Stock Code: 3105

WIN Semiconductors Corp.

2014 Annual Report

Notice to readers

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

Taiwan Stock Exchange Market Observation Post System: http://newmops.twse.com.tw
WIN's website: http://www.winfoundry.com
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Auditors: Mei-Yen Chen and Pei-Chi Chen
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Overseas Securities Exchange
Luxembourg Stock Exchange
Disclosed information can be found at http://www.bourse.lu

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I. LETTER TO SHAREHOLDERS

Dear Shareholders,

In 2014, the global economy continued to experience volatility similar to the prior year, and growth rates remain uneven across the developed world. Supported by several rounds of Quantitative Easing, The United States has successfully recovering from the financial crisis and is now showing modest GDP growth and lower unemployment. Conversely, persistent low inflation and continued weakness in Japan and The Eurozone moved these regions to the brink of recession. This weak performance prompted Central Banks in both regions to adopt or expand accommodative monetary policy via aggressive bond purchases. The immediate impact of this US-style QE was the continued depreciation of the Japanese Yen and an abrupt weakening of the Euro versus the US Dollar. The end of QE in the United States coupled with the expectation of a rate increase by the US Central Bank further strengthened the US Dollar and also affected exchange rates in emerging market countries such as Brazil, Russia, and China. Furthermore, geopolitical tensions across several regions, along with additional trade barriers creates new challenges and complexity to global businesses such as WIN. The Chinese Government has increased its support to the domestic semiconductor industry through the power of accommodative policy and direct funding, and is working to build a local IC supply chain. This initiative is becoming a threat to Taiwan's IC industry, particularly for those companies most reliant on customers and factories in Mainland China. Capitalizing on our position as the world's leading Compound Semiconductor Foundry, WIN is turning this crisis into opportunity by leveraging our close relationship with the majority of global IDM companies as well as the emerging IC design houses in China. Over the last 15 years, WIN has invested substantial resources in technology, capacity and operational efficiency to create a business model with a high barrier of entry. This market leading position makes WIN the preferred foundry partner for our customers and our industry.

Over the last several years, the mobile device market has seen rapid change with newer players gaining share in both the low/mid tier and high-end smartphones. Share gains by these new manufacturers create new patterns of demand that impact operational volatility and seasonality for the companies within the supply chain. As the leader in the PA foundry segment, WIN was briefly affected by the share redistribution in the smartphone market, but these headwinds have diminished owing to WIN's market leading technology offerings. This broad technology portfolio provides our customers with RF and mm-wave solutions for virtually any application and has enabled WIN to penetrate numerous high-margin segments such as wireless base stations, network infrastructure, satellite communications and fiber optics, etc. This increasingly diversified business mix enabled WIN to report improved financial results in 2014 as compared to 2013.

2014 operating results and 2015 outlook are reported as follows:

A. Operating Performance in 2014

1. Operating Performance

The Company's 2014 consolidated revenues totaled NT$9,910,010 thousand, representing a decrease of 5.45% compared to 2013. 2014 consolidated net income was NT$1,963,469 thousand, representing an increase of 8.39% compared to the prior year, and EPS for 2014 was NT$2.65.

2. Analysis of Receipts, Expenditures, and Profitability

Unit: NT$ thousands; %

<table>
<tr><th colspan="3">Items</th><th>2014
(Consolidated)</th><th>2013
(Consolidated)</th></tr>
<tr><td rowspan="2">Interest Income & Interest Expense</td><td colspan="2">Interest Income</td><td>17,159</td><td>16,813</td></tr>
<tr><td colspan="2">Interest Expense</td><td>48,304</td><td>80,678</td></tr>
<tr><td rowspan="6">Profitability</td><td colspan="2">Return on Total Assets (%)</td><td>9.33</td><td>8.40</td></tr>
<tr><td colspan="2">Return on Equity (%)</td><td>12.74</td><td>12.39</td></tr>
<tr><td rowspan="2">Ratio to Issued Capital (%)</td><td>Operating Income</td><td>31.19</td><td>28.54</td></tr>
<tr><td>Profit before Tax</td><td>32.72</td><td>29.93</td></tr>
<tr><td colspan="2">Profit Ratio (%)</td><td>19.81</td><td>17.28</td></tr>
<tr><td colspan="2">Earnings Per Share ($)</td><td>2.65</td><td>2.40</td></tr>
</table>

3. Budget Implementation

The Company is not required to make public its 2014 financial forecast information; however, the Board of Directors approved the budget plan and the overall operating plan is in good condition.

4. Research and Development Status

Through 15 years of continuous investment WIN has established a solid foundation for technology advancement and manufacturing excellence. From our beginnings in 1999, WIN recognized that if we only focused on commodity technologies for the consumer market, our position would always be that of a follower. To differentiate us and expand our addressable markets, we have developed a broad array of diversified, high-performance technologies and established WIN as the leader in our industry. Innovation is our core competency, and the highly skilled staff of our R&D organization is a key competitive advantage.

Since inception, WIN has attracted and retained numerous industry experts and has consistently collaborated with local Universities to incubate our own R&D engineers. WIN has also established a Human Recourse Development Committee, and Awards for Outstanding Innovation, Service and Efficiency to motivate and improve our employee's capability and expertise. Additionally, we actively work to cultivate the domestic industry supply chain and accelerate the development of local suppliers.

WIN develops and manufactures state-of-the-art GaAs process technologies that support applications from 100MHz to 100 GHz. These technologies enable WIN to capture a diverse global customer-base, and positions us for long-term global competitiveness. We not only provide our customers with market leading diversified technologies and the newest large-scale manufacturing capability, WIN also offers complete vertical solutions from fundamental epixial material design/production, wafer fabrication to packaging and RF testing. Because of these unique capabilities, WIN provides faster time to market and unrivaled quality control of the development and production of innovative technologies. Our industry leading position results from WIN's technology innovation and the incubation of our internal R&D staff.

B. Business Plan in 2015

Over the last several years, a rapid redistribution of market share has occurred between the suppliers of low & mid-range smartphone and high-end smartphones creating increased volatility in the cellular PA market. WIN has not only survived these fast evolving conditions, but has thrived by focusing on the high barrier to entry Blue Ocean Market, consistently developing the next generation technologies required by our customers to gain market share. In 2014 WIN has devoted additional resources to high performance infrastructure markets such as base stations, satellite and fiber optic communication, and revenue from these segments has exhibited over 40% growth rate year-on-year. With this more favorable revenue mix, WIN's 2014 gross margin, operating margin and net profit have reached a record high.

Shipment of mobile phones continue to increase, however, global 4G penetration remains limited by the insufficient geographic coverage of 4G base stations. In addition to growing our cellular and Wi-Fi business in 2015, we will continue the strategy of growing the high value infrastructure segment by leveraging our R&D capabilities, manufacturing capacity and customer collaborations to increase our market share, mitigate operational risks and sustain growth in net profit.

C. Development Strategy

As the Big Data trend is gaining momentum, numerous industries do not want to miss the business opportunities presented by IoT. According to Gartner, by 2020, the number of IoT devices in use will reach approximately 26 billion, 30 times the 0.9 billion in use during 2009. Machine-to-Machine connectivity will impact the traditional business model of many suppliers and will generate countless new services. At it's core, IoT is the integration of sensors, mobile devices and cloud computing, and is a key factor in the ICT value chain. The data transmission from any IoT device will rely on wireless communication technology similar to the mobile PA function, and GaAs semiconductor components will play an important role.

WIN has outlined the mid-to-long term growth momentum coming from the surge in Mobile Data Demand. In addition to IoT, increased penetration/growth of 4G LTE smartphones is a near term volume driver. There are over 40 frequency bands in use worldwide, and PA demand will keep increasing along with the growth in 4G-smartphone volumes. However, 4G signal quality and connection speed are related to the density of base stations and we believe WIN will maintain its leadership position in this industry owing to our state-of-the-art high frequency, high power MMIC technologies. The global smartphone market continues to evolve and these competitive pressures will inevitably result in further industry consolidation and drive many legacy GaAs manufactures to a fabless model. We welcome this outsourcing trend as it adds to our growth momentum in the mid-to-long term, and supports our strategy of R&D investment, manufacturing scale and diversified markets and will enable WIN to capture these new opportunities.

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

WIN's success in the GaAs foundry market has attracted several newcomers who are attempting to copy our technology, markets and business model. Every successful business sees competition and WIN will continue to leverage our superior technology innovations and defend these with our own patents. Furthermore, we will continue creating incentives for highly skilled, talented employees and share the results of this success with our shareholders and employees to create a competitive, sustainable business for the long-term.

Sincerely yours,

Dennis Chen	*Yu-Chi Wang*	*Linna Su*
Chairman & President	*CEO*	*Head of Accounting*

WIN Semiconductors Corp.

II. COMPANY PROFILE

2.1. Date of Incorporation

WIN Semiconductors Corp. was founded in October 16, 1999.

2.2. Company History

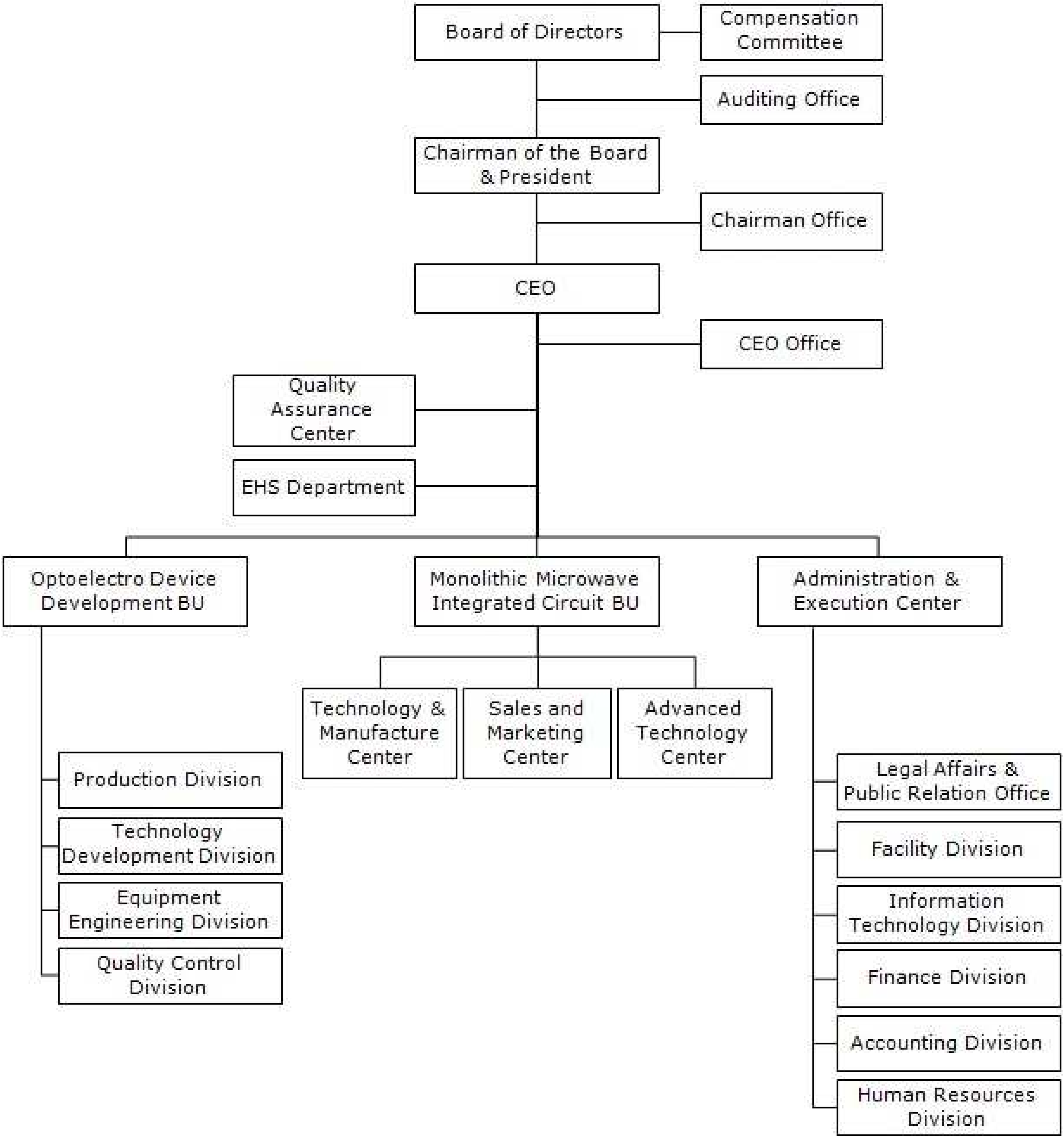
Year	Month	Milestones
1 9 9 9	Oct.	WIN Semiconductors Incorporates in Taiwan
	Dec.	Ground breaking ceremony
2 0 0 0	July	Facility construction complete for corporate offices & Fab #1
	Nov.	Completes production of Asia's 1st,6-inch,GaAs HBT MMIC wafer Completes production of Asia's 1st,6-inch,GaAs pHEMT wafer
2 0 0 1	Mar.	Presents the world's 1st,6-inch,0.15μm GaAs pHEMT MMIC wafer
	May	Produced the worlds' 1st, 6-inch, 50μm thick pHEMT MMIC wafer
	Sep.	Awarded QS-9000 and ISO 9001 quality management system certification
	Nov.	Began foundry production for 0.15μm pHEMT
2 0 0 2	June	Production release of 2um HBT
	June	First 0.5um switch pHEMT wafer for customer
	Oct.	Foundry production of 0.5-um power pHEMT started
	Nov.	ISO14001 and OHSAS 18001 Certified
2 0 0 3	Jan.	Foundry production of customer specific 3um HBT started
	Apr.	Mr. Dennis Chen was unanimously elected chairman of our board
	Dec.	Shipped more than 1.5 million WLAN PAs in a single month
2 0 0 4	Sep.	Pilot run of 0.5 um 35V pHEMT for CATV
2 0 0 5	May.	Successfully developed HBT process for high efficiency, high performance 2G/3G cellphone application
2 0 0 7	Apr.	Acquired additional Huaya land and factory in Science Park
	Apr.	Established MMIC and Optoelectronic business units, lead by PhD Y.C. Wang and PhD W.M. Chang respectively
	Dec.	Start making profit annually, yearend profit is NTD0.79 per share
2 0 0 8	May	Successfully developed 0.25um pHEMT MMIC wafer process
	June	Skyworks Solution announced WIN as their official GaAs foundry
	Oct.	First pilot run of HBT GaAs wafer in Fab B
2 0 0 9	Apr.	Fab B formally announced for mass production
	July	Successfully integrates HBT and pHEMT processes named as BiHEMT process
	Sep.	Company stock is offered in public
	Oct.	Initial public offering
	Oct.	Announcing strategic partnership with ANADIGICS

Year	Month	Milestones
2 0 1 0	Apr.	Acquired Fab B second phase land and factory
	May	Start renovating Fab B second phase
	Nov.	Passed ISO/TS 16949 quality system certification
	Dec.	Developed high performance application for multiphase, multisystem cell phone switch process
	Dec.	Successfully developed world first 6” 0.1um MMIC wafer
2 0 1 1	Jan.	Signed NTD4.8 Billion business loan contract with group of banks lead by International Mega Bank
	May.	Morgan Stanley Capital International enlists WIN Semiconductor Corp. in MSCI Index
	Oct.	Taipei Exchange (TPEx) awarded Contribution Excellence Golden Laurel Award to WIN Semiconductors
	Nov.	Awarded best supplier award from M/A COM Technology Solutions
	Dec.	Stock is offered publically in TPEx
2 0 1 2	Oct.	WIN participates seasoned equity offering and offers Global Depositary Receipts
	Dec.	Granted 2012 Best Supplier Award by muRata, a public traded company in Japan
	Dec.	Awarded 2012 Best Technology Partner by Inphi, a public traded company in US
	Dec.	Become the only GaAs foundry in the world top12 foundries and overtake 62.4% of pure-play foundry service market share
2 0 1 3	Oct.	Awarded Certificate of Corporate Governance System CG6008 General Assessment
	Dec.	Win 3rd National Industrial Innovation Award, Outstanding Enterprise Innovation Award category
2 0 1 4	Feb.	Win 2nd Taiwan Mittelstand Award

III. CORPORATE GOVERNANCE REPORT

3.1. Organization

3.1.1. Organization Chart



3.1.2. Major Corporate Functions

Department	Functions
Auditing Office	• Regularly and irregularly implementing auditing activities to ensure the operation performance and progress of improvement in different business cycles.
EHS Department	• Planning, ensuring and administrating of environmental protection, fire and emergency control, employee safety and health in compliance with environmental and labor safety/health laws and regulations.
Monolithic Microwave Integrated Circuit BU	• Planning and executing GaAs MMIC's key materials, technologies, process, equipment improvement, manufacturing and selling.
Optoelectronic Device Development BU	• R&D and manufacturing for III-V optoelectronic materials and components.
Administration & Execution Center	• Legal Affairs & Public Relation Office: Drafting, reviewing, negotiating and managing of contracts and legal documents. Providing of legal advice and consultation to the management, intellectual property management, legal disputes and litigations. Public relation, corporate social responsibility and related projects. • Facility Division: Planning, set-up and maintenance of fab facility system. • Information Technology Division: Planning, implementation, managing and integration of IT systems, including application system fulfillment and infrastructure establishment in the company. • Finance Division: Fund raising, cash control and management analysis, maintaining credit facility and bank relationship, evaluating and monitoring investments, stock affairs and investor relations. • Accounting Division: Reviewing transaction documents and vouchers, conducting accounting close, tax filing, budgeting and book-keeping. • Human Resources Division: Ensuring human resources management to contribute to organization's accomplishment, based upon the company's business strategy, goals and objectives. Setting up, planning and executing the matters of employee recruitment, training, salary, compensation, welfare performance management and employee engagement. • Materials Management Department: Planning and administrating at the lowest cost of procurement of raw materials, materials and equipment, suppliers evaluation and management. • Logistics & Administration Department: Providing company general administration service, managing transportation, warehousing, and import & export.
Quality Assurance Center	• Coordination of product quality improvement and execution of quality control.

3.2. Directors, Supervisors and Management Team

3.2.1. Directors and Supervisors

A. Information Regarding Directors and Supervisors

Apr. 05, 2015

Title	Nationality	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education & Major Experience	Other Major Positions	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C	Dennis Chen	06/10/2013	3	05/01/2003	21,737,971	2.87	22,305,571	3.00	1,880,000	0.25	0	0	• Master Degree in Public Administration, University of San Francisco, USA • Master Degree in Accounting, Tamkang University, Taiwan • General Manager, Namchow Chemical Industrial Co., Ltd.	• President, WIN Semiconductors Corp. • Vice Chairman of HIWIN Technologies Corp. • Director of Namchow Chemical Industrial Co., Ltd. • Independent Director of Kinsus Interconnect Technology Corp. • Independent Director of Tong Hsing Electronic Ind, Ltd. • Supervisor Representative of Taipei Financial Center Corp. • Director of ITEQ Corporation • Director Representative, WIN Venture Capital Corp.	Director	Steve Chen	Son
Director	R.O.C	Cheng-Huei Wang	06/10/2013	3	06/10/2013	1,563,000	0.21	1,563,000	0.21	0	0	0	0	• College graduated • Chairman, Inventec Multimedia & Telecom Corporation • Director Representative, Inventec Multimedia & Telecom Corporation (Cayman)	• None	-	-	-
Director	R.O.C	Yu-Chi Wang	06/10/2013	3	06/19/2008	2,157,243	0.28	2,063,243	0.28	0	0	0	0	• PhD in Material Engineering, Rutgers, USA • Researcher, Bell Laboratories, Lucent Technologies, Murray Hill, NJ, USA • Adjunct Assistant Professor, Yuan Ze University, Taiwan	• CEO, WIN Semiconductors Corp. • Director and CEO, WIN SEMI. USA, INC.	-	-	-
Director	R.O.C	William Chang	06/10/2013	3	06/19/2008	845,000	0.11	692,000	0.09	0	0	0	0	• PhD in Chemical Engineering, Clemson University, USA • General Manager, Huga Optotech Inc.	• BU General Manager, WIN Semiconductors Corp.	-	-	-
Director	R.O.C	Steve Chen	06/10/2013	3	06/10/2013	3,544,368	0.47	3,458,368	0.47	0	0	0	0	• Master's Degree in Business Administration, Rutgers, USA • Manager, Protek (Shanghai) Limited	• Senior Vice President, WIN Semiconductors Corp. • Supervisor, Crystal Applied Technology Inc. • Supervisor Representative, CDIB CME Fund Ltd. • Director Representative, WIN Venture Capital Corp.	Chair-man	Dennis Chen	Father
Independent Director	R.O.C	Chao-Shun Chang	06/10/2013	3	06/24/2010	0	0	0	0	0	0	0	0	• Master Degree in Public Finance, National Chengchi University, Taiwan • Chairman of Franklin Templeton First Taiwan Securities Investment Trust Enterprise • Chairman of Bank of Overseas Chinese Chairman of Taiwan Business Bank • Chairman of First Financial Holding Co., Ltd. and First Commercial Bank • Supervisor of Taiwan Stock Exchange Corporation • Supervisor of Securities and Futures Institute, ROC	• CPA • Chairman, ACE Venture Consulting Corporation • Independent Director, Formosa Laboratories, Inc. • Director, Taiwan Styrene Monomer Corporation • Independent Director, TSEC Corporation	-	-	-

