

ADVANCED SEMICONDUCTOR ENGINEERING INC  
Form 6-K  
July 19, 2013

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934

July 19, 2013

Commission File Number 001-16125

Advanced Semiconductor Engineering, Inc.  
( Exact name of Registrant as specified in its charter)

26 Chin Third Road  
Nantze Export Processing Zone  
Kaoshiung, Taiwan  
Republic of China  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

☐

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes      No    ☒ X

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
Not applicable

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADVANCED SEMICONDUCTOR ENGINEERING, INC.

Date: July 19, 2013

|        |                         |
|--------|-------------------------|
| By:    | /s/ Joseph Tung         |
| Name:  | Joseph Tung             |
| Title: | Chief Financial Officer |

Minutes  
Of  
2013 Annual Shareholders' Meeting  
Of  
Advanced Semiconductor Engineering, Inc.  
(Translation)

1. Time: 10:00AM, Wednesday, June 26, 2013
2. Place: Zhuang Jing Auditorium, 600 Jiachang Rd., Nantz Processing Export Zone, Nantz District, Kaohsiung City
3. Total shares represented by shareholders and proxy present 6,096,792,934 shares (including exercised by Present: way of electronic transmission 2,578,251,685 shares) is 81.68% of total outstanding shares of ASE 7,463,933,195 shares (excluding the shareholders who had no voting right stipulated in Company Law)
4. Chairperson's Remarks: (To be omitted)
5. Status Reports
  - (1) 2012 Business Report (See Attachment )
  - (2) Report by supervisors on review of the 2012 financial statements. (See Attachment )
  - (3) Report on total amount for endorsement, guarantee and amount of loans to third parties.
  - (4) The effect of the first adoption of IFRS on unappropriated earnings and special surplus reserve report.
  - (5) Report on the implementation of the privately offered foreign convertible corporate bonds passed in the 2012 shareholders meeting.
  - (6) The Company amended the Proceedings of Board of directors Meetings. (See Attachment )
6. Matters for Ratification

Case 1 (proposed by the Board of Directors)

Proposal: 2012 final accounts for your recognition.

Explanation: 1. The Company's 2012 financial statements have been audited and attested

by Deloitte & Touche and reviewed by the Supervisors.

2. Please ratify the financial statements (see Attachment ) and the 2012 Business Report (see Attachment ).

Resolution: Voting results: Ratify 4,642,460,100 shares (including exercised by way of electronic transmission 1,537,846,591 shares); Oppose 34,008 shares (including exercised by way of electronic transmission 34,008 shares); Abstain from voting 1,040,371,086 shares (including exercised by way of electronic transmission 1,040,371,086 shares). Resolved, that the above proposal be and hereby was approved as proposed.

### Case 2 (proposed by the Board of Directors)

Proposal: Please ratify the Company's 2012 proposal for earnings distribution.

Explanation 1. The Board of directors has drafted the Company's 2012 proposal for surplus distribution as shown in the table below in accordance with the applicable laws and the Company's Articles of Incorporation for your ratification.

Advanced Semiconductor Engineering, Inc.  
2012 earnings distribution proposal

| Item                                                                      | Amount         |
|---------------------------------------------------------------------------|----------------|
| Prior year retained earnings                                              | 6,756,011,846  |
| Subtract: Unappropriated earnings recorded from cancelled treasury stocks | 290,022,973    |
| Add: Current year gross profit                                            | 13,091,359,427 |
| Subtract: Provision for 10% statutory surplus reserve                     | 1,309,135,943  |
| Subtract: Provision for special surplus reserve                           | 309,991,832    |
| Current year earnings to be distributed                                   | 17,938,220,525 |
| Items for distribution:                                                   |                |
| Dividends (Note 1)                                                        | 7,987,973,811  |
| Current year retained earnings                                            | 9,950,246,714  |

### Remarks:

NT\$228,000,000 to be distributed for Director and Supervisor remuneration  
NT\$1,147,223,000 to be distributed for employee bonuses, all in cash

President: Jason C.S. Chang

Manager: Richard H.P. Chang

Accountant Manager: Joseph Tung

Note A total of NT\$7,987,973,811 is distributed as dividends, NT\$1.05 per  
1:

share, all of which will be distributed in cash. The above distribution of dividends to shareholders and the cash and stock dividend distribution rates are calculated based on the number (7,607,594,106) of shares recorded in the Register of Shareholders as of March 28, 2013. Later, if the Company's ECB holders exercise the right of conversion, or new shares issued to employees against Employee Stock Option warrant, or new shares issued by the Company for a cash capital increase, or buyback of the Company's stocks, or transfer or cancellation of the Company's treasury stocks, which affect the cash distribution rate of the shareholders' bonus, requiring adjustment, the management will request the shareholders' meeting to authorize the board of directors to handle the situation and make adjustments accordingly.

Note In response to the introduction of an integrated income tax system, earnings of the most recent year 2: will be distributed this time.

2. Basis date for dividend distribution: The board of directors is authorized to set the date after it is passed at the shareholders meeting.

Resolution: Voting results: Ratify 4,642,271,819 shares (including exercised by way of electronic transmission 1,537,658,308 shares); Oppose 223,801 shares (including exercised by way of electronic transmission 223,801 shares); Abstain from voting 1,040,369,576 shares (including exercised by way of electronic transmission 1,040,369,576 shares). Resolved, that the above proposal be and hereby was approved as proposed.

## 7. Matters for Discussion

### Case 1 (proposed by the Board of Directors)

**Proposal:** To discuss whether to consecutively or simultaneously select one of or combine cash capital increase by issuing common shares and GDR, domestic cash capital increase by issuing common shares, and privately offered foreign convertible corporate bonds.

**Explanation:** To finance future capacity expansion, provide for working capital increases, repay bank loans, or cope with other needs for funds in the longer term, the Company is urged to authorize the board of directors to consecutively or simultaneously select one of or combine issuing GDRs through cash capital increases, conducting domestic cash capital increases by issuing common shares, and privately offering foreign convertible corporate bonds according to articles of incorporation, relevant regulations and the following rules.

1. The principles to issue new common shares and GDR for capital increase in cash shall be as follows:

(1) This capital increase by issuing common shares and GDR shall not exceed 500 million shares with the board of directors authorized to decide how many shares to be issued depending on market circumstances.

(2) The price at which shares are issued via issuance of GDRs through cash capital increases shall not fall below 90% of the simple arithmetic mean of the share's closing price on the date the issue price is set and its closing price one, three or five days prior to the price-setting date after adjustment for any distribution of stock dividends (or cancelled shares for capital reduction) as per "Self-imposed Rules Governing Underwriters Assisting Companies in Issuing Securities" announced by Taiwan Securities Association. If relevant regulations change, the pricing method may be changed accordingly. As share prices often fluctuate substantially in a short time, the president is authorized to set the issue price by following international practices after consulting the underwriter and considering international capital markets' circumstances, domestic market prices, and the book building status. The GDR's issue price is decided based on the fair market price of the company's common stock. Original shareholders who did not participate in the offering, if for the purpose of maintaining shareholding structure, may purchase common stock in Taiwan's stock market at a price close to the GDR's issue



price without having to assume exchange and liquidity risks. In addition, shares issued via issuance of GDRs through cash capital increases will dilute the original shareholders' equity to a maximum of 6.57%, not a major impact on shareholders' rights and interests.

(3) 10%~15% of common shares issued for this capital increase in cash shall, according to Article 267 of The Company Act, be reserved for subscription by company employees and the shareholders meeting will be requested to fully appropriated the remaining 85%~90% for open issuance as the securities for GDR as the original shareholders have waived their rights for subscription in accordance with Article 28-1 of the Securities Exchange Act. For the part that employees have not subscribed, the president is authorized to contact specific party for purchase or, depending on the market requirements, list as the original securities for participation in the issuance of GDR.

(4) The funds raised by shares issued via issuance of GDRs through this cash capital increases shall be used to expanding the factories, purchase equipment, purchase materials overseas, make reinvestments, and/or repay bank loans. Implementation shall be completed within 2 years after the funds are raised. The project is expected to boost the Company's competitiveness, improve its efficiency, and have a positive impact on shareholders' rights and interests.

(5) The board of directors is authorized to adjust, set, and administer the major contents of the cash capital increase by GDR issuance plan, which includes issuance rules, source of capital, plan items, estimated progress and estimated probable effect generated as well as other matters relevant to the issuance of GDR, according to market conditions. If a cash capital increase must be changed as ordered by the regulatory authority or required by circumstances, the board of directors is authorized to make corresponding changes.

(6) In conjunction with the issuance method of common shares for this capital increase in cash and participation in GDR issuance, the president or his designated representative is authorized to represent the Company in signing all documents related to the participation in the issuance of GDR as well as handling all needed matters.

2. The principles for domestic cash capital increase by issuing common shares:

(1) The number of common shares issued for this domestic cash capital increase may not exceed 500 million shares.

(2) Face value of shares issued via cash capital increases is NT\$10 per share. The issue price shall be decided by the president after consulting the

underwriter as per "Self-imposed Rules Governing Underwriters Assisting Companies in Issuing Securities" announced by Taiwan Securities Association and market conditions at time of issue and filed with the regulatory authority.

(3) According to Article 28-1 of the Securities Exchange Act, the underwriting method for the publicly offered portion shall be decided by the board of directors as authorized between public subscription and book building.

A. If public subscription is selected:

Apart from the 10%~15% of the issued shares to be reserved for employee subscription at the actual issue price according to Article 267 of the Company Act, 10% of the newly issued shares will be publicly offered to comply with Article 28-1 of the Securities Exchange Act, while the remaining 75%~80% will be subscribed by the existing shareholders based on the shareholding percentages on the basis date. For an existing shareholder who holds less than enough shares to subscribe one new share, joint subscription with other shareholders or combined subscription by one person will be allowed; any existing shareholder who does not subscribe authorizes the president to subscribe at the issue price from the designated person.

B. If book building is selected:

Apart from the 10%~15% of the issued shares to be reserved for employee subscription at the actual issue price according to Article 267 of the Company Act, the remaining shares will be subject to Article 28-1 of the Securities Exchange Act, and the existing shareholders waive the right to subscribe before the shares all become publicly offered based on the book building method. In addition, if the Company's employees have not subscribed sufficiently and adequately or waived the right to subscribe, the chairman may contact specific party for purchase.

(4) The rights and obligations associated with the new shares issued for the cash capital increase are identical to those associated with the existing shares.

(5) The funds raised by common shares issued through this cash capital increases shall be used to expanding the factories, purchase equipment, purchase materials overseas, provide for working capital increase, make reinvestments, and/or repay bank loans. Implementation shall be completed within 2 years after the funds are raised. The project is expected to boost the Company's competitiveness, improve its efficiency,

and have a positive impact on shareholders' rights and interests.

(6) The board of directors is authorized to adjust, set, and administer the major contents of the cash capital increase plan, which includes issuance rules, source of capital, plan items, estimated progress and estimated probable effect generated as well as other matters relevant to the issuance of GDR, according to market conditions. If a cash capital increase must be changed as ordered by the regulatory authority or required by circumstances, the board of directors is authorized to make corresponding changes.

(7) Once the plan for cash capital increase in cash is filed with the competent regulatory authority, the president will be authorized to set the base date, payment period, and ex-rights date for new share issue.

3. The principles to privately issue foreign convertible corporate bonds:

(1) This private offering of foreign convertible corporate bonds is subject to a maximum of NT\$15 billion or the equivalent in foreign currencies. Please see Attachment for the tentative issue and conversion rules for this private offering of foreign convertible corporate bonds, which will be handled by the board of directors authorized by the shareholders meeting based on the Company's needs for funds or financial market circumstances.

(2) Basis and reasonableness of private offering price:

The issue price for the private offering of foreign convertible corporate bonds is set to be not lower than 80% of the formula price referred to in the Directions for Public Companies Conducting Private Placements of Securities. For the actual issue price, the shareholders meeting will be requested to grant the board of directors the authority to set the price according to the law and not below the range approved by the shareholders meeting and depending on current market and company circumstances. The price for this private offering of foreign convertible corporate bonds is set according to the regulations and in consideration of the strict restrictions for transfer timing, recipient, and quantity of the privately offered securities. In addition, the shares converted from the corporate bonds may not be publicly listed for three years of the delivery. The price for this private offering of foreign convertible corporate bonds is deemed to be reasonable under the terms and factors such as weaker liquidity.

(3) Selection method and purpose for designated persons, necessity, and expected benefits:

The offeree selection procedure shall follow the rules under Article 43-6

of the Securities and Exchange Act and the previous order (91) Tai-Cai-Zheng-1 No. 0910003455 on June 13, 2002 from the Securities and Futures Commission of the Ministry of Finance. The purpose for selecting offerees is to introduce strategic investors. A strategic investor refers to an individual or corporate entity that, for the purpose of increasing the Company's profits, assists the Company to enhance technology, improve quality, increase efficiency, and expand market through vertical or horizontal industrial integration or collaboration in product or market development. The selection of offerees shall be decided by the board of directors as authorized by the shareholders meeting. The purpose, necessity, and expected benefits are to meet the demands of the Company's operations by having private offering investors provide the Company with assistance in enhancing technology, improving quality, reducing costs, increasing efficiency, and expanding the market in order to strengthen the Company's competitiveness and improve operational efficiency and long term development.

(4) The necessity, use of funds, and expected benefits:

A. Reasons against a public offering:

The choice of a private offering is in support of the Company's future business development and plans to introduce strategic investors and in consideration of the time sensitiveness, convenience, issue costs and shareholder stability provided by a private offering. In addition, privately offered securities are restricted from free transfers under the Securities and Exchange Act, and the rule will ensure a long term partnership between the Company and its strategic investors.

B. Maximum amount of private offering:

This private offering of foreign convertible corporate bonds is subject to a maximum of NT\$15 billion or the equivalent in foreign currencies. However, the actual amount of the private offering shall be determined according to the applicable regulations and financial market circumstances at the time. When a convertible corporate bond holder obtains common shares of the Company by exercising the conversion right, the number of shares is calculated based on the conversion price at the time of conversion.

C. Use of funds and expected benefits:

This private offering of foreign convertible corporate bonds may be made by the board of directors as authorized by the

shareholders meeting within one year of the passing of the resolution. The raised capital is expected to be used for one or more purposes of capital expenditure, providing for working capital increases, repaying bank loans, and reinvestments. In addition, it is expected that the fund will be completely used within three years after the private offering is completed. The expected benefits include a positive impact on shareholder rights and one or more of strengthened position in the industry, enhanced long term competitiveness, improved financial structure, and savings in interest expenses. However, the actual private offering and the schedule for the use of funds shall depend on the Company's needs for funds, regulations, and financial market circumstances.

(5) Rights and obligations associated with converting corporate bonds to common shares

The rights and obligations associated with the common shares converted from this private offering of foreign convertible corporate bonds are identical to those associated with the existing common shares of the Company. However, the listing and resale of such common shares shall be subject to the rules under the Securities and Exchange Act. Private offerings of foreign convertible corporate bonds shall be conducted in compliance with the letter from the Financial Supervisory Commission of the Executive Yuan, Jin-Guan-Zheng-1 No. 09700513881 on October 21, 2008.

(6) The private offering plan includes primarily the issue and conversion rules, actual private offering price, private offering terms, plan items, amounts, scheduled progress and expected benefits, and other matters potentially related to the issue plan. The shareholders meeting will be requested to authorize the board of directors to make adjustments at its full discretion according to the Company's financial needs, financial market circumstances, and relevant regulations. The shareholders meeting will also be requested to authorize the board of directors to make modification or correction at its full discretion in response to future changes in regulations, orders from competent authorities, or changes in market circumstances, business assessments, or objective environmental conditions.

(7) In order to complete the private offering of foreign convertible corporate bonds, the shareholders meeting will also be requested to authorize the chairman of the board of directors or a designated person

to represent the Company in signing all relevant contracts and documents and complete all subsequent procedures for the Company.

(8) For matters that are not covered herein, the shareholders meeting will be requested to authorize the board of directors to, in accordance with law, proceed at its discretion.

Resolution: Voting results: Ratify 4,313,248,265 shares (including exercised by way of electronic transmission 1,413,475,527 shares); Oppose 115,458,706 shares (including exercised by way of electronic transmission 115,458,706 shares); Abstain from voting 1,049,317,452 shares (including exercised by way of electronic transmission 1,049,317,452 shares). Resolved, that the above proposal be and hereby was approved as proposed.

