<u>(\$ 11,194)</u>	<u>\$ 4,465,711</u>
Total assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



2011:

	World Peace Industrial Co., Ltd. and its subsidiaries	Silicon Application Corp. and its subsidiaries	Asian Information Technology Inc. and its subsidiaries	Yosun Industrial Corp. and its subsidiaries	Others	Eliminations	Total
Revenue from external customers	\$ 139,792,294	\$ 38,404,568	\$ 34,162,147	\$ 84,629,023	\$ 35,334,559	\$ -	\$ 332,322,591
Revenue from internal customers	1,118,537	1,128,421	656,046	105,988	3,268,617	( 6,277,609)	-
Total revenue	<u>\$ 140,910,831</u>	<u>\$ 39,532,989</u>	<u>\$ 34,818,193</u>	<u>\$ 84,735,011</u>	<u>\$ 38,603,176</u>	<u>(\$ 6,277,609)</u>	<u>\$ 332,322,591</u>
Segment profit (loss)	<u>\$ 3,869,800</u>	<u>\$ 1,397,693</u>	<u>\$ 1,091,360</u>	<u>\$ 2,653,957</u>	<u>(\$ 286,026)</u>	<u>\$ 1,038,717</u>	<u>\$ 9,765,501</u>
Net income	<u>\$ 2,389,436</u>	<u>\$ 633,894</u>	<u>\$ 518,726</u>	<u>\$ 1,155,911</u>	<u>\$ 393,562</u>	<u>(\$ 11,096)</u>	<u>\$ 5,080,433</u>
Total assets (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities (Note)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: According to EITF 99-151, "Explanation for Segment Reporting", of the R.O.C. Accounting Research and Development Foundation, dated June 28, 2010, enterprises should disclose the measurement amount of reportable segments asset in accordance with paragraph 24 of R.O.C. SFAS No. 41, "Operating Segments". As the Company does not provide the measurement amount of assets to the chief operating decision-maker, measurement amount of assets to be disclosed is \$0.

#### 4) Reconciliation information for segment profit (loss)

The net income reported to the chief operating decision-maker is measured in a manner consistent with revenues, costs and expenses in the statement of income. As a result, reconciliation is not needed.

5) Information about products and services

The Group is mainly engaged in the import and export of electronic components. Revenues consist as follows:

	<u>2012</u>	<u>2011</u>
Core components	\$ 119,999,058	\$ 106,137,680
Analog IC and mixed signal component	66,887,379	54,620,518
Discrete, logic IC	45,018,103	54,561,019
Memory	46,673,037	43,189,706
Optical components	35,902,498	23,754,028
Passive component, connector and magnetic component	20,948,579	14,921,982
Others	25,185,505	35,137,658
Total	<u>\$ 360,614,159</u>	<u>\$ 332,322,591</u>

6) Information about geographic areas

Information about geographic areas for the years ended December 31, 2012 and 2011 were as follows:

	<u>2012</u>		<u>2011</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 67,311,277	\$ 9,045,075	\$ 71,906,419	\$ 8,612,271
Mainland China	255,737,295	1,709,804	233,978,626	674,446
Others	37,565,587	455,673	26,437,546	217,096
Total	<u>\$360,614,159</u>	<u>\$ 11,210,552</u>	<u>\$332,322,591</u>	<u>\$ 9,503,813</u>

7) Information about major customers

No single customer contributes more than 10% of the Group's total consolidated operating revenues for the years ended December 31, 2012 and 2011.

13. DISCLOSURES RELATING TO THE ADOPTION OF IFRSs

Pursuant to the regulations of the former Financial Supervisory Commission, Executive Yuan, R.O.C. (FSC) effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by FSC (together referred to as IFRSs).

The Company discloses the following information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of FSC, dated February 2, 2010:

(1) Major contents and status of execution of the Company's plan for IFRSs adoption:

The Company has established the IFRSs taskforce headed by the Company's general manager, which is responsible for setting up a plan relative to the Company's transition to IFRSs. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	Status of Execution
a. Establish the IFRSs taskforce	Completed
b. Setting up a plan relative to the Group's transition to IFRSs	Completed
c. Identification of the differences between current accounting policies and IFRSs	Completed
d. Identification of consolidated entities under IFRSs	Completed
e. Evaluation of the impact of each exemption and option on the Company under IFRS 1 - First-time Adoption of International Financial Reporting Standards	Completed
f. Evaluation of adjustments of information system	Completed
g. Evaluation of modification to the relevant internal controls	Completed
h. Determine IFRSs accounting policies	Completed
i. Selection of exemptions and options available under IFRS 1 - First-time Adoption of International Financial Reporting Standards	Completed
j. Preparation of statement of financial position on the opening date of IFRSs	Completed
k. Preparation of comparative financial information under IFRSs for 2012	Completed
l. Modification of relevant internal controls (including financial reporting process and relevant information system)	Completed