Title	Nationality	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education & Major Experience	Other Major Positions	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C	Wei-Lin Wang	06/10/2013	3	06/24/2010	0	0	0	0	0	0	0	0	• Juris Science Doctor, Washington University in St. Louis, USA • Partner, New Hope Law Firm, Taiwan • Foreign Associate, Haynes and Boone, LLP (Dallas Headquarter), Dallas, Texas, USA • Sr. Counselor, Lee and Li, Attorneys-at-Law • Associate Professor and Director, Graduate Institute for Intellectual Property Rights, Shih Hsin University, Taiwan • Assistant Professor, Graduate Institute of Intellectual Property, National Chengchi University, Taiwan • Assistant Professor, Graduate Institute of Financial and Economic Law, Feng Chia University	• Assistant Professor, Financial Law Department, Ming Chuan University • Independent Director, Young Fast Optoelectronics Co., Ltd. • Independent Director, Capital Futures Corporation • Independent Director, ANT Precision Industry Co. Ltd. • Member of Compensation Committee, Hold Key Electric Wire & Cable, Co. Ltd.	-	-	-
Supervisor	R.O.C	International Fiber Technology Co., Ltd.-	06/10/2013	3	10/12/1999	6,300,000	0.83	6,300,000	0.85	0	0	0	0	None	None	-	-	-
	R.O.C	Representative: Shih-Chuan Hsieh				0	0	0	0	0	0	0	0	• Bachelor Degree in Agricultural Economics, National Taiwan University, Taiwan • Chairman, WIN Semiconductors Corp. • Director, Episil Technologies Inc.	• Chairman, International Fiber Technology Co., Ltd.	-	-	-
Supervisor	R.O.C	Mei-Lan Wang	06/10/2013	3	06/24/2010	0	0	0	0	0	0	0	0	• Master in Management Sciences, Tamkang University, Taiwan • Chairman, Department of Accounting, Tamkang University, Taiwan • Chairman, Institution of Accounting, Tamkang University, Taiwan • Dean, Finance Office, Tamkang University, Taiwan	• Supervisor, Tamkang University • Chief Supervisor, Accounting Education Foundation, Tamkang University	-	-	-
Supervisor	R.O.C	Cheng-Li Huang	06/10/2013	3	06/10/2011	0	0	0	0	0	0	0	0	• PhD in Accounting, University of Warwick, UK • Chairman, Department of Accounting, Tamkang University, Taiwan • Chairman, Institution of Accounting, Tamkang University, Taiwan • Dean, Finance Office, Tamkang University, Taiwan	• Professor, Department of Accounting, Tamkang University • Independent Director, UMC	-	-	-

B. Major Shareholders of the Institutional Shareholders

Apr. 05, 2015

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
International Fiber Technology Co., Ltd.	Yun-Yun Hou (26.0%) Ming-Hui Hsieh (21.9%) Kuo Cheng Investment Enterprise Co., Ltd. (20.3%) Kuo Chang Investment Enterprise Co., Ltd. (20.4%) Ming-Chieh Hsieh (6.3%)

C. Major Shareholders of the Company's Institutional Shareholders

Apr. 05, 2015

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
Kuo Cheng Investment Enterprise Co., Ltd.	Ming-Chieh Hsieh (66.9%) Chao-Chi Hsiung (16.9%)
Kuo Chang Investment Enterprise Co., Ltd.	Ming-Chien Hsieh (77.8%) Ming-Chieh Hsieh (11.1%) Ming-Hui Hsieh (11.1%)

D. Professional Qualifications and Independence Analysis of Directors and Supervisors

Apr. 05, 2015

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Dennis Chen	✓		✓					✓	✓	✓		✓	✓	2
Cheng-Huei Wang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yu-Chi Wang	✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	0
William Chang			✓			✓	✓	✓	✓	✓	✓	✓	✓	0
Steve Chen			✓		✓			✓	✓	✓		✓	✓	0
Chao-Shun Chang	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	2
Wei-Lin Wang	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	3
Shih-Chuan Hsieh (Representative of International Fiber Technology Co., Ltd.)			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Mei-Lan Wang	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	0
Chen-Li Huang	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	1

Note: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to be elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, provided that this restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the TPEx.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2. Management Team

Apr. 05, 2015

Title	Nationality	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education & Major Experience	Other Major Positions	Managers who are Spouses or within Second Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C	Dennis Chen	12/16/2011	22,305,571	3.00	1,880,000	0.25	0	0	• Master Degree in Public Administration, University of San Francisco, USA • Master Degree in Accounting, Tamkang University, Taiwan • General Manager, Namchow Chemical Industrial Co., Ltd.	• Vice Chairman of HIWIN Technologies Corp. • Director of Namchow Chemical Industrial Co., Ltd. • Independent Director of Kinsus Interconnect Technology Corp. • Independent Director of Tong Hsing Electronic Ind, Ltd. • Supervisor Representative of Taipei Financial Center Corp. • Director of ITEQ Corporation • Director Representative, WIN Venture Capital Corp.	Sr. Vice President	Steve Chen	Son
CEO	R.O.C	Yu-Chi Wang	09/28/2010	2,063,243	0.28	0	0	0	0	• PhD in Material Engineering, Rutgers, USA • Researcher, Bell Laboratories, Lucent Technologies, Murray Hill, NJ, USA • Adjunct Assistant Professor, Yuan Ze University, Taiwan	• Director and CEO, WIN SEMI. USA, INC.	-	-	-
BU General Manager	R.O.C	William Chang	03/01/2007	692,000	0.09	0	0	0	0	• PhD in Chemical Engineering, Clemson University, USA • General Manager, Huga Optotech Inc.	-	-	-	-
Sr. Vice President	R.O.C	Chang-Hwang Hua	08/16/2004	22,000	0.003	33,000	0.004	0	0	• PhD in Material Science, Stanford University, USA • Engineering Director, Skyworks Solutions, Inc., USA • VP, Network Device, Inc., USA	-	-	-	-
Vice President	R.O.C	Joseph Liu	05/02/2000	577,999	0.08	23,700	0.003	0	0	• PhD in Electrical Engineering, Pennsylvania State University, USA • Senior Principal Staff, Lockheed Martin Corp.	-	-	-	-
Vice President	R.O.C	Brian Lee	04/01/2010	898,000	0.12	0	0	0	0	• Master's Degree , University of Southern California, USA • Sales Manager, UMC, Taiwan	-	-	-	-
Sr. Vice President	R.O.C	Steve Chen	07/01/2010	3,458,368	0.47	0	0	0	0	• Master's Degree in Business Administration, Rutgers, USA • Manager, Protek (Shanghai) Limited	• Supervisor, Crystal Applied Technology Inc. • Supervisor Representative, CDIB CME Fund Ltd. • Director Representative, WIN Venture Capital Corp.	President	Dennis Chen	Father
Sr. Vice President	R.O.C	Kyle Chen	07/01/2010	360,000	0.05	0	0	0	0	• EMBA, Graduate Institute of Accounting, National Taiwan University, Taiwan • Fab Director, MXIC	-	-	-	-
Assistant Vice President	R.O.C	Annie Yu	03/15/2005	500,891	0.07	0	0	0	0	• Master's Degree in Law, Cornell University, USA • Supervisor, Huga Optotech Inc.	-	-	-	-
Assistant Vice President	R.O.C	S.Y. Wang	09/01/2005	670,000	0.09	0	0	0	0	• Master's Degree in Industrial Engineering and Engineering Management, Tsing Hua University, Taiwan • Manager, MXIC	-	-	-	-
Head of Accounting	R.O.C	Linna Su	11/01/2010	486,757	0.07	0	0	0	0	• Master's Degree in Accounting, Soochow University, Taiwan • Vice Manager of Accounting, Elitegroup Computer Systems Co., Ltd. • Audit Manager, Elitegroup Computer Systems Co., Ltd.	-	-	-	-
Head of Finance	R.O.C	Joe Tsen	11/01/2010	881,000	0.12	0	0	0	0	• MBA in Finance, Baruch College, USA • Account Manager, CIBC, Canada	• CFO, WIN SEMI. USA, INC. • Supervisor Representative, WIN Venture Capital Corp.	-	-	-

3.2.3. Remuneration of Directors, Supervisors, President and Vice President

A. Remuneration of Directors

Unit: NT$ thousands; Shares in thousands; %

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="8">Remuneration (Note 3)</th><th colspan="2" rowspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 2)</th><th colspan="12">Relevant Remuneration Received by Directors Who Are Also Employees</th><th colspan="2" rowspan="2">Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 2)</th><th rowspan="3">Compensation Paid to Directors from an Invested Company other than the Company's Subsidiary</th></tr>
<tr><th colspan="2">Base Compensation (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonus to Directors (C)</th><th colspan="2">Allowances (D)</th><th colspan="2">Salary, Bonuses, and Allowances (E)</th><th colspan="2">Severance Pay (F)</th><th colspan="4">Profit Sharing-Employee Bonus (G) (Note 1)</th><th colspan="2">Exercisable Employee Stock Options (H)</th><th colspan="2">New Restricted Employee Stock (I)</th></tr>
<tr><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company Cash</th><th>The Company Stock</th><th>Companies in the Financial Reports Cash</th><th>Companies in the Financial Reports Stock</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th><th>The Company</th><th>Companies in the Financial Reports</th></tr>
<tr><td>Chairman</td><td>Dennis Chen</td><td>0</td><td>0</td><td>0</td><td>0</td><td>26,500</td><td>26,500</td><td>34</td><td>34</td><td>1.35</td><td>1.35</td><td rowspan="8">88,875</td><td rowspan="8">111,149</td><td rowspan="8">324</td><td rowspan="8">324</td><td rowspan="8">43,311</td><td rowspan="8">0</td><td rowspan="8">43,311</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">9.02</td><td rowspan="8">10.16</td><td rowspan="8">679</td></tr>
<tr><td>Director</td><td>Cheng-Huei Wang</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">0</td><td rowspan="7">17,874</td><td rowspan="7">17,874</td><td rowspan="7">201</td><td rowspan="7">201</td><td rowspan="7">0.92</td><td rowspan="7">0.92</td></tr>
<tr><td>Director</td><td>Yu-Chi Wang</td></tr>
<tr><td>Director</td><td>William Chang</td></tr>
<tr><td>Director</td><td>Steve Chen</td></tr>
<tr><td>Independent Director</td><td>Chao-Shun Chang</td></tr>
<tr><td>Independent Director</td><td>Wei-Lin Wang</td></tr>
</table>

Note 1: The 2014 earnings appropriation plan was passed by the Board of Directors' meeting on Apr. 22, 2015, of which employee cash bonus and appropriated directors' and supervisors' remuneration were NT$ 176,700 thousand and NT$ 53,000 thousand, respectively. The proposal is scheduled to be discussed and decided at the Company's Annual General Meeting (AGM) on June 03, 2015.

Note 2: The net income is the net amount after deducting the expensing employee bonus.

Note 3: If the total amount of remuneration received by all of the directors and supervisors in their capacity as directors or supervisors of all of the companies listed in the financial reports exceeds 2 percent of the net income after tax, and the remuneration received by any individual director or supervisor exceeds NT$15 million, the company shall disclose the remuneration paid to that individual director or supervisor.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the Financial Reports	The Company	All Reinvested Business
Under NT$ 2,000,000				
NT$ 2,000,000 ~ NT$ 5,000,000	Cheng-Huei Wang Yu-Chi Wang William Chang Steve Chen Chao-Shun Chang Wei-Lin Wang	Cheng-Huei Wang Yu-Chi Wang William Chang Steve Chen Chao-Shun Chang Wei-Lin Wang	Cheng-Huei Wang Chao-Shun Chang Wei-Lin Wang	Cheng-Huei Wang Chao-Shun Chang Wei-Lin Wang
NT$ 5,000,000 ~ NT$ 10,000,000				
NT$10,000,000 ~ NT$ 15,000,000			William Chang	William Chang
NT$15,000,000 ~ NT$ 30,000,000	Dennis Chen	Dennis Chen	Steve Chen	Steve Chen
NT$30,000,000 ~ NT$ 50,000,000			Yu-Chi Wang	Yu-Chi Wang
NT$50,000,000 ~ NT$100,000,000				
Over NT$100,000,000			Dennis Chen	Dennis Chen
Total	7 persons	7 persons	7 persons	7 persons

B. Remuneration of Supervisors

Unit: NT$ thousands; %

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%) (Note 2)		Compensation Paid to Supervisors from an Invested Company other than the Company's Subsidiary
		Base Compensation (A)		Bonus to Supervisors (B) (Note 1)		Allowances (C)				
		The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	The Company	Companies in the Financial Reports	
Supervisor	International Fiber Technology Co., Ltd.- Representative: Shih-Chuan Hsieh	0	0	8,626	8,626	88	88	0.44	0.44	0
Supervisor	Mei-Lan Wang									
Supervisor	Cheng-Li Huang									

Note 1: The 2014 earnings appropriation plan was passed by the Board of Directors' meeting on Apr. 22, 2015, of which employee cash bonus and appropriated directors' and supervisors' remuneration were NT$ 176,700 thousand and NT$ 53,000 thousand, respectively. The proposal is scheduled to be discussed and decided at the Company's Annual General Meeting (AGM) on June 03, 2015.

Note 2: The net income is the net amount after deducting the expensing employee bonus.

Range of Remuneration	Name of Supervisors	
	Total of (A+B+C)	
	The Company	Companies in the Financial Reports (D)
Under NT$ 2,000,000		
NT$ 2,000,000 ~ NT$ 5,000,000	International Fiber Technology Co., Ltd., Mei-Lan Wang, Cheng-Li Huang	International Fiber Technology Co., Ltd., Mei-Lan Wang, Cheng-Li Huang
NT$ 5,000,000 ~ NT$ 10,000,000		
NT$10,000,000 ~ NT$ 15,000,000		
NT$15,000,000 ~ NT$ 30,000,000		
NT$30,000,000 ~ NT$ 50,000,000		
NT$50,000,000 ~ NT$100,000,000		
Over NT$100,000,000		
Total	3 persons	3 persons

C. Compensation of President and Vice President

Unit: NT$ thousands; Shares in thousands; %

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Profit Sharing-Employee Bonus (D) (Note 1)</th><th colspan="2">Ratio of Total Compensation (A+B+C+D) to Net Income (%) (Note 2)</th><th colspan="2">Exercisable Employee Stock Options</th><th colspan="2">New Restricted Employee Stock</th><th rowspan="3">Compensation paid to the President and Vice President from an Invested Company other than the Company's Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the Financial Reports</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Financial Reports</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Financial Reports</th><th colspan="2">The Company</th><th colspan="2">Companies in the Financial Reports</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Financial Reports</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Financial Reports</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the Financial Reports</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Dennis Chen</td><td rowspan="8">30,042</td><td rowspan="8">39,960</td><td rowspan="8">709</td><td rowspan="8">709</td><td rowspan="8">85,522</td><td rowspan="8">97,879</td><td rowspan="8">53,011</td><td rowspan="8">0</td><td rowspan="8">53,011</td><td rowspan="8">0</td><td rowspan="8">8.62</td><td rowspan="8">9.76</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">679</td></tr>
<tr><td>CEO</td><td>Yu-Chi Wang</td></tr>
<tr><td>BU General Manager</td><td>William Chang</td></tr>
<tr><td>Sr. Vice President</td><td>Chang-Hwang Hua</td></tr>
<tr><td>Vice President</td><td>Joseph Liu</td></tr>
<tr><td>Vice President</td><td>Brian Lee</td></tr>
<tr><td>Sr. Vice President</td><td>Steve Chen</td></tr>
<tr><td>Sr. Vice President</td><td>Kyle Chen</td></tr>
</table>

Note 1: The 2014 earnings appropriation plan was passed by the Board of Directors' meeting on Apr. 22, 2015, of which employee cash bonus and appropriated directors' and supervisors' remuneration were NT$ 176,700 thousand and NT$ 53,000 thousand, respectively. The proposal is scheduled to be discussed and decided at the Company's Annual General Meeting (AGM) on June 03, 2015.

Note 2: Net income is the net amount after deducting the expensing employee bonus.

Range of Remuneration	Name of Presidents and Vice Presidents	
	The Company	Companies in the Financial Reports
Under NT$ 2,000,000		
NT$ 2,000,000 ~ NT$ 5,000,000	Joseph Liu	Joseph Liu
NT$ 5,000,000 ~ NT$ 10,000,000	Chang-Hwang Hua	Chang-Hwang Hua
NT$10,000,000 ~ NT$ 15,000,000	William Chang Brian Lee Steve Chen	William Chang Brian Lee Steve Chen
NT$15,000,000 ~ NT$ 30,000,000	Kyle Chen	Kyle Chen
NT$30,000,000 ~ NT$ 50,000,000	Yu-Chi Wang	Yu-Chi Wang
NT$50,000,000 ~ NT$100,000,000	Dennis Chen	Dennis Chen
Over NT$100,000,000		
Total	8 persons	8 persons

D. Employee Bonus Granted to Management Team

Year 2014; Unit: NT$ thousands; %

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash (Note 1)	Total	Ratio of Total Amount to Net Income (%) (Note 2)
Executive Officers	President	Dennis Chen	0	58,311	58,311	2.97
	CEO	Yu-Chi Wang				
	BU General Manager	William Chang				
	Sr. Vice President	Chang-Hwang Hua				
	Vice President	Joseph Liu				
	Vice President	Brian Lee				
	Sr. Vice President	Steve Chen				
	Sr. Vice President	Kyle Chen				
	Assistant Vice President	Annie Yu				
	Assistant Vice President	S.Y. Wang				
	Head of Accounting	Linna Su				
	Head of Finance	Joe Tsen				

Note 1: The 2014 earnings appropriation plan was passed by the Board of Directors' meeting on Apr. 22, 2015, of which employee cash bonus were NT$ 176,700 thousand. The proposal is scheduled to be discussed and decided at the Company's Annual General Meeting (AGM) on June 03, 2015.

Note 2: Net income is the net amount after deducting the expensing employee bonus.

3.2.4. Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

A. The Ratio of Total Remuneration Paid by the Company and by All Companies Included in the Consolidated Financial Statements for the Most Recent Two Fiscal Years to Directors, Supervisors, Presidents and Vice Presidents of the Company, to the Net Income

Unit: NT$ thousands; %

Year / Items	Ratio of Total Remuneration to Net Income			
	2013		2014 (Note 1)	
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Paid to Directors	2.32%	2.32%	2.27%	2.27%
Paid to Supervisors	0.46%	0.46%	0.44%	0.44%
Paid to Presidents and Vice Presidents	6.86%	7.71%	8.62%	9.76%

Note 1: The 2014 earnings appropriation plan was passed by the Board of Directors' meeting on Apr. 22, 2015, of which employee cash bonus and appropriated directors' and supervisors' remuneration were NT$ 176,700 thousand and NT$ 53,000 thousand, respectively. The proposal is scheduled to be discussed and decided at the Company's Annual General Meeting (AGM) on June 03, 2015.

Note 2: The net income, after deducting the expensing employee bonus, for 2013 and 2014 were NT$ 1,811,510 thousand and 1,963,469 thousand respectively.

B. The Policies, Standards, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Business Performance

(1) The Company has established a Compensation Committee to review and form corporate policy, structure and payment terms applicable to compensation of directors, supervisors and managers, as well as rewards and incentive programs of managers.

According to the ROC laws and regulations, members of the Compensation Committee shall be appointed by the Board of Directors. The number of the Compensation Committee members shall not be less than three, one of which shall be an independent director. As of the date of the Annual Report, the Company's Compensation Committee is consisted of one independent director and two professionals with credentials in compliance with regulatory independence and professional qualification requirements. Meetings of the Committee shall be held at least two times a year. Please refer to our website for Compensation Committee Charter.

(2) Directors and supervisors: Remuneration for directors and supervisors is made according to ratios set forth in the Company's Articles of Incorporation (at 1-3%) based on the annual earnings. The appropriated retained earnings is aligned with the Company operation performance and operation performance and future risks were taken into account in determining ratios of remuneration for directors and supervisors. The annual earning distribution status shall be submitted to the board of directors for discussion before its submitted to the shareholders' meeting for resolution.

(3) Presidents and vice presidents: The appointment, dismissal and compensation for presidents and vice presidents shall be approval by the Board of Directors meeting according to the Company's regulations. According to the Company's employer performance assessment rules, the compensation is measured based on the employee's personal achievements, contribution made to the business operation, and the market benchmarking, which is prepared by the Human Resource Division. The compensation for presidents and vice presidents shall be approved by the Compensation Committee and the Board of Directors meeting.

(4) The compensation policy is measured based on the employee's capability, contribution made to the Company and performance which has a positive correlation with the performance of the Company's business. The Company should be accountable for future risks, therefore, the compensation policy has low correlation with future risks. The compensation package mainly includes salaries, incentive and bonus, and welfares. The payment standards of compensation are: the payment of salaries is according to the market averages of that position; the payment of incentive and bonus is related to achievement of goals of employee and his/her organization or the Company's operation performance; and the welfare system is planned by need of employees based on applicable regulations and rules.

3.3. Implementation of Corporate Governance

3.3.1. Board of Directors Meeting Status

A total of 7(A) meetings of the 6th session Board of Directors were held in 2014. Director attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Dennis Chen	7	0	100%	Re-elected by AGM on June 10, 2013
Director	Cheng-Huei Wang	7	0	100%	Newly elected by AGM on June 10, 2013
Director	Yu-Chi Wang	7	0	100%	Re-elected by AGM on June 10, 2013
Director	William Chang	7	0	100%	

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Director	Steve Chen	7	0	100%	Newly elected by AGM on June 10, 2013
Independent Director	Chao-Shun Chang	7	0	100%	Re-elected by AGM on June 10, 2013
Independent Director	Wei-Lin Wang	6	1	85.71%	

Remarks:

1. If there are any circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the Directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified:
   None.
2. If there is any Director(s) avoiding of motions due to conflict of interest, such Directors' names, contents of motions, causes for avoidance and voting should be specified:
   For the purposes of establishing a sound governance system by the Board of Directors (the Board) of the Company and strengthening the Board's supervision function and management mechanism, the Company promulgates the "Rules and Procedures of Board of Directors Meetings" pursuant to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" (the "Rules"). According the Rules, in order to protect the interests of the Company and shareholders where there are any matter is in conflict with interest of a director, he/she should not participate in discussion and voting.
3. Measures taken to strengthen the function of the Board:
   The Company has elected two independent directors on the annual general shareholders' meeting since 2010 and has promulgated related rules of corporate government such as "Corporate Governance Best Practice Principles", "Rules Governing the Scope of Powers of Independent Directors", "Corporate Social Responsibility Best Practice Principles", "Rules and Procedures of Broad of Directors Meetings", "Regulations Governing the Board Performance Evaluation", "Operating Rules for Preventing of Insider Trading", "Rule of Management of the Prevention of Insider Trading", "Rules for Election of Directors and Supervisors", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Guidelines for the Code of Ethical Conduct". Since 2011, the Company has established the Compensation Committee to formulate and review periodically the performance assessment and compensation policy of the Company. The Compensation Committee held 3 meetings during 2014. All 3 commissioners attended the Committee meetings. The Compensation Committee operates smoothly.