Case 2 (proposed by the Board of Directors)

Proposal: Please discuss the revised version of the Procedures for Lending Funds to Other Parties.

Explanation: 1. In response to the amendment of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies released by the Financial Supervisory Commission on July 6, 2012, the Company's board of directors approved the amendment of the Company's Procedures for Lending Funds to Other Parties on September 27, 2012.

2. Your approval of a comparison of the Procedures for Lending Funds to Other Parties before and after revisions as shown in Attachment is requested.

Resolution: Voting results: Ratify 4,435,059,936 shares (including exercised by way of electronic transmission 1,535,287,198 shares); Oppose 65,318 shares (including exercised by way of electronic transmission 65,318 shares); Abstain from voting 1,042,899,169 shares (including exercised by way of electronic transmission 1,042,899,169 shares). Resolved, that the above proposal be and hereby was approved as proposed.

Case 3 (proposed by the Board of Directors)

Proposal: Please discuss the revised version of the Procedures of Making of Endorsement and Guarantees.

Explanation: 1. In response to the amendment of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies

released by the Financial Supervisory Commission on July 6, 2012, the Company's board of directors approved the amendment of the Company's Procedures of Making of Endorsement and Guarantees on September 27, 2012.

2. Your approval of a comparison of the Procedures of Making of Endorsement and Guarantees before and after revisions as shown in Attachment is requested.

Resolution: Voting results: Ratify 4,435,070,119 shares (including exercised by way of electronic transmission 1,535,297,381 shares); Oppose 55,134 shares (including exercised by way of electronic transmission 55,134 shares); Abstain from voting 1,042,899,170 shares (including exercised by way of electronic transmission 1,042,899,170 shares). Resolved, that the above proposal be and hereby was approved as proposed.

#### Case 4 (proposed by the Board of Directors)

Proposal: Please discuss the revised version of the Company's Articles of Incorporation.

Explanation: 1. In order to accommodate the Company's operating requirements and to comply with Article 26 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies as required by the Financial Supervisory Commission, the dividend distribution method for a special surplus reserve reversal is specified in the Articles of Incorporation. Moreover, in response to the accounting principles to be adopted in 2015 after the IFRS implementation and in consideration of the average percentage of remunerations to the directors and supervisors in the industry and market trends, the Company's board of directors approved the amendment of the Company's Articles of Incorporation on April 8, 2013.

2. Your approval of a comparison of articles of incorporation before and after revisions as shown in Attachment is requested.

Resolution: Voting results: Ratify 4,433,413,603 shares (including exercised by way of electronic transmission 1,533,640,865 shares); Oppose 4,044,134 shares (including exercised by way of electronic transmission 4,044,134 shares); Abstain from voting 1,040,566,686 shares (including exercised by way of electronic transmission 1,040,566,686 shares). Resolved, that the above proposal be and hereby was approved as proposed.

10. Extempore Motions: None

11. Meeting Ended: Wednesday, June 26, 2013 at 11:20 a.m.

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Advanced Semiconductor Engineering, Inc.  
Business Report

The weakening trend of 2011 persisted in the global economy, and the European debt crisis has spread to European countries including Spain and Italy in 2012. The economic recovery in the United States had also slowed down in 2012, while the Chinese economy cooled down to the lowest point in recent years. All of the elements above had a severe impact on the global economy. Taiwan cannot separate itself from the global economy, and its economic performance sustained a significant impact. When combined with the various policy reforms last year, the conditions in Taiwan have become more challenging, and the overall economy has cooled down in terms of both imports and exports. According to the World Semiconductor Trade Statistics (WSTS), the global semiconductor sales fell by 2.7% in 2012. According to the report from the IEK ITIS Project, the semiconductor industry in Taiwan produced an output of NT\$1,634.2 billion in 2012, a growth of 4.6% compared to 2011. In spite of excellent growth in the IC packaging and testing industry from smartphones and tablets, the weak PC sales evened out the performance of the industry as a whole. The output of the packaging industry amounted to NT\$272 billion, a growth of 0.9% compared to 2011. The output of the testing industry amounted to NT\$121.5 billion, a growth of 0.6% compared to 2011. In the face of the harsh, challenging conditions, the Company will exercise caution in meeting the changes in the macro environment. The following is our report on the company's operation for the past year:

"2012 Operating Results"

1. Implementation results for the 2012 business plan

The Company's combined revenues for 2012 were NT\$194 billion, an increase of NT\$8.6 billion and a growth of 4.7% compared to 2011. For semiconductor packaging and testing services, the Company's combined revenue in 2012 was NT\$130 billion, a growth of 1.9%. The revenue from advanced packaging services reached US\$246 million with a quarterly growth of 25% in 2012 Q4; and US\$834 million for the entire year with an annual growth of 27%. The Company's revenue from copper wire bonding was US\$500 million in 2012, and copper wire bonding accounted for 60% of the total revenue as of Q4, far exceeding the industry average of 20%. In spite of the US\$600 million dollar decrease in gold wire bonding revenue, the change in revenue was primarily caused by the larger shift from gold to copper. Therefore, even if the sales volume had remained unchanged, the revenue would have fallen anyway. In addition, the gold price was weak in 2012, leading to lower costs and positive benefits for the Company's profitability.

2. Budget performance

No financial forecast was disclosed in 2012.

3. Analysis of financial accounts and profitability

As of the end of 2012, the Company's paid-in capital was NT\$75,941,496 thousands and shareholders' equity NT\$109,514,885 thousands, accounting for 58% of total assets of NT\$189,000,561 thousands. Its long-term funds are 252% of fixed assets and current ratio 42%. This year's ratios are slightly lower than those in the preceding year,

but the Company's financial structure and ability to repay debts are relatively sound. This year's operating profit was NT\$10,732,774 thousands, a decrease of NT\$126,358 thousands compared to 2011. Under the overall unfavorable economic conditions, the Company strived for a stable position in the semiconductor packaging and testing services. This year's after-tax net profit rose to NT\$13,091,359 thousands, a 4.6% decrease compared to the previous year. The Company's overall operational performance, compared to the conservative approach in the main areas of business, was satisfactory.

#### 4. R&D Overview

As cloud computing emerges and smart mobile devices such as cell phones and tablets become more popular, the demands of advanced semiconductor chip packaging and testing markets are now a growing trend. The Company continues with the three focuses of product development: Advanced packaging, advanced copper wire bonding and low-pin-count packaging drove the Company's successes and global competitive advantages to be applied in the advanced technologies including 28-nanometer advanced packaging, flip-chip assembly, wafer copper pillar bumps, and 3D packaging. New technologies successfully developed by the Company in 2012 developed are categorized as follows: (1) Flip-chip assembly is extended to 28 nano copper process / nano copper process of wafers with an ultra-low dielectric coefficient with tin and lead-free flip-chip assembly FCBGA / FCCSP and other applications and new mass production. (2) Wire-bond assembly is extended to 28 nano copper / gold wire-bond assembly of wafers with an ultra-low dielectric coefficient and other applications and new mass production, 18  $\mu$ m copper wire bond assembly. (3) For 3D packaging, 300mm 28 nm 3D stacked flip chip packaging with through silicon vias, RF wireless Wi-Fi + BT + GPS+ FM system module solutions, and integrated microelectromechanical systems. (4) For wafer assembly, tin-silver electroplated lead-free bumps and 40  $\mu$ m Pitch Cu Pillar Bump. (5) Faced with the eco-friendly product development trends around the world, the Company has adopted a green design strategy, which is built on the basis of eco-friendly packaged products and supported by eco-design in order to begin with product design and introduction of new technology and combine specification considerations such as low pollution, low energy consumption, and water conservation and other environmentally friendly elements as well as operational safety. It is hoped that the products' potential impact on the environment may be considered and the risks be reduced as soon as possible.

#### "Outline of 2013 Business Plan"

##### 1. Operating policy

(1) Providing customers with a first-class service (2) creating long-term, stable profits for the Company and customers (3) working with partner firms to jointly create a prosperous future (4) being as flexible as possible in its business dealings.

##### 2. Projects sales volume and references

In light of current industry dynamics, future market demand and ASE's capacity, the projected sales volume for 2013 is as follows:

|          |                           |
|----------|---------------------------|
| Item     | Project Sales             |
| Assembly | Approx. 13 billion chips  |
| Test     | Approx. 1.9 billion chips |

3. Important production and sales policies

The Company's capital expenditures continued to rise in 2012 to allow production capacity and technology to reach the intended levels earlier than expected. As the 28 nm production becomes more mature, the wafer outsourcing services continued to progress toward the 20 nm production while the demand for advanced packaging remained strong. In addition, the copper wire bonding process capability stayed in a leading position, and the Company's long term commitment to technology can be expected to come to fruition. 2013 will be the year in which copper wire bonding's growth base period will exceed that of gold wire bonding. It is expected that the wire bonding revenue will grow in 2013 without being subject to the interference of price changes in gold and copper wire bonding products. As the global economy lost momentum, the demand turned to the age of miniscule profit, which led to changes in the structure of the industry. Integrated device manufacturers (IDMs) would keep releasing relatively mid- and low end packaging and testing orders in order to increase operational efficiency. The Company has the most comprehensive production capacity in this aspect and the closest relationship with IDMs, and so has the best opportunity to reap the benefits. The Company remains optimistic about the outlook of the packaging and testing industry and the growth in the demand of IDM outsourcing packaging and testing and copper process. The Company has been investing a lot of effort in IDMs for years, and IDM clients currently accounts for close to 40% of its revenue. The Company is confident about raising the revenue contribution from IDMs and staying more competitive than the other companies. Meanwhile, the competitive gap between the Company and its competitors will continue to be widened for the copper process.

"Development Strategy"

Looking forward to the semiconductor industry in 2013, market instability will remain high, but the demand for advanced production capacity will stay unreduced. In terms of the macroeconomy, though the semiconductor industry's performance fell below expectations in the last two years, Japan and the United States have started to show improvement, and so the risk of Europe and China deteriorating has temporarily been alleviated. As long as there is no major changes in the world, Gartner has proposed that the annual output of the semiconductor industry in 2013 can be expected to reach the target of 4.5%. From a broad perspective, economic conditions and the cycle nature of the packaging and testing industry have always had an impact on the Company's net profit. However, the Company's global strategies of extending the reach of its sales, combining production capacity and products, and entering new markets and helping clients promote sales have proven suitable long term development tactics for the Company's continuing success. It is obvious that the semiconductor industry is sitting at the top of a wave of global technological transformation, and the Company faces opportunities in the transformation process. The Company continued to expand its business and achieved nearly 5% in revenue growth in 2012 compared to the same period last year, reaching yet another record high. The Company is committed to its promises to the shareholders, clients, partners, and employees, which have laid a solid foundation for the Company's growth, especially in the age of mobile communication and business optimization.

"Impacts of Competition, Legislation and Operating Environment"

Under the current conditions, the worries over the fiscal cliff in the United States continued from last year and the global economy will remain uncertain in 2013. There seems to be no solution for the European debt crisis any time soon. The economic outlook in China is unclear and the major countries around the world will adopt quantitative easing to stimulate their economies, which will indirectly cause uncontrollable hot money flows and inflationary pressure. We cannot afford not to be conservative about the economic performance in 2013. However, after the adjustment period in which demand decreases and inventory increases over the last two years, it is believed that the semiconductor industry will start to grow again in the next few years. The demand for smartphones and tablets in the emerging markets will grow rapidly, which in turn will drive the semiconductor industry forward. We look forward to a stronger relationship of trust and cooperation between the employees and shareholders of the Company in meeting the challenges in the coming year together and sharing the fruit of success.

Chairman: Jason C.S. Chang

President: Richard H.P. Chang

Accountant Manager: Joseph Tung

Attachment

Supervisors' Report

We have examined the Company's 2012 financial statements, and the Company's business report, earnings distribution proposals, etc. that have been prepared and submitted by the Board of Directors and audited and attested by certified public accountants, Chen Chen Li and Kung Chun Chi of Deloitte & Touche, and do not find any discrepancy. We hereby respectfully prepare and present this Report in accordance with Article 219 of The Company Act for your review.

Advanced Semiconductor Engineering, Inc.

Supervisors: YY Tseng

David Pan

TS Chen

JJ Lee

Jerry Chang

April 16, 2013

Advanced Semiconductor Engineering, Inc.

| Table of Comparison of Proceedings of Board of Directors Meetings |                           |
|-------------------------------------------------------------------|---------------------------|
| Original Provisions                                               | Provisions after Revision |

Article 3:

The board of directors meeting shall be convened at least once every quarter.  
Board of directors meetings shall be notified to directors and supervisors seven days in advance with the reason indicated. In an emergency, a board of directors meeting may be called at any time.

Items under Paragraph 1, Article 12 of these proceedings shall be listed in the reasons for convening a meeting, except in the case of an emergency or with just cause, and the items may not be raised in the form of an extempore motion.

Article 8:

When a board of directors meeting is called, the Finance Department shall have the relevant information ready at hand for the reference of the attending directors.  
Members of the management team who are not directors may be notified to attend a board of directors meeting depending on the agenda. CPAs, lawyers, or other professionals may be invited to attend a board of directors meeting if necessary.  
The chairperson shall announce that the meeting begins when it is time to begin and at least half of the directors are present. If half or more of the directors are not present when it is time to begin a meeting, the chairperson may postpone the meeting. A meeting may be postponed twice. If after two postponements the number of directors present is still insufficient, the chairman may reconvene the meeting by following the procedure under Paragraph 2, Article 3.

Article 3:

The board of directors meeting shall be convened at least once every quarter.  
Board of directors meetings shall be notified to directors and supervisors seven days in advance with the reason indicated. In an emergency, a board of directors meeting may be called at any time.

According to the Company's Articles of Incorporation, notifications of board of directors meetings may be in writing or via email or fax.

Items under Paragraph 1, Article 12 of these proceedings shall be listed in the reasons for convening a meeting, except in the case of an emergency or with just cause, and the items may not be raised in the form of an extempore motion.

Article 8:

When a board of directors meeting is called, the Finance Department shall have the relevant information ready at hand  
for the reference of the attending directors.  
Members of the relevant departments or subsidiaries may be notified to attend a board of directors meeting depending on the agenda. CPAs, lawyers, or other professionals may be invited to attend a board of directors meeting if necessary, but shall excuse themselves from the discussion and voting process.  
The chairperson shall announce that the meeting begins when it is time to begin and at least half of the directors are present. If half or more of the directors are not present when it is time to begin a meeting, the chairperson may postpone the meeting. A meeting may be postponed twice. If after two postponements the number of directors present is still insufficient, the chairman may reconvene the meeting by following the procedure under Paragraph 2, Article 3.

Original Provisions

Article 12:

The following items shall be submitted to the board of directors for discussion:

1. The Company's business plans.
2. Annual and semiannual financial statements.
3. Implementation or amendment of internal control mechanisms in accordance with Article 14-1 of the Securities and Exchange Act.
4. Implementation or amendment of guidelines for major financial operations including asset acquisition and disposal, trading derivatives, lending funds to other parties, and making of endorsement and guarantees for other parties.
5. Making offers, issuances, or private offers of securities with rights to shares.
6. Appointment and discharge of financial, accounting, or internal audit supervisors.
7. Decisions that require a resolution of the shareholders meeting or the board of directors according to Article 14-3 of the Securities and Exchange Act, other laws or the articles of incorporation or other important matters specified by the competent authorities.

Provisions after Revision

Article 12:

The following items shall be submitted to the board of directors for discussion:

1. The Company's business plans.
2. Annual financial statements.
3. Implementation or amendment of internal control mechanisms in accordance with Article 14-1 of the Securities and Exchange Act.
4. Implementation or amendment of guidelines for major financial operations including asset acquisition and disposal, trading derivatives, lending funds to other parties, and making of endorsement and guarantees for other parties.
5. Making offers, issuances, or private offers of securities with rights to shares.
6. Appointment and discharge of financial, accounting, or internal audit supervisors.
7. Donations to stakeholders and material donations to nonstakeholders. However, charity donations as emergency relief after major natural disasters may be submitted to the next board of directors for recognition.
8. Decisions that require a resolution of the shareholders meeting or the board of directors according to Article 14-3 of the Securities and Exchange Act, other laws or the articles of incorporation or other important matters specified by the competent authorities.

The stakeholders under Item 7 refer to the stakeholders specified in the Guidelines Governing the Preparation of Financial Reports by Securities Issuers. Material donations to nonstakeholders refer to a single donation or an annual sum to a single recipient of NT\$100 million or above or of 1% of the net operating revenue or 5% of the paid-in capital indicated in the latest audited financial statements.