(2) Material differences that may arise between current accounting policies used in the preparation of financial statements and IFRSs and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be used in the preparation of financial statements in the future:

The Company uses the IFRSs already ratified currently by FSC and the "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above.

However, the Company's current evaluation results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs are subsequently ratified by FSC or relevant interpretations or amendments to the "Rules Governing the Preparation of Financial Statements by Securities Issuers" come in the future.

Material differences identified by the Company that may arise between current accounting policies used in the preparation of financial statements and IFRSs and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be used in the preparation of financial statements in the future, and the effects of exemptions selected by the Company under IFRS 1-Frist-time Adoption of International Financial Standards (refer to Note 13(3)) are set forth below:

A. Reconciliation of material differences in the balance sheet as of January 1, 2012

	Current Accounting Policies	Adjustments	IFRSs	Explanation
Deferred income tax assets - current	\$ 171,216	(\$ 171,216)	\$ -	(a)
Other current assets	97,784,483	( 16)	97,784,467	
Available-for-sale financial assets - non-current	182,545	( 10,961)	171,584	(b) and (c)
Financial assets carried at cost - non-current	440,575	( 135,966)	304,609	(c) and (d)
Long-term investments accounted for under the equity method	423,657	193,343	617,000	(d)
Property, plant and equipment, net	4,022,749	109,243	4,131,992	(e)
Deferred pension cost	14,922	( 14,922)	-	(f)
Deferred income tax assets - non-current	-	327,674	327,674	(g)
Other non-current assets (including other assets)	5,981,306	( 107,488)	5,873,818	(e)
<b>Total Assets</b>	<b>\$109,021,453</b>	<b>\$ 189,691</b>	<b>\$109,211,144</b>	
Accrued expenses	3,628,085	89,486	3,717,571	(h)
Other current liabilities	63,051,607	-	63,051,607	
Accrued pension liabilities	289,122	180,890	470,012	(i)
Deferred income tax liabilities - non-current	165,329	101,651	266,980	(j)
Other non-current liabilities (including other liabilities)	4,074,064	-	4,074,064	

	Current Accounting Policies	Adjustments	IFRSs	Explanation
Total liabilities	\$ 71,208,207	\$ 372,027	\$ 71,580,234	
Undistributed earnings	5,251,868	( 201,496)	5,050,372	(b), (g), (h) and (i)
Other stockholders' equity	32,561,378	19,160	32,580,538	
Total stockholders' equity	\$ 37,813,246	(\$ 182,336)	\$ 37,630,910	

B. Reconciliation of material differences in the balance sheet as of December 31, 2012

	Current Accounting Policies	Adjustments	IFRSs	Explanation
Deferred income tax assets - current	\$ 170,114	(\$ 170,114)	\$ -	(a)
Other current assets	106,425,470	-	106,425,470	
Available-for-sale financial assets - non-current	172,335	( 5,250)	167,085	(b) and (c)
Financial assets carried at cost - non-current	531,218	( 149,023)	382,195	(c) and (d)
Long-term investments accounted for under the equity method	878,902	229,046	1,107,948	(d)
Property, plant and equipment, net	5,117,436	105,403	5,222,839	(e)
Deferred pension cost	13,811	( 13,811)	-	(f)
Deferred income tax assets - non-current	-	339,508	339,508	(g)
Other non-current assets (including other assets)	6,351,536	( 109,923)	6,241,613	(e)
Total Assets	\$119,660,822	\$ 225,836	\$119,886,658	
Accrued expenses	3,209,137	49,892	3,259,029	(h)
Other current liabilities	71,220,528	-	71,220,528	
Accrued pension liabilities	334,506	171,635	506,141	(i)
Deferred income tax liabilities - non-current	185,359	128,849	314,208	(j)
Other non-current liabilities (including other liabilities)	6,503,871	-	6,503,871	