3.3.2. Attendance of Supervisors at Board Meetings

A total of 7(A) meetings of the 6th session Board of Directors were held in 2014. Supervisor attendance was as follows:

Title	Name	Attendance in Person (B)	Attendance Rate (%) (B/A)	Remarks
Supervisor	International Fiber Technology Co., Ltd.-Representative: Shih-Chuan Hsieh	5	71%	Re-elected by AGM on June 10, 2013
Supervisor	Mei-Lan Wang	6	86%	
Supervisor	Cheng-Li Huang	7	100%	

Remarks:

A. Composition and responsibilities of supervisors:

1. Communications between supervisors and the Company's employees and shareholders (e.g. the communication channels and methods, etc.):
   (1) Supervisors can attend Board of Directors meetings to understand the operation status of the Company and communicate with attending employee directors and employee who participates in the Board of Directors meetings to provide suggestions and supervision.
   (2) When necessary, supervisors can communicate or discuss with employees directly at any time.
   (3) The Company has set up the supervisors email and the supervisors attend the shareholders' meeting to communicate with shareholders and employees of the Company.
2. Communications between supervisors and the Company's Chief Internal Auditor and CPA (e.g. the items, methods and results of the audits of corporate finance or operations, etc.):
   (1) Chief Internal Auditor will provide audit reports regularly to supervisors for auditing purpose and attend the Board of Directors to report the auditing status.
   (2) The CPA will provide CPA's auditing reports to supervisors for auditing and approval.
   (3) There are direct commutation channels between supervisors, Chief Internal Auditor and the CPA.

B. If a supervisor expresses an opinion during a meeting of the board of directors, the dates of meetings, sessions, contents of motions, resolutions of the directors' meetings and the Company's response to supervisor's opinion should be specified:

The attending supervisors have not expressed dissenting opinions during the meetings of the Board of Directors. The Company has accepted and highly paid attention to the opinions expressed by the attending supervisors.

3.3.3. Corporate Governance Implementation Status

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Does the Company follow "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its Corporate Governance Best-Practice Principles?	V		The Company has established its "Corporate Governance Best Practice Principles" and disclose on its website and the Market Observation Post System (MOPS).	None
2. Shareholding Structure & Shareholders' Rights				
(1) Does the Company have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?		V	(1) Though the Company does not have internal operation procedures for handling shareholders' suggestions, concerns, disputes and litigation matters, it has designated the spokesperson /deputy spokesperson and has set IR mailbox (ir@winfoundry.com) to handle shareholders' recommendations or issues. There has been no dispute or law suits incurred between shareholders and the Company.	Same as explanation
(2) Does the Company possess a list of its major shareholders and beneficial owners of these major shareholders?	V		(2) The Company has assigned employee to be responsible for stock affairs. The stock transfer agent - Registrar Transfer Department, Grand Fortune Securities Corporation assists the Company to collect and disclose the updated information about its shareholders holding more than 10 percent of the outstanding shares, directors and supervisors relating to the pledge, increase or decrease of share ownership, and other matters that may possibly trigger a change in the ownership of their shares. The Company ensures duly updating of information regarding of major shareholders and the ultimate control persons who have an actual control over the Company.	None
(3) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(3) The Company has promulgated rules related to internal control such as "Operating Procedures for Transactions between Affiliated Enterprises, Related Parties and Group Enterprises" and "Operating Procedures for Supervision of Subsidiaries". The rules are made to strictly regulate transactions between the Company and its affiliates to set up the "firewall" and manage risk. All subsidiaries of the Company have been included in the internal audit scope by the internal auditors, and the audits are conducted regularly or from time to time.	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(4) To prevent the insider trading, the Company has established the "Rule of Management of the Prevention of Insider Trading" and advised all insiders to comply with the rules.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	V		(1) The Board of Directors of the Company is consisted of 5 directors and 2 independent directors. The composition of the Board of Directors is diversified. Members of the Board own high calibrations in the areas of commerce, law, finance or accounting, or otherwise necessary for the business operation of the Company on a diversity basis so the Company's decision-making and supervision functions can be duly performed by the Board.	None
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?		V	(2) The Company has set up Compensation Committee since 2011. Other function committees will be set up upon as required by law or operation needs.	Same as explanation
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis?	V		(3) The Company has established the “Regulations Governing the Board Performance Evaluation” and set forth performance objectives. The Board as a whole, board committees and individual directors shall conduct self-evaluation by individual board members, peer evaluation or evaluation by other appropriate methods in order to improve the operation efficiency of the Board of Directors.	None
(4) Does the Company regularly evaluate its external auditors’ independence?	V		(4) The CPAs excuse himself/herself when he/she handling the matters is related to the conflict-interested. The Board of Directors evaluates the independence of CPAs regularly according to Article 47 of Certified Public Accountant Act and Bulletin No.10 of The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and evaluates the qualification according to Statements of Auditing Standards No.46.	None
4. Has the Company established a means of communicating with its Stakeholders or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders’ questions on corporate responsibilities?	V		The Company has set up the Stakeholders Section on its website, and has sound communication channel with shareholders, employees, clients, banks, suppliers and other stakeholders. The Company shall provide sufficient business information in good faith to protect the interest of the shareholders.	None
5. Has the Company appointed a professional registrar for its Shareholders’ Meetings?	V		The Company has appointed the professional registrar “Registrar Transfer Dept, Grand Fortune Securities Corporation” to facilitate shareholders’ meetings.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
6. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(1) The Company's financials, business and corporate governance information have been disclosed in the Investor Relations Section on its website and the Company has designated appropriate personnel to handle information collection, disclosure and update.	None
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(2) The Company has set up its website both in Chinese and English, and has designated the spokesperson and deputy spokesperson in charge of making external statements. The Company has also designated appropriate departments to handle the information collection, disclosure and update about its shareholders, regulations/laws changes, investment and market status. The Company has recorded and disclosed investor conference webcasts on its website.	None
7. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		See explanations below:	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	

(1) Employee rights:
The Company pays attention to employee rights and benefits and set up employee welfare committee to handle the activities about employee welfare, the committee also set up several clubs such as badminton club, yoga club, X-club, body combat club, bowling club, hot MV club, biking club and running club.

(2) Employee wellness:
The Company respects human rights of all employees, and all employees and job applicants have equal opportunity. The Company does not discriminate employees based on ethnicity, faith, religion, partisan, gender, marital status, disability or people who are indigent to receive proper legal protections. The principals are applicable to recruitment, appointment, training, promotion, salary and benefits.

(3) Investors:
Investors can easily understand the Company’s operation status from the spokesman, the MOPS and the Company’s website.

(4) Suppliers:
The Company maintains close partnership with suppliers and deal with supplies based on the principal of good faith.

(5) Rights with stakeholders:
The Company upholds the spirits of corporate governance to have good communications and keep good relationships with shareholders, employees, customers, banks, suppliers and stakeholders.

(6) Directors’ and supervisors’ training records:
The directors and supervisors of the Company have professional background and work in related fields. The Company encourages directors and supervisor to attend related training courses and get certifications.

(7) Status of risk management policies and risk evaluation:
The Company’s policy of risk management is to establish the management mechanism of risk identification, measurement, supervision and control, and to set up overall risk management systems to achieve the operational targets and enhance the value of stockholders.
The Company has secured commercial fire insurance, erection all risks insurance (EAR), marine cargo insurance, public liability insurance (PL), products liability insurance (PD), and employers’ liability insurance to avoid risks.

(8) Implementation of customer policy:
The Company has designated appropriate departments to handle and implement customer policy, respond inquires raised by customers regarding products and service and ensure sound communication with customer.

(9) Directors’ and officers’ insurance for company directors and supervisors:
The Company has purchased directors’ and officers’ liability and company indemnification insurance for all directors and supervisors.

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
8. Does the Company perform any self evaluations on its corporate governance practices or appointed any third party to do so? (If yes, please disclose the Board of Director’s view on the results of such evaluation.)	V		The Company joined corporate governance assessment conducted by Taiwan Corporate Governance Association (TCGA). Followed by a due diligence review, the Company was bestowed the certificate of “Corporate Governance System CG6008 General Assessment” in 2013. Also, the Company. The Company regularly self-assesses its corporate governance implementation status based on the assessment index of Corporate Governance Assessment held by the Taiwan Securities Exchange to strengthen its corporate governance system.	None

3.3.4. Composition, Responsibilities and Operations of the Compensation Committee

A. Professional Qualifications and Independence Analysis of the Compensation Committee Members

Position	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 1)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Member of the Compensation Committee	Remarks (Note 2)
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Wei-Lin Wang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	Yes
Other	Shen-Yi Li (Note 3)	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	2	Not applicable
Other	Hai-Ming Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3	Not applicable
Other	Ching-Hwei Chang (Note 3)			✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Not applicable

Note 1: Please tick the corresponding boxes if members have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not been a person of any conditions defined in Article 30 of the Company Law.

Note 2: If the person has the position of director, state if conforming to the fifth paragraph of Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

Note 3: Mr. Shen-Yi Li was Director of the Company during the 2 years before being appointed. According to the fifth paragraph of Article 6 of "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter", his tenure expired on March 19,

2014. The Board of Director of the Company appointed Miss Ching-Hwei Chang as the new member on May 9, 2014.

B. Duties of the Compensation Committee

The Compensation Committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the Board of Directors, including:

1. to review the performance appraisal and Compensation Committee Charter periodically and proposed amendments.
2. to prescribe and review periodically the performance appraisal and remuneration policy, systems, standards and structure for directors, supervisors and managerial officers.
3. to evaluate status of performance appraisal periodically and prescribe the remuneration of individual director, supervisor, and managerial officer.

C. Compensation Committee Meeting Status

1. The Compensation Committee has three members.
2. The tenure of the 2nd session is from June 10, 2013 to June 9, 2016. A total of 3(A) meetings of the compensation committee were held in 2014. Member attendance was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Wei-Lin Wang	3	0	100%	Re-appointed on June 10, 2013
Member	Shen-Yi Li	1	0	100%	Newly appointed on June 10, 2013, and tenure expired on Mar. 19, 2014. Minimum attendance: 1 meeting.
Member	Hai-Ming Chen	3	0	100%	Re-appointed on June 10, 2013
Member	Ching-Hwei Chang	2	0	100%	Newly appointed on May 09, 2014. Minimum attendance: 2 meetings.
Remarks: 1. If the Board of Directors declines to adopt, or modifies a recommendation of the Compensation Committee: None. 2. The Compensation member has an objection or qualified opinion together with a record or written statement regarding a Compensation Committee resolution: None.					

3.3.5. Corporate Social Responsibility

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Implementation of Corporate Governance				
(1) Does the Company have a corporate social responsibility policy and evaluate its implementation?	V		(1) The Company has established its “Corporate Social Responsibility Best Practice Principles” and issued the Social Responsibility Declaration. Mission: A Global Wireless Leader You Can Trust. Our Vision: We Excel, We Care. Our Values: Accountability, Innovation, Customers Satisfaction, Quality Foremost. The Company has taken corporate social responsibility into account when designing of the Company’s policies and systems, and fulfill environmental protection, human rights protection and safety and health responsibilities as a part of its corporate cultures.	None
(2) Does the Company hold regular CSR training?	V		(2) The Company holds courses of corporation governance and insider regulations for its directors and supervisors on a periodic basis, and employee trainings regarding the Company’s policies and systems to embody corporation governance in the course of business operations.	None
(3) Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?		V	(3) Though the Company has not a dedicated organization to be in charge of corporate social responsibility matters, it authorizes Legal Affairs and Public Relation Office to handle corporate social responsibility initiatives.	Same as explanation
(4) Does the Company set a reasonable compensation policy, integrate employee appraisal with CSR policy, and set clear and effective incentive and disciplinary policies?	V		(4) The Company has established the “Work Rules”, “Employment Performance Assessment Rules”, “Employee Reward and Discipline Rules” and “Employee Code of Ethics” according to relevant laws and regulations and establishes and reviews a reasonable compensation policy by participating reliable compensation survey annually. The Company has established its employment performance assessment rules and implements each year, employees shall set up his/her performance goals and training plans to enhance his/her capability, knowledge and skills regarding the Company’s business.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
2. Environmentally Sustainable Development				
(1) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	V		(1) The Company continues to utilize all resources more efficiently and uses recyclable materials.	None
(2) Has the Company set an Environmental management system designed to industry characteristics?	V		(2) All manufacturing facilities of the Company received ISO14001 and OHSAS18001 certifications for occupational safety and health management systems. The Company conducts regular review of environmental impact on, and risks to facility safety to upgrade its EHS management system.	None
(3) Does the Company track the impact of climate change on operations, carry out greenhouse gas inventories, and set energy conservation and greenhouse gas reduction strategy?	V		(3) Since 2013, the Company reports its consumption of Greenhouse Gas source material quarterly according to requirements of the Environmental Protection Administration and is evaluating feasibility of including energy saving and carbon reducing emission as one of its annual ESH index.	None
3. Promotion of Social Welfare				
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(1) The Company complies with relevant labor laws and regulations, and respect internationally recognized principles of the labor force's human rights to establish related system and process, in order to protect the legal rights and interests of employees and to make sure recruiting policy do not discriminate job applications.	None
(2) Has the Company established appropriately managed employee appeal procedures?	V		(2) The Company encourages its employees to report to company's supervisors, managerial officers, chief internal auditor, or other appropriate individuals upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethics. The Company also sets forth communication channel and appeal system in its work rules.	None
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		(3) Over the years the Company has been conducted the environmental impact and safety risk assessment, and comply with requirements of relevant laws and regulations to set the workplace and to implement ESH training and employees health examinations.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(4) Has the Company established a mechanism for regular communication with employees and use reasonable measures to notify employees of operational changes which may cause significant impact to employees?	V		(4) The Company holds labor-management meeting periodically and releases meeting memo to ensure employees rights and suggestions have been respected.	None
(5) Has the Company established effective career development training plans?	V		(5) The Company has Training & Development Section under Human Resources Division in charges of the planning, executing training and development projects. In addition, the "Human Resource Development Board" consisting of experienced senior managers assigned by CEO is responsible for evaluation and executing major human resource development projects.	None
(6) Has the Company set polices and consumer appeal procedures in its R&D, purchasing, production, operations, and service processes?	V		(6) Customers of the Company are not end users, and there are clear and effective channels between the Company and customers to deal the customer complaints. The Company has secured products liability insurance for all products to ensure consumers rights.	None
(7) Does the Company follow regulations and international standards in the marketing and labelling of its products and services?	V		(7) The Company's commitment: Dedication to development and innovation of manufacturing technology to provide manufacturing service of superior compound semiconductor devices and integrated circuits. Continuous pursuit of excellence demonstrated by providing high-quality products characterized by the employment of "Plan-Do-Check-Act" cycles for continuous improvement. To assure sustainable operation and to fulfill responsibility of a good corporate citizen, the Company passed the following certifications after audits of third parties: (1) ISO9001 (2) ISO/TS 16949 (3) ISO14001 (4) OHSAS18001 (5) SA8000	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(8) Does the company evaluate environmental and social track records before engaging with potential suppliers?	V		(8) Before being qualified as a vendor of the Company, depending on the nature of material, a chemical operation review will be undertaken in accordance with the Company's New Material and Supplier Verification Procedures to determine if the material supplier complies with EU directives of RoHS/REACH and the material to be offered is conflict	None
(9) Does the Company's contracts with major suppliers include termination clauses if they violate CSR policy and cause significant environmental and social impact?	V		(9) A performance assessment is conducted annually to the Company's major suppliers on their systems and implementation related to environmental protection, safety and hygiene. By supply chain management, the Company influenced its vendors to upgrade environmental protection and safety. When and if any significant environmental pollution or violation of labor human right of a vendor is reported, the Company would request the vendor to explain and, if necessary, initiates investigation, and evaluates termination or cancellation of the supply contract with such vendor.	None
4. Enhancing Information Disclosure (1) Does the Company disclose relevant and reliable CSR information on its website and the MOPS?	V		(1) The Company discloses the implement of social responsibility in the annual report and on the Company's website.	None
5. If the Company has established corporate social responsibility principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: The Company well recognize a corporation is one of the community citizens and should fulfill corporate social responsibility. The Company has taken into consideration CSR related issues in designing of company systems and operating strategies, such as corporate governance, sustainability environment, social benefits, and corporate social responsibility. Operation of the Company is fully in compliance with the corporate governance guidelines set forth in the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies".				

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Non-implementation and Its Reason(s)</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices:
(1) Since its establishment, WIN got from the environmental protection agency and maintains the permit for wastewater effluent. Effluents out of WIN facilities undergo pre-treatment in house and treatment by Wastewater Treatment Plant of Hwaya Technology Park (the “Park”) before discharging into surface water body. Hwaya Technology Park Administration (the “Park Administration”) operating wastewater treatment for the Company checks effluents on a weekly basis and during Year 2013, WIN's effluents strictly met water quality standards required by the Park Administration
(2) The Park Administration analyzes samples of air, water and underground water within and outside the Park quarterly to monitor quality of the same. The Environment Quality Supervision Committee of the Park, consisted of representatives of the firms in the Park, experts and academia, invites leaders of neighboring villiages to communicate and discussion agenda related to interaction between the Park and its community, including environmental protection issues such as air and river water quality, transportation. The Company keeps involved in the committee to enhance environment quality of neighboring community.
(3) Since European Union’s announcement of Restriction of Hazardous Substances (RoHS) directive, customers required the Company’s products be hazardous substance free (HSF). The Company then investigated material components and established hazardous substance management system. Right after EU’s Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) directive was issued at the end of 2010, the Company furnished testing items and reports according to SVHC List under REACH.
The Company procures materials from socially responsible sources. A “HSF” webpage was set up on the Company’s website to post information about hazardous substance free and conflict minerals:
✓ Certification for no use of hazardous substances
✓ EICC-GesI Conflict Minerals Reporting template
✓ Testing report made by a fair laboratory of a third party.
✓ Safety Data Sheet
✓ Introduction of the Company’s Hazardous Substance Free Management Procedure
(4) Launch “Employer Friendly Enterprise” Campaign
1. The Company is committed to creating job opportunities; local employees come first.
2. The Company allocates sufficient reserve or pay pension fund for employees according to Labor Standard Law and Employee Pension Fund Statute.
3. The Company fosters well-balanced life of employees, such as implementation of a fair employee leave program, elastic work hours, employee caring, employee assistance program, hobby clubs through Employee Welfare Commission and employee tours.
(5) Human Rights
1. The Company conducts face-to-face employer and employee communication meeting regularly in compliance with labor regulations.
2. The Company enacted sexual harassment prevention and disciplinary procedures to protect employers’ right and privacy.
3. The Company sets up an employee opinion box and discussion platform; in-charge organizations will handle and respond to opinions raised by employees.</td></tr>
<tr><td colspan="5">7. If the products or corporate social responsibility reports have received assurance from external institutions, they should state as below: None.</td></tr>
</table>

3.3.6. Ethical Corporate Management

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1) Does the Company have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and the commitment regarding implementation of such policy from the Board of Directors and the management team?	V		(1) The Company has established its “Ethical Corporate Management Best Practice Principles”, “Procedures for Ethical Management and Guidelines for Conduct” and “Guidelines for the Code of Ethical Conduct” to achieve the ethical corporate management.	None
(2) Does the Company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies?	V		(2) The Company has established its “Procedures for Ethical Management and Guidelines for Conduct” and has good implementation status.	None
(3) Does the Company establish appropriate compliance measures for the business activities prescribed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and any other such activities associated with high risk of unethical conduct?	V		(3) The Company reviews the risk of unethical conduct from time to time and promulgates “Procedures for Ethical Management and Guidelines for Conduct” to enhance the effectiveness of the Company's ethical corporate management.	None
2. Ethic Management Practice				
(1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?		V	(1) The Company upholds the principle of fair treatment of customers and suppliers and promulgates “Customer Satisfaction Investigation Management Procedure” and “Supplier Evaluation & Management O.I.” to ensure that there are good communications and good faith of the partnerships between each other.	Same as explanation

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(2) Does the Company set up a unit which is dedicated to or tasked with promoting the Company's ethical standards and reports directly to the Board of Directors with periodical updates on relevant matters?	V		(2) The Company upholds the principles of ethical corporate management and delegated Human Resources Division as responsible unit. The internal audit reports the implementation status to Board on a regular base.	None
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		(3) The Company has established its "Ethical Corporate Management Best Practice Guidelines", "Procedures for Ethical Management and Guidelines for Conduct" and "Guidelines for the Code of Ethical Conduct" to require the Company personnel not offer, commitment, requirements or accepting any improper profit gains directly or indirectly when engaging in business operation, nor have any unethical or illegal conduct or breach the fiduciary obligations.	None
(4) To implement relevant policies on ethical conducts, does the Company establish effective accounting and internal control systems that are audited by internal auditors or CPA periodically?	V		(4) The Company has established internal control systems, accounting policy and related management regulations to practice ethical corporate management and the internal auditor audit the related matters and had not investigated unusual events.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		(5) Core values (including integrity) and acts in line with ethical standards are part of the awareness program for employees of the Company. The Company alerts employees the importance of ethical behaviors during his/her work and determination and policy of ethical corporate management. These guidelines are aligned with performance assessment system so that in-time rewards and disciplinary actions could be taken. The Company has enacted Guidelines for the Code of Ethical Conduct to encouraging directors, supervisors and employees to act in compliance with ethical standards	None
3. Implementation of Complaint Procedures (1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		(1) The Company has set up Reward and Discipline Commission to evaluate employee ethical and unethical conducts. The Company encourages employees to report any illegal or unethical conducts and has complaint system for two-way communications. The Company has not any matters about discipline of unethical conduct up to date.	None
(2) Does the Company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	V		(2) The Company encourages its employees to report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon discovery of any activity in violation of a law or regulation and also undertakes information confidential and whistleblowers protection based on its “Ethical Corporate Management Best Practice Guidelines” and “Procedures for Ethical Management and Guidelines for Conduct”.	None

Assessment Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanation	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		(3) The Company keeps the whistleblowers' identity and contents of information confidential and assures the whistleblowers' rights and interests based on its "Procedures for Ethical Management and Guidelines for Conduct".	None
4. Information Disclosure (1) Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the MOPS?	V		(1) The Company has established its "Ethical Corporate Management Best Practice Guidelines" and disclosed on the Company's website and the MOPS, and assigned a dedicated unit to responsible for establishing and supervising the implementation of the ethical corporate management policies.	None
5. If the Company has established its own ethical corporate governance in accordance with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, describe the operation status and difference with the best practice principles: The Company has implemented its ethical corporate management policies based on its "Ethical Corporate Management Best Practice Principles".				
6. Other important information to facilitate better understanding of the Company's ethical corporate management operations (e.g. discussion of revisions to ethical corporate management rules set down by the Company): None				

3.3.7. Corporate Governance Guidelines and Regulations

The Company has disclosed its "Corporate Governance Best Practice Principles" and related regulations on its website (www.winfoundry.com) and the MOPS (mops.twse.com.tw).