The annual sum referred to in the preceding paragraph is based on the year preceding the date of the current board of directors meeting, and the amount previously approved by a board of directors meeting resolution





### Original Provisions

Regarding matters that require a resolution of the board of directors according to Article 14-3 of the Securities and Exchange Act, independent directors shall attend the meetings in person or appoint other independent directors to attend on their behalf. Any objection or reservation expressed by an independent director shall be recorded in the meeting minutes of the board meeting. Any objection or reservation expressed by an independent director who is unable to attend the meeting in person shall be made in writing and in advance, except with just cause, and recorded in the meeting minutes of a board of directors meeting.

#### Article 15:

With respect to matters of which a director or the corporate entity represented by the director is a stakeholder, which may be in conflict with the Company's interest, the director may make comments and answer questions, but may not join the discussion and voting process. In addition, the director shall excuse himself from the discussion and voting process and may not exercise the voting right on the behalf of another director.

A resolution of the Company's board of directors subject to any director who may not exercise the voting right as specified in the preceding paragraph shall be handled according to the rules under Paragraph 2, Article 180 of the Company Act as specified under Paragraph 2, Article 206 of the same act.

#### Article 16:

All meetings of the board of directors shall be recorded in the meeting minutes, which shall include detailed accounts of the following items:

1. The number (or year), time and location of a meeting.
2. The name of the chairman.
3. Director attendance, including the names and number of the directors who are attending, on leave, and absent.
4. The names and titles of those present.
5. The name of the person recording the meeting.

### Provisions after Revision

may be exempted from the calculation.

Regarding matters that require a resolution of the board of directors according to Article 14-3 of the Securities and Exchange Act, independent directors shall attend the meetings in person or appoint other independent directors to attend on their behalf. Any objection or reservation expressed by an independent director shall be recorded in the meeting minutes of the board of directors meeting. Any objection or reservation expressed by an independent director who is unable to attend the meeting in person shall be made in writing and in advance, except with just cause, and recorded in the meeting minutes of a board of directors meeting.

#### Article 15:

With respect to matters of which a director or the corporate entity represented by the director is a stakeholder, which may be in conflict with the Company's interest, the director shall make comments and answer questions during the discussion in the current board of directors meeting, but may not join the discussion and voting process. In addition, the director shall excuse himself from the discussion and voting process and may not exercise the voting right on the behalf another director.

A resolution of the Company's board of directors subject to any director who may not exercise the voting right as specified in the preceding paragraph shall be handled according to the rules under Paragraph 2, Article 180 of the Company Act as specified under Paragraph 3, Article 206 of the same act.

#### Article 16:

All meetings of the board of directors shall be recorded in the meeting minutes, which shall include detailed accounts of the following items:

1. The number (or year), time and location of a meeting.
2. The name of the chairman.
3. Director attendance, including the names and number of the directors who are attending, on leave, and absent.
4. The names and titles of those present.
5. The name of the person recording the meeting.



### Original Provisions

6. Items to report.
7. Matters for discussion: Resolutions and results of proposals, summary of comments, objections or reserved comments made by the directors, supervisors, experts, and other personnel on record or with written statements, and written comments submitted by independent directors according to Paragraph 2, Article 12.
8. Extemporaneous motions: The name of the proposing member, decision on the proposal and results, summary of comments, objections, or reserved comments made by the directors, supervisors, experts, and other personnel on record or with written statements.
9. Other necessary information to be kept on file. Resolutions of the board of directors, except in one of the following circumstances, shall be recorded in the meeting minutes as well as filed with the Market Observation Post System designated by the Financial Supervisory Commission of the Executive Yuan within two days of the board of directors meeting:
  - (1) Any objection or reservation expressed by an independent director on record or with written statements.
  - (2) Matters not approved by the Company's audit committee but approved by at least two thirds of the directors.

The board of directors's attendance sheet constitutes a part of the meeting minutes and shall be stored for the duration of the Company.

The meeting minutes shall be affixed with the signature or seal of the chairman and the person recording the meeting and distributed to the members of the directors and supervisors within twenty days after the close of the meeting. The meeting minutes shall also be classified as important documents to be stored for the duration of the Company.

The preparation and distribution of the meeting minutes in the first paragraph may be effected by means of electronic transmission.

### Provisions after Revision

6. Items to report.
7. Matters for discussion: Resolutions and results of proposals, summary of comments, names of directors in conflict of interest according to the first paragraph of the preceding article, description of the conflict, the reasons for absence or waived absence from the proceedings, the actual absence, objections or reserved comments made by the directors, supervisors, experts, and other personnel on record or with written statements, and written comments submitted by independent directors according to Paragraph 4, Article 12.
8. Extemporaneous motions: The name of the proposing member, decision on the proposal and results, summary of comments, names of directors in conflict of interest according to the first paragraph of the preceding article, description of the conflict, the reasons for absence or waived absence from the proceedings, the actual absence, objections or reserved comments made on record or with written statements.
9. Other necessary information to be kept on file. Resolutions of the board of directors, except in one of the following circumstances, shall be recorded in the meeting minutes as well as filed with the Market Observation Post System designated by the Financial Supervisory Commission of the Executive Yuan within two days of the board of directors meeting.
  - (1) Any objection or reservation expressed by an independent director on record or with written statements.
  - (2) Matters not approved by the Company's audit committee but approved by at least two thirds of the directors.

The board of directors's attendance sheet constitutes a part of the meeting minutes, and shall be stored for the duration of the Company.

The meeting minutes shall be affixed with the signature or seal of the chairman and the person recording the meeting and distributed to the members of the directors and supervisors within twenty days after the close of the meeting. The meeting minutes shall also be classified as important documents to be stored for the duration of the Company.

The preparation and distribution of the meeting minutes in the first paragraph may be effected by means of electronic transmission.

Article 18:

Article 18:

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Original Provisions

These proceedings were established on December 21, 2006, and the implementation and amendments shall be approved by the board of directors and submitted to the shareholders meeting.

The first amendment of these proceedings was made on January 30, 2008.

Provisions after Revision

These proceedings were established on December 21, 2006, and the implementation and amendments shall be approved by the board of directors and submitted to the shareholders meeting.

The first amendment of these proceedings was made on January 30, 2008.

The second amendment of these proceedings was made on September 27, 2012.

Attachment

Advanced Semiconductor Engineering,  
Inc.

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

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
Advanced Semiconductor Engineering, Inc.

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

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

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

We have also audited the consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2012 and 2011, and have issued an unqualified opinion.

/s/ Deloitte & Touche  
March 4, 2013

### Notice to Readers

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

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

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

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

|                                                                 | 2012        |   | 2011        |    |                                                                      | 2012        |    | 2011       |   |
|-----------------------------------------------------------------|-------------|---|-------------|----|----------------------------------------------------------------------|-------------|----|------------|---|
| ASSETS                                                          | Amount      | % | Amount      | %  | LIABILITIES AND SHAREHOLDERS' EQUITY                                 | Amount      | %  | Amount     | % |
| CURRENT ASSETS                                                  |             |   |             |    | CURRENT LIABILITIES                                                  |             |    |            |   |
| Cash                                                            | \$1,694,430 | 1 | \$1,475,629 | 1  | Short-term borrowings                                                | \$5,510,723 | 3  | \$302,750  | - |
| Financial assets at fair value through profit or loss - current | 9,070       | - | 471,383     | -  | Financial liabilities at fair value through profit or loss - current | 350,654     | -  | 56,514     | - |
| Available-for-sale financial assets - current                   | -           | - | 20,152      | -  | Hedging derivative liabilities - current                             | 4,524       | -  | -          | - |
| Accounts receivable, net                                        | 10,685,080  | 6 | 9,729,994   | 6  | Accounts payable                                                     | 6,475,471   | 4  | 6,231,424  | 4 |
| Accounts receivable from related parties                        | 52,117      | - | 62,371      | -  | Accounts payable to related parties                                  | 1,119,382   | 1  | 878,306    | - |
| Other receivables                                               | 1,188,383   | - | 811,196     | 1  | Income tax payable                                                   | 752,843     | -  | 944,631    | - |
| Other receivables from related parties                          | 253,262     | - | 305,919     | -  | Accrued expenses                                                     | 4,898,542   | 3  | 4,700,158  | 3 |
| Inventories                                                     | 3,538,679   | 2 | 3,292,068   | 2  | Other payables to related parties                                    | 19,046,515  | 10 | 14,632,851 | 9 |
| Deferred income tax assets - current                            | 397,233     | - | 691,776     | -  | Payable for properties                                               | 2,553,762   | 1  | 2,747,285  | 2 |
| Other current assets                                            | 329,312     | - | 286,629     | -  | Other payables                                                       | 746,456     | -  | 442,414    | - |
|                                                                 |             |   |             |    | Current portion of long-term bank loans                              | 1,028,571   | 1  | -          | - |
| Total current assets                                            | 18,147,566  | 9 | 17,147,117  | 10 | Other current liabilities                                            | 225,248     | -  | 222,838    | - |
| LONG-TERM INVESTMENTS                                           |             |   |             |    | Total current liabilities                                            | 42,712,691  | 23 | 31,159,171 | 1 |
| Available-for-sale financial assets - noncurrent                | 67,146      | - | 4,675       | -  |                                                                      |             |    |            |   |
| Financial assets carried at cost - noncurrent                   | 384,161     | - | 380,680     | -  | LONG-TERM LIABILITIES                                                |             |    |            |   |



|                                      |             |    |             |    |                                                                  |            |    |            |   |
|--------------------------------------|-------------|----|-------------|----|------------------------------------------------------------------|------------|----|------------|---|
| Equity method investments            | 110,439,978 | 59 | 106,233,823 | 62 | Hedging derivative liabilities - noncurrent                      | -          | -  | 58,279     | - |
|                                      |             |    |             |    | Bonds payable                                                    | 7,823,571  | 4  | 7,783,910  | 5 |
| Total long-term investments          | 110,891,285 | 59 | 106,619,178 | 62 | Long-term bank loans                                             | 26,802,099 | 14 | 29,611,312 |   |
| PROPERTY, PLANT AND EQUIPMENT Cost   |             |    |             |    | Total long-term liabilities                                      | 34,625,670 | 18 | 37,453,501 | 2 |
| Land                                 | 1,558,201   | 1  | 1,558,201   | 1  | OTHER LIABILITIES                                                |            |    |            |   |
| Buildings and improvements           | 25,838,129  | 14 | 21,964,804  | 13 | Accrued pension cost                                             | 1,599,049  | 1  | 1,295,041  | 1 |
| Machinery and equipment              | 83,244,505  | 44 | 71,586,364  | 42 | Guarantee deposits received                                      | 4,358      | -  | 1,358      | - |
| Transportation equipment             | 69,066      | -  | 68,522      | -  | Deferred income tax liabilities - noncurrent                     | 543,908    | -  | -          | - |
| Furniture and fixtures               | 956,306     | -  | 876,756     | -  |                                                                  |            |    |            |   |
| Leased assets                        | -           | -  | 1,351       | -  | Total other liabilities                                          | 2,147,315  | 1  | 1,296,399  | 1 |
| Total cost                           | 111,666,207 | 59 | 96,055,998  | 56 |                                                                  |            |    |            |   |
| Less: Accumulated depreciation       | 57,687,418  | 31 | 54,635,664  | 32 | Total liabilities                                                | 79,485,676 | 42 | 69,909,071 | 4 |
| Accumulated impairment               | 188,631     | -  | 44,146      | -  |                                                                  |            |    |            |   |
|                                      | 53,790,158  | 28 | 41,376,188  | 24 | CAPITAL STOCK                                                    |            |    |            |   |
| Construction in progress             | 512,657     | -  | 765,382     | -  | Common Stock - at par value of NT\$10 each                       |            |    |            |   |
| Machinery in transit and prepayments | 2,931,050   | 2  | 2,755,995   | 2  | Authorized - 9,500,000 thousand shares                           |            |    |            |   |
|                                      |             |    |             |    | Issued - 7,594,150 thousand shares and 6,753,563 thousand shares |            |    |            |   |
| Total property, plant and equipment  | 57,233,865  | 30 | 44,897,565  | 26 | as of December 31, 2012 and 2011, respectively                   | 75,941,496 | 40 | 67,535,632 | 4 |
|                                      |             |    |             |    | Capital received in advance                                      | 106,171    | -  | 35,693     | - |
| INTANGIBLE ASSETS                    |             |    |             |    |                                                                  |            |    |            |   |
| Goodwill                             | 957,167     | 1  | 957,167     | 1  | Total capital stock                                              | 76,047,667 | 40 | 67,571,325 | 4 |
| Deferred pension cost                | 34,417      | -  | 37,655      | -  |                                                                  |            |    |            |   |
|                                      | 231,173     | -  | 28,981      | -  |                                                                  |            |    |            |   |

|                                         |               |     |               |     |                                                                                                                     |               |      |               |  |
|-----------------------------------------|---------------|-----|---------------|-----|---------------------------------------------------------------------------------------------------------------------|---------------|------|---------------|--|
| Other intangible assets                 |               |     |               |     | CAPITAL SURPLUS                                                                                                     |               |      |               |  |
|                                         |               |     |               |     | Capital in excess of par value                                                                                      | 1,704,700     | 1    | 1,615,449     |  |
| Total intangible assets                 | 1,222,757     | 1   | 1,023,803     | 1   | Treasury stock transactions                                                                                         | 83,117        | -    | 1,402,632     |  |
|                                         |               |     |               |     | Long-term investments                                                                                               | 5,690,964     | 3    | 3,522,280     |  |
| OTHER ASSETS                            |               |     |               |     | Employee stock options                                                                                              | 1,288,353     | 1    | 857,120       |  |
| Assets leased to others                 | 1,035,628     | 1   | 661,672       | 1   |                                                                                                                     |               |      |               |  |
| Idle assets                             | 4,744         | -   | 4,744         | -   | Total capital surplus                                                                                               | 8,767,134     | 5    | 7,397,481     |  |
| Guarantee deposits                      | 23,446        | -   | 15,147        | -   |                                                                                                                     |               |      |               |  |
| Deferred charges                        | 206,765       | -   | 499,394       | -   | RETAINED EARNINGS                                                                                                   | 26,969,183    | 14   | 27,809,126    |  |
| Deferred income tax assets - noncurrent | -             | -   | 60,240        | -   |                                                                                                                     |               |      |               |  |
| Restricted assets                       | 179,929       | -   | 149,747       | -   | OTHER EQUITY ADJUSTMENTS                                                                                            |               |      |               |  |
|                                         |               |     |               |     | Unrealized gain on financial instruments                                                                            | 401,938       | -    | 235,088       |  |
| Other assets - other                    | 54,576        | -   | -             | -   | Cumulative translation adjustments                                                                                  | 119,987       | -    | 3,353,938     |  |
|                                         |               |     |               |     | Unrecognized pension cost                                                                                           | (831,917 )    | -    | (465,681 )    |  |
| Total other assets                      | 1,505,088     | 1   | 1,390,944     | 1   | Treasury stock - 145,883 thousand shares and 233,456 thousand shares as of December 31, 2012 and 2011, respectively | (1,959,107 )  | (1 ) | (4,731,741 )  |  |
|                                         |               |     |               |     | Other equity adjustments, net                                                                                       | (2,269,099 )  | (1 ) | (1,608,396 )  |  |
|                                         |               |     |               |     | Total shareholders' equity                                                                                          | 109,514,885   | 58   | 101,169,536   |  |
| TOTAL                                   | \$189,000,561 | 100 | \$171,078,607 | 100 | TOTAL                                                                                                               | \$189,000,561 | 100  | \$171,078,607 |  |