	Current Accounting Policies	Adjustments	IFRSs	Explanation
Total liabilities	\$ 81,453,401	\$ 350,376	\$ 81,803,777	
Undistributed earnings	6,148,174	( 119,006)	6,029,168	(b), (g), (h) and (i)
Other stockholders' equity	32,059,247	( 5,534)	32,053,713	
Total stockholders' equity	\$ 38,207,421	(\$ 124,540)	\$ 38,082,881	

C. Reconciliation of significant differences in the income statement for the year ended December 31, 2012:

	Current Accounting Policies	Adjustments	IFRSs	Explanation
Operating revenues	\$360,614,159	\$ -	\$360,614,159	
Operating costs	( 342,519,548)	-	( 342,519,548)	
Gross profit	18,094,611	-	18,094,611	
Operating expenses	( 11,901,761)	44,239	( 11,857,522)	(i) and (j)
Operating income	6,192,850	44,239	6,237,089	
Non-operating expenses	( 652,266)	55,823	( 596,443)	(b) and (d)
Income before income tax	5,540,584	100,062	5,640,646	
Income tax expense	( 1,082,362)	( 9,752)	( 1,092,114)	(h)
Consolidated Net Income	\$ 4,458,222	\$ 90,310	\$ 4,548,532	

Description of the reconciliation of significant differences:

- (a) The decrease in deferred income tax assets - current in the amount of \$171,216 and \$170,114 as of January 1, 2012 and December 31, 2012, respectively, are due to the following:

In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected period to realize or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current.

- (b) The decrease in available-for-sale financial assets - non-current in the amount of \$10,961 and \$5,250 as of January 1, 2012 and December 31, 2012, respectively, are due to the following:

1) Before the amendment of "Rules Governing the Preparation of Financial Statements by Securities Issuers", dated July 7, 2011, unlisted stocks held by

the Group should be measured at cost and recognized in “Financial assets carried at cost”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. According to “Rules Governing the Preparation of Financial Statements by Securities Issuers” revised as of December 22, 2011, the subsidiaries designated “Financial assets carried at cost - non-current” as “Available-for-sale financial assets - non-current” at the date of transition to IFRSs.

- 2) The subsidiary did not use equity method on its investee which the subsidiary holds less than 20% ownership as the subsidiary does not have significant influence under the current accounting standards. However, in accordance with IAS 28, “Investments in Associates”, after considering the criteria for significant influence, the accounting treatment for a certain investment was changed from “Financial assets carried at cost” to “Long-term investments accounted for under equity method”. Accordingly, there is an increase in undistributed earnings at the date of transition to IFRSs and an increase in undistributed earnings and other non-operating income as of and for the year ended December 31, 2012.
- (c) Please refer to (b) 1) for the explanation for the decrease in financial assets carried at cost - non-current in the amount of \$135,966 and \$149,023 as of January 1, 2012 and December 31, 2012, respectively.
- (d) The increase in long-term investments accounted for under the equity method in the amount of \$193,343 and \$229,046 as of January 1, 2012 and December 31, 2012, respectively, is due to the following:
- 1) As stated in (b) 2), certain available-for-sale financial assets-noncurrent were reclassified to ‘long-term equity investments accounted for under the equity method’.
  - 2) As a subsidiary has lost control over an indirect subsidiary, all assets and liabilities of the indirect subsidiary are derecognized effective from the date the control is lost, and the investment shall be remeasured and recognized. Under the ROC GAAP, when a subsidiary loses control over an indirect subsidiary because of having only less than half the director seats of the indirect subsidiary, the investment shall be reclassified to ‘long-term equity investments accounted for under the equity method’ at book value on the date the control is lost. However, under IAS 27, in this case above, the investment shall be

remeasured at fair value; the difference between fair value and book value is recognized in the statement of income.

- e) The increase in Property, plant and equipment, net in the amount of \$109,243 and \$105,403, the decrease in other non-current assets in the amount of \$107,488 and \$109,923 as of January 1, 2012 and December 31, 2012, respectively, are due to the following:

In accordance with current accounting standards in R.O.C, there is no relevant rule to present the leased assets. In practice, the Company's property that is leased to others is presented in "Other assets" account. In accordance with IAS 40, leased property that doesn't meet the definition of investment property is classified and accounted for as "Property, plant and equipment, net".

- (f) Please refer to (j) for the explanation for the decrease in deferred pension cost in the amount of \$14,922 and \$13,811 as of January 1, 2012 and December 31, 2012, respectively.