3.3.8. Internal Control Systems

A. Statement of Internal Control

WIN Semiconductors Corp.

Statement of Internal Control

March 11, 2015

The internal control self-assessment of WIN Semiconductors Corp. was conducted for the year ended December 31, 2014 based on the Company's internal control system. The results are described as following:

1. WIN Semiconductors Corp. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. WIN Semiconductors Corp. has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. WIN Semiconductors Corp. evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) control environment, (2) risk assessment (3) control activities, (4) information and communication, and (5) monitoring. Each component consists of certain items, which could be referred to the Standards.
4. WIN Semiconductors Corp. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. WIN Semiconductors Corp. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of WIN Semiconductors Corp. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The statement has been passed by the Board of Directors in the meeting held on March 11, 2015, with none of the seven attending directors expressing dissenting opinions on the content of the Statement.

WIN Semiconductors Corp.

Chairman: Dennis Chen *CEO: Yu-Chi Wang*

B. A CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, Furnish the CPA Audit Report

None

3.3.9. For the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements

None

3.3.10. Major Resolutions of Shareholders' Meeting and Board Meetings

A. Action Arising of Shareholders' Meeting on June 20, 2014

Major Resolutions	Resolutions	Action Arising
Adoption of the 2013 business report and financial statements.	After voting, the proposal was approved as proposed.	—
Adoption of the proposal for distribution of 2013 profits.	After voting, the proposal was approved as proposed.	The Chairman of the Boards decided the ex-dividend date as 08/02/2014 and paid on 08/25/2014.
Amendment to the Company's "Procedures for Acquisition or Disposal of Assets".	After voting, the proposal was approved as proposed.	The amendment of "Procedures for Acquisition or Disposal of Assets" was passed by the Annual Shareholders Meeting of 2014 and disclosed on the Company's website.
Amendment to the Company's "Rules and Procedures of Shareholders' Meeting".	After voting, the proposal was approved as proposed.	The amendment of "Rules and Procedures of Shareholders' Meeting" was passed by the Annual Shareholders Meeting of 2014 and disclosed on the Company's website.

B. Major Resolutions of Board Meetings

Date	Major Resolutions
03/07/2014	1. Approval of the business report for the year of 2013. 2. Approval of the financial statements and consolidated financial statements for the year of 2013. 3. Recommendation of the distribution of earnings for the year of 2013. 4. Amendment to the Company's "Procedures for Acquisition or Disposal of Assets". 5. Amendment to the Company's "Rules and Procedures of Shareholders' Meeting". 6. Revision of the use of proceeds from the Company's 2012 GDR offering. 7. Evaluation of independence and qualification of the CPA to be engaged by the Company. 8. Change of the CPA of the Company beginning the first quarter of 2014. 9. Approval of the professional service fee of the CPA for the year of 2014. 10. The issuance of new shares for exercise by employees of Employee Stock Options during the first quarter of 2014. 11. Issuance of Internal Control Statement of the Company for the year of 2013. 12. Setting up timeframe for submitting proposals by shareholders of the Company for the annual shareholders meeting of 2014 and making resolutions of shareholders via on-line voting. 13. Budget of managers' compensation for the year of 2014.
05/09/2014	1. Re-appointment of one member of the Compensation Committee. 2. Renewal of the agreements for short-term and mid-term facilities with five banks.
06/20/2014	1. The issuance of new shares for exercise by employees of Employee Stock Options during the second quarter of 2014. 2. Application for short-term and mid-term facilities with two banks to meet operation requirement of the Company.

Date	Major Resolutions
08/06/2014	1. Renewal of the agreements for short-term facilities with two banks to meet operation requirement of the Company.
09/29/2014	1. The issuance of new shares for exercise by employees of Employee Stock Options during the third quarter of 2014. 2. Application for short-term facilities with two banks to meet operation requirement of the Company.
11/12/2014	1. Approval of the auditing plan of the Company for the year of 2015. 2. Renewal of the agreements for short-term facilities with one bank.
12/29/2014	1. Approval of the budget plan of the Company for the year of 2015. 2. Amendments to the Company’s “Internal Control Systems”, “Procedures and Methods for Self-Assessment of the Internal Control Systems” and “Internal Audit Implementation Rules”. 3. The issuance of new shares for exercise by employees of Employee Stock Options during the fourth quarter of 2014. 4. Application for short-term and mid-term facilities with five banks.
03/11/2015	1. Approval of the parent-company-only financial statements and consolidated financial statements for the year of 2014. 2. Approval of the business report for the year of 2014. 3. Evaluation of independence and qualification of the CPA to be engaged by the Company. 4. Approval of the fee for professional service to be rendered by the CPA totaling NT$ 3,310 thousand for the year of 2015. 5. Issuance of Internal Control Statement of the Company for the year of 2014. 6. Setting up timeframe for submitting proposals by shareholders of the Company for the annual shareholders meeting of 2015 and making resolutions of shareholders via on-line voting. 7. The issuance of new shares for exercise by employees of Employee Stock Options during the first quarter of 2015. 8. Recommendation of releasing of Director(s) from non-competition restrictions. 9. Increasing the budget amounts of employee stock trust agreement to key managers in the year of 2014. 10. Budget of managers’ compensation for the year of 2015.
04/22/2015	1. Recommendation of the distribution of earnings for the year of 2014. 2. Approval of capital reduction by distributing cash to shareholders. 3. Amendment to the Company's “Articles of Incorporation”. 4. Promulgation the Company's “Corporate Governance Best Practice Principles”, “Regulations Governing the Board Performance Evaluation”, “Ethical Corporate Management Best Practice Principles”, and “Procedures for Ethical Management and Guidelines for Conduct”, and amendment to the Company's “Rules for Election of Directors and Supervisors” and “Corporate Social Responsibility Best Practice Principles”. 5. Revision to the proposal by shareholders of the Company for the annual shareholders meeting of 2015. 6. Renewal of the agreements for short-term facilities with financial institution.

3.3.11. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors

None

3.3.12. Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D

None

3.4. Information Regarding the Company's Audit Fee and Independence

3.4.1. Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
KPMG	Mei-Yen Chen and Pei-Chi Chen	2014.01.01~2014.12.31	—

Unit: NT$ thousands

Fee Range \ Fee Items		Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000		35	35
2	NT$2,000,001 ~ NT$4,000,000	3,230		3,230
3	NT$4,000,001 ~ NT$6,000,000			
4	NT$6,000,001 ~ NT$8,000,000			
5	NT$8,000,001 ~ NT$10,000,000			
6	Over NT$100,000,000			

Unit: NT$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
KPMG	Mei-Yen Chen Pei-Chi Chen	3,230	-	35	-	-	35	2014.01.01~ 2014.12.31	—

3.4.2. Replacement of CPA

A. Regarding the Former CPA

<table>
<tr><td>Replacement Date</td><td colspan="3">March 22, 2013</td><td colspan="3">March 7, 2014</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="3">Due to internal restructuring at KPMG firm, the CPAs of the Company were changed starting January 1, 2013.</td><td colspan="3">Due to internal restructuring at KPMG firm, the CPAs of the Company were changed starting January 1, 2014.</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPA did not accept the appointment</td><td>Status \ Parties</td><td>CPA</td><td>The Company</td><td>Status \ Parties</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Termination of appointment</td><td>-</td><td>-</td><td>Termination of appointment</td><td>-</td><td>-</td></tr>
<tr><td>No longer accepted (continued) appointment</td><td>-</td><td>-</td><td>No longer accepted (continued) appointment</td><td>-</td><td>-</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="3">Not applicable</td><td colspan="3">Not applicable</td></tr>
<tr><td rowspan="4">Differences with the company</td><td>-</td><td colspan="2">Accounting principles or practices</td><td>-</td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td>-</td><td colspan="2">Disclosure of Financial Statements</td><td>-</td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td>-</td><td colspan="2">Audit scope or steps</td><td>-</td><td colspan="2">Audit scope or steps</td></tr>
<tr><td>-</td><td colspan="2">Others</td><td>-</td><td colspan="2">Others</td></tr>
<tr><td>Other Revealed Matters</td><td colspan="3">None</td><td colspan="3">None</td></tr>
</table>

B. Regarding the Successor CPA

Name of accounting firm	KPMG	KPMG
Name of CPA	Fion Chen and Mei-Yen Chen	Mei-Yen Chen and Pei-Chi Chen
Date of appointment	March 22, 2013	March 7, 2014
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement	Not applicable	Not applicable
Succeeding CPA's written opinion of disagreement toward the former CPA	Not applicable	Not applicable

3.4.3. Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2014.

3.5. Transfer of Equity Interests and/or Pledge of or Changes in Equity Interests by Directors, Supervisors, Managers or Major Shareholders with a Stake of More than 10 Percent

3.5.1. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Unit: Shares

Title	Name	2014		As of Apr. 05, 2015	
		Shares Additions (Deductions) in Shareholding	Shares Additions (Deductions) in Pledge	Shares Additions (Deductions) in Shareholding	Shares Additions (Deductions) in Pledge
Chairman	Dennis Chen	0	0	0	0
Director	Cheng-Huei Wang	150,000	0	(150,000)	0
Director	Yu-Chi Wang	(349,000)	0	(46,000)	0
Director	William Chang	(206,000)	0	(30,000)	0
Director	Steve Chen	0	0	0	0
Independent Director	Chao-Shun Chang	0	0	0	0
Independent Director	Wei-Lin Wang	0	0	0	0
Supervisor	International Fiber Technology Co., Ltd.-Representative: Shih-Chuan Hsieh	0	0	0	0
Supervisor	Mei-Lan Wang	0	0	0	0
Supervisor	Cheng-Li Huang	0	0	0	0
Sr. Vice President	Chang-Hwang Hua	(954,000)	0	(18,000)	0
Vice President	Joseph Liu	0	0	0	0
Vice President	Brian Lee	200,000	0	0	0
Sr. Vice President	Kyle Chen	195,000	0	0	0
Assistant Vice President	Annie Yu	(112,000)	0	0	0
Assistant Vice President	S.Y. Wang	(157,000)	0	(30,000)	0
Head of Accounting	Linna Su	(63,000)	0	0	0
Head of Finance	Joe Tsen	(9,000)	0	(18,000)	0

3.5.2. Shares Trading with Related Parties

Name	Reason of Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transac-tion Price (NTD)
Chang-Hwang Hua	Donation	2014/5/15	Shu-Chen Chang	Spouse	105,000	Not applicable
Chang-Hwang Hua	Donation	2014/5/15	Shu-Hua Chang	Within the 2nd degree of kinship	849,000	Not applicable

3.5.3. Shares Pledge with Related Parties

None

3.6. Relationship among the Top Ten Shareholders

Apr. 05, 2015; Unit: Shares; %

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Shareholding</th><th colspan="2">Spouse & Minor</th><th colspan="2">Shareholding by Nominee Arrangement</th><th colspan="2">The Relationship between any of the Company's Top Ten Shareholders</th><th rowspan="2">Remarks</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Name</th><th>Relation</th></tr>
<tr><td>Fubon Life Insurance Co., Ltd. Representative: Oliver Cheng</td><td>33,000,000</td><td>4.44</td><td>0</td><td>0</td><td>0</td><td>0</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td rowspan="2">Kou-I Yeh</td><td rowspan="2">30,042,791</td><td rowspan="2">4.04</td><td rowspan="2">800,408</td><td rowspan="2">0.11</td><td rowspan="2">0</td><td rowspan="2">0</td><td>Li-Chuan Yeh
Li-Cheng Yeh</td><td>Within the 2nd degree of kinship of Kou-I Yeh</td><td>None</td></tr>
<tr><td>Inventec Corporation</td><td>Director of Inventec Corporation</td><td>None</td></tr>
<tr><td>Denis Chenn</td><td>22,305,571</td><td>3.00</td><td>1,880,000</td><td>0.25</td><td>0</td><td>0</td><td>Tien Ho Industrial Co., Ltd.</td><td>Within the 1st degree of kinship of the major shareholder of Tien Ho Industrial Co., Ltd.</td><td>None</td></tr>
<tr><td>Labor Pension Fund (New Scheme)</td><td>18,990,500</td><td>2.56</td><td>0</td><td>0</td><td>0</td><td>0</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Nan Shan Life Insurance Co., Ltd. Representative: Boon-Teik Koay</td><td>18,000,000</td><td>2.42</td><td>0</td><td>0</td><td>0</td><td>0</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Robeco Capital Growth Funds</td><td>16,096,000</td><td>2.17</td><td>0</td><td>0</td><td>0</td><td>0</td><td>None</td><td>None</td><td>None</td></tr>
<tr><td>Tien Ho Industrial Co., Ltd. Representative: Yu-Wen Chen</td><td>14,735,099</td><td>1.98</td><td>0</td><td>0</td><td>0</td><td>0</td><td>Dennis Chen</td><td>Within the 1st degree of kinship of the major shareholder of Tien Ho Industrial Co., Ltd.</td><td>None</td></tr>
<tr><td>Inventec Corporation Representative: Tsu-Chin Lee</td><td>14,500,000</td><td>1.95</td><td>0</td><td>0</td><td>0</td><td>0</td><td>Kou-I Yeh</td><td>Director of Inventec Corporation</td><td>None</td></tr>
<tr><td>Li-Chuan Yeh</td><td>13,825,308</td><td>1.86</td><td>5,850,000</td><td>0.79</td><td>0</td><td>0</td><td>Kou-I Yeh
Li-Cheng, Yeh</td><td>Within the 2nd degree of kinship of Li-Chuan Yeh</td><td>None</td></tr>
<tr><td>Li-Cheng Yeh</td><td>13,825,308</td><td>1.86</td><td>2,350,000</td><td>0.32</td><td>0</td><td>0</td><td>Kou-I Yeh
Li-Chuan, Yeh</td><td>Within the 2nd degree of kinship of Li-Cheng Yeh</td><td>None</td></tr>
</table>

3.7. Ownership of Shares in Affiliated Enterprises

Mar. 31, 2015; Unit: Shares in thousands; %

Affiliated Enterprises (Note)	Ownership by the Company		Directly or Indirectly by Directors and Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Win Semiconductors Cayman Islands Co., Ltd.	7,000	100.00	0	0	7,000	100.00
WIN SEMI. USA, INC.	1,000	100.00	0	0	1,000	100.00
Inventec Energy Corporation	43,770	34.52	19	0.01	43,789	34.54
WIN Venture Capital Corp.	20,000	100.00	0	0	20,000	100.00
Phalanx Biotech Group, Inc.	16,400	35.05	3,600	7.69	20,000	42.74

Note: Investments accounted for using equity method.

IV. CAPITAL OVERVIEW

4.1. Capital and Shares

4.1.1. Source of Capital

A. Issued Shares

Apr. 05, 2015; Unit: Shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	743,395,328	256,604,672	1,000,000,000	Listed on Taipei Exchange, and the par value for each share is NT$10.

B. Type of Stock

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Remarks	
		Shares (thousands)	Amount (NT$ thousands)	Shares (thousands)	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash
Oct. 1999	10	132,000	1,320,000	38,760	387,600	Set up by cash	None
Apr. 2000	10	132,000	1,320,000	104,652	1,046,520	Share capital increase by cash	None
Jul. 2000	10	132,000	1,320,000	125,400	1,254,000		None
Aug. 2000	20	264,000	2,640,000	165,000	1,650,000		None
Nov. 2000	11	264,000	2,640,000	180,000	1,800,000		None
Dec. 2000	28	264,000	2,640,000	215,000	2,150,000		None
Mar. 2002	20	264,000	2,640,000	235,000	2,350,000		None
Aug. 2002	25.5	248,000	2,480,000	248,000	2,480,000		None
May 2004	-	248,000	2,480,000	195,197	1,951,968	Share cancelled by capital reduction	None
Oct. 2004	10	330,000	3,300,000	265,197	2,651,968	Share capital increase by cash	None
Apr. 2005	10	360,000	3,600,000	325,997	3,259,968	New share issuance for merger and acquisition	None
Oct. 2006	10	500,000	5,000,000	465,997	4,659,968	Share capital increase by cash	None
Oct. 2007	10	500,000	5,000,000	466,864	4,668,638	Conversion of shares by employee stock options	None
Feb. 2008	10	500,000	5,000,000	467,226	4,672,255		None
May 2008	10	500,000	5,000,000	468,616	4,686,155		None
Sep. 2008	20	1,000,000	10,000,000	593,616	5,936,155	Share capital increase by cash	None
Jan. 2010	10	1,000,000	10,000,000	597,970	5,979,695	Conversion of shares by employee stock options	None
Apr. 2010	10	1,000,000	10,000,000	598,294	5,982,935		None
Jul. 2010	10	1,000,000	10,000,000	600,109	6,001,085		None
Oct. 2010	10	1,000,000	10,000,000	605,019	6,050,185		None
Feb. 2011	10	1,000,000	10,000,000	617,568	6,175,675		None
May 2011	10	1,000,000	10,000,000	620,990	6,209,895		None
Jul. 2011	10	1,000,000	10,000,000	622,572	6,225,720		None
Oct. 2011	10	1,000,000	10,000,000	623,587	6,235,865		None
Dec. 2011	10	1,000,000	10,000,000	648,593	6,485,930	Share capital increase by cash and conversion of shares by employee stock options	None
Apr. 2012	10	1,000,000	10,000,000	648,677	6,486,767	Conversion of shares by employee stock options	None
Jul. 2012	10	1,000,000	10,000,000	648,699	6,486,989		None
Oct. 2012	10	1,000,000	10,000,000	748,704	7,487,039	Share capital increase by cash and conversion of shares by employee stock options	None
Jan. 2013	10	1,000,000	10,000,000	754,188	7,541,877	Conversion of shares by employee stock options	None
Apr. 2013	10	1,000,000	10,000,000	757,457	7,574,570		None

Month/ Year	Issue Price	Authorized Capital		Paid-in Capital		Remarks	
		Shares (thousands)	Amount (NT$ thousands)	Shares (thousands)	Amount (NT$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash
Jul. 2013	10	1,000,000	10,000,000	757,855	7,578,548		None
Oct. 2013	10	1,000,000	10,000,000	758,626	7,586,262		None
Jan. 2014	10	1,000,000	10,000,000	739,275	7,392,754	Capital reduction due to cancellation of treasury shares and conversion of shares by employee stock options	None
Apr. 2014	10	1,000,000	10,000,000	740,196	7,401,960	Conversion of shares by employee stock options	None
Jul. 2014	10	1,000,000	10,000,000	740,638	7,406,379		None
Oct. 2014	10	1,000,000	10,000,000	742,069	7,420,685		None
Feb. 2015	10	1,000,000	10,000,000	742,238	7,422,377		None
Apr. 2015	10	1,000,000	10,000,000	743,395	7,433,953		None

4.1.2. Status of Shareholders

Apr. 05, 2015

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	5	96	114	19,385	202	19,802
Shareholding (Shares)	34,185,000	137,770,136	75,243,865	325,655,660	170,540,667	743,395,328
Percentage	4.60%	18.53%	10.12%	43.81%	22.94%	100.00%

4.1.3. Shareholding Distribution Status

Apr. 05, 2015

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	780	251,465	0.03%
1,000 ~ 5,000	13,369	29,052,966	3.92%
5,001 ~ 10,000	2,461	20,778,534	2.80%
10,001 ~ 15,000	676	8,908,232	1.20%
15,001 ~ 20,000	650	12,282,145	1.65%
20,001 ~ 30,000	465	12,224,668	1.64%
30,001 ~ 40,000	238	8,640,082	1.16%
40,001 ~ 50,000	207	9,876,809	1.33%
50,001 ~ 100,000	373	27,307,493	3.67%
100,001 ~ 200,000	231	33,494,481	4.51%
200,001 ~ 400,000	133	39,356,331	5.29%
400,001 ~ 600,000	58	28,263,813	3.80%
600,001 ~ 800,000	31	21,735,902	2.92%
800,001 ~ 1,000,000	19	17,145,184	2.31%
1,000,001 or over	111	474,077,223	63.77%
Total	19,802	743,395,328	100.00%

4.1.4. List of Major Shareholders

Apr. 05, 2015

Shareholder's Name	Shareholding	
	Shares	Percentage
Fubon Life Insurance Co., Ltd.	33,000,000	4.44%
Kou-I Yeh	30,042,791	4.04%
Dennis Chen	22,305,571	3.00%
Labor Pension Fund (New Scheme)	18,990,500	2.56%
Nan Shan Life Insurance Co., Ltd.	18,000,000	2.42%
Robeco Capital Growth Funds	16,096,000	2.17%
Tien Ho Industrial Co., Ltd.	14,735,099	1.98%
Inventec Corporation	14,500,000	1.95%
Li-Chuan Yeh	13,825,308	1.86%
Li-Cheng Yeh	13,825,308	1.86%

4.1.5. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$; Shares in thousands

<table>
<tr><th colspan="3">Item</th><th>2013</th><th>2014</th><th>2015/1/1~
2015/3/31</th></tr>
<tr><td rowspan="3">Market Price Per Share</td><td colspan="2">Highest Market Price</td><td>39.10</td><td>31.80</td><td>43.50</td></tr>
<tr><td colspan="2">Lowest Market Price</td><td>23.65</td><td>25.10</td><td>31.25</td></tr>
<tr><td colspan="2">Average Market Price</td><td>31.26</td><td>28.78</td><td>36.73</td></tr>
<tr><td rowspan="2">Net Worth Per Share</td><td colspan="2">Before Distribution</td><td>20.14</td><td>21.48</td><td rowspan="11">Not applicable</td></tr>
<tr><td colspan="2">After Distribution</td><td>18.64</td><td>(Note 1)</td></tr>
<tr><td rowspan="2">Earnings Per Share</td><td colspan="2">Weighted Average Shares (thousand shares)</td><td>754,141</td><td>741,095</td></tr>
<tr><td colspan="2">Earnings Per Share</td><td>2.40</td><td>2.65</td></tr>
<tr><td rowspan="4">Dividends Per Share</td><td colspan="2">Cash Dividends</td><td>1.50</td><td>(Note 1)</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Dividends from Retained Earnings</td><td>-</td><td>-</td></tr>
<tr><td>Dividends from Capital Surplus</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividends</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price / Earnings Ratio (Note 2)</td><td>12.81</td><td>10.70</td></tr>
<tr><td colspan="2">Price / Dividend Ratio (Note 3)</td><td>20.49</td><td>(Note 1)</td></tr>
<tr><td colspan="2">Cash Dividend Yield Rate (Note 4)</td><td>4.88%</td><td>(Note 1)</td></tr>
</table>

Note 1: The appropriation of earnings for 2014 shall be determined by the 2015 Annual General Shareholders' Meeting.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

4.1.6. Dividend Policy and Implementation Status

A. Dividend Policy

According to the Article of Incorporation, the Company shall distribute the cash and stock dividends in which cash dividend shall not be lower than 10% of entire dividend.