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

|                                                 | 2012         |     | 2011         |     |
|-------------------------------------------------|--------------|-----|--------------|-----|
|                                                 | Amount       | %   | Amount       | %   |
| REVENUES                                        | \$73,872,217 | 101 | \$69,975,733 | 101 |
| LESS: SALES DISCOUNTS AND ALLOWANCES            | 945,565      | 1   | 536,568      | 1   |
| NET REVENUES                                    | 72,926,652   | 100 | 69,439,165   | 100 |
| COST OF REVENUES                                | 54,561,142   | 75  | 51,719,001   | 74  |
| GROSS PROFIT                                    | 18,365,510   | 25  | 17,720,164   | 26  |
| OPERATING EXPENSES                              |              |     |              |     |
| Research and development                        | 3,827,357    | 5   | 3,094,997    | 5   |
| Selling                                         | 860,445      | 1   | 771,976      | 1   |
| General and administrative                      | 2,944,934    | 4   | 2,994,059    | 4   |
| Total operating expenses                        | 7,632,736    | 10  | 6,861,032    | 10  |
| INCOME FROM OPERATIONS                          | 10,732,774   | 15  | 10,859,132   | 16  |
| NON-OPERATING INCOME AND GAINS                  |              |     |              |     |
| Interest income                                 | 3,201        | -   | 4,642        | -   |
| Gain on valuation of financial assets, net      | 2,218        | -   | 757,669      | 1   |
| Gain on valuation of financial liabilities, net | -            | -   | 58,962       | -   |
| Equity in earnings of equity method investments | 4,335,611    | 6   | 4,497,292    | 6   |
| Dividend income                                 | 29,683       | -   | 607,403      | 1   |
| Foreign exchange gain, net                      | 954,021      | 1   | -            | -   |
| Others                                          | 334,425      | 1   | 372,076      | 1   |
| Total non-operating income and gains            | 5,659,159    | 8   | 6,298,044    | 9   |
| NON-OPERATING EXPENSES AND LOSSES               |              |     |              |     |
| Interest expense                                | 717,451      | 1   | 893,343      | 1   |
| Loss on valuation of financial liabilities, net | 782,396      | 1   | -            | -   |
| Foreign exchange loss, net                      | -            | -   | 653,041      | 1   |
| Impairment loss                                 | 27,974       | -   | 164,770      | -   |
| Others                                          | 278,926      | 1   | 393,434      | 1   |
| Total non-operating expenses and losses         | 1,806,747    | 3   | 2,104,588    | 3   |

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|                          |              |    |              |    |
|--------------------------|--------------|----|--------------|----|
| INCOME BEFORE INCOME TAX | 14,585,186   | 20 | 15,052,588   | 22 |
| INCOME TAX EXPENSE       | 1,493,827    | 2  | 1,326,630    | 2  |
| NET INCOME               | \$13,091,359 | 18 | \$13,725,958 | 20 |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

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|                          | 2012                 |                     | 2011                 |                     |
|--------------------------|----------------------|---------------------|----------------------|---------------------|
|                          | Before<br>Income Tax | After<br>Income Tax | Before<br>Income Tax | After<br>Income Tax |
| EARNINGS PER SHARE (EPS) |                      |                     |                      |                     |
| Basic EPS                | \$1.96               | \$1.76              | \$2.00               | \$1.83              |
| Diluted EPS              | \$1.91               | \$1.71              | \$1.95               | \$1.78              |

## PRO FORMA INFORMATION

Had the Company's shares held by subsidiaries been accounted for as available-for-sale financial assets rather than treasury stock (after tax):

|                                                   | 2012         | 2011         |
|---------------------------------------------------|--------------|--------------|
| NET INCOME FOR CALCULATION OF BASIC EPS PURPOSE   | \$13,174,476 | \$13,800,118 |
| NET INCOME FOR CALCULATION OF DILUTED EPS PURPOSE | \$13,066,844 | \$13,800,118 |
| EARNING PER SHARE                                 |              |              |
| Basic EPS                                         | \$1.74       | \$1.80       |
| Diluted EPS                                       | \$1.69       | \$1.76       |

(Concluded)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

|                                                                                      | Common<br>Stock | Capital<br>Received<br>in<br>Advance | Capital<br>Surplus | Legal<br>Reserve | Special<br>Reserve | Retained Earnings<br>Unappro-<br>-priated<br>Earnings | Total        | Unrealiz<br>Gain<br>On<br>Financi<br>Instru<br>-ments |
|--------------------------------------------------------------------------------------|-----------------|--------------------------------------|--------------------|------------------|--------------------|-------------------------------------------------------|--------------|-------------------------------------------------------|
| BALANCE,<br>JANUARY 1,<br>2011                                                       | \$60,519,872    | \$299,698                            | \$7,180,585        | \$4,205,489      | \$-                | \$20,767,455                                          | \$24,972,944 | \$246,300                                             |
| Appropriations of<br>2010 earnings                                                   |                 |                                      |                    |                  |                    |                                                       |              |                                                       |
| Legal reserve                                                                        | -               | -                                    | -                  | 1,833,750        | -                  | (1,833,750 )                                          | -            | -                                                     |
| Special reserve                                                                      | -               | -                                    | -                  | -                | 1,272,417          | (1,272,417 )                                          | -            | -                                                     |
| Stock dividends -<br>11.5%                                                           | 6,957,357       | -                                    | -                  | -                | -                  | (6,957,357 )                                          | (6,957,357 ) | -                                                     |
| Cash dividends -<br>6.5%                                                             | -               | -                                    | -                  | -                | -                  | (3,932,419 )                                          | (3,932,419 ) | -                                                     |
| Adjustment of<br>equity method<br>investments                                        | -               | -                                    | (4,960 )           | -                | -                  | -                                                     | -            | (174,000)                                             |
| Change in<br>unrealized gain or<br>loss on<br>available-for-sale<br>financial assets | -               | -                                    | -                  | -                | -                  | -                                                     | -            | 9,290                                                 |
| Cash dividends<br>paid to<br>subsidiaries                                            | -               | -                                    | 74,160             | -                | -                  | -                                                     | -            | -                                                     |
| Change in<br>unrealized gain<br>on cash flow<br>hedging financial<br>instruments     | -               | -                                    | -                  | -                | -                  | -                                                     | -            | 153,500                                               |
| Compensation<br>recognized for<br>employee stock<br>options granted                  | -               | -                                    | 537,973            | -                | -                  | -                                                     | -            | -                                                     |
| Stock options<br>exercised by                                                        | 428,403         | (264,005)                            | 424,928            | -                | -                  | -                                                     | -            | -                                                     |

employees

Net income in

2011

- - - - - 13,725,958 13,725,958 -

Cumulative

translation

adjustments

- - - - - - - - -

Change in net

loss not

recognized as

pension cost

- - - - - - - - -

Acquisition of

treasury stock -

105,475 thousand

shares

- - - - - - - - -

Retirement of

treasury stock -

37,000 thousand

shares

(370,000 ) - (815,205 ) - - - - - - - -

BALANCE,

DECEMBER 31,

2011

67,535,632 35,693 7,397,481 6,039,239 1,272,417 20,497,470 27,809,126 235,08

Appropriations of

2011 earnings

Legal reserve

- - - 1,372,596 - (1,372,596 ) - -

Stock dividends -

14.0%

9,315,995 - - - - (9,315,995 ) (9,315,995 ) -

Cash dividends -

6.5%

- - - - - (4,325,284 ) (4,325,284 ) -

Reversal of

special reserve

- - - - - (1,272,417) 1,272,417 - -

Adjustment of

equity method

investments

- - 2,168,684 - - - - - 148,35

Change in

unrealized gain or

loss on

available-for-sale

financial assets

- - - - - - - - (26,122

Cash dividends

paid to

subsidiaries

- - 83,117 - - - - - -

Change in

unrealized gain

on cash flow

hedging financial

instruments

- - - - - - - - 44,617

Compensation

recognized for

employee stock

- - 445,120 - - - - - -

options granted

Stock options

exercised by

employees

144,619

70,478

100,593

-

-

-

-

-

Net income in

2012

-

-

-

-

-

13,091,359

13,091,359

-

Cumulative

translation

adjustments

-

-

-

-

-

-

-

-

Change in net

loss not

recognized as

pension cost

-

-

-

-

-

-

-

-

Retirement of

treasury stock -

105,475 thousand

shares

(1,054,750 ) -

(1,427,861) -

-

(290,023 )

(290,023 )

-

BALANCE,

DECEMBER 31,

2012

\$75,941,496

\$106,171

\$8,767,134

\$7,411,835 \$-

\$19,557,348

\$26,969,183

\$401,93



## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

|                                                                                   | 2012          | 2011          |
|-----------------------------------------------------------------------------------|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |               |               |
| Net income                                                                        | \$ 13,091,359 | \$ 13,725,958 |
| Adjustments to reconcile net income to net cash provided by operating activities: |               |               |
| Depreciation                                                                      | 8,606,430     | 7,512,725     |
| Amortization                                                                      | 309,630       | 388,197       |
| Compensation cost of share-based payments granted                                 | 327,221       | 398,496       |
| Provision for inventory valuation and obsolescence                                | 152,082       | 123,712       |
| Equity in earnings of equity method investments                                   | (4,335,611 )  | (4,497,292 )  |
| Cash dividends received from equity method investments                            | 2,223,664     | 5,791,158     |
| Impairment loss on financial assets                                               | -             | 93,370        |
| Impairment loss on non-financial assets                                           | 27,974        | 71,400        |
| Deferred income taxes                                                             | 889,553       | 521,427       |
| Others                                                                            | (162,545 )    | 712,059       |
| Changes in operating assets and liabilities                                       |               |               |
| Financial assets for trading                                                      | 462,313       | (398,797 )    |
| Accounts receivable                                                               | (957,762 )    | (142,932 )    |
| Accounts receivable from related parties                                          | 10,254        | 37,163        |
| Other receivables                                                                 | (383,395 )    | (132,929 )    |
| Other receivables from related parties                                            | 212,694       | (141,278 )    |
| Inventories                                                                       | (398,693 )    | (505,456 )    |
| Other operating assets                                                            | (94,405 )     | (88,950 )     |
| Financial liabilities for trading                                                 | 294,140       | (432,255 )    |
| Accounts payable                                                                  | 238,698       | (172 )        |
| Accounts payable to related parties                                               | 235,105       | (212,368 )    |
| Income tax payable                                                                | (312,840 )    | 200,409       |
| Accrued expenses                                                                  | 174,189       | 412,503       |
| Other payables                                                                    | 101,522       | 58,833        |
| Other payables to related parties                                                 | 331,108       | 73,071        |
| Other current liabilities                                                         | 713           | 57,192        |
| Net cash provided by operating activities                                         | 21,043,398    | 23,625,244    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |               |               |
| Acquisition of available-for-sale financial assets                                | (168,441 )    | (150,000 )    |
| Proceeds from disposal of available-for-sale financial assets                     | 100,008       | 150,062       |
| Acquisition of financial assets carried at cost                                   | (3,481 )      | (30,914 )     |
| Cash received from return of capital by financial assets carried at cost          | -             | 14,785        |
| Acquisition of equity method investments                                          | (5,148,884 )  | (895,405 )    |
| Cash received from return of capital by equity method investments                 | -             | 904,587       |

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|                                                         |              |              |
|---------------------------------------------------------|--------------|--------------|
| Acquisition of property, plant and equipment            | (21,411,234) | (12,121,952) |
| Proceeds from disposal of property, plant and equipment | 121,566      | 939,261      |
| Net cash inflows from business combination              | 806,196      | -            |
| Increase in other receivables                           | -            | (1,081,071 ) |
| Other investing activities                              | (247,398 )   | (307,658 )   |
| Net cash used in investing activities                   | (25,951,668) | (12,578,305) |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

|                                                                   | 2012               | 2011               |
|-------------------------------------------------------------------|--------------------|--------------------|
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |                    |                    |
| Proceeds from short-term borrowings                               | \$5,207,973        | \$302,750          |
| Proceeds from issuance of bonds                                   | -                  | 7,756,810          |
| Proceeds from long-term bank loans                                | 11,224,941         | 20,717,740         |
| Repayments of long-term bank loans                                | (12,744,543)       | (39,114,209)       |
| Increase in other payables to related parties                     | 5,449,393          | 5,249,447          |
| Cash dividends                                                    | (4,325,284 )       | (3,932,419 )       |
| Proceeds from exercise of stock options by employees              | 315,690            | 589,326            |
| Acquisition of treasury stock                                     | -                  | (2,772,634 )       |
| Other financing activities                                        | (1,099 )           | (223 )             |
| Net cash provided by (used in) financing activities               | 5,127,071          | (11,203,412)       |
| <b>NET INCREASE (DECREASE) IN CASH</b>                            | <b>218,801</b>     | <b>(156,473 )</b>  |
| <b>CASH, BEGINNING OF YEAR</b>                                    | <b>1,475,629</b>   | <b>1,632,102</b>   |
| <b>CASH, END OF YEAR</b>                                          | <b>\$1,694,430</b> | <b>\$1,475,629</b> |
| <b>SUPPLEMENTAL INFORMATION</b>                                   |                    |                    |
| Interest paid                                                     | \$829,694          | \$917,468          |
| Less: capitalized interest                                        | 86,389             | 43,746             |
| Interest paid (excluding capitalized interest)                    | \$743,305          | \$873,722          |
| Income tax paid                                                   | \$921,148          | \$608,471          |
| Cash paid for acquisition of property, plant and equipment        |                    |                    |
| Acquisition of property, plant and equipment                      | \$21,230,093       | \$13,586,160       |
| Decrease (increase) in payables                                   | 181,141            | (1,464,208 )       |
|                                                                   | \$21,411,234       | \$12,121,952       |
| Cash received from disposal of property, plant and equipment      |                    |                    |
| Proceeds from disposal of property, plant and equipment           | \$266,056          | \$891,973          |
| Decrease (increase) in other receivables                          | (144,490 )         | 47,288             |
|                                                                   | \$121,566          | \$939,261          |
| Cash received from return of capital by long-term investments     |                    |                    |
| Cash received from return of capital by equity method investments | \$-                | \$-                |
| Decrease in other receivables from related parties                | -                  | 904,587            |
|                                                                   | \$-                | \$904,587          |
| Cash paid for acquisition of equity method investments            |                    |                    |
| Acquisition of equity method investments                          | \$-                | \$1,976,476        |

|                               |     |              |
|-------------------------------|-----|--------------|
| Payments by other receivables | -   | (1,081,071 ) |
|                               | \$- | \$895,405    |

**FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS**

|                                         |             |             |
|-----------------------------------------|-------------|-------------|
| Current portion of long-term bank loans | \$1,028,571 | \$-         |
|                                         |             | (Continued) |

## ADVANCED SEMICONDUCTOR ENGINEERING, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

(In Thousands of New Taiwan Dollars)

The Company merged with Power ASE Technology Inc. (the Merged Company), effective May 1, 2012. As of the merger date, the related financial information of the Merged Company was as follows:

|                                               |              |
|-----------------------------------------------|--------------|
| Cash                                          | \$ 806,196   |
| Accounts receivable                           | 28,950       |
| Other receivables (including related parties) | 1,389,340    |
| Other current assets                          | 7,967        |
| Equity method investments                     | 1,324,528    |
| Property, plant and equipment                 | 369,546      |
| Other assets                                  | 77,744       |
|                                               | 4,004,271    |
| Accounts payable (including related parties)  | (11,320 )    |
| Income tax payable                            | (121,052 )   |
| Accrued expenses                              | (24,195 )    |
| Payable for properties                        | (781 )       |
| Other current liabilities                     | (8,315 )     |
| Long-term payable                             | (200,000 )   |
| Other liabilities                             | (7,361 )     |
|                                               | (373,024 )   |
| Net assets                                    | \$ 3,631,247 |

(Concluded)

Advanced Semiconductor Engineering, Inc. and Subsidiaries

Consolidated Financial Statements as of  
December 31, 2011 and 2012 and for the  
Years Ended December 31, 2010, 2011 and 2012 and  
Report of Independent Registered Public Accounting Firm  
REPORT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM

The Board of Directors and Shareholders  
Advanced Semiconductor Engineering, Inc.

We have audited the accompanying consolidated balance sheets of Advanced Semiconductor Engineering, Inc. (a corporation incorporated under the laws of the Republic of China) and its subsidiaries (collectively, the “Company”) as of December 31, 2011 and 2012, and the related consolidated statements of income, changes in shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2012, all expressed in New Taiwan dollars. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in the Republic of China (“ROC”) and the Standards of the Public Company Accounting Oversight Board (United States of America). Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2011 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the ROC.

Accounting principles generally accepted in the ROC differ in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 32 to the consolidated financial statements.