- (g) The increase in deferred income tax assets - non-current in the amount of \$327,674 and \$339,508 as of January 1, 2012 and December 31, 2012, respectively, are due to the following:

- 1) Please refer to (a) for the reclassification from "Deferred income tax assets - current" to "Deferred income tax assets - non-current".
- 2) The Group calculated the tax effects of the differences between IFRSs and the current accounting policies resulting to an increase in deferred income tax assets and undistributed earnings at the date of transition to IFRSs, and an increase in deferred income tax assets, income tax expense and undistributed earnings as of and for the year ended December 31, 2012.
- 3) The deferred income tax assets and liabilities should not be offset unless they meet the netting criteria under IAS 12, "Income Tax". Therefore, the Group reclassified deferred income tax assets and liabilities at the date of transition to IFRSs.

- (h) The increase in accrued expenses in the amount of \$89,486 and \$49,892 as of January 1, 2012 and December 31, 2012, respectively, are due to the following:

- 1) The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Group recognizes such costs as expenses upon actual payment. However, IAS 19, "Employee Benefits", requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. Therefore, the Group increased accrued expenses and decreased undistributed earnings at the date of transition to IFRSs. The Group also increased accrued expenses and decreased operating expenses as of and for the year ended December 31, 2012.



- 2) The subsidiaries recognized variable rental expense for long-term lease agreements in accordance with current accounting standards. However, in accordance with IAS 17, “Lease”, the rental expenses should be recognized using the straight-line method which is total rental expenses divided by the lease term. The Group increased accrued expenses and decreased undistributed earnings at the date of transition to IFRSs. The Group also increased accrued expenses and decreased operating expenses as of and for the year ended December 31, 2012.
- (i) The increase in accrued pension liabilities in the amount of \$180,890 and \$171,635 as of January 1, 2012 and December 31, 2012, respectively are due to the following:
- 1) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, “Employee Benefits”, requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead.
  - 2) In accordance with current accounting standards in R.O.C., the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum amount of pension liability that is required to be recognized on the balance sheet (“minimum pension liability”). However, IAS 19, “Employee Benefits”, has no regulation regarding the minimum pension liability.
  - 3) In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, as this is the Group’s first-time adoption of IFRSs, the transition regulations of IAS 19, “Employee Benefits” do not apply to the Group. The unrecognized transitional net benefit obligation should be zero.
  - 4) In accordance with the exemptions applied under IFRS 1, the Group recognized all accumulated actuarial gain or loss in retained earnings at the date of transition to IFRSs.
  - 5) In accordance with current accounting standards in R.O.C., the Company recognizes actuarial pension gain or loss as current net periodic pension costs using the corridor method. However, IAS 19, “Employee Benefits”, requires

that actuarial pension gain or loss should be recognized immediately in other comprehensive income and directly in retained earnings.

- (j) The increase in deferred income tax liabilities - non-current in the amount of \$101,651 and \$128,849 as of January 1, 2012 and December 31, 2012, respectively, are due to the following:

Please refer to (h) 3) for the reclassification from netting “Deferred income tax assets - current and non-current”.

- D. The Group selected the following exemptions in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards”, and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that are expected to be applied in 2013:

- (a) Business combinations

The Group selected not to apply the requirements in IFRS 3, “Business Combinations”, retroactively to business combinations that occur before the date of transition to IFRSs.

- (b) Share-based payment

The Group selected not to apply the requirements in IFRS 2, “Share-based Payment”, retroactively to the equity instruments that are vested and liabilities that are settled before the date of transition to IFRSs, arising from share-based payment transactions.

- (c) Employee benefits

The Group selected to recognize all accumulated actuarial gains and losses associated with employee benefit plans in retained earnings at the date of transition to IFRSs, and disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments in accordance with paragraph 120A, (P) IAS 19, “Employee Benefits”, based on their prospective amounts for each accounting period from the date of transition to IFRSs.

- (d) Designation of financial instruments recognized previously

The Group selected to designate part of “Financial assets carried at cost - non-current” as “Available-for-sale financial assets - non-current” at the date of transition to IFRSs.

Some of the above exemptions may be different from the actual selection at the date of transition to IFRSs due to the issuance of related regulations by the competent authority, changes in economic environment, or changes in the evaluation of effect of the Company’s selection of exemptions.