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

The Company has distributed cash dividends to shareholders since year 2011. The dividend history is listed as below:

Year	Cash Dividends		
	Cash Dividend per Shares (NT$)	Ex-dividend Date	Payment Date
2013	1.49682073	2014/7/25	2014/8/25
2012	1.4990762	2013/8/14	2013/8/14
2011	0.7998694	2012/7/23	2012/7/23
2010	0.8244682	2011/7/11	2011/7/11

B. Proposed Distribution of Dividend

The proposal for distribution of 2014 profits was passed at the Board of Directors meeting on April 22, 2015. This proposal will be discussed at the annual shareholders' meeting on June 03, 2015. Upon the approval of the AGM, it is proposed that the Chairman of the Board be authorized to resolve the ex-dividend date and payment date.

Unit: NT$

The proposal for distribution of 2014 profits	Stockholders' cash bonus	Directors' and supervisors' remuneration	Employee cash bonus
	148,679,066	53,000,000	176,700,000

C. Material Change in Dividend Policy Is Expected

None

4.1.7. Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting

There was no stock dividend distribution proposed or adopted at the most recent shareholders' meeting.

4.1.8. Employee Bonus and Directors' and Supervisors' Remuneration

A. Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration in the Articles of Incorporation

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

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

B. The Estimated Basis for Calculating the Employee Bonus and Directors' and Supervisors' Remuneration

1. The estimate foundation: The Corporation shall set aside a legal capital reserve at 10% of the net profits and special reserve according to the rule set out by the government authority in charge times the ratios described in the Article of Incorporation to estimate the employee bonus and directors' and supervisors' remuneration.

2. The Company has not distributed employee bonus and directors' and supervisors' remuneration in stock in year 2014.
3. Accounting policy for difference between the amounts paid and those recognized in the financial statements: Employee bonuses and directors' and supervisors' remuneration are accounted for by Interpretation (96) 052 issued by the ARDF. According to this Interpretation, employee bonuses and directors' and supervisors' remuneration are estimated and accrued as expenses as services are rendered. The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimates and recognized in profit or loss.

C. Profit Distribution for Employee Bonus and Directors' and Supervisors' Remuneration for 2014 Approved in Board of Directors Meeting

1. Recommended Distribution of Employee Bonus and Directors' and Supervisors' Remuneration

The 2014 earnings appropriation plan was passed by the Board of Directors' meeting on April 22, 2015 as below:

(1) Employee cash bonus is NT$ 176,700 thousand.
(2) Appropriated directors' and supervisors' remuneration is NT$ 53,000 thousand.
(3) Stockholders' cash bonus is NT$ 148,679 thousand, and the undistributed earnings at the end of this period is NT$ 3,578,149 thousand.

2. Ratio of recommended employee stock bonus to capitalization of earnings: 0%.
3. Recounted EPS after recommended distribution of employee bonus and directors' and supervisors' remuneration: NT$ 2.65 per share.
4. The proposal is scheduled to be discussed and decided at the Company's Annual General Meeting (AGM) on June 3, 2015.

D. Information of 2013 Earnings Set Aside for Employee Bonus and Directors' and Supervisors' Remuneration

1. Recommended Distribution of Employee Bonus and Directors' and Supervisors' Remuneration

The 2013 earnings appropriation plan was passed by the stockholders' meeting on June 20, 2014 as below:

(1) Employee cash bonus is NT$166,400 thousand.
(2) Appropriated directors' and supervisors' remuneration is NT$ 49,900 thousand.
(3) Stockholders' cash bonus is NT$1,109,797 thousand, and the undistributed earnings at the end of this period is NT$1,957,078 thousand.

2. Ratio of recommended employee stock bonus to capitalization of earnings: 0%.
3. Recounted EPS after recommended distribution of employee bonus and directors' and supervisors' remuneration: NT$2.40.
4. The actual distribution of employee bonus and directors' and supervisors' remuneration above-mentioned was parallel with the recommended resolution of the stockholders' meeting.

4.1.9. Buyback of Treasury Stock

None

4.2. Corporate Bonds

None

4.3. Preferred Stock

None

4.4. Global Depositary Receipts

Item \ Issued Date			10/09/2012 & 11/7/2012
Issued Date			10/09/2012 & 11/7/2012
Listing Exchange			Luxembourg Stock Exchange
Issued Amount			US$168,128,000
Listing Price			US$5.254
Issued Size			32,000,000 units
Source of Underlying Representing Share			Issue comprised of common shares from capital increase by cash & existing shares held by shareholders
Amount of Underlying Representing Share			160,000,000 shares
Rights and Obligations of Depositor Receipt Holder			The rights and obligations are the same as common stock holders’
Trustee Bank			None
Depositary Bank			The Bank of New York Mellon
Custodian Bank			Trust Department, Mega International Commercial Bank
Outstanding Balance (Apr. 05, 2015)			0 units
Issuing Expenses and Maintenance Fees			Issuing Expenses: Jointly be borne by the Company and Selling Shareholders on a pro-rata basis Maintenance Fees: Be borne by the Company
Important Terms and Conditions of Depositary and Custodian Agreements			Please refer to Depositary Agreement and Custodian Agreement
Price per Unit	Year 2014	High	US$5.21
		Low	US$4.20
		Average	US$4.67
	Jan. 01, 2015~ Apr. 05, 2015	High	US$6.90
		Low	US$4.66
		Average	US$5.73

4.5. Employee Stock Options

4.5.1. Issuance of Unexpired Employee Stock Options in Existence as of the Date of Printing the Annual Report

Apr. 05, 2015

Type of Stock Option	2008	2010
Effective Registration Date	09/10/2009	09/28/2010
Issue Date	08/20/2009	01/26/2011
Units Issued	10,000,000 units	10,000,000 units
Option Shares to be Issued as a Percentage of Outstanding Shares	1.68%	1.67%
Duration	7 years	5 years
Conversion Measures	New share issue	New share issue
Conditional Conversion Periods and Percentages	Grant date: 50% Over 1 year: 100%	Over 2 year: 60% Over 3 year: 100%
Converted Shares	9,500,000	6,763,400
Exercised Amount	95,000,000	162,725,032
Number of Shares yet to be Converted	0 (Note)	1,989,000 (Note)
Adjusted Exercise Price for Those Who Have yet to Exercise Their Rights	—	NT$22.70
Unexercised Shares as a Percentage of Total Issued Shares	0%	0.27%
Impact on Possible Dilution of Shareholdings	The Company use employee stock options plans as a tool to compensate, retain, and attract valuable employees for the best of Company's benefit and further to contribute to stockholders' equity.	

Note: The employees were resigned and the options cannot be exercised.

4.5.2. List of Executives Receiving Employee Stock Options and the Top 10 Employees as of the Date of Printing the Annual Report

Apr. 05, 2015; Unit: Shares; NT$

Type	Title	Name (Note 1)	No. of Option Shares	Option Shares as a Percentage of Shares Issued	Exercised				Unexercised			
					No. of Shares Converted	Strike Price	Amount	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price	Amount	Converted Shares as a Percentage of Shares Issued
Executive Officers	Vice President	C.C. Chang (Note 3)	12,869,000 (Note 5)	1.73%	12,369,000	9.0~25.0	135,796,340	1.66%	—	—	—	0%
	BU General Manager	William Chang										
	President	Dennis Chen										
	Sr. Vice President	Kyle Chen										
	Sr. Vice President	Steve Chen										
	Sr. Vice President	Chang-Hwang Hua										
	Vice President	Brian Lee										
	Vice President	Joseph Liu										
	Head of Accounting	Linna Su										
	Head of Finance	Joe Tsen										
	Assistant Vice President	Annie Yu										
	Assistant Vice President	S.Y. Wang										
	CEO	Yu-Chi Wang										
Employee	Chief Engineer	Walter Anthony	5,912,000	0.80%	4,153,000	9.9~25.0	47,877,440	0.56%	1,759,000 (Note 6)	22.7	39,929,300 (Note 6)	0.24%
	Sr. Vice President	David Danzilio (Note 4)										
	Executive Assistant	Linda Huang (Note 2)										
	Director of Dept.	Tim Hsiao										
	Director of Dept.	Galen Hsieh										
	Sr. Director of Dept.	Wen-Jing Hsu (Note 2)										
	Executive Assistant	RH Liao										
	Auditing Manager	Heidi Lin (Note 3)										
	Chief Engineer	Shinichiro Takatani										
	Vice President	Dennis Williams (Note 4)										

Note 1: Alphabetically by executive officers' and employees' surnames.
Note 2: Resigned.
Note 3: Deceased.
Note 4: Employee of the subsidiary.
Note 5: 500,000 shares cannot be exercised because the employee was resigned.
Note 6: 310,000 shares cannot be exercised because the employee was resigned.

4.6. New Restricted Employee Stocks

None

4.7. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None

4.8. Financing Plans and Implementation

None

V. OPERATIONAL HIGHLIGHTS

5.1. Industry Overview

Gallium arsenide (GaAs) is a compound of the elements gallium and arsenic. It is a III/V semiconductor, used in the manufacture of devices such as microwave frequency integrated circuits, monolithic microwave integrated circuits (MMIC), infrared light-emitting diodes, laser diodes, and solar cells. GaAs has inherent physical properties that allow its electrons to move up to five times faster than those of silicon. As a result, GaAs provides improved electrical performance at higher frequencies versus silicon, and also results in improved power efficiency and consequently longer battery life. In addition, GaAs substrate is semi-insulating whereas silicon is conductive. The semi-insulating properties of GaAs permit integration of numerous functions in a single device which currently cannot be realized effectively in silicon-based MMICs, thereby permitting further miniaturization with GaAs.

Due to these superior electronic properties, integrated circuits made out of GaAs features low noise, high-frequency, high control temperature and high transfer speed, making GaAs an effective alternative to silicon for MMIC and an enabling technology across wireless, consumer, automotive and defense sectors. GaAs is now used in a wide range of applications, including power amplifiers and switches in handset devices; base stations, backhaul and fiber optic networks in wireless communication infrastructure systems; wireless automation systems; Wi-Fi connectivity products; CATV/DBS video distribution systems; and radars and radio communications for defense systems, amongst many more.

Despite its diverse applications, the main driver of GaAs growth has recently been the rapid consumer adoption of sophisticated handheld devices such as smartphones and tablets, and the unprecedented level of efficiency requirements of these devices to meet the constraints on size, cost and power consumption. Handsets MMIC, predominately power amplifiers ("PA"), represented more than half of the entire GaAs device market. GaAs has become the mainstream semiconductor material for PA in smartphones.

Looking beyond 4G, 5G data transmission speeds are 100x faster than 4G LTE. So far, only GaAs PAs can handle the increased data transmission speeds of 5G. Additionally, the cost-to-performance gap between GaAs and silicon in power amplifier applications continues to widen, not narrow.

According to Strategy Analytics, the GaAs device market revenues up 15% from 2013, reaching a market of US$7.4bn in 2014. In 2014, the top 5 GaAs device manufacturers took up 67.9% of the total market share, led by Skyworks at 28.7%.

Supply Chain

<table>
<tr><th colspan="2">SUPPLY CHAIN</th><th colspan="3">COMPANY</th></tr>
<tr><td colspan="2">GaAs Substrate</td><td colspan="3">Freiberger, AXTI, Sumitomo</td></tr>
<tr><td colspan="2">GaAs EPI</td><td colspan="3">IQE(MBE), Kopin, VPEC, Hitachi Cable, Sumika, IntelliEPI, Picogiga</td></tr>
<tr><td colspan="2">GaAs IC Design</td><td>Microsemi, Microchip, RDA, Epicom</td><td rowspan="4">GaAs
IDM</td><td rowspan="4">Skyworks
Qorvo
Avago
Anadigics</td></tr>
<tr><td colspan="2">GaAs Foundry</td><td>WIN, AWSC, GCS, Wavetek</td></tr>
<tr><td colspan="2">GaAs IC Packaging</td><td>Tong Shing, Lingsen Precision</td></tr>
<tr><td colspan="2">GaAs IC Testing</td><td>Giga Solution, ASE, Sigurd, King Yuan</td></tr>
<tr><td rowspan="2">Application</td><td>Handset</td><td colspan="3">Apple, HTC, Samsung, LG, Motorola, Blackberry, Huawei, ZTE, Nokia</td></tr>
<tr><td>Wi-Fi</td><td colspan="3">Cisco, Broadcom, Huawei</td></tr>
</table>

5.2. Business Scope

Founded in October 1999, we were the first pure-play 6-inch GaAs foundry in the world. We manufacture semiconductor devices on GaAs wafers based on proprietary circuitry designs provided by our customers, which include world-leading IDMs and fabless design houses such as Avago, Murata, Skyworks and RDA. Our principal products include power amplifier and radio frequency switch chips used in mobile communication devices such as smartphones. Each of these chips is an integrated circuit consisting of a large number of building blocks called HBTs and pHEMTs, fabricated on GaAs wafers and arranged according to a circuitry layout designed by our customers. Our different customers' proprietary circuitry designs serve their chips' unique functionalities. Most of our products belong to the general categories of high frequency and high power MMICs and RFICs used for applications ranging from mobile communications, WLAN, cable TV and point-to-point base station links to fiber-optic communications, GPS and satellite communications.

WIN have the largest capacity among the world's dedicated GaAs foundries. We believe that we are among the leaders of fabrication process technology in the global GaAs market. We aim to provide our customers leading-edge technologies and sufficient manufacturing capacity to support their needs. We have built two semiconductor fabrication facilities, commonly known as "fabs", located in Hwaya Technology Park, Kuei Shan District, Tao Yuan City, Taiwan.

We believe we have the most advanced technologies in the GaAs industry. Our ability to develop new technologies independently differentiates us from some of our competitors who have limited capabilities to develop their own technologies. We have industry-leading 0.15μm pHEMT technology and were the first and only foundry worldwide to have commercially developed pHEMT at 0.1μm gate length on 6-inch GaAs wafers. Our BiHEMT technology enables on-chip integration of PAs and switches. We have the technologies and technical know-how to manufacture GaAs products for applications in frequency bands ranging from 100MHz to 100GHz. Besides focusing our research and development efforts in mainstream mobile communication products, we have also started new technological development efforts in areas such as optoelectronic devices and gallium nitride ("GaN") high power devices whose applications include 4G base stations. Our comprehensive portfolio of technologies enables our customers to develop products for a wide range of applications.

5.3. Research & Development

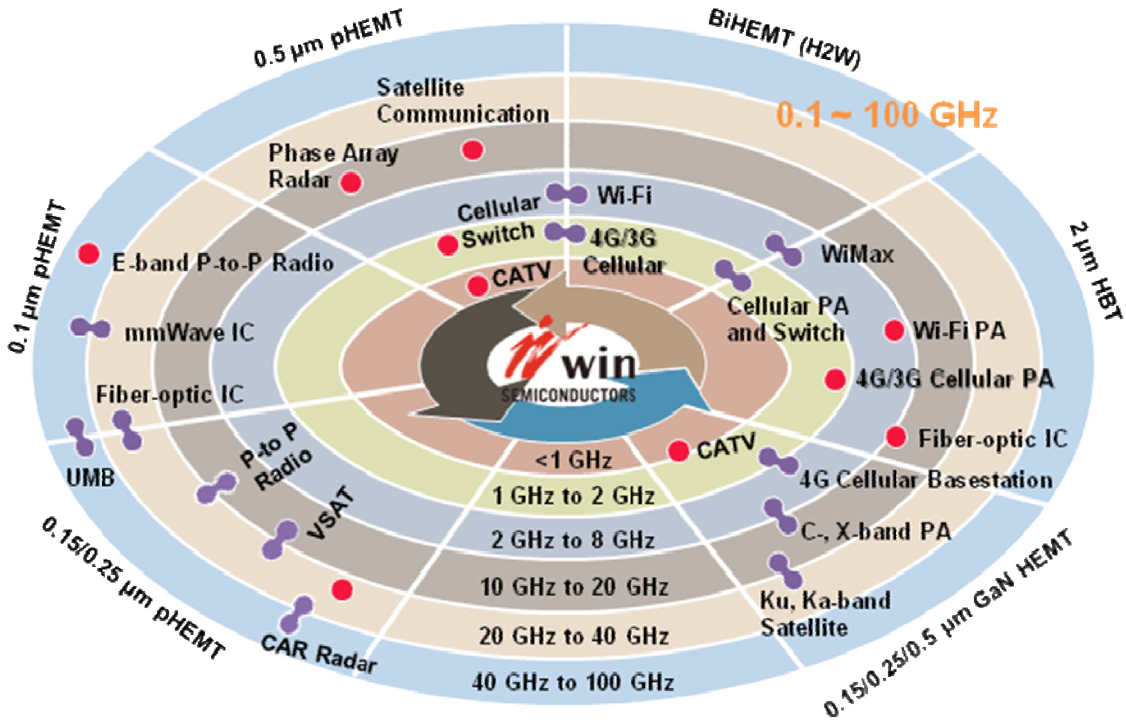
The GaAs industry is characterized by frequent and rapid changes in technology. We aggressively invest in technology research and development, based on our current achievements, we aim to provide our customers with more competitive processing technologies and to further strengthen our leading position in the GaAs foundry industry. The following table sets forth our research and development expenses for the periods indicated:

Unit: NT$ thousands

Item	For the year ended December 31, 2013	For the year ended December 31, 2014
R&D Expenses	495,281	561,783
Consolidated Sales	10,481,303	9,910,010
R&D Expenses / Sales (%)	4.73%	5.67%

We are developing our newest generation HBT technology to meet the high linearity and high power requirements of RF power amplifiers in 4G mobile communication systems, enabling enhanced transmission speed multiple times faster than their counterparts in the 3G systems. At the same time, with the sharp rise in mobile phone usage, high power base station transmission is needed for stable and high speed mobile communication for 3G/4G networks. Responding to this challenge, we are developing advanced processing technologies for manufacturing high power HBTs to be used in small base stations and high power gallium nitride ("GaN") HEMTs to be used in major base stations.

In our research and development, we focus on our proprietary technology development. We believe we have the most comprehensive technology portfolio of any GaAs foundry. Our technology platforms enable our customers to develop optimized products for virtually any frequency range from 100MHz to 100GHz.



WIN's technology roadmap covers both HBT and HEMT processes. More than 20 processes are available and production-ready. WIN will continue to provide various cutting-edge process to keep of customers ahead of the game.

5.4. Business Strategy

Superiority of manufacturing technology is another key criterion by which a fabless design house or an IDM selects its foundry service partner. Although we already have the most advanced technology portfolio in the industry, we plan to continue our R&D investment to maintain our technological edge and to meet our customers' evolving demands. For example, we have recently developed a Cu Pillar Flip-Chip process that is capable of packaging multiple PAs in one module in order to reduce size and improve performance.

We intend to leverage our technology capabilities to enter new markets in areas such as optoelectronic devices and GaN high power devices. Our goal is to diversify our product portfolio and in the long term increase our focus on non-handset business, which generally contribute to an increase in gross profit margin.

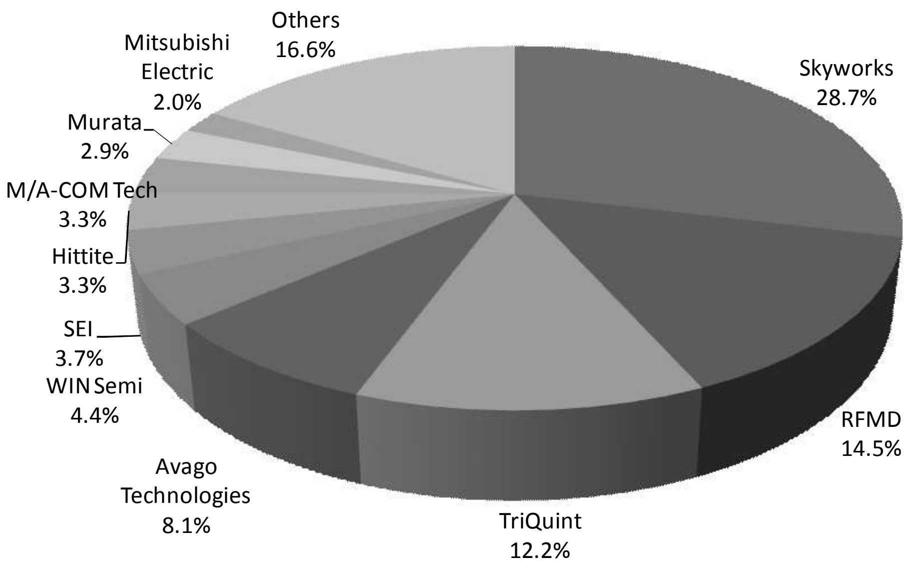
We intend to further develop and expand our customer base and our end-markets to further diversify our revenue sources and reduce our exposure to revenue and profit risks. Currently, we are mainly exploring non-handset markets and high frequency applications such as satellite communications, point-to-point base station links and fiber-optic communications. As a long-term alternative, we also seek to explore the area of compound semiconductor-based solar cells by leveraging our GaAs processing technologies.