Our audits also comprehended the translation of New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of the readers.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States of America), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 12, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

/s/ Deloitte & Touche

April 12, 2013

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## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands, Except Par Value)

|                                                                                 | December 31  |              |               |                                                                                      | December 31  |              |             |
|---------------------------------------------------------------------------------|--------------|--------------|---------------|--------------------------------------------------------------------------------------|--------------|--------------|-------------|
|                                                                                 | 2011         | 2012         |               |                                                                                      | 2011         | 2012         |             |
| ASSETS                                                                          | NT\$         | NT\$         | US\$ (Note 2) | LIABILITIES AND SHAREHOLDERS' EQUITY                                                 | NT\$         | NT\$         | US\$        |
| <b>CURRENT ASSETS</b>                                                           |              |              |               | <b>CURRENT LIABILITIES</b>                                                           |              |              |             |
| Cash (Note 4)                                                                   | \$24,421,789 | \$20,265,551 | \$697,609     | Short-term borrowings (Note 16)                                                      | \$22,965,133 | \$36,884,926 | \$1,200,000 |
| Financial assets at fair value through profit or loss - current (Notes 2 and 5) | 706,755      | 4,035,000    | 138,898       | Financial liabilities at fair value through profit or loss - current (Notes 2 and 5) | 134,274      | 467,148      | 16,000      |
| Available-for-sale financial assets - current (Notes 2 and 6)                   | 48,794       | 48,266       | 1,661         | Hedging derivative liabilities - current (Notes 2 and 26)                            | -            | 4,524        | 156,000     |
| Bond investments with no active market - current (Notes 2 and 7)                | 90,825       | 87,120       | 3,000         | Accounts payable                                                                     | 21,191,923   | 24,226,701   | 833,000     |
| Accounts receivable, net (Notes 2, 3 and 8)                                     | 30,475,788   | 37,212,587   | 1,280,984     | Income tax payable (Note 2)                                                          | 2,400,592    | 2,784,310    | 95,000      |
| Other receivables                                                               | 693,016      | 572,183      | 19,697        | Accrued expenses (Notes 17 and 20)                                                   | 8,939,719    | 9,500,430    | 327,000     |
| Inventories (Notes 2 and 9)                                                     | 13,920,757   | 15,171,042   | 522,239       | Payable for properties                                                               | 5,699,504    | 5,291,348    | 182,000     |
| Inventories related to construction business (Notes 2, 10, 13 and 28)           | 16,149,498   | 16,902,018   | 581,825       | Advance real estate receipts (Note 2)                                                | 47,667       | 167,017      | 5,700       |
| Deferred income tax assets - current (Notes 2 and 23)                           | 1,135,525    | 762,552      | 26,250        | Current portion of long-term bank loans (Notes 19 and 28)                            | 3,418,799    | 3,167,050    | 109,000     |
| Other current assets (Note 28)                                                  | 2,488,943    | 2,986,004    | 102,788       | Deferred income tax liabilities - current (Notes 2 and 23)                           | 175          | 246,180      | 8,400       |

|                                                                  |               |               |             |                                                               |            |            |      |
|------------------------------------------------------------------|---------------|---------------|-------------|---------------------------------------------------------------|------------|------------|------|
|                                                                  |               |               |             | Current portion of capital lease obligations (Note 2)         | 42,161     | 46,727     | 1,60 |
| Total current assets                                             | 90,131,690    | 98,042,323    | 3,374,951   | Other current liabilities                                     | 1,921,938  | 1,917,048  | 65,9 |
| LONG-TERM INVESTMENTS                                            |               |               |             | Total current liabilities                                     | 66,761,885 | 84,703,409 | 2,91 |
| Available-for-sale financial assets - noncurrent (Notes 2 and 6) | 173,085       | 320,026       | 11,016      |                                                               |            |            |      |
| Financial assets carried at cost - noncurrent (Notes 2 and 11)   | 893,283       | 827,882       | 28,498      | LONG-TERM LIABILITIES                                         |            |            |      |
| Equity method investments (Notes 2 and 12)                       | 1,154,360     | 1,218,023     | 41,929      | Hedging derivative liabilities - noncurrent (Notes 2 and 26)  | 58,279     | -          | -    |
|                                                                  |               |               |             | Bonds payable (Note 18)                                       | 10,876,538 | 10,804,551 | 371  |
| Total long-term investments                                      | 2,220,728     | 2,365,931     | 81,443      | Long-term bank loans (Notes 19 and 28)                        | 39,266,414 | 33,783,165 | 1,16 |
|                                                                  |               |               |             | Long-term payables                                            | 200,000    | -          | -    |
| PROPERTY, PLANT AND EQUIPMENT (Notes 2, 13, 27 and 28)           |               |               |             |                                                               |            |            |      |
| Cost                                                             |               |               |             | Capital lease obligations (Note 2)                            | 23,925     | 3,969      | 137  |
| Land                                                             | 3,075,183     | 3,040,515     | 104,665     | Total long-term liabilities                                   | 50,425,156 | 44,591,685 | 1,53 |
| Buildings and improvements                                       | 55,738,712    | 62,071,245    | 2,136,704   |                                                               |            |            |      |
| Machinery and equipment                                          | 175,652,291   | 191,479,488   | 6,591,376   | OTHER LIABILITIES                                             |            |            |      |
| Transportation equipment                                         | 291,694       | 294,377       | 10,133      | Accrued pension cost (Notes 2 and 20)                         | 3,304,841  | 3,260,783  | 112  |
| Furniture and fixtures                                           | 4,965,374     | 5,254,442     | 180,876     | Deferred income tax liabilities - noncurrent (Notes 2 and 23) | 624,740    | 946,577    | 32,5 |
| Leased assets and leasehold improvements                         | 666,370       | 211,477       | 7,280       | Others                                                        | 478,979    | 542,593    | 18,0 |
| Total cost                                                       | 240,389,624   | 262,351,544   | 9,031,034   |                                                               |            |            |      |
| Less: Accumulated depreciation                                   | (137,123,072) | (144,267,903) | (4,966,193) | Total other liabilities                                       | 4,408,560  | 4,749,953  | 163  |

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|                                                          |             |             |           |                                                                        |             |             |             |
|----------------------------------------------------------|-------------|-------------|-----------|------------------------------------------------------------------------|-------------|-------------|-------------|
| Accumulated impairment                                   | (313,969 )  | (314,659 )  | (10,832 ) |                                                                        |             |             |             |
|                                                          | 102,952,583 | 117,768,982 | 4,054,009 | Total liabilities                                                      | 121,595,601 | 134,045,047 | 4,611,000   |
| Construction in progress                                 | 4,059,709   | 3,340,892   | 115,005   |                                                                        |             |             |             |
| Machinery in transit and prepayments                     | 4,766,744   | 5,040,422   | 173,509   | EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT                      |             |             |             |
|                                                          |             |             |           | Capital stock (Note 21)                                                |             |             |             |
| Property, plant and equipment, net                       | 111,779,036 | 126,150,296 | 4,342,523 | Common Stock - at par value of NT\$10 each                             |             |             |             |
|                                                          |             |             |           | Authorized - 9,500,000 thousand shares as of December 31, 2011 and     |             |             |             |
| INTANGIBLE ASSETS (Notes 2 and 14)                       |             |             |           | 2012, respectively                                                     |             |             |             |
|                                                          |             |             |           | Issued - 6,753,563 thousand shares and 7,594,150 thousand shares as of |             |             |             |
| Goodwill                                                 | 10,374,501  | 10,306,823  | 354,796   | December 31, 2011 and 2012, respectively                               | 67,535,632  | 75,941,496  | 2,611,000   |
| Land use rights                                          | 3,420,700   | 3,736,658   | 128,628   | Capital received in advance                                            | 35,693      | 106,171     | 3,611,000   |
| Other intangible assets                                  | 1,977,214   | 1,758,364   | 60,529    | Total capital stock                                                    | 67,571,325  | 76,047,667  | 2,611,000   |
| Total intangible assets                                  | 15,772,415  | 15,801,845  | 543,953   | Capital surplus (Notes 2, 21 and 22)                                   |             |             |             |
|                                                          |             |             |           | Capital in excess of par value                                         | 1,615,449   | 1,704,700   | 58,611,000  |
| OTHER ASSETS                                             |             |             |           | Treasury stock transactions                                            | 1,402,632   | 83,117      | 2,811,000   |
| Idle assets (Notes 2 and 15)                             | 1,114,054   | 1,092,502   | 37,608    | Long-term investments                                                  | 3,522,280   | 5,690,964   | 195,111,000 |
| Guarantee deposits                                       | 99,779      | 84,298      | 2,902     | Employee stock options                                                 | 857,120     | 1,288,353   | 44,311,000  |
| Deferred charges (Note 2)                                | 1,045,356   | 427,967     | 14,732    | Total capital surplus                                                  | 7,397,481   | 8,767,134   | 301,111,000 |
| Deferred income tax assets - noncurrent (Notes 2 and 23) | 1,459,103   | 1,844,389   | 63,490    | Retained earnings (Note 21)                                            | 27,809,126  | 26,969,183  | 928,111,000 |
| Restricted assets (Note 28)                              | 218,178     | 201,862     | 6,949     | Other equity adjustments (Notes                                        |             |             |             |

|                    |               |               |             |                      |               |               |        |
|--------------------|---------------|---------------|-------------|----------------------|---------------|---------------|--------|
|                    |               |               |             | 2, 21 and 22)        |               |               |        |
|                    |               |               |             | Unrealized gain on   |               |               |        |
|                    |               |               |             | financial            |               |               |        |
| Others             | 37,756        | 492,702       | 16,960      | instruments          | 235,088       | 401,938       | 13,8   |
|                    |               |               |             | Cumulative           |               |               |        |
|                    |               |               |             | translation          |               |               |        |
|                    |               |               |             | adjustments          | 3,353,938     | 119,987       | 4,13   |
|                    |               |               |             | Unrecognized         |               |               |        |
| Total other assets | 3,974,226     | 4,143,720     | 142,641     | pension cost         | (465,681 )    | (831,917 )    | (28,   |
|                    |               |               |             | Treasury stock -     |               |               |        |
|                    |               |               |             | 233,456 thousand     |               |               |        |
|                    |               |               |             | shares and 145,883   |               |               |        |
|                    |               |               |             | thousand shares as   |               |               |        |
|                    |               |               |             | of December 31,      |               |               |        |
|                    |               |               |             | 2011 and 2012,       |               |               |        |
|                    |               |               |             | respectively         | (4,731,741 )  | (1,959,107 )  | (67,   |
|                    |               |               |             | Total other equity   |               |               |        |
|                    |               |               |             | adjustments          | (1,608,396 )  | (2,269,099 )  | (78,   |
|                    |               |               |             | Total equity         |               |               |        |
|                    |               |               |             | attributable to      |               |               |        |
|                    |               |               |             | shareholders of the  |               |               |        |
|                    |               |               |             | parent               | 101,169,536   | 109,514,885   | 3,76   |
|                    |               |               |             | MINORITY             |               |               |        |
|                    |               |               |             | INTEREST             | 1,112,958     | 2,944,183     | 101    |
|                    |               |               |             | Total                |               |               |        |
|                    |               |               |             | shareholders' equity | 102,282,494   | 112,459,068   | 3,87   |
| TOTAL              | \$223,878,095 | \$246,504,115 | \$8,485,511 | TOTAL                | \$223,878,095 | \$246,504,115 | \$8,48 |

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

(With Deloitte & Touche audit report dated April 8, 2013)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

|                                                                  | Year Ended December 31 |                |                |               |
|------------------------------------------------------------------|------------------------|----------------|----------------|---------------|
|                                                                  | 2010                   | 2011           | 2012           | US\$ (Note 2) |
|                                                                  | NT\$                   | NT\$           | NT\$           |               |
| NET REVENUES (Note 2)                                            |                        |                |                |               |
| Packaging                                                        | \$ 101,071,294         | \$ 102,677,289 | \$ 104,298,275 | \$ 3,590,302  |
| Testing                                                          | 21,956,997             | 21,932,231     | 22,657,058     | 779,933       |
| Electronic manufacturing service                                 | 59,577,374             | 57,850,415     | 62,747,665     | 2,159,989     |
| Others                                                           | 6,137,132              | 2,887,271      | 4,269,394      | 146,967       |
| Total net revenues                                               | 188,742,797            | 185,347,206    | 193,972,392    | 6,677,191     |
| COST OF REVENUES (Notes 9, 10 and 24)                            |                        |                |                |               |
| Packaging                                                        | 79,750,674             | 82,470,911     | 84,470,662     | 2,907,768     |
| Testing                                                          | 13,711,338             | 14,953,679     | 15,052,534     | 518,160       |
| Electronic manufacturing service                                 | 53,095,183             | 51,499,967     | 55,464,536     | 1,909,278     |
| Others                                                           | 1,641,029              | 1,413,846      | 2,360,890      | 81,270        |
| Total cost of revenues                                           | 148,198,224            | 150,338,403    | 157,348,622    | 5,416,476     |
| GROSS PROFIT                                                     | 40,544,573             | 35,008,803     | 36,623,770     | 1,260,715     |
| OPERATING EXPENSES (Notes 24 and 27)                             |                        |                |                |               |
| Research and development                                         | 6,162,191              | 7,117,964      | 7,874,210      | 271,057       |
| Selling                                                          | 2,909,643              | 2,770,045      | 2,762,763      | 95,104        |
| General and administrative                                       | 7,373,733              | 8,299,543      | 8,225,415      | 283,147       |
| Total operating expenses                                         | 16,445,567             | 18,187,552     | 18,862,388     | 649,308       |
| INCOME FROM OPERATIONS                                           | 24,099,006             | 16,821,251     | 17,761,382     | 611,407       |
| NON-OPERATING INCOME AND GAINS                                   |                        |                |                |               |
| Interest income (Note 26)                                        | 215,228                | 330,674        | 322,197        | 11,091        |
| Gain on valuation of financial assets, net (Notes 2 and 5)       | 1,169,434              | 1,118,488      | 420,845        | 14,487        |
| Foreign exchange gain, net (Note 2)                              | 317,553                | 36,203         | 965,404        | 33,233        |
| Equity in earnings of equity method investments (Notes 2 and 12) | 72,980                 | 96,938         | 61,374         | 2,113         |
| Dividend income (Note 2)                                         | 11,551                 | 621,488        | 66,129         | 2,276         |
| Gain on disposal of property, plant and equipment (Note 2)       | -                      | 82,485         | 43,607         | 1,501         |

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|                                                                 |               |               |               |            |
|-----------------------------------------------------------------|---------------|---------------|---------------|------------|
| Others                                                          | 770,201       | 772,432       | 555,673       | 19,128     |
| Total non-operating income and gains                            | 2,556,947     | 3,058,708     | 2,435,229     | 83,829     |
| NON-OPERATING EXPENSES AND LOSSES                               |               |               |               |            |
| Interest expense (Notes 2, 10, 13 and 26)                       | 1,386,011     | 1,666,325     | 2,004,315     | 68,995     |
| Loss on valuation of financial liabilities, net (Notes 2 and 5) | 1,092,316     | 250,435       | 1,138,509     | 39,191     |
| Impairment loss (Notes 2, 6, 11, 12, 13, 14 and 15)             | 251,402       | 448,056       | 97,234        | 3,347      |
| Loss on disposal of property, plant and equipment (Note 2)      | 445,276       | -             | -             | -          |
| Others                                                          | 657,319       | 517,982       | 366,017       | 12,600     |
| Total non-operating expenses and losses                         | 3,832,324     | 2,882,798     | 3,606,075     | 124,133    |
| INCOME BEFORE INCOME TAX                                        | 22,823,629    | 16,997,161    | 16,590,536    | 571,103    |
| INCOME TAX EXPENSE (Notes 2 and 23)                             | 3,628,740     | 3,018,212     | 3,041,628     | 104,703    |
| NET INCOME                                                      | \$ 19,194,889 | \$ 13,978,949 | \$ 13,548,908 | \$ 466,400 |
| ATTRIBUTABLE TO                                                 |               |               |               |            |
| Shareholders of the parent                                      | \$ 18,337,500 | \$ 13,725,958 | \$ 13,091,359 | \$ 450,649 |
| Minority interest                                               | 857,389       | 252,991       | 457,549       | 15,751     |
|                                                                 | \$ 19,194,889 | \$ 13,978,949 | \$ 13,548,908 | \$ 466,400 |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Data)

|                                                    | Year Ended December 31 |         |        |               |
|----------------------------------------------------|------------------------|---------|--------|---------------|
|                                                    | 2010                   | 2011    | 2012   | US\$ (Note 2) |
|                                                    | NT\$                   | NT\$    | NT\$   |               |
| <b>EARNINGS PER SHARE (Note 25)</b>                |                        |         |        |               |
| Basic earnings per share                           |                        |         |        |               |
| Before income tax                                  | \$2.54                 | \$2.00  | \$1.96 | \$0.07        |
| After income tax                                   | \$2.44                 | \$1.83  | \$1.76 | \$0.06        |
| Diluted earnings per share                         |                        |         |        |               |
| Before income tax                                  | \$2.48                 | \$1.95  | \$1.91 | \$0.07        |
| After income tax                                   | \$2.39                 | \$1.78  | \$1.71 | \$0.06        |
| <b>EARNINGS PER AMERICAN DEPOSIT SHARE ("ADS")</b> |                        |         |        |               |
| (Note 25)                                          |                        |         |        |               |
| Basic earnings per ADS                             |                        |         |        |               |
| Before income tax                                  | \$12.68                | \$10.02 | \$9.79 | \$0.34        |
| After income tax                                   | \$12.21                | \$9.13  | \$8.79 | \$0.30        |
| Diluted earnings per ADS                           |                        |         |        |               |
| Before income tax                                  | \$12.42                | \$9.77  | \$9.56 | \$0.33        |
| After income tax                                   | \$11.97                | \$8.91  | \$8.57 | \$0.30        |