Manufacturing capacity is a critical criterion by which a fabless design house or an IDM selects its foundry service partner. We plan to continue to expand our capacity to establish a manufacturing scale sufficient for increased mass production in response to future demand from our customers.

5.5. Market Share

According to Strategy Analytics, the GaAs device market revenues up 15% from 2013, reaching a market of US$7.4bn in 2014. In 2014, the top 5 GaAs device manufacturers took up 67.9% of the total market share, led by Skyworks at 28.7%.

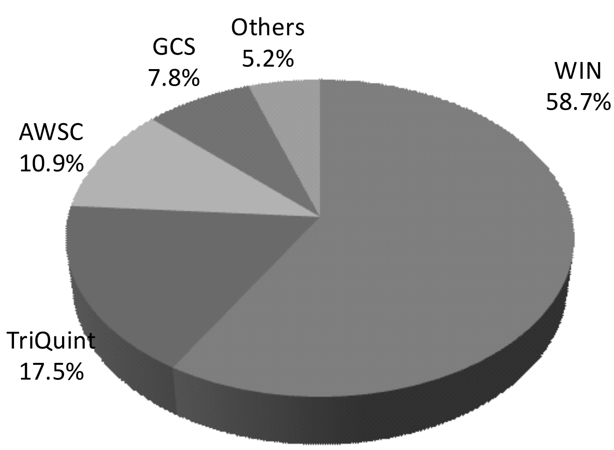
GaAs device manufacturer market share by revenue (2014)



Source: Strategic Analytics

The GaAs OEM/ODM foundry players include WIN Semi, TriQuint, Advanced Wireless Semiconductor Co (AWSC) and GCS jointly accounted 95% of the total market share in 2014 according to Strategy Analytics. Among the four players, WIN Semi, GCS and AWSC are pure-play foundries, which do not produce their own designs, while TriQuint is also an IDM. Many customers prefer outsourcing to pure-play foundries to prevent their product information from being disclosed to competitors and potential conflicts of interest. Thus, pure-play foundries have been steadily gaining market share. According to Strategy Analytics, in 2014 WIN Semi held 58.7% of GaAs foundry market share. Triquint remained the 2nd place and the shares of 17.5%, and AWSC held 10.9% shares.

GaAs foundry market share by revenue (2014)



Source: Strategy Analytics

5.6. Growth Momentum

Smartphones tend to have greater functionality and connectivity than handsets, including functions such as WiFi, Bluetooth, and analog TV. They are also more likely to adopt 3G and 4G technology for ubiquitous Internet connectivity. As a result, they require more radio-frequent components such as PAs and switches and have a greater GaAs content per device than handsets.

Usually, each 2G phone is built with 1–2 PAs whereas in a 4G LTE smartphone it requires 7–8 PAs. As a result, the band count in a cellular terminal will expand from 8,546 million in 2012 to 28,955 million in 2018, and the bands per unit in a cellular terminal will expand from 4.8 in 2012 to 10.9 in 2018, according to Navian's report.

Combining the effects of growing smartphone shipment, and higher component count per device, the PA market for cellular is expected grow in the next several years. In addition to the strong growth in cellular terminal PA, the other applications such as wireless communication infrastructure systems and CATV/DBS video distribution systems, also face favourable drivers due to the significant growth in IP data and wider adoption of WiFi in consumer electronics and handsets.

As the Big Data trend is gaining momentum, numerous industries do not want to miss the business opportunities presented by IoT. According to Gartner, by 2020, the number of IoT devices in use will reach approximately 26 billion, 30 times the 0.9 billion in use during 2009. Machine-to-Machine connectivity will impact the traditional business model of many suppliers and will generate countless new services. At it's core, IoT is the integration of sensors, mobile devices and cloud computing, and is a key factor in the ICT value chain. The data transmission from any IoT device will rely on wireless communication technology similar to the mobile PA function, and GaAs semiconductor components will play an important role.

WIN has outlined the mid-to-long term growth momentum coming from the surge in Mobile Data Demand. In addition to IoT, increased penetration/growth of 4G LTE smartphones is a near term volume driver. There are over 40 frequency bands in use worldwide, and PA demand will keep increasing along with the growth in 4G-smartphone volumes. However, 4G signal quality and connection speed are related to the density of base stations and we believe WIN will maintain its leadership position in this industry owing to our state-of-the-art high frequency, high power MMIC technologies. The global smartphone market continues to evolve and these competitive pressures will inevitably result in further industry consolidation and drive many legacy GaAs manufactures to a fabless model. We welcome this outsourcing trend as it adds to our growth momentum in the mid-to-long term, and supports our strategy of R&D investment, manufacturing scale and diversified markets and will enable WIN to capture these new opportunities.

5.7. Competitive Strengths

We have a strong and stable management team. Our chairman of the board, Mr Dennis Chen, has been chairman of our Company since 2003 and has led us to achieve consistent market share gains and significant profits. Our senior management team consists of professional executives with extensive industry experience in various aspects of our operations. A majority of the members of our technology management team have overseas educational backgrounds and work experience, and many worked in leading technology companies such as Bell Labs, United Microelectronics Corporation (''UMC''), Macronix International Co., Ltd., M/A-COM, Skyworks, Anadigics and Raytheon Company. We believe that our outstanding management team will continue to drive our success in the future.

We have over ten years of experience in GaAs chip production on 6-inch wafers, compared with certain other key industry players that only recently converted production lines from 4-inch to 6-inch in 2010. Besides the longest history of production on 6-inch wafers in the industry, we have also demonstrated superiority in our manufacturing capacity, process reliability, product quality and operation efficiency, which enables us to manufacture and deliver products to our customers in short cycle times and help them shorten their products' time to market. We have an excellent track record of on-time delivery, and we have one of the highest production yields in the industry.

Our industry leadership in technology and manufacturing enables us to provide superior value and outstanding service to our customers. It also enables us to command a premium in pricing, to some extent mitigating the general trend of declining average selling prices in the GaAs industry.

We are the largest GaAs semiconductor foundry in the world in terms of revenue. Our market share increased from 42% in 2009 to 59% in 2014.

We have the largest manufacturing capacity among GaAs foundries in the world. The monthly wafer output in our fabs was approximately 24,000 as of December 31, 2014. Our unparalleled manufacturing capacity is a key competitive advantage in attracting top-tier fabless design houses and IDM customers.

We are a pure-play GaAs foundry. We manufacture GaAs chips based on proprietary circuitry designs provided by our customers. We do not design our own GaAs chips and thus do not compete with our customers. Because the foundry business model involves our customers passing their proprietary design information to us for manufacturing, we believe our fabless and IDM customers do not perceive a conflict of interest in working with us and are more willing to share manufacturing know-how with us. Our pure-play model contributes to a higher degree of trust among our customers and further strengthens our relationship with them.

Many IDMs that possess in-house manufacturing capacity face the risks of periodic overcapacity and undercapacity due to the cyclical nature of the semiconductor industry. By outsourcing a portion of their manufacturing to us, they can alleviate such risks and save cost. We believe that the continued trend of going fabless and fablite for worldwide communication and wireless IDMs and our established leading position in the GaAs foundry business position us for further market share gains in the future.

5.8. Alternative Technologies

Besides GaAs, there are other compound semiconductors, such as GaN and InP, that are favourable alternatives to Silicon. These compound semiconductors have wide bandgap, high breakdown voltage, and extremely high power density, making them well suited for products with high power, high efficiency and wider bandwidth performance requirements. Market development for such technologies has benefitted greatly from funding and research derived from military industry, and commercial adoption is likely to emerge in the near future.

5.9. Principal Product Offerings

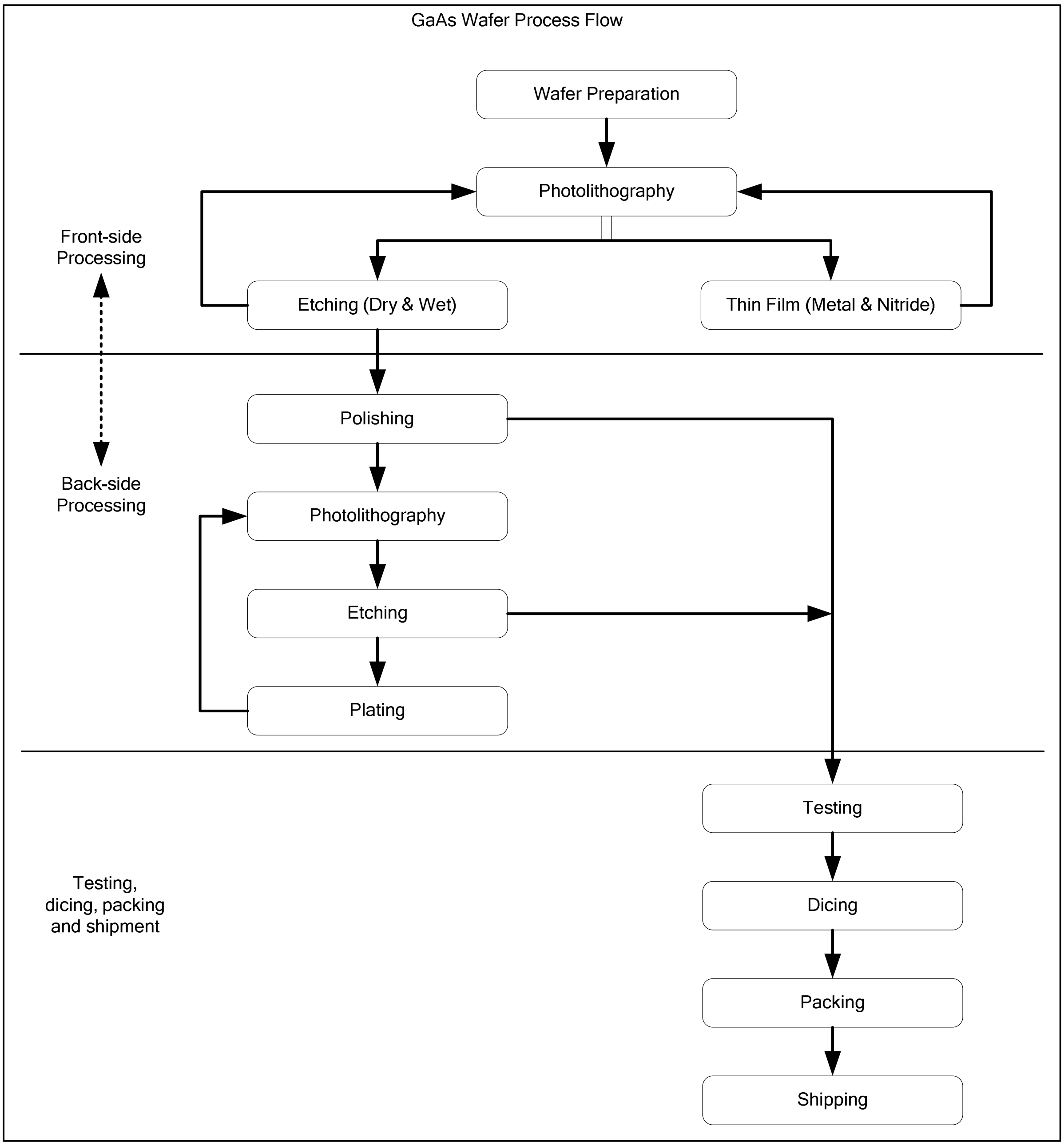
We build semiconductor devices on GaAs epi wafers based on proprietary circuitry designs provided by our customers. Our major product offerings include power amplifier and RF switch chips based on HBTs and pHEMTs. The following table shows the main types of devices currently manufactured in our fabs and their respective applications:

Market Applications	Device Technology
Cable TV Tunner	BiHEMT，pHEMT
Fiber-Optic Nodes	pHEMT，HBT，BiHEMT
Cellular/PCS/Wireless Local Loop (WLL)	HBT，pHEMT，BiHEMT
Wireless LAN (WLAN)	HBT，pHEMT，BiHEMT
Global Positioning(GPS)	pHEMT，BiHEMT
Satellite Cellular	pHEMT，BiHEMT
Electronic Toll Collection System (ETC)	pHEMT，BiHEMT
Point-to-Point Radio	pHEMT，BiHEMT
Very Small Aperture Terminal (VSAT)	pHEMT，BiHEMT

Market Applications	Device Technology
Satellite TV	pHEMT，BiHEMT
Broadband Satellite Services	pHEMT
Local Multipoint Distribution (LMDS) Multipoint Video Distribution Service (MVDS)	pHEMT
Automotive Redar-Smart Cruise Control	pHEMT

5.10. Manufacturing Process

GaAs wafer processing consists of two main steps: front-side processing and back-side processing. The front-side processing is a sequence of processing steps that forms the functional transistors and other devices on the wafer surface as well as metal layers that interconnect these individual functional devices, according to the proprietary circuitry design provided by our customers. The back-side processing is a sequence of processing steps that creates vias through the wafer and connects the front side of the wafer to the back side of the wafer where certain contact pads for the chip are also defined. The diagram below illustrates our manufacturing process:



5.11. Sales and Marketing

We sell the majority of our products directly to our customers. Our customers are primarily located worldwide in America, Asia, Europe and domestically in Taiwan. Historically, most of our sales are to Asia, including Taiwan, and America. As we continue to develop new technologies to penetrate different application markets and increase our market share, we aim to build close relationships with industry leaders and form strategic partnerships with them.

We aim to provide one-stop shopping and total solution to our customers. We use dedicated account managers to develop an in-depth understanding of our customers' markets and their strengths and weaknesses. We develop strategic initiatives to accelerate our customers' product development cycles and to penetrate deep into their specific areas. For customers that are leaders in their area, we assign technical and business leads to their accounts. We hold regular business meetings with customer executives of these strategic accounts to review progress and identify problems. These sessions provide us with a deep understanding of our customers' business plans and enable us to act accordingly. This has enabled us to increase the share of our products among products purchased by these market leaders and has helped our smaller customers to grow faster than their peers.

We ordinarily conduct quarterly or monthly review meetings with our major customers. For certain customers, we conduct weekly review meetings with them. Top level executive meetings also are regularly conducted. We also routinely conduct technology presentations to demonstrate to our customers our technology advancements.

As we penetrate into different markets and increase our market share, we attract new customers. We regularly attend industrial exhibitions worldwide to meet with prospective customers. If the customer decides to work with us, the first tape-out can release within six months or sooner. Production orders normally come in within a year. Most of our customers are IDMs and fabless design houses in the wireless communication and RF component industry.

Our pricing is based on cost, order volume, strategic partnership and market price. Products sold in different geographical regions or for different applications command different prices. For example, prices for high frequency products are more expensive due to their more complex design and manufacturing process. Such products also generate higher margins for us.

Customers that Accounted for at Least 10% of Annual Net Revenue

Unit: NT$ thousands; %

2013				2014			
Customer	Net Revenue	As % of Total Net Revenue	Relation to WIN	Customer	Net Revenue	As % of Total Net Revenue	Relation to WIN
Company A	3,131,621	29.88	None	Company A	2,263,661	22.84	None
Company B	1,562,959	14.91	None	Company B	1,756,319	17.72	None
Company C	1,350,569	12.88	None	Company D	1,067,405	10.77	None
Company D	503,845	4.81	None	Company C	864,529	8.72	None
Others	3,932,309	37.52	—	Others	3,958,096	39.95	—
Total Net Revenue	10,481,303	100.00	—	Total Net Revenue	9,910,010	100.00	—

5.12. Raw Materials and Suppliers

Major types of raw materials used in our manufacturing process include GaAs epi wafers, precious metals such as gold and copper, various chemicals and photolithography masks. We seek to establish long-term relationships with stable and reliable suppliers to ensure uninterrupted supply of these raw materials on mutually satisfactory price, quality and delivery terms.

Most of our raw materials are available from several sources, both within Taiwan and abroad. We select only those suppliers that have demonstrated superior quality control and reliability regarding delivery time. We maintain several sources for each raw material so that a quality or delivery problem with any one supplier will not adversely affect our operations. The lead time required by our suppliers is generally less than one month from the date the purchase order is received. We evaluate the quality and delivery performance of each supplier on a monthly or quarterly basis, and quantity allocations are adjusted for subsequent periods based upon these evaluations.

Suppliers Accounted for at Least 10% of Annual Net Procurement

Unit: NT$ thousands; %

2013				2014			
Supplier	Procurement Amount	As % of Total Net Procurement	Relation to WIN	Supplier	Procurement Amount	As % of Total Net Procurement	Relation to WIN
Company E	1,581,889	32.49	None	Company E	1,706,328	33.64	None
Company F	680,047	13.96	None	Company F	573,128	11.30	None
Others	2,607,622	53.55	—	Others	2,792,900	55.06	—
Total Net Procurement	4,869,558	100.00	—	Total Net Procurement	5,072,356	100.00	—

5.13. Production and Shipment

Production in the Last Two Years

Unit: Pieces; NT$ thousands

Year	2013			2014		
Item	Capacity	Output	Amount	Capacity	Output	Amount
Wafers	264,000	182,948	$6,972,600	279,000	178,458	$6,467,451

Shipments and Net Revenue in the Last Two Years

Unit: Pieces; NT$ thousands

Item	2013				2014			
	Export		Domestic		Export		Domestic	
	Shipment	Net Revenue	Shipment	Net Revenue	Shipment	Net Revenue	Shipment	Net Revenue
Wafers	151,916	$8,301,887	35,856	$2,175,456	145,095	$8,164,055	31,243	$1,737,824
Others	0	$ 16	0	$ 3,944	0	$ 0	0	$ 8,131
Total	151,916	$8,301,903	35,856	$2,179,400	145,095	$8,164,055	31,243	$1,745,955

5.14. Human Resource

Workforce Structure

Substantially all of our employees are based in Taiwan. Approximately 82.6%, 82.5% and 83.8% of our employees have bachelors' or other postgraduate degrees as of December 31, 2013, December 31, 2014 and March 31, 2015, respectively. The following table sets forth the number of our employees as of the dates indicated:

Year		December 31, 2013	December 31, 2014	March 31, 2015
Number of Employees	Executive Officer	201	205	202
	Staff	624	590	627
	Direct Employees	752	726	759
	Total	1,577	1,521	1,588
Average Age		32.11	32.96	32.92
Education Ratio (%)	Ph.D.	1.90%	2.17%	2.2%
	Masters	18.83%	19.73%	19.71%
	Bachelor's Degree	61.83%	61.01%	61.84%
	Senior High School	17.44%	17.09%	16.25%
	Total	100%	100%	100%

Employee Benefits

We maintain an employee noncontributory defined benefit pension plan for our employees in accordance with the ROC Labor Standards Law. To meet our obligations under the ROC Labor Standards Law, we have set up a pension fund and contribute 2% of the total salary and wages paid per month to the fund, for which the Bank of Taiwan acts as trustee. Any insufficiency is also required to be funded by us.

Under the ROC Labor Pension Act, each of our employees who is a resident of the ROC has an individual pension account with the Labor Insurance Bureau. With this individual account, even if his/her employment with us is terminated, he/she may continue to build up his or her retirement savings with a new employer. All employers under the Labor Pension Act are required to deposit a minimum of 6% of an employee's monthly salary into his or her pension account. However, the new pension plan will be applied only at the election of an employee. If the employee does not elect to apply the new pension plan by July 1, 2010, such option will expire and the old pension plan will continue to apply to that employee.

Our employees also participate in our profits in multiple ways. Employees may receive incentives in cash bonuses. The aggregate amount of these bonuses is determined based on our performance and is divided among the employees of each department based upon their individual performance. We also are required under ROC law to establish an employee welfare fund, into which we deposit, on a monthly basis, 0.05% of our net revenue. Under ROC law, our employees also could subscribe to our company's shares when we conduct a share offering to the public. In addition, we may, subject to shareholders' approval, distribute any remaining accumulated retained earnings as employee bonuses. Pursuant to our amended Articles of Incorporation as of June 5, 2012, 10% of the balance of annual income or earnings after deducting accumulated deficit, is first set aside as a legal reserve.

However, this appropriation for legal reserve is discontinued when the balance of legal reserve equals the authorized capital. Of the remaining balance of the earnings, our Board of Directors will decide, subject to shareholders' approval, the total stockholders' dividends. The total stockholders' dividends will be further appropriated as follows: (A) 5% to 10% as employees bonuses, (B) 1% to 3% as directors' and supervisors' remuneration and (C) the remaining balance, excluding (A) and (B), will be distributed to stockholders as dividends of which cash dividends should not be lower than 10% of the total stockholders' dividends. We have recently adopted a share option scheme for our employees.

5.15. Environmental, Health and Safety Regulation

Semiconductor fabs generate gaseous chemical waste, liquid waste, waste water and other industrial waste in various stages of the manufacturing process. Some of this waste is toxic. We have installed pollution control equipment for the treatment of gaseous chemical waste and liquid waste. Our waste water is processed through our pre-treatment system and then a central processing unit operated by the Hwaya Technology Park where our fabs are located. Our operations are subject to regulation and periodic monitoring by the ROC Environmental Protection Administration and local environmental protection authorities.

We believe that we have adopted pollution control measures for the effective maintenance of environmental protection standards consistent with the practice of the semiconductor industry in Taiwan. We also believe that we are in compliance in all material respects with all environmental laws and regulations applicable to our operations.

Each of our sites has been certified as meeting the ISO 14001 environmental management system standards and OHSAS 18001 occupational health and safety standards. The ISO 14001 environmental management system standards are part of a comprehensive series of quality standards for environmental management published by the International Standards Organization. The ISO 14001 standards cover environmental management principles, systems and supporting techniques. OHSAS 18001 is an international occupational health and safety management system specification.

5.16. Important Contracts

Type	Contractual Parties	Commencement Date and Expiration Date	Subject
Technology Cooperation Agreement	Industrial Technology Research Institute	2008/12/1~2018/11/30	1. Licensing of antenna switch MMIC design 2. Joint development of integrated RF module
Construction Agreement	Terms and conditions cannot be disclosed according to the confidentialility obligation under the agreement	2013/08/26 ~ expiration date of warranty period	Reconstruction of Fab C
Technology Licensing Agreement	Terms and conditions cannot be disclosed according to the confidentialility obligation under the agreement	2010/11/11 ~ each expiration date of patents and know-how under the agreement	Licensing of packaging technology
Syndicated Loan Agreement	Mega International Commercial Bank and other sixteen banks	2011/02/18~2016/02/18	Syndicated loan: NT$4,800 million

VI. FINANCIAL STATUS

6.1. Five-Year Financial Summary

6.1.1. Condensed Balance Sheets

A. Condensed Balance Sheets - IFRSs

Unit: NT$ thousands

Item \ Year		Consolidated Financial Statements					Parent-company-only Financial Statements				
		Five-Year Financial Summary (Note 1)					Five-Year Financial Summary (Note 1)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Current Assets			5,228,991	8,566,330	5,688,964	7,124,744		5,053,378	8,317,081	5,377,369	6,587,484
Property, plant and equipment			9,594,313	11,617,771	12,636,304	11,652,510		9,594,108	11,617,640	12,636,187	11,652,290
Intangible Assets			117,652	82,708	64,248	54,422		117,652	82,708	64,248	54,422
Other Assets			3,845,728	3,322,654	2,721,988	2,984,232		4,015,758	3,566,243	3,021,839	3,497,146
Total Assets			18,786,684	23,589,463	21,111,504	21,815,908		18,780,896	23,583,672	21,099,643	21,791,312
Current Liabilities	Before Distribution		3,087,459	3,614,184	2,327,448	2,748,606		3,081,671	3,608,393	2,315,587	2,724,010
	After Distribution		3,606,333	4,750,429	3,437,245	(Note 2)		3,600,545	4,744,638	3,425,385	(Note 2)
Non-current Liabilities			5,519,939	5,621,731	3,892,479	3,127,652		5,519,939	5,621,731	3,892,479	3,127,652
Total Liabilities	Before Distribution		8,607,398	9,235,915	6,219,927	5,876,258		8,601,610	9,230,124	6,208,066	5,851,662
	After Distribution		9,126,272	10,372,160	7,329,724	(Note 2)		9,120,484	10,366,369	7,317,864	(Note 2)
Total Equity Attributable to Owners of Parent		(Note 3)	10,179,286	14,353,548	14,891,577	15,939,650	(Note 3)	10,179,286	14,353,548	14,891,577	15,939,650
Share Capital			6,485,930	7,541,877	7,392,754	7,422,377		6,485,930	7,541,877	7,392,754	7,422,377
Capital Surplus			1,707,122	3,763,045	3,728,358	3,768,620		1,707,122	3,763,045	3,728,358	3,768,620
Retained Earnings	Before Distribution		2,223,056	3,202,764	3,671,483	4,527,782		2,223,056	3,202,764	3,671,483	4,527,782
	After Distribution		1,704,182	2,066,519	2,561,686	(Note 2)		1,704,182	2,066,519	2,561,685	(Note 2)
Other Equity			(236,822)	(154,138)	98,982	220,871		(236,822)	(154,138)	98,982	220,871
Treasury Shares			0	0	0	0		0	0	0	0
Non-controlling Interests			0	0	0	0		0	0	0	0
Total Equity	Before Distribution		10,179,286	14,353,548	14,891,577	15,939,650		10,179,286	14,353,548	14,891,577	15,939,650
	After Distribution		9,660,412	13,217,303	13,781,780	(Note 2)		9,660,412	13,217,303	13,781,779	(Note 2)

Note 1: The financial information has been reviewed or audited by independent auditors.
Note 2: The appropriation of earnings for 2014 shall be determined by the 2015 annual regular shareholders' meeting.
Note 3: The financial statements have been prepared in accordance with ROC GAAP, please refer to table B.

B. Condensed Balance Sheets - ROC GAAP

Unit: NT$ thousands

Item \ Year		Consolidated Financial Statements					Individual Financial Statements				
		Five-Year Financial Summary (Note 1)					Five-Year Financial Summary (Note 1)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Current Assets		4,103,696	5,565,604	8,864,825			4,038,366	5,389,991	8,615,576		
Funds and Investments		1,762,461	1,516,012	1,370,092			1,823,887	1,686,042	1,614,561		
Fixed Assets		8,684,523	11,266,742	13,228,466			8,684,263	11,266,537	13,228,340		
Intangible Assets		132,526 (Note 2)	117,652	82,708			132,526 (Note 2)	117,652	82,708		
Other Assets		205,736 (Note 2)	132,673	44,861			205,736 (Note 2)	132,673	44,861		
Total Assets		14,888,942	18,598,683	23,590,952			14,884,778	18,592,895	23,586,046		
Current Liabilities	Before Distribution	3,350,704	3,065,682	3,586,351			3,346,540	3,059,894	3,581,445		
	After Distribution	3,863,995	3,584,556	4,722,596			3,859,831	3,578,768	4,717,690		
Long-term Liabilities		2,661,834	5,483,622	5,558,677			2,661,834	5,483,622	5,558,677		
Other Liabilities		2,467	4,246	20,907			2,467	4,246	20,907		
Total Liabilities	Before Distribution	6,015,005	8,553,550	9,165,935	(Note 3)		6,010,841	8,547,762	9,161,029	(Note 3)	
	After Distribution	6,528,296	9,072,424	10,302,180			6,524,132	9,066,636	10,297,274		
Capital Stock		6,175,675	6,485,930	7,541,877			6,175,675	6,485,930	7,541,877		
Capital Surplus		1,358,492	1,707,122	3,763,045			1,358,492	1,707,122	3,763,045		
Retained Earnings	Before Distribution	1,308,424	2,073,743	3,154,109			1,308,424	2,073,743	3,154,109		
	After Distribution	795,133	1,554,869	2,017,864			795,133	1,554,869	2,017,864		
Unrealized Gain or Loss on Financial Instruments		29,303	(224,726)	(35,656)			29,303	(224,726)	(35,656)		
Cumulative Translation Adjustments		2,043	3,064	1,642			2,043	3,064	1,642		
Net Loss Unrecognized as Pension Cost		0	0	0			0	0	0		
Total Shareholders' Equity	Before Distribution	8,873,937	10,045,133	14,425,017			8,873,937	10,045,133	14,425,017		
	After Distribution	8,360,646	9,526,259	13,288,772			8,360,646	9,526,259	13,288,772		

Note 1: The financial information has been audited by independent auditors.
Note 2: For proper comparison with the current period of financial statements, a reclassification has been made in the prior period of financial statements.
Note 3: The financial statements have been prepared in accordance with IFRSs starting 2013, please refer to table A.

6.1.2. Condensed Statements of Comprehensive Income

A. Condensed Statements of Comprehensive Income - IFRSs

Unit: NT$ thousands, except for earnings per share

Item \ Year	Consolidated Financial Statement Five-Year Financial Summary (Note 1)					Parent-company-only Financial Statement Five-Year Financial Summary (Note 1)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Operating Revenue	(Note 2)		11,237,964	10,481,303	9,910,010	(Note 2)		11,066,244	10,340,949	9,776,226
Gross Profit			3,635,946	3,232,185	3,509,596			3,464,226	3,091,831	3,384,889
Net Operating Income			2,448,136	2,109,615	2,314,692			2,394,326	2,046,556	2,277,533
Non-operating Income and Expenses			(611,120)	102,780	114,262			(557,334)	165,815	151,361
Profit before Tax			1,837,016	2,212,395	2,428,954			1,836,992	2,212,371	2,428,894
Profit from Continuing Operations			1,554,253	1,811,510	1,963,469			1,554,253	1,811,510	1,963,469
Profit from Discontinued Operations			0	0	0			0	0	0
Profit			1,554,253	1,811,510	1,963,469			1,554,253	1,811,510	1,963,469
Other Comprehensive Income, after Tax			75,302	262,888	124,517			75,302	262,888	124,517
Comprehensive Income			1,629,555	2,074,398	2,087,986			1,629,555	2,074,398	2,087,986
Profit, Attributable to Owners of Parent			1,554,253	1,811,510	1,963,469			1,554,253	1,811,510	1,963,469
Profit, Attributable to Non-controlling Interests			0	0	0			0	0	0
Comprehensive Income, Attributable to Owners of Parent			1,629,555	2,074,398	2,087,986			1,629,555	2,074,398	2,087,986
Comprehensive Income, Attributable to Non-controlling Interests			0	0	0			0	0	0
Earnings Per Share (expressed in dollars)			2.31	2.40	2.65			2.31	2.40	2.65

Note 1: The financial information has been reviewed or audited by independent auditors.
Note 2: The financial statements have been prepared in accordance with ROC GAAP, please refer to table B.

B. Condensed Statements of Operations - ROC GAAP

Unit: NT$ thousands, except for earnings per share

Item \ Year	Consolidated Financial Statement Five-Year Financial Summary (Note 1)					Individual Financial Statement Five-Year Financial Summary (Note 1)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Operating Revenue	6,981,651	8,901,273	11,237,964	(Note 3)		6,857,038	8,728,814	11,066,244	(Note 3)	
Gross Profit	2,078,566 (Note 2)	2,804,330	3,640,184			1,953,953 (Note 2)	2,631,871	3,468,464		
Income from Operations	1,196,872 (Note 2)	1,777,371	2,457,300			1,137,863 (Note 2)	1,669,141	2,402,604		
Non-operating Income	705,037 (Note 2)	231,335	66,195			703,961 (Note 2)	230,280	64,814		
Non-operating Expenses	(192,575)	(838,975)	(595,155)			(132,540)	(729,714)	(539,102)		
Income from Operations of Continued Segments - before Tax	1,709,334	1,169,731	1,928,340			1,709,284	1,169,707	1,928,316		
Income from Operations of Continued Segments - after Tax	1,709,284	1,278,610	1,647,529			1,709,284	1,278,610	1,647,529		
Income from Discontinued Departments	0	0	0			0	0	0		
Extraordinary Gain or Loss	0	0	0			0	0	0		
Cumulative Effect of Accounting Principle Changes	0	0	0			0	0	0		
Net Income	1,709,284	1,278,610	1,647,529			1,709,284	1,278,610	1,647,529		
Earnings Per Share (expressed in dollars)	2.84	2.04	2.45			2.84	2.04	2.45		

Note 1: The financial information has been audited by independent auditors.
Note 2: For proper comparison with the current period of financial statements, a reclassification has been made in the prior period of financial statements.
Note 3: The financial statements have been prepared in accordance with IFRSs starting from 2013, please refer to table A.

C. Auditors' Opinions in the Past Five Years

Year	CPA Firm	CPA's Name	Auditing Opinion
2010	KPMG	Fion Chen and Agnes Yang	Unqualified opinion
2011	KPMG	Fion Chen and Agnes Yang	Unqualified opinion
2012	KPMG	Fion Chen and Agnes Yang	Unqualified opinion
2013	KPMG	Fion Chen and Mei-Yen Chen	Unqualified opinion
2014	KPMG	Mei-Yen Chen and Pei-Chi Chen	Unqualified opinion

6.2. Five-Year Financial Analysis

A. Financial Analysis of Financial Statements - IFRSs

Item (Note3)	Year	Consolidated Financial Statements					Parent-company-only Financial Statements				
		Financial Analysis in the Past Five Years (Note 1)					Financial Analysis in the Past Five Years (Note 1)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Financial Structure (%)	Debt Ratio			39.15	29.46	26.94			39.14	29.42	26.85
	Long-term Funds to Property, Plant and Equipment			171.94	148.65	163.63			171.94	148.65	163.64
Solvency (%)	Current Ratio			237.02	244.43	259.21			230.49	232.22	241.83
	Quick Ratio			174.85	189.95	202.49			168.26	177.49	184.60
	Times Interest Earned Ratio			15.77	22.38	34.34			15.77	22.38	34.34
Operating Ability	Accounts Receivable Turnover (turns)			13.20	12.33	14.79			14.55	14.51	23.29
	Days to Collect Accounts Receivable (day)			28	30	25			25	25	16
	Average Inventory Turnover (turns)			3.81	4.49	4.87			3.81	4.49	4.87
	Accounts Payable Turnover (turns)			6.87	8.25	8.18			6.87	8.25	8.17
	Average Days to Sell Inventory			96	81	75			96	81	75
	Property, Plant and Equipment Turnover (turns)	(Note 2)		1.06	0.86	0.82	(Note 2)		1.04	0.85	0.81
	Total Assets Turnover (turns)			0.53	0.47	0.46			0.52	0.46	0.46
Profitability	Return on Total Assets (%)			7.74	8.40	9.33			7.74	8.41	9.34
	Return on Equity (%)			12.67	12.39	12.74			12.67	12.39	12.74
	Profit before Tax to Issued Capital (%)			24.36	29.93	32.72			24.36	29.93	32.72
	Profit to Sales (%)			13.83	17.28	19.81			14.04	17.52	20.08
	Earnings Per Share ($)			2.31	2.40	2.65			2.31	2.40	2.65
Cash Flow	Cash Flow Ratio (%)			82.07	214.76	139.34			78.07	221.34	145.47
	Cash Flow Adequacy Ratio (%)			59.84	87.11	102.97			59.12	83.62	103.65
	Cash Flow Reinvestment Ratio (%)			10.00	15.42	10.07			9.40	15.92	10.56
Leverage	Operating Leverage			2.27	2.77	2.56			2.27	2.80	2.56
	Financial Leverage			1.04	1.04	1.02			1.04	1.04	1.02

Analysis of financial ratio change in the last two fiscal years: (If the difference does not exceed 20%, the analysis is not required)
1. Financial Structure: N/A.
2. Solvency: The higher 2014 times interest earned ratio was mainly due to an increase in profit before tax and decrease in interest expense.
3. Operating Ability: The higher accounts receivable turnover ratio was mainly due to a decrease in accounts receivable from good collection.
4. Profitability: N/A.
5. Cash Flow: 2014 operating cash inflow decreased mainly due to higher inventory level in material for production needed.
6. Leverage: N/A.

Note 1: The financial information has been reviewed or audited by independent auditors.
Note 2: The financial statements have been prepared in accordance with ROC GAAP, please refer to table B in the following pages.
Note 3: The Formula of Financial Analysis:

1. Financial Structure Analysis (%)
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Funds to Property, Plant and Equipment = (Total Equity + Non-current Liabilities) / Property, Plant and Equipment, Net
2. Solvency (%)
   (1) Current Ratio = Current Assets / Current Liability
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liability
   (3) Times Interest Earned Ratio = Profit before Credit for Income Tax / Current Interest Expense
3. Operating Ability
   (1) Accounts Receivable Turnover = Sales / Average Accounts Receivable
   (2) Days to Collect Accounts Receivable = 365 / Accounts Receivable Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventories
   (4) Accounts Payable Turnover = Cost of Sales / Average Accounts Payable
   (5) Average Days to Sell Inventory = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Sales / Average Property, Plant and Equipment, Net
   (7) Total Assets Turnover = Sales / Total Assets
4. Profitability
   (1) Return on Total Assets = [Profit + Interest Expense X (1 - Tax Rate)] / Average Assets
   (2) Return on Equity = Profit / Average Total Equity
   (3) Profit before Tax to Issued Capital = Profit before Tax / Issued Capital
   (4) Profit to Sales = Profit / Sales
   (5) Earnings Per Share = (Equity Attributable to Owners of Parent - Dividend-preferred stock) / Weighted Average Outstanding Shares
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Flows from Operating Activities / Current Liability
   (2) Cash Flow Adequacy Ratio = 5-year Net Cash Flows from Operating Activities / 5-year (Capital Expense + Increase in Inventories + Cash Dividend)
   (3) Cash Flow Reinvestment Ratio = (Net Cash Flows from Operating Activities - Cash Dividend) - (Property, Plant and Equipment, Net + Long-term Investments + Other Non-current Assets + Operating Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales – Variable Operating Costs and Expenses) / Operating Income
   (2) Financial Leverage = Operating Income / (Operating Income – Interest Expenses)

B. Financial Analysis of Financial Statements- ROC GAAP

Item (Note 4)	Year	Consolidated Financial Statements					Individual Financial Statement				
		Financial Analysis in the Past Five Years (Note 1)					Financial Analysis in the Past Five Years (Note 1)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Financial Structure (%)	Debt Ratio	40.40	45.99	38.85	(Note 3)		40.38	45.97	38.84	(Note 3)	
	Long-term Funds to Fixed Assets	132.83	137.83	151.07			132.84	137.83	151.07		
Solvency (%)	Current Ratio	122.47	181.55	247.18			120.67	176.15	240.56		
	Quick Ratio	77.12	103.80	176.20			75.41	98.36	169.53		
	Times Interest Earned Ratio	30.50	11.51	16.51			30.50	11.51	16.51		
Operating Ability	Accounts Receivable Turnover (turns)	12.72	15.70	13.20			12.30	17.23	14.55		
	Days to Collect Accounts Receivable (day)	29	23	28			30	21	25		
	Average Inventory Turnover (turns)	4.19 (Note 2)	3.74	3.80			4.19 (Note 2)	3.74	3.80		
	Accounts Payable Turnover (turns)	5.63 (Note 2)	6.22	6.87			5.63 (Note 2)	6.22	6.87		
	Average Days to Sell Inventory	87	98	96			87	98	96		
	Fixed Assets Turnover (turns)	0.88	0.89	0.92			0.86	0.88	0.90		
	Total Assets Turnover (turns)	0.53	0.53	0.53			0.52	0.52	0.52		
Profitability	Return on Total Assets (%)	13.17	7.93	8.22			13.19	7.93	8.22		
	Return on Stockholders' Equity (%)	21.71	13.52	13.47			21.71	13.52	13.47		
	Ratio of Operating Income to Issued Capital (%)	19.38 (Note 2)	27.40	32.58			18.42 (Note 2)	25.73	31.86		
	Ratio of Pre-tax Income to Issued Capital (%)	27.68	18.03	25.57			27.68	18.03	25.57		
	Net Income to Sales (%)	24.48	14.36	14.66			24.83	14.65	14.89		
	Earnings Per Share ($)	2.84	2.04	2.45			2.84	2.04	2.45		
Cash Flow	Cash Flow Ratio (%)	78.72 (Note 2)	60.58	80.59			77.49 (Note 2)	62.29	77.08		
	Cash Flow Adequacy Ratio (%)	50.82 (Note 2 & 3)	48.04 (Note 2)	54.87			50.41 (Note 2)	48.03 (Note 2)	54.08		
	Cash Flow Reinvestment Ratio (%)	16.32 (Note 2)	7.21 (Note 2)	9.68			16.04 (Note 2)	7.42 (Note 2)	9.15		
Leverage	Operating Leverage	2.82 (Note 2)	2.45	2.26			2.89 (Note 2)	2.53	2.26		
	Financial Leverage	1.04	1.03	1.04			1.04	1.04	1.04		
Analysis of financial ratio change in the last two fiscal years: (If the difference does not exceed 20%, the analysis is not required) Not Applicable											

Note1: The financial information has been audited by independent auditors.

Note2: Account in the financial statements as of and for the years ended December 31, 2010 and 2011 has been reclassified to conform to the presentations of the financial statements as of and for the years ended December 31, 2011 and 2012 for purposes of comparison.

Note 3: The financial statements have been prepared in accordance with IFRSs starting 2013, please refer to table A in the previous pages.

Note 4: The Formula of Financial Analysis:

1. Financial Structure Analysis (%)
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Funds to Fixed Assets = (Total Stockholders' Equity + Long-term Liabilities) / Property, Plant and Equipment, Net
2. Solvency (%)
   (1) Current Ratio = Current Assets / Current Liability
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current liability
   (3) Times Interest Earned Ratio = Income before Credit for Income Tax / Current Interest Expense
3. Operating Ability
   (1) Accounts Receivable Turnover = Sales / Average Accounts Receivable
   (2) Days to Collect Accounts Receivable = 365 / Accounts Receivable Turnover
   (3) Average Inventory Turnover = Cost of Goods Sold / Average Inventories
   (4) Accounts Payable Turnover = Cost of Goods Sold / Average Accounts Payable
   (5) Average Days to Sell Inventory = 365 / Average Inventory Turnover
   (6) Fixed Assets Turnover = Sales / Property, Plant and Equipment, Net
   (7) Total Assets Turnover = Sales / Total Assets
4. Profitability
   (1) Return on Total Assets = [Net Income after Tax + Interest Expense X (1 - Tax Rate)] / Average Assets
   (2) Return on Stockholders' Equity = Net Income after Tax / Average Stockholders' Equity
   (3) Ratio of Operating Income to Issued Capital = Operating Income / Issued Capital
   (4) Ratio of Pre-tax Income to Issued Capital = Pre-tax Income / Issued Capital
   (5) Net Income to Sales = Net Income after Tax / Sales
   (6) Earnings Per Share = (Net Income after Tax - Dividend–preferred stock) / Weighted Average Outstanding Shares
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liability
   (2) Cash Flow Adequacy Ratio = 5-year Net Cash Provided by Operating Activities / 5-year (Capital Expense + Increase in Inventories + Cash Dividend)
   (3) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividend) - (Property, Plant and Equipment, Net + Long-term Investments + Other Assets + Operating Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales – Variable Operating Costs and Expenses) / Operating Income
   (2) Financial Leverage = Operating Income / (Operating Income – Interest Expenses)

6.3. Supervisors' Report for the Most Recent Year

2014 Supervisors' Report

The Board of Directors has prepared and submitted to us the Company's 2014 Business Report, Parent-company-only Financial Statements, and Consolidated Financial Statements. The CPA firm of KPMG was retained to audited WIN's Parent-company-only Financial Statements and Consolidated Financial Statements and has issued an audit report relating to the Parent-company-only Financial Statements and Consolidated Financial Statements. The Business Report, Parent-company-only Financial Statements, Consolidated Financial Statements, and proposal for allocation of profits have been reviewed and determined to be correct and accurate by us, supervisors of WIN Semiconductors Corp. According to article 219 of the Company Law, we hereby submit this report.