(Concluded)

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

(With Deloitte &amp; Touche audit report dated April 8, 2013)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in Thousands)

|                                                                                     | Capital<br>Stock | Capital<br>Received<br>in<br>Advance | Capital<br>Surplus | Legal<br>Reserve | Special<br>Reserve | Retained Earnings<br>Unappropriated<br>Earnings | Total        | Unrealized<br>Gain<br>(Loss)<br>on<br>Financial<br>Instruments |
|-------------------------------------------------------------------------------------|------------------|--------------------------------------|--------------------|------------------|--------------------|-------------------------------------------------|--------------|----------------------------------------------------------------|
| BALANCE,<br>JANUARY 1,<br>2010                                                      | \$54,798,783     | \$135,205                            | \$6,333,755        | \$3,531,034      | \$-                | \$9,698,375                                     | \$13,229,409 | \$25,498                                                       |
| Appropriations of<br>2009 earnings<br>(Note 21)                                     |                  |                                      |                    |                  |                    |                                                 |              |                                                                |
| Legal reserve                                                                       | -                | -                                    | -                  | 674,455          | -                  | (674,455 )                                      | -            | -                                                              |
| Stock dividends -<br>8.4%                                                           | 4,615,775        | -                                    | -                  | -                | -                  | (4,615,775 )                                    | (4,615,775 ) | -                                                              |
| Cash dividends -<br>3.6%                                                            | -                | -                                    | -                  | -                | -                  | (1,978,190 )                                    | (1,978,190 ) | -                                                              |
| Issuance of<br>common stock<br>from capital<br>surplus                              | 879,195          | -                                    | (879,195 )         | -                | -                  | -                                               | -            | -                                                              |
| Adjustment of<br>equity method<br>investments                                       | -                | -                                    | (9,510 )           | -                | -                  | -                                               | -            | 124,74                                                         |
| Change in<br>unrealized gain<br>(loss) on<br>available-for-sale<br>financial assets | -                | -                                    | -                  | -                | -                  | -                                               | -            | (9,290                                                         |
| Disposal of<br>treasury stock<br>held by<br>subsidiaries                            | -                | -                                    | 1,271,532          | -                | -                  | -                                               | -            | -                                                              |
| Disposal of equity<br>method<br>investments                                         | -                | -                                    | (1,472 )           | -                | -                  | -                                               | -            | -                                                              |
| Cash dividends<br>received by<br>subsidiaries from<br>parent company                | -                | -                                    | 37,536             | -                | -                  | -                                               | -            | -                                                              |



|                                                                             |            |         |           |           |           |              |              |         |
|-----------------------------------------------------------------------------|------------|---------|-----------|-----------|-----------|--------------|--------------|---------|
| Change in unrealized gain (loss) on cash flow hedging financial instruments | -          | -       | -         | -         | -         | -            | -            | 105,35  |
| Compensation recognized for employee stock options granted                  | -          | -       | 319,147   | -         | -         | -            | -            | -       |
| Stock options exercised by employees                                        | 226,119    | 164,493 | 108,792   | -         | -         | -            | -            | -       |
| Net income in 2010                                                          | -          | -       | -         | -         | -         | 18,337,500   | 18,337,500   | -       |
| Cumulative translation adjustments                                          | -          | -       | -         | -         | -         | -            | -            | -       |
| Change in net loss not recognized as pension cost                           | -          | -       | -         | -         | -         | -            | -            | -       |
| Acquisition of treasury stock - 37,000 thousand shares                      | -          | -       | -         | -         | -         | -            | -            | -       |
| Changes in minority interest                                                | -          | -       | -         | -         | -         | -            | -            | -       |
| Changes in minority interest from acquisition of subsidiaries               | -          | -       | -         | -         | -         | -            | -            | -       |
| BALANCE, DECEMBER 31, 2010                                                  | 60,519,872 | 299,698 | 7,180,585 | 4,205,489 | -         | 20,767,455   | 24,972,944   | 246,30  |
| Appropriations of 2010 earnings (Note 21)                                   |            |         |           |           |           |              |              |         |
| Legal reserve                                                               | -          | -       | -         | 1,833,750 | -         | (1,833,750 ) | -            | -       |
| Special reserve                                                             | -          | -       | -         | -         | 1,272,417 | (1,272,417 ) | -            | -       |
| Stock dividends - 11.5%                                                     | 6,957,357  | -       | -         | -         | -         | (6,957,357 ) | (6,957,357 ) | -       |
| Cash dividends - 6.5%                                                       | -          | -       | -         | -         | -         | (3,932,419 ) | (3,932,419 ) | -       |
| Adjustment of equity method investments                                     | -          | -       | (4,960 )  | -         | -         | -            | -            | (174,00 |
| Cash dividends received by subsidiaries from parent company                 | -          | -       | 74,160    | -         | -         | -            | -            | -       |

|                                                                             |            |           |            |           |           |              |              |        |
|-----------------------------------------------------------------------------|------------|-----------|------------|-----------|-----------|--------------|--------------|--------|
| Change in unrealized gain (loss) on available-for-sale financial assets     | -          | -         | -          | -         | -         | -            | -            | 9,290  |
| Change in unrealized gain (loss) on cash flow hedging financial instruments | -          | -         | -          | -         | -         | -            | -            | 153,50 |
| Compensation recognized for employee stock options granted                  | -          | -         | 537,973    | -         | -         | -            | -            | -      |
| Stock options exercised by employees                                        | 428,403    | (264,005) | 424,928    | -         | -         | -            | -            | -      |
| Net income in 2011                                                          | -          | -         | -          | -         | -         | 13,725,958   | 13,725,958   | -      |
| Cumulative translation adjustments                                          | -          | -         | -          | -         | -         | -            | -            | -      |
| Change in net loss not recognized as pension cost                           | -          | -         | -          | -         | -         | -            | -            | -      |
| Acquisition of treasury stock - 105,475 thousand shares                     | -          | -         | -          | -         | -         | -            | -            | -      |
| Retirement of treasury stock - 37,000 thousand shares                       | (370,000 ) | -         | (815,205 ) | -         | -         | -            | -            | -      |
| Changes in minority interest                                                | -          | -         | -          | -         | -         | -            | -            | -      |
| Changes in minority interest from acquisition of subsidiaries               | -          | -         | -          | -         | -         | -            | -            | -      |
| BALANCE, DECEMBER 31, 2011                                                  | 67,535,632 | 35,693    | 7,397,481  | 6,039,239 | 1,272,417 | 20,497,470   | 27,809,126   | 235,08 |
| Appropriations of 2011 earnings (Note 21)                                   |            |           |            |           |           |              |              |        |
| Legal reserve                                                               | -          | -         | -          | 1,372,596 | -         | (1,372,596 ) | -            | -      |
| Stock dividends - 14.0%                                                     | 9,315,995  | -         | -          | -         | -         | (9,315,995 ) | (9,315,995 ) | -      |
|                                                                             | -          | -         | -          | -         | -         | (4,325,284 ) | (4,325,284 ) | -      |

Cash dividends -  
6.5%

|                                                                             |              |           |              |             |             |              |              |          |
|-----------------------------------------------------------------------------|--------------|-----------|--------------|-------------|-------------|--------------|--------------|----------|
| Reversal of special reserve                                                 | -            | -         | -            | -           | (1,272,417) | 1,272,417    | -            | -        |
| Adjustment of equity method investments                                     | -            | -         | 2,168,684    | -           | -           | -            | -            | 148,35   |
| Cash dividends received by subsidiaries from parent company                 | -            | -         | 83,117       | -           | -           | -            | -            | -        |
| Change in unrealized gain (loss) on available-for-sale financial assets     | -            | -         | -            | -           | -           | -            | -            | (26,12   |
| Change in unrealized gain (loss) on cash flow hedging financial instruments | -            | -         | -            | -           | -           | -            | -            | 44,617   |
| Compensation recognized for employee stock options granted                  | -            | -         | 445,120      | -           | -           | -            | -            | -        |
| Stock options exercised by employees                                        | 144,619      | 70,478    | 100,593      | -           | -           | -            | -            | -        |
| Net income in 2012                                                          | -            | -         | -            | -           | -           | 13,091,359   | 13,091,359   | -        |
| Cumulative translation adjustments                                          | -            | -         | -            | -           | -           | -            | -            | -        |
| Change in net loss not recognized as pension cost                           | -            | -         | -            | -           | -           | -            | -            | -        |
| Retirement of treasury stock -105,475 thousand shares                       | (1,054,750 ) | -         | (1,427,861 ) | -           | -           | (290,023 )   | (290,023 )   | -        |
| Changes in minority interest                                                | -            | -         | -            | -           | -           | -            | -            | -        |
| BALANCE, DECEMBER 31, 2012                                                  | \$75,941,496 | \$106,171 | \$8,767,134  | \$7,411,835 | \$-         | \$19,557,348 | \$26,969,183 | \$401,93 |
| BALANCE, DECEMBER 31, 2012 (U.S. Dollars (Note 2))                          | \$2,614,165  | \$3,655   | \$301,794    | \$255,141   | \$-         | \$673,230    | \$928,371    | \$13,836 |

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

(With Deloitte & Touche audit report dated April 8, 2013)

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## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

|                                                                                   | 2010          | Year Ended December 31 |               |               |
|-----------------------------------------------------------------------------------|---------------|------------------------|---------------|---------------|
|                                                                                   | 2010          | 2011                   | 2012          | US\$ (Note 2) |
|                                                                                   | NT\$          | NT\$                   | NT\$          |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |               |                        |               |               |
| Net income                                                                        | \$ 19,194,889 | \$ 13,978,949          | \$ 13,548,908 | \$ 466,400    |
| Adjustments to reconcile net income to net cash provided by operating activities: |               |                        |               |               |
| Depreciation                                                                      | 18,473,333    | 21,319,438             | 22,135,412    | 761,976       |
| Amortization                                                                      | 1,381,140     | 1,625,958              | 1,278,879     | 44,023        |
| Compensation cost for employee stock options granted                              | 319,147       | 537,973                | 445,120       | 15,323        |
| Provision for inventory valuation and obsolescence                                | 340,268       | 433,418                | 519,431       | 17,881        |
| Equity in earnings of equity method investments                                   | (72,980 )     | (96,938 )              | (61,374 )     | (2,113 )      |
| Cash dividends received from equity method investments                            | 20,589        | 27,452                 | 54,904        | 1,890         |
| Impairment loss                                                                   | 251,402       | 448,056                | 97,234        | 3,347         |
| Deferred income taxes                                                             | 55,764        | 460,403                | 571,176       | 19,662        |
| Loss (gain) on disposal of property, plant and equipment                          | 445,276       | (82,485 )              | (43,607 )     | (1,501 )      |
| Others                                                                            | (783,535 )    | 683,748                | (493,140 )    | (16,976 )     |
| Changes in operating assets and liabilities                                       |               |                        |               |               |
| Financial assets for trading                                                      | (75,120 )     | 488,518                | (3,328,245 )  | (114,570 )    |
| Accounts receivable                                                               | (1,472,061 )  | 765,343                | (6,686,670 )  | (230,178 )    |
| Other receivables                                                                 | (394,236 )    | 376,945                | 80,096        | 2,757         |
| Inventories                                                                       | (2,171,624 )  | (1,191,659 )           | (1,728,671 )  | (59,507 )     |
| Inventories related to construction business                                      | (2,874,177 )  | (3,908,426 )           | (752,520 )    | (25,904 )     |
| Other current assets                                                              | (132,716 )    | (697,969 )             | (807,780 )    | (27,807 )     |
| Financial liabilities for trading                                                 | 410,778       | (354,544 )             | 332,874       | 11,459        |
| Accounts payable                                                                  | 1,656,567     | (3,197,294 )           | 2,992,599     | 103,016       |
| Income tax payable                                                                | 1,462,879     | (339,119 )             | 383,718       | 13,209        |
| Accrued expenses                                                                  | 2,239,267     | 1,095,081              | 534,821       | 18,410        |
| Advance real estate receipts                                                      | (1,466,097 )  | 6,292                  | 119,350       | 4,108         |
| Other current liabilities and other liabilities                                   | 156,341       | (442,434 )             | (174,570 )    | (6,009 )      |
| Net cash provided by operating activities                                         | 36,965,094    | 31,936,706             | 29,017,945    | 998,896       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |               |                        |               |               |
| Acquisition of available-for-sale financial assets                                | (16,670,994)  | (1,700,000 )           | (838,443 )    | (28,862 )     |
| Proceeds from disposal of available-for-sale financial assets                     | 20,883,928    | 2,078,725              | 770,163       | 26,512        |
| Acquisition of financial assets carried at cost                                   | (42,892 )     | (97,130 )              | (52,790 )     | (1,817 )      |
|                                                                                   | -             | -                      | 54,180        | 1,865         |

|                                                                          |               |               |               |              |
|--------------------------------------------------------------------------|---------------|---------------|---------------|--------------|
| Proceeds from disposal of financial assets carried at cost               |               |               |               |              |
| Cash received from return of capital by financial assets carried at cost | 28,556        | 24,308        | 34,598        | 1,191        |
| Acquisition of equity method investments                                 | -             | (285,709 )    | -             | -            |
| Acquisition of subsidiaries                                              | (6,181,583 )  | (2,106,203 )  | (261,607 )    | (9,006 )     |
| Cash received from return of capital by equity method investments        | 3,169         | 267,478       | -             | -            |
| Cash paid for purchase of property, plant and equipment                  | (34,109,113 ) | (29,417,906 ) | (39,301,272 ) | (1,352,884 ) |
| Cash received from disposal of property, plant and equipment             | 261,010       | 1,292,012     | 385,164       | 13,259       |
| Decrease (increase) in guarantee deposits                                | 255,260       | (40,405 )     | 15,391        | 530          |
| Decrease in other receivables                                            | 450,000       | -             | -             | -            |
| Decrease (increase) in restricted assets                                 | (17,834 )     | 55,505        | 19,368        | 667          |
| Purchase of intangible assets                                            | (231,813 )    | (1,158,835 )  | (895,466 )    | (30,825 )    |
| Increase in other assets                                                 | (713,149 )    | (942,537 )    | (23,250 )     | (800 )       |
| Net cash used in investing activities                                    | (36,085,455 ) | (32,030,697 ) | (40,093,964 ) | (1,380,170 ) |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

|                                                                | Year Ended December 31 |              |              |               |
|----------------------------------------------------------------|------------------------|--------------|--------------|---------------|
|                                                                | 2010                   | 2011         | 2012         | US\$ (Note 2) |
|                                                                | NT\$                   | NT\$         | NT\$         |               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |                        |              |              |               |
| Proceeds from (repayments of) short-term borrowings            | \$(2,714,111 )         | \$8,810,615  | \$13,919,793 | \$479,167     |
| Issuance of bonds payable                                      | -                      | 10,841,834   | -            | -             |
| Proceeds from long-term bank loans                             | 32,586,219             | 29,852,451   | 13,840,778   | 476,447       |
| Repayments of long-term bank loans                             | (25,715,266)           | (43,783,427) | (18,969,491) | (652,994 )    |
| Increase (decrease) in guarantee deposits received             | (2,269 )               | (6,789 )     | 3,234        | 111           |
| Net changes in capital lease obligations                       | (77,111 )              | 25,786       | (14,521 )    | (500 )        |
| Cash dividends, net of cash dividends received by subsidiaries | (1,940,654 )           | (3,858,259 ) | (4,242,167 ) | (146,030 )    |
| Proceeds from exercise of stock options by employees           | 499,404                | 589,326      | 315,690      | 10,867        |
| Repurchase of treasury stock                                   | (1,185,205 )           | (2,772,634 ) | -            | -             |
| Increase (decrease) in minority interest                       | 250,448                | (41,537 )    | 3,602,439    | 124,008       |
| Net cash provided by (used in) financing activities            | 1,701,455              | (342,634 )   | 8,455,755    | 291,076       |
| <b>EFFECT OF EXCHANGE RATE CHANGES</b>                         | (1,741,031 )           | 1,460,857    | (1,535,974 ) | (52,874 )     |
| <b>NET INCREASE (DECREASE) IN CASH</b>                         | 840,063                | 1,024,232    | (4,156,238 ) | (143,072 )    |
| <b>CASH, BEGINNING OF YEAR</b>                                 | 22,557,494             | 23,397,557   | 24,421,789   | 840,681       |
| <b>CASH, END OF YEAR</b>                                       | \$23,397,557           | \$24,421,789 | \$20,265,551 | \$697,609     |
| <b>SUPPLEMENTAL INFORMATION</b>                                |                        |              |              |               |
| Interest paid                                                  | \$1,683,056            | \$1,784,181  | \$2,140,357  | \$73,678      |
| Less: Capitalized interest                                     | (296,827 )             | (263,307 )   | (248,839 )   | (8,566 )      |
| Interest paid excluding capitalized interest                   | \$1,386,229            | \$1,520,874  | \$1,891,518  | \$65,112      |
| Income tax paid                                                | \$2,110,097            | \$2,896,928  | \$2,081,690  | \$71,659      |
| Cash paid for purchase of property, plant and equipment        |                        |              |              |               |
| Purchase of property, plant and equipment                      | \$34,761,050           | \$31,032,002 | \$38,893,116 | \$1,338,834   |
| Decrease (increase) in payable for properties                  | (651,937 )             | (1,614,096 ) | 408,156      | 14,050        |
|                                                                | \$34,109,113           | \$29,417,906 | \$39,301,272 | \$1,352,884   |
| Cash received from disposal of property, plant and equipment   |                        |              |              |               |

|                                                         |           |             |           |          |
|---------------------------------------------------------|-----------|-------------|-----------|----------|
| Proceeds from disposal of property, plant and equipment | \$290,165 | \$1,283,436 | \$343,039 | \$11,809 |
| Decrease (increase) in other receivables                | (29,155 ) | 8,576       | 42,125    | 1,450    |
|                                                         | \$261,010 | \$1,292,012 | \$385,164 | \$13,259 |

#### FINANCING ACTIVITIES NOT AFFECTING CASH FLOWS

|                                              |             |             |             |           |
|----------------------------------------------|-------------|-------------|-------------|-----------|
| Current portion of long-term bank loans      | \$2,990,176 | \$3,418,799 | \$3,167,050 | \$109,021 |
| Current portion of capital lease obligations | 28,838      | 42,161      | 46,727      | 1,609     |
| Payable to minority interest                 | 718,023     | -           | -           | -         |

(Continued)



## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

In addition to the disclosures in Note 2 to the consolidated financial statements, the supplemental information regarding the acquisitions of newly consolidated subsidiaries is shown as follows:

a. Advanced Semiconductor Engineering, Inc. ("ASE Inc.") and its subsidiaries (collectively, the "Company") acquired shareholdings of Universal Scientific Industrial Co., Ltd. ("USI") in February 2010 and the net cash receipts and fair values of acquired assets and liabilities of USI at the acquisition date were shown as follows:

|                                                                 | NT\$          |
|-----------------------------------------------------------------|---------------|
| Current assets                                                  | \$ 29,599,348 |
| Long-term investments                                           | 497,508       |
| Property, plant and equipment, net                              | 6,866,077     |
| Other assets                                                    | 4,743,627     |
| Current liabilities                                             | (19,490,014)  |
| Long-term bank loans (including current portion)                | (100,000 )    |
| Other liabilities                                               | (365,877 )    |
|                                                                 | 21,750,669    |
| Percentage of acquired shareholdings                            | 60.07 %       |
|                                                                 | 13,065,626    |
| Goodwill (Note 14)                                              | 409,430       |
| Total consideration                                             | 13,475,056    |
| Less: Acquired through delivery of treasury stock               | (5,246,916 )  |
|                                                                 | 8,228,140     |
| Less: Cash received of acquired company at the acquisition date | (8,842,323 )  |
| Net cash inflow from the acquisition                            | \$ (614,183 ) |

b. The Company acquired 100% shareholdings of EEMS Test Singapore Pte. Ltd. from its parent company, EEMS Asia Pte. Ltd. in August 2010. The net cash payments and fair values of acquired assets and liabilities of EEMS Test Singapore Pte. Ltd. at the acquisition date were shown as follows:

|                                                                 | NT\$         |
|-----------------------------------------------------------------|--------------|
| Current assets                                                  | \$ 659,669   |
| Property, plant and equipment, net                              | 1,472,944    |
| Other assets                                                    | 145,694      |
| Current liabilities                                             | (102,192 )   |
| Long-term bank loans (including current portion)                | (108,077 )   |
|                                                                 | 2,068,038    |
| Goodwill (Note 14)                                              | 236,287      |
| Total consideration                                             | 2,304,325    |
| Less: Cash received of acquired company at the acquisition date | (175,676 )   |
| Net cash outflow from the acquisition                           | \$ 2,128,649 |

c. Power ASE Technology Inc. (“PowerASE”) acquired 84.25% shareholdings of Lu - Chu Development Corporation (“Luchu”) from Powerchip Technology Corporation (“PSC”) and its affiliates in October and November 2011. The net cash payments and fair values of acquired assets and liabilities of Luchu at the acquisition date were shown as follows:

|                                      | NT\$         |
|--------------------------------------|--------------|
| Current assets                       | \$ 1,636,455 |
| Other assets                         | 4            |
| Current liabilities                  | (981 )       |
| Long-term bank loans                 | (60,000 )    |
|                                      | 1,575,478    |
| Percentage of acquired shareholdings | 84.25 %      |
|                                      | 1,327,339    |
| Goodwill (Note 14)                   | 38,899       |
| Total consideration                  | 1,366,238    |

(Continued)

## ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

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|                                                                 | NT\$         |
|-----------------------------------------------------------------|--------------|
| Less: Cash received of acquired company at the acquisition date | \$ (13,709 ) |
| Credit by accounts receivable                                   | (1,000,000)  |
| Other payables                                                  | (200,000 )   |
| Net cash outflow from the acquisition                           | \$ 152,529   |

d. ASE Inc. acquired 100% shareholdings of Yang Ting Tech Co., Ltd. ("Yang Ting") in January 2012. The net cash payments and fair values of acquired assets and liabilities of Yang Ting at the acquisition date were shown as follows:

|                                                                 | NT\$       | US\$     |
|-----------------------------------------------------------------|------------|----------|
| Current assets                                                  | \$ 171,015 | \$ 5,887 |
| Property, plant and equipment, net                              | 265,902    | 9,153    |
| Other assets                                                    | 4,574      | 158      |
| Current liabilities                                             | (96,929 )  | (3,337 ) |
| Long-term bank loans                                            | (44,800 )  | (1,542 ) |
| Other liabilities                                               | (1,200 )   | (41 )    |
|                                                                 | 298,562    | 10,278   |
| Goodwill (Note 14)                                              | 1,454      | 50       |
| Total consideration                                             | 300,016    | 10,328   |
| Less: Cash received of acquired company at the acquisition date | (38,409 )  | (1,322 ) |
| Net cash outflow from the acquisition                           | \$ 261,607 | \$ 9,006 |

(Concluded)

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

Attachment

Advanced Semiconductor Engineering, Inc.

Guidelines for Issuance and Conversion of Privately Offered Foreign Non-guaranteed Convertible Corporate Bonds  
(Tentative)

1. Total issue

The maximum amount of a corporate bond issue for the Company is US\$ . The par value is US\$ , issued at par value.

2. Issuance duration

The issuance duration is years.

3. Coupon rate

Coupon rate at 0%-5%.

4. Date and method of return of principle

Except for conversion or resale by the bond holders or premature recall or buyback and cancellation by the Company, the Company will repay the face value of the bonds or with interest compensation in a cash lump sum to the bond holders upon the maturity of the bonds.

5. Issuance method

This private offering of foreign convertible corporate bonds will be issued outside the Republic of China and processed according to the laws and regulations of the country of sale and common international practice.

6. Price and method of conversion

The conversion price may not fall below the simple arithmetic mean of the share's closing price on TWSE on the date the issue price is set and its closing price one, three or five days prior to the price-setting date after deducting distribution of stock dividends and adding reversed dividends for capital reduction or 80% of the simple arithmetic mean of the share's closing price over the thirty business days preceding the price-setting date after deducting distribution of stock dividends and interests and adding reversed dividends for capital reduction. For the actual issue price, the shareholders meeting will be requested to grant the board of directors the authority to set the price according to the law.

After the bond has been issued, the conversion price will be adjusted when the number of the Company's outstanding (or privately offered) common shares increases (including but not limited to capital increase by public or private offerings for cash, by surplus, and by capital reserve, corporate mergers or acceptance of new shares issued by other companies, stock splits and cash capital increase through GDRs), cash dividends are distributed, conversion or subscription of reissue (or private offering) is made below the share price for securities with option to convert to or subscribe common shares is below the market price or subscription price, or the number of common shares falls due to capital reduction by cancellation of treasury shares.



With the exception of the statutory period in which ownership may not be transferred, a bond holder may request to have his bonds converted to common shares in the Company at any time after     months from the issue date and prior to ten days before the maturity.

7. The Company's right to reclaim the bonds

The Company may choose not to include a right to reclaim or buy back the outstanding bonds in cash at par value or with interests in one of the following circumstances.

- 1.If the amount of the outstanding bonds falls below 10% of the total amount of the original issue after one year from the issue date and prior to 40 days before the maturity.
- 2.If the closing price of the Company's common shares on TWSE exceeds the current conversion price by 130% or more for 30 consecutive business days after one year from the issue date and prior to 40 days before the maturity.

8. The bond holder's resale right:

The Company may choose not to include a resale right or a bond holder may request that the Company buys back the bonds at the full or partial price calculated at an annual yield of     % after     months from the issue date.

9. Public offering for shares converted from the corporate bonds

The shares converted from the corporate bonds may be filed with the Financial Supervisory Commission for a public offering after three years from the corporate bonds' delivery date, and an application may be submitted to TWSE for trading on the stock exchange.

|     |                 |
|-----|-----------------|
| 10. | Applicable laws |
|-----|-----------------|

The issuance, administration, and disposal of the corporate bonds shall be subject to the laws of [the New York State]. However, the approval for issuance and exercise of conversion rights for the corporate bonds shall be conducted according to the laws of the Republic of China and be subject to the restrictions under the laws of the Republic of China.

## 11. Sale restrictions

The corporate bonds may not be offered, sold, or delivered in the Republic of China. The corporate bonds shall be sold according to the laws of the country of sale outside the Republic of China.

## 12. Taxes

1. **Withholding tax:** According to the existing tax laws, a 15% tax shall be withheld on interests and returns (if any) on the corporate bonds held by profit making organizations without fixed business addresses in the Republic of China or individuals who do not reside in the Republic of China.
2. **Securities transactions tax:** Investors shall be subject to a securities transactions tax at 0.3% of the total amount when selling shares.



3.Capital gains tax for securities: When selling shares, investors must calculate, file, and pay the capital gains tax and the income basic tax by following the Income Tax Act and the Income Basic Tax Act. Foreign individuals shall pay a capital gains tax for securities of 15% of the capital gain calculated under the rules. Foreign corporate entities may be exempted from capital gains taxes, but those with fixed business addresses in the Republic of China or business agents shall calculate whether they have to pay income basic taxes.

The aforementioned withholding tax, securities transactions tax, and capital gains tax are described according to the current rules, and shall be subject to changes in the future if the tax laws in the Republic of China change.



## Advanced Semiconductor Engineering, Inc.

## Table of Comparison of Procedures for Lending Funds to Other Parties

## Original Provisions

## Provisions after Revision

## Article 1 Purpose

For the purpose of protecting the rights of the shareholders and meeting the business needs of the Company, the Procedures are implemented according to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies released by the Financial Supervisory Commission of the Executive Yuan (herein referred to as the FSC). Matters not specified in the Procedures shall be handled according to the applicable laws.

## Article 2 Parties to lend funds

The parties to which the Company may lend funds (herein referred to as the borrowers) are limited to one of the following parties, and must not be shareholders or any parties not specified below.

1. Companies with whom the Company conducts business.
2. Companies with short term financing needs. Short term is defined as the longer of one year and one business cycle.
3. Loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights are not subject to the restrictions under Paragraph 2.

## Article 4 Loan limits

The Company's funding sources are limited to equity fund and revolving funds, and loans must be processed without affecting the Company's normal operations. Restrictions for loan amounts:

1. Overall loan limit: The overall amount may not exceed 50% of the Company's net worth on the latest financial statements. However, the overall limit for loans between companies for short term financing needs shall be 40% of the Company's net worth.
2. Loan limits for individual companies:  
(1) Loans as part of business relationship:

## Article 1 Purpose

For the purpose of protecting the rights of the shareholders and meeting the business needs of the Company, the Procedures are implemented according to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies released by the Financial Supervisory Commission of the Executive Yuan (herein referred to as the FSC). Matters not specified in the Procedures shall be handled according to the applicable laws.

## Article 2 Parties to lend funds

The parties to which the Company may lend funds (herein referred to as the borrowers) are limited to one of the following parties, and must not be shareholders or any parties not specified below:

1. Companies with whom the Company conducts business.
2. Companies with short term financing needs. Short term is defined as the longer of one year and one business cycle.

The parties to lend funds for subsidiaries shall follow the rules under the preceding paragraph. However, loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights shall follow the exception under Paragraph 2, Article 5 and not subject to the restriction in Item 2 under the preceding paragraph.

## Article 4 Loan limits

The Company's funding sources are limited to equity fund and revolving funds, and loans must be processed without affecting the Company's normal operations. Restrictions for loan amounts:

1. Overall loan limit: The overall amount may not exceed 50% of the Company's net worth on the latest financial statements. However, the overall limit for loans between companies for short term financing needs shall be 40% of the Company's net worth.
2. Loan limits for individual companies:  
(1) Loans as part of business relationship:



#### Original Provisions

Not to exceed 20% of the Company's net worth on the latest financial statements. In addition, for risk considerations, the amount of a loan may not exceed the total amount of business transactions between the two parties in the last year.

(2) Loans for short term financing needs: Not to exceed 20% of the Company's net worth on the latest financial statements.

For Loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights are not subject to the restrictions under Paragraphs 1 and 2.

#### Article 5 Loan period and interest calculation

1. The loan period is limited to one year. For special cases, extensions may be granted with the approval of the board of directors. A loan may not be extended beyond six months or more than once.

2. The loan is calculated at floating interest rates and adjusted by the Company's cost of capital. Interest rate adjustments will become effective after it is submitted by the Finance Department to the president for approval. Interests are calculated once every month.

3. Loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights are not subject to the restrictions under Paragraph 1.

#### Article 7 Decision and level of authority

1. When lending to another party, the Finance Department must carefully assess the

#### Provisions after Revision

Not to exceed 20% of the Company's net worth on the latest financial statements. In addition, for risk considerations, the amount of a loan may not exceed the total amount of business transactions between the two parties in the last year.

(2) Loans for short term financing needs: Not to exceed 20% of the Company's net worth on the latest financial statements.

For loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights, regardless of the nature being part of business relationship or short term financing needs, the total and individual loan limits shall not exceed 15% and 10%, respectively, of the Company's net worth on the latest financial statements.

#### Article 5 Loan period and interest calculation

The loan period and interest calculation for the Company shall be as follows:

1. The loan period is limited to one year. For special cases, extensions may be granted with the approval of the board of directors. A loan may not be extended beyond six months or more than once.

2. The loan is calculated at floating interest rates and adjusted by the Company's cost of capital. Interest rate adjustments will become effective after it is submitted by the Finance Department to the president for approval. Interests are calculated once every month.

The loan period and interest calculation for a subsidiary shall be as follows: However, loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights, the loan period may not exceed five years. For special cases, extensions may be granted with the approval of the board of directors. A loan may not be extended beyond three years or more than once, and is not subject to the restriction under Item 1 in the preceding paragraph.

#### Article 7 Decision and level of authority

1. When lending to another party, the Finance Department must carefully assess the

### Original Provisions

compliance with the Procedures, and submit the results under Article 6 for the president's approval and the board of directors's resolution before proceeding.

2. Lending between the Company and its parent or subsidiaries or between the Company's subsidiaries shall be submitted for the board of directors's resolution according to the preceding paragraph, and the chairman is authorized to grant a loan of a fixed amount to the same party as approved by the board of directors in the form of multiple loans or a revolving loan within the period of one year.

3. With respect to the fixed amount referred to in the preceding paragraph, except lending between foreign companies in which the Company directly or indirectly holds 100% of the voting rights complying with Paragraph 3, Article 2 are not subject to the loan limit, lending by the Company or a subsidiary to a single enterprise shall not exceed 10% of its own net worth on the latest financial statements.

4. If the Company has created the position of independent director, the board of directors shall take into full consideration each independent director's opinions when lending to other parties, and record each independent director's agreement or objection and reasons for objection in the meeting minutes in detail.

5. Details of lending and related matters shall be submitted to the next shareholders meeting.

### Article 10 Information disclosure

1. The Company shall disclose the outstanding loan balances for the Company and its subsidiaries from the previous month by the 10th day of each month.

2. The Company shall disclose and file the information within two days of the incident if the Company's lending meets one of the following criteria:

(1) The outstanding loan balance for the Company and its subsidiaries has reached 20% of the Company's net worth on the latest financial statements.

(2) The outstanding balance of a loan from the Company and its subsidiaries to a single enterprise has reached 10% of

### Provisions after Revision

compliance with the Procedures, and submit the results under Article 6 for the president's approval and the board of directors's resolution before proceeding.

2. Lending between the Company and its parent or subsidiaries or between the Company's subsidiaries shall be submitted for the board of directors's resolution according to the preceding paragraph, and the chairman is authorized to grant a loan of a fixed amount to the same party as approved by the board of directors in the form of multiple loans or a revolving loan within the period of one year.

3. With respect to the fixed amount referred to in the preceding paragraph, except lending between foreign companies in which the Company directly or indirectly holds 100% of the voting rights are not subject to the loan limit, lending by the Company or a subsidiary to a single enterprise shall not exceed 10% of its own net worth on the latest financial statements.

4. If the Company has created the position of independent director, the board of directors shall take into full consideration each independent director's opinions when lending to other parties, and record each independent director's agreement or objection and reasons for objection in the meeting minutes in detail.

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2. The Company shall disclose and file the information within two days of the date of incident if the Company's lending meets one of the following criteria:

(1) The outstanding loan balance for the Company and its subsidiaries has reached 20% of the Company's net worth on the latest financial statements.

(2) The outstanding balance of a loan from the Company and its subsidiaries to a single enterprise has reached 10% of the Company's net worth on the latest

Original Provisions

the Company's net worth on the latest financial statements.

(3) New lending by the Company or one of its subsidiaries has reached NT\$10 million and 2% of the Company's net worth on the latest financial statements.

3. For a subsidiary of the Company that is not publicly listed in the Republic of China, the information to be disclosed and filed under Item 3, Paragraph 2 by the subsidiary shall be handled by the Company.

4. The Company shall follow the generally accepted accounting principles to assess its lending position and set aside an adequate bad debt reserve, and disclose the relevant information in the financial statements and provide the information to the auditor in order to perform the necessary audit procedure.

Article 12 Control procedure for lending by subsidiaries to other parties

1. For a subsidiary planning to lend to another party, the Company shall order the subsidiary to follow the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies released by the FSC and devise and implement a procedure for lending to other parties.

2. The total and individual loan limits for a subsidiary shall not exceed 40% and 20%, respectively, of the subsidiary's net worth on the latest financial statements.

3. A subsidiary shall prepare a lending statement for the previous month on the 10th day of each month and submit the statement to the Company for review.

4. The internal audit personnel of a subsidiary

Provisions after Revision

financial statements.

(3) New lending by the Company or one of its subsidiaries has reached NT\$10 million and 2% of the Company's net worth on the latest financial statements.

3. For a subsidiary of the Company that is not publicly listed in the Republic of China, the information to be disclosed and filed under Item 3, Paragraph 2 by the subsidiary shall be handled by the Company.

4. The date of incident referred to under Item 2 refers to the date of signing a contract, the payment date, the date for a board of directors resolution, or a date that is sufficient to determine the earlier of trade counterparties and transaction dates.

5. The Company shall assess its lending position and set aside an adequate bad debt reserve, and disclose the relevant information in the financial statements and provide the information to the auditor in order to perform the necessary audit procedure.

Article 12 Control procedure for lending by subsidiaries to other parties

1. For a subsidiary planning to lend to another party, the Company shall order the subsidiary to follow the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies released by the FSC and devise and implement a procedure for lending to other parties.

2. The total and individual loan limits for a subsidiary shall not exceed 40% and 20%, respectively, of the subsidiary's net worth on the latest financial statements. For loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights, the total and individual loan limits shall be as specified under Paragraph 2, Article 4 and not subject to the restrictions.

3. A subsidiary shall prepare a lending statement for the previous month on the 10th day of each month and submit the statement to the Company for review.

4. The internal audit personnel of a subsidiary shall audit the lending procedure and actual

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shall audit the lending procedure and actual progresses at least once every quarter and make a written record of each audit. Upon identifying any material violation, the supervisors of the subsidiary as well as the internal audit department of the Company shall immediately be notified in writing.

5. The internal audit department of the Company shall take the opportunity to understand the procedures for lending to other parties and implementation at the subsidiaries when performing inspections according to the annual audit plan. Discrepancies shall be followed up and the improvement be monitored, and follow up reports shall be submitted to the president.

6. Loans between foreign companies in which the Company directly or indirectly holds 100% of the voting rights are not subject to the restrictions under Paragraph 2.

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progresses at least once every quarter and make a written record of each audit. Upon identifying any material violation, the supervisors of the subsidiary as well as the internal audit department of the Company shall immediately be notified in writing.

5. The internal audit department of the Company shall take the opportunity to understand the procedures for lending to other parties and implementation at the subsidiaries when performing inspections according to the annual audit plan. Discrepancies shall be followed up and the improvement be monitored, and follow up reports shall be submitted to the president.

### Provisions after Revision

For the purpose of protecting the rights of the shareholders and meeting the business needs of the Company, the Procedures are implemented according to the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies released by the Financial Supervisory Commission (herein referred to as the FSC). Matters not specified in the Procedures shall be handled according to the applicable laws.

## Article 5 Procedures for making of endorsement and guarantees

1. When an endorsed or guaranteed enterprise needs to access the amount endorsed or guaranteed by the Company, it shall report the loan amount, period, and nature of endorsement or guarantee to the Company. The Finance Department shall review the report and assess the risks, and then submit the results to the board of directors for approval before proceeding.

2. The Finance Department shall perform credit checks and risk assessments on endorsed or guaranteed companies. The assessments shall include the following items:

- (1) Necessity and reasonableness of the endorsement or guarantee.
- (2) Credit check and risk assessment on endorsed or guaranteed party
- (3) Impact on the Company's operational risks, financial conditions, and shareholders equity.
- (4) Whether to obtain collateral and appraised value of collateral.

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(5) For endorsement or guarantee as part of a business relationship, it shall be necessary to assess whether the amount is reasonable compared to the amount involved in the business relationship.

3. If deemed necessary by the risk assessment results, the Finance Department shall obtain collaterals from the endorsed or guaranteed party and complete the necessary procedures (e.g. mortgage, pledge).

4. The Finance Department shall create a log book for endorsements and guarantees, including details on endorsed or guaranteed parties, amounts, dates of board of directors resolutions or chairman approvals, endorsement or guarantee dates, items to be assessed under this article, and terms and dates for relieving endorsement or guarantee obligations.

5. When the Company or one of its subsidiaries provides endorsement or guarantee for a subsidiary whose net worth is below the paid-in capital, in addition to the rules under the four preceding paragraphs, the finance department of the Company or its subsidiary shall continue to monitor the finance, business, and credit conditions of the endorsed or guaranteed subsidiary. Any potential material risk shall be immediately reported to the board of directors in writing.

### Article 9 Information disclosure

1. The Company shall disclose the outstanding

### Provisions after Revision

(5) For endorsement or guarantee as part of a business relationship, it shall be necessary to assess whether the amount is reasonable compared to the amount involved in the business relationship.

3. If deemed necessary by the risk assessment results, the Finance Department shall obtain collaterals from the endorsed or guaranteed party and complete the necessary procedures (e.g. mortgage, pledge).

4. The Finance Department shall create a log book for endorsements and guarantees, including details on endorsed or guaranteed parties, amounts, dates of board of directors resolutions or chairman approvals, endorsement or guarantee dates, items to be assessed under this article, and terms and dates for relieving endorsement or guarantee obligations.

5. When the Company or one of its subsidiaries provides endorsement or guarantee for a subsidiary whose net worth is below the paid-in capital, in addition to the rules under the four preceding paragraphs, the finance department of the Company or its subsidiary shall continue to monitor the finance, business, and credit conditions of the endorsed or guaranteed subsidiary. Any potential material risk shall be immediately reported to the board of directors in writing.

6. If the shares of the endorsed or guaranteed subsidiary in the preceding paragraph does not have a par value or the par value is not NT\$10, the calculation of paid-in capital in the preceding paragraph shall also include the sum of the capital and the capital surplus at premium.

### Article 9 Information disclosure

1. The Company shall disclose the outstanding



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balances of endorsements and guarantees for the Company and its subsidiaries from the previous month by the 10th day of each month.

2. The Company shall disclose and file the information within two days of the incident if the Company's endorsements and guarantees meet one of the following criteria:

(1) The outstanding balance of endorsements and guarantees for the Company and its subsidiaries has reached 50% of the Company's net worth on the latest financial statements.

(2) The outstanding balance of an endorsement or guarantee by the Company and its subsidiaries to a single enterprise has reached 20% of the Company's net worth on the latest financial statements.

(3) The outstanding balance of an endorsement or guarantee by the Company and its subsidiaries to a single enterprise has reached NT\$10 million and the sum of total endorsements and guarantees, long term investments, and outstanding loans has reached 30% of the Company's net worth on the latest financial statements.

(4) New endorsements and guarantees by the Company or one of its subsidiaries has reached NT\$30 million and 5% of the Company's net worth on the latest financial statements.

3. For a subsidiary of the Company that is not publicly listed in the Republic of China, the information to be disclosed and filed under Item 4, Paragraph 2 by the subsidiary shall be

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balances of endorsements and guarantees for the Company and its subsidiaries from the previous month by the 10th day of each month.

2. The Company shall disclose and file the information within two days of the date of incident if the Company's endorsements and guarantees meet one of the following criteria:

(1) The outstanding balance of endorsements and guarantees for the Company and its subsidiaries has reached 50% of the Company's net worth on the latest financial statements.

(2) The outstanding balance of an endorsement or guarantee by the Company and its subsidiaries to a single enterprise has reached 20% of the Company's net worth on the latest financial statements.

(3) The outstanding balance of an endorsement or guarantee by the Company and its subsidiaries to a single enterprise has reached NT\$10 million and the sum of total endorsements and guarantees, investments of a long term nature, and outstanding loans has reached 30% of the Company's net worth on the latest financial statements.

(4) New endorsements and guarantees by the Company or one of its subsidiaries has reached NT\$30 million and 5% of the Company's net worth on the latest financial statements.

3. For a subsidiary of the Company that is not publicly listed in the Republic of China, the information to be disclosed and filed under Item 4, Paragraph 2 by the subsidiary shall be

Original Provisions

handled by the Company.

4. The Company shall follow the Statements of Financial Accounting Standards No. 9 and perform quarterly assessment and recognize any endorsement or guarantee loss. In addition, endorsements and guarantees shall be adequately disclosed in the financial statements and the information shall be provided to the auditor in order to perform the necessary audit procedure.

Provisions after Revision

handled by the Company.

4. The Company shall perform quarterly assessment and recognize any endorsement or guarantee loss. In addition, endorsements and guarantees shall be adequately disclosed in the financial statements and the information shall be provided to the auditor in order to perform the necessary audit procedure.

5. The date of incident referred to under Item 2 refers to the date of signing a contract, the payment date, the date for a board of directors resolution, or a date that is sufficient to determine the earlier of trade counterparties and transaction dates.

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Table of Comparison of the Revised Articles of Incorporation

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## Article 6:

The Company's registered capital is NT\$95 billion, divided into 9.5 billion shares with a face value of NT\$10 per share. Stock options worth NT\$8 billion are set aside for employee subscription. The board of directors is authorized to issue the remainder in several batches.

## Article 23:

The Company's net profits each year after the actual budget shall be distributed in the following order:

- (1) Make up losses.
- (2) Allocation of 10% as the legal surplus reserve.
- (3) Allocation of a special surplus reserve in accordance with laws or regulations set forth by the authorities concerned.

- (4) For the unrealized portion of long-term investment profits calculated by the equity method that is not cash dividends, it may be listed as the special surplus reserve under the item of current profits, to be included for profit distribution after being realized.

Any remaining profits, if any, shall be distributed as follows:

- (5) Allocation of 2%, inclusive, or less from the balance after the amounts mandated by Items 1 to 4 above have been deducted as the remuneration for directors and supervisors.
- (6) 7%-10% of the remainder after deducting the amounts indicated in Items 1 to 4 shall be set aside for distribution as employee bonuses. 7% of the amount earmarked for employee bonuses shall be distributed according to the rules governing distribution of employee bonuses, with the remainder distributed by the board of directors among employees based on their individual contributions.
- (7) The board of directors shall be delegated to draw

## Article 6:

The Company's registered capital is NT\$96 billion, divided into 9.6 billion shares with a face value of NT\$10 per share. Stock options worth NT\$8 billion are set aside for employee subscription. The board of directors is authorized to issue the remainder in several batches.

## Article 23:

The Company's net profits each year after the actual budget shall be distributed in the following order:

- (1) Make up losses.
- (2) Allocation of 10% as the legal surplus reserve.
- (3) Allocation or reversal of a special surplus reserve in accordance with laws or regulations set forth by the authorities concerned.

- (4) For the unrealized portion of long-term investment profits calculated by the equity method that is not cash dividends, it may be listed as the special surplus reserve under the item of current profits, to be included for profit distribution after being realized.

- (5) Addition or deduction of the portion of retained earnings that are equity investment gains or losses that have been realized or measured at fair value through other overall gains or losses.

Any remaining profits, if any, shall be distributed as follows:

- (6) Allocation of 1%, inclusive, or less from the balance after the amounts mandated by Items 1 to 5 above have been deducted as the remuneration for directors and supervisors.
- (7) 7%-11% of the remainder after deducting the amounts indicated in Items 1 to 5 shall be set aside for distribution as employee bonuses. 7% of the amount earmarked for employee bonuses shall be distributed according to the rules governing distribution of employee bonuses; the remainder exceeding the 7% to be distributed by the board of directors among employees based on their individual contributions.
- (8) The board of directors shall be delegated to draw



Original Provisions

up a plan to distribute the remaining profits to shareholders pro rata according to the percentage of shares held by each shareholder.

Employees referred to in Subparagraph 6 of the preceding paragraph include employees of subsidiary companies that meet certain conditions, which are to be prescribed by the board of directors.

Article 27:

The articles of incorporation were passed at a founders' meeting

held on March 11, 1984.

The first amendment was made on May 3, 1984.

The thirty-seventh amendment was made on June 14, 2010.

The thirty-eighth amendment was made on June 28, 2011.

The thirty-ninth amendment was made on June 21, 2012.

Provisions after Revision

up a plan to distribute the remaining profits to shareholders pro rata according to the percentage of shares held by each shareholder.

Employees referred to in Item 7 of the preceding paragraph include employees of subsidiary companies that meet certain conditions, which are to be prescribed by the board of directors.

Article 27:

The articles of incorporation were passed at a founders' meeting

held on March 11, 1984.

The first amendment was made on May 3, 1984.

The thirty-seventh amendment was made on June 14, 2010.

The thirty-eighth amendment was made on June 28, 2011.

The thirty-ninth amendment was made on June 21, 2012.

The fortieth amendment was made on June 26, 2013.