2015 Shareholders' Meeting

WIN Semiconductors Corp.
Supervisors

Mei-Lan Wang

Cheng-Li Huang

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

March 11, 2015

2014 Supervisors' Report

The Board of Directors has prepared and submitted to us the Company's proposal for allocation of 2014 profits. The proposal for allocation of 2014 profits has been reviewed and determined to be correct and accurate by us, supervisors of WIN Semiconductors Corp. According to article 219 of the Company Law, we hereby submit this report.

2015 Shareholders' Meeting

WIN Semiconductors Corp.
Supervisors

Mei-Lan Wang

Cheng-Li Huang

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

April 22, 2015

6.4. Parent-company-only Financial Statements for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report

Please refer to page 78-141 of this annual report.

6.5. Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report

Please refer to page 142-199 of this annual report.

6.6. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation

None

VII. REVIEW OF FINANCIAL CONDITIONS, OPERATING RESULTS, AND RISK MANAGEMENT

7.1. Financial Status

7.1.1. Analysis of Financial Status

Unit: NT$ thousands

Item \ Year	2014	2013	Difference	
			Amount	%
Current assets	7,124,744	5,688,964	1,435,780	+25%
Property, Plant and Equipment	11,652,510	12,636,304	(983,794)	-8%
Intangible assets	54,422	64,248	(9,826)	-15%
Other assets	2,984,232	2,721,988	262,244	+10%
Total assets	21,815,908	21,111,504	704,404	+3%
Current liabilities	2,748,606	2,327,448	421,158	+18%
Non-current liabilities	3,127,652	3,892,479	(764,827)	-20%
Total liabilities	5,876,258	6,219,927	(343,669)	-6%
Equity attributable to owners of parent	15,939,650	14,891,577	1,048,073	+7%
Share capital	7,422,377	7,392,754	29,623	+0%
Capital surplus	3,768,620	3,728,358	40,262	+1%
Retained earnings	4,527,782	3,671,483	856,299	+23%
Other equity interest	220,871	98,982	121,889	+123%
Non-controlling Interests	0	0	0	N/A
Total equity	15,939,650	14,891,577	1,048,073	+7%

7.1.2. Effect of Change on the Company’s Financial Condition

1. Current assets: The increase on current assets was mainly due to an increase in cash and cash equivalents for less debts repayment in 2014 than 2013.
2. Non-current liabilities: The decrease on non-current liabilities was mainly due to repayments of long-term debt.
3. Retained earnings: The increase on retained earnings mainly came from profit growth in 2014.
4. Other equity interest: The increase on other equity interest came from the increase in market price of fair value of available-for-sale financial assets.

7.1.3. Future Response Actions

The above-mentioned changes on financial condition resulted from profit growth that was reasonable.

7.2. Finance Performance

7.2.1. Analysis of Finance Performance

Unit: NT$ thousands

Item \ Year	2014	2013	Difference	
			Amount	%
Operating revenue	9,910,010	10,481,303	(571,293)	-5%
Operating costs	(6,400,414)	(7,249,118)	848,704	-12%
Gross profit from operations	3,509,596	3,232,185	277,411	+9%
Operating expenses	(1,194,904)	(1,122,570)	(72,334)	+6%
Net operating income	2,314,692	2,109,615	205,077	+10%
Non-operating income and expenses	114,262	102,780	11,482	+11%
Profit before tax	2,428,954	2,212,395	216,559	+10%
Tax expense	(465,485)	(400,885)	(64,600)	+16%
Profit	1,963,469	1,811,510	151,959	+8%
Other comprehensive income, net	124,517	262,888	(138,371)	-53%
Comprehensive income	2,087,986	2,074,398	13,588	+1%

7.2.2. Effect of Change on the Company's Financial Condition

Other comprehensive income, net: The decrease on other comprehensive income came from less income in changes in fair value of available-for-sale financial assets in 2014 than 2013.

7.2.3. Effect of Change on the Company's Future Business and Future Response Plans

The Company is not required to disclose its financial forecast but has set up its internal target based on industrial environment and market demand. The Company will also keep investing in new technologies, quality improvement and cost-down to achieve the target of profitability.

7.3. Cash Flow

7.3.1. Cash Flow Analysis for the Current Year

Item \ Year	2014	2013	Variance (%)
Cash Flow Ratio (%)	139.34%	214.76%	-35%
Cash Flow Adequacy Ratio (%)	102.97%	87.11%	+18%
Cash Flow Reinvestment Ratio (%)	10.07%	15.42%	-35%
Analysis of financial ratio change: 2014 operating cash inflow decreased mainly due to higher inventory level in material for production needed.			

7.3.2. Remedy for Cash Deficit and Liquidity Analysis

None

7.3.3. Cash Flow Analysis for the Coming Year

Unit: NT$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Cash Balance	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
2,677,199	4,493,870	(4,733,870)	2,288,520	—	—

- Analysis of change in cash flow in the coming year:
  (1) Operating Activities: The cash inflow will be generating from operating profit.
  (2) Cash Outflow:
  Investment Activities: The cash outflow will be mainly due to the acquisition of fixed assets.
  Financing Activities: The cash outflow will be mainly due to repayments of long-term debt and capital reduction by distributing cash to shareholders and cash dividends payment.
- Remedy for Cash Deficit and Liquidity Analysis: None

7.4. The Effect on Finance and Sales of Major Capital Expenditure for the Current Year

7.4.1. Major Capital Expenditure for the Current Year

In 2014, the capital expenditures for buildings and structures is NT$ 242,565 thousand, for machinery and equipment is NT$280,680 thousand, and for facilities is NT$136,747 thousand.

7.4.2. The Effect on Finance and Sales

The 2014 capital expenditures were primarily for building construction and expansion in facilities, machine and equipment. The source of funds came from working capital. The above-mentioned capital expenditures were to spend for future growth in operation, capacity and profitability by reducing unit cost from scale.

7.5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

7.5.1. Investment Policy

To secure our current market position and explore new competitive advantage to sustain the future growth momentum, the Company investment strategy is focusing on wireless communications, green energy and biotechnology in addition to the existing field of compound semiconductors.

7.5.2. Main Causes for Profits or Losses and the Improvement Plans in Last Year

The Company's investment income, totaling NT$19,572 thousand, mainly due to the growth in business and less loss in solar cell investment.

7.5.3. The Investment Plans for the Coming Year

The Company will carefully evaluate investment plans as needed and implement them accordingly.

7.6. Risk Management

7.6.1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Interest Rate

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Group's net profit after tax would have (decreased) increased by $14,164 thousand and $17,363 thousand for the years ended December 31, 2014 and 2013, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

B. Foreign Exchange Rates

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, net, other receivables, current financial assets at fair value through profit or loss, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR and the JPY etc for the years ended December 31, 2014 and 2013 would have increased (decreased) the net profit after tax by $59,468 and $22,306, respectively, and other comprehensive income would not be affected. The analysis assumes that all other variables remain constant.

C. Inflation

The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

7.6.2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company did not engage in any high-risk or high-leveraged investments. The transactions and procedures related to lending and endorsement are based on the Company's "Procedures for Lending Funds to Other Parties" and "Procedures for Endorsement & Guarantee". Furthermore, derivative transactions follow the "Procedures for Acquisition or Disposal of Assets".

7.6.3. Future Research & Development Projects and Corresponding Budget

The GaAs industry is characterized by frequent and rapid changes in technology. We aggressively invest in technology research and development, based on our current achievements, we aim to provide our customers with more competitive processing technologies and to further strengthen our leading position in the GaAs foundry industry. The 2014 R&D expenses was NT$ 561,783 thousand and expect to increase to 616,515 thousand in 2015, which will be adjusted from time to time.

7.6.4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company always pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. The changes in related laws had not had a significant impact on our operations.

7.6.5. Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales

The Company are fully monitors market trends and assesses the impact they may have on the Company's operations.

7.6.6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

Working to strengthen internal management and conforming to all relevant corporate governance requirements, the Company has also organized many public welfare activities.

7.6.7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no ongoing merger and acquisition activities.

7.6.8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

Any expansion of the Company's facilities will be subject to careful evaluation by a special task force in accordance with the Company's internal control system.

7.6.9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The Company has consistently focused on identifying alternative sources for purchasing, and has worked to diversify its customer base in order to reduce the concentration of sales.

7.6.10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors and supervisors have been stable during the last few years, and there have been no major transfers or swaps of shares.

7.6.11. Effects of, Risks Relating to and Response to Changes in Control over the Company

The structure of our principal shareholders is solid, and we have a strong professional management team, so there is no risk that a change in control would cause damage to the Company.

7.6.12. Litigation or Non-litigation Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.13. Other Major Risks

None

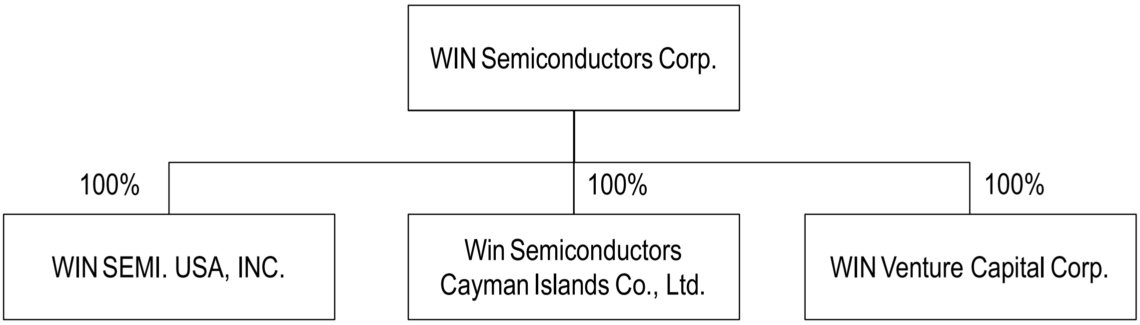
VIII. SPECIAL DISCLOSURE

8.1. Information Regarding Affiliates

8.1.1. Summary of Affiliates

A. Affiliates Overview

(1) Organization of Affiliates: Dec. 31, 2014



(2) Basic Information on Affiliates

Name of Affiliate	Date of Incorporation	Registered Office	Paid-in Capital	Main Business
WIN SEMI. USA, INC.	October 3, 2000	22889 Hilton Head Drive, Diamond Bar, California, USA	US$ 312 thousand	Market research
Win Semiconductors Cayman Islands Co., Ltd.	September 14, 2007	Marquee Place, Suite 300, 430 West Bay Road, P.O. Box 30691, Grant Cayman KY1-1203, Cayman Islands	US$7,000 thousand	Receive retail and customer orders for the European, North America and Australian regions
WIN Venture Capital Corp.	April 25, 2014	No.358, Hwaya 2nd Rd., Kuei Shan District, Tao Yuan City, Taiwan 333	NT$200,000 thousand	Investment

(3) Controlling and Subsidiary Shareholder Information: None

(4) The Industries Covered by the Business Operated by the Affiliates Overall. Where Connections Exist among the Businesses Operated by Individual Affiliates, a Description of the Mutual Dealings and Division of Work among Such Affiliates Should be Provided

Name of Affiliate	Main Business	Division of Work
WIN SEMI. USA, INC.	Market Research	Marketing office
Win Semiconductors Cayman Islands Co., Ltd.	Receive retail and customer orders for the European, North America and Australian regions	Sales office
WIN Venture Capital Corp.	Investment	Investment

(5) Directors, Supervisors, Presidents of Affiliates

Unit: Shares in thousands; %

Name of Affiliate	Position	Name or Representative	Shareholding	
			Shares	%
WIN SEMI. USA, INC.	Director	Dennis Chen	0	0
	Director	Yu-Chi Wang		
Win Semiconductors Cayman Islands Co., Ltd.	Director	Dennis Chen	0	0
WIN Venture Capital Corp.	Director	Representatives of WIN Semiconductors Corp.: Dennis Chen, Steve Chen, Mei-Jiuan Chen	0	0
	Supervisor	Representative of WIN Semiconductors Corp.: Joe Tsen	0	0

B. Operation Status of Affiliates

Fiscal Year 2014; Unit: NT$ thousands

Name of Affiliate	Capital	Total Assets	Total Liabilities	Net Equity	Sales	Operating Income (Losses)	Net Profit (Loss)	EPS after Income Tax (NT dollars)
WIN SEMI. USA, INC.	8,203	10,507	4,044	6,463	43,639	(1,269)	(919)	(0.92) (Note1)
Win Semiconductors Cayman Islands Co., Ltd.	227,636	727,129	138,514	588,615	4,695,069	33,140	35,799	5.11 (Note2)
WIN Venture Capital Corp.	200,000	182,551	166	182,385	551	(10,564)	(10,388)	(0.76) (Note3)

Note1: Imputed based on 1,000 thousand shares of WIN SEMI. USA, INC.
Note2: Imputed based on 7,000 thousand shares of Win Semiconductors Cayman Islands Co., Ltd.
Note3: Imputed based on 20,000 thousand shares of WIN Venture Capital Corp.

8.1.2. Report on Affiliations

Not applicable

8.1.3. Transaction in Endorsement, Capital Loans and Derivatives of Affiliates

None

8.2. Private Placement Securities in the Most Recent Years

None

8.3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years

None

IX. If Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None

Independent Auditors' Report

The Board of Directors
WIN Semiconductors Corp.

We have audited the accompanying balance sheets of WIN Semiconductors Corp. (the "Company") as of December 31, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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 generally accepted auditing standards and the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the parent-company-only financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the parent-company-only financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the parent-company-only financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Company as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Taipei, Taiwan (the Republic of China)
March 11, 2015

Note to Readers

The accompanying parent-company-only financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers". The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.
The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

WIN Semiconductors Corp.

Balance Sheets

December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

	2014.12.31	2013.12.31
Assets		
Current assets：		
Cash and cash equivalents (note 6(a))	$ 2,536,853	1,883,857
Current financial assets at fair value through profit or loss (note 6(b))	1,197,247	1,162,001
Current available-for-sale financial assets (note 6(b))	677,271	584,716
Notes and accounts receivable, net (note 6(c))	306,879	323,228
Accounts receivable due from related parties, net (note 7)	110,530	99,041
Inventories (note 6(d))	1,499,917	1,126,775
Other current assets (note 6(i))	258,757	197,751
Total current assets	6,587,454	5,377,369
Non-current assets：		
Non-current available-for-sale financial assets(note 6(b))	797,168	370,928
Non-current debt instrument investment without active market (note 6(b))	159,600	190,000
Investments accounted for using equity method (note 6(e))	1,159,029	804,304
Property, plant and equipment (notes 6(f) and 8)	11,652,290	12,636,187
Investment property (notes 6(g) and 8)	1,091,162	1,096,479
Intangible assets (note 6(h))	54,422	64,248
Deferred tax assets (note 6(n))	66,135	132,425
Prepayments for business facilities (note 8)	178,911	384,446
Other non-current assets (notes 6(i) and 8)	45,141	43,257
Total non-current assets	15,203,858	15,722,274
Total assets	$ 21,791,312	21,099,643

	2014.12.31	2013.12.31
Liabilities and Equity		
Current liabilities：		
Accounts payable	$ 929,773	635,119
Other payables	1,151,526	1,017,419
Long-term liabilities, current portion (notes 6(k) and 8)	545,444	545,444
Other current liabilities	97,267	117,605
Total current liabilities	2,724,010	2,315,587
Non-current liabilities：		
Long-term borrowings (notes 6(k) and 8)	2,938,331	3,721,466
Deferred tax liabilities (note (n))	30,362	20,642
Other non-current liabilities (note 6(m))	158,959	150,371
Total non-current liabilities	3,127,652	3,892,479
Total liabilities	5,851,662	6,208,066
Equity (notes 6(n), 6(o) and 6(p))：		
Ordinary share	7,422,377	7,392,754
Capital surplus	3,768,620	3,728,358
Retained earnings	4,527,782	3,671,483
Other equity interest	220,871	98,982
Total equity	15,939,650	14,891,577
Total liabilities and equity	$ 21,791,312	21,099,643

See accompanying notes to financial statements.

WIN Semiconductors Corp.

Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2014	2013
Operating revenue (note 7)	$	9,776,226	10,340,949
Operating costs (notes 6(d)、6(h)、6(l)、6(m)、6(o)、6(p)、7 and 12)		(6,391,337)	(7,249,118)
Gross profit from operations		3,384,889	3,091,831
Operating expenses (notes 6(h)、6(l)、6(m)、6(o)、6(p)、7 and 12):			
Selling expenses		(84,529)	(74,671)
Administrative expenses		(461,044)	(475,323)
Research and development expenses		(561,783)	(495,281)
Total operating expenses		(1,107,356)	(1,045,275)
Net operating income		2,277,533	2,046,556
Non-operating income and expenses:			
Other income (notes 6(l)、6(r) and 7)		92,587	81,888
Other gains and losses (note 6(r))		87,505	276,928
Finance costs (note 6(r))		(48,304)	(80,678)
Share of income (loss) of subsidiaries, associates and joint ventures accounted for using equity method (note 6(e))		19,573	(112,323)
Total non-operating income and expenses		151,361	165,815
Profit before tax		2,428,894	2,212,371
Total tax expense (note 6(n))		(465,425)	(400,861)
Profit		1,963,469	1,811,510
Other comprehensive income (loss):			
Other comprehensive income (loss), before tax, available -for-sale financial assets		(11,687)	196,273
Other comprehensive income, before tax, actuarial gains on defined benefit plans (note 6(m))		3,166	11,768
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		133,576	55,751
Income tax (expense) related to components of other comprehensive income (note 6(n))		(538)	(904)
Other comprehensive income, net		124,517	262,888
Comprehensive income	$	2,087,986	2,074,398
Earnings per common share (expressed in dollars) (note 6(q))			
Basic earnings per share	$	2.65	2.40
Diluted earnings per share	$	2.62	2.37

See accompanying notes to financial statements.

WIN Semiconductors Corp.

Statements of Changes in Equity

For the years ended December 31, 2013 and 2012
(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity interest			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity
Balance on January 1, 2013	$ 7,541,877	3,763,045	258,703	221,662	2,722,399	3,202,764	(24,741)	(129,397)	(154,138)	14,353,548
Appropriation of 2012 earnings approved by stockholders during their meeting in 2013 (note 1)										
Legal reserve	-	-	164,753	-	(164,753)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,136,245)	(1,136,245)	-	-	-	(1,136,245)
Reversal of special reserve	-	-	-	(187,647)	187,647	-	-	-	-	-
	-	-	164,753	(187,647)	(1,113,351)	(1,136,245)	-	-	-	(1,136,245)
Net income for the year ended December 31, 2013	-	-	-	-	1,811,510	1,811,510	-	-	-	1,811,510
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	9,768	9,768	7,328	245,792	253,120	262,888
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	1,821,278	1,821,278	7,328	245,792	253,120	2,074,398
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	15,499	-	-	-	-	-	-	-	15,499
Exercise of employee stock options	50,877	45,040	-	-	-	-	-	-	-	95,917
Compensation cost arising from employee stock options	-	3,775	-	-	-	-	-	-	-	3,775
Retirement of treasury shares	(200,000)	(99,001)	-	-	(216,314)	(216,314)	-	-	-	(515,315)
Balance on December 31, 2013	7,392,754	3,728,358	423,456	34,015	3,214,012	3,671,483	(17,413)	116,395	98,982	14,891,577
Appropriation of 2013 earnings approved by stockholders during their meeting in 2014 (note 2)										
Legal reserve	-	-	181,151	-	(181,151)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,109,798)	(1,109,798)	-	-	-	(1,109,798)
Reversal of special reserve	-	-	-	(34,015)	34,015	-	-	-	-	-
	-	-	181,151	(34,015)	(1,256,934)	(1,109,798)	-	-	-	(1,109,798)
Net income for the year ended December 31, 2014	-	-	-	-	1,963,469	1,963,469	-	-	-	1,963,469
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	2,628	2,628	22,322	99,567	121,889	124,517
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,966,097	1,966,097	22,322	99,567	121,889	2,087,986
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	1,576	-	-	-	-	-	-	-	1,576
Exercise of employee stock options	29,623	34,383	-	-	-	-	-	-	-	64,006
Compensation cost arising from employee stock options	-	4,303	-	-	-	-	-	-	-	4,303
Balance on December 31, 2014	$ 7,422,377	3,768,620	604,607	-	3,923,175	4,527,782	4,909	215,962	220,871	15,939,650

Note 1: The appropriations for 2012 employee's bonus, directors' and supervisors' remuneration amounting to NT$167,000 and NT$50,100, respectively, were recognized and accrued in the 2012 earnings.

Note 2: The appropriations for 2013 employee's bonus, directors' and supervisors' remuneration amounting to NT$166,400 and NT$49,900, respectively, were recognized and accrued in the 2013 earnings.

See accompanying notes to financial statements.

WIN Semiconductors Corp.

Statements of Cash Flows

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

	2014	2013
Cash flows from (used in) operating activities:		
Profit before tax	$ 2,428,894	2,212,371
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,852,199	1,783,765
Amortization expense	29,498	38,142
Net gain on financial assets or liabilities at fair value through profit or loss	(130,285)	(409,837)
Interest expense	48,304	80,678
Interest income	(16,934)	(16,789)
Dividend income	(43,654)	(33,371)
Share-based payments	4,303	3,775
Share of loss (income) of subsidiaries, associates and joint ventures accounted for using equity method	(19,573)	112,323
Gain on disposal of property, plant and equipment	-	(306,531)
Donated property, plant and equipment	-	20,691
Loss on disposal of investments	64,501	398,190
Prepayments for business facilities transferred to other losses	7,936	-
Total adjustments to reconcile profit	1,796,295	1,671,036
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable, net	16,349	143,268
Accounts receivable due from related parties, net	(11,489)	437,577
Inventories	(294,386)	953,617
Other current assets	(72,429)	155,757
Total changes in operating assets	(361,955)	1,690,219
Changes in operating liabilities:		
Accounts payable	294,654	(486,748)
Other payables	112,702	124,814
Other current liabilities	(20,338)	41,515
Other non-current liabilities	1,754	1,900
Total changes in operating liabilities	388,772	(318,519)
Total changes in operating assets and liabilities	26,817	1,371,700
Cash inflow generated from operations	4,252,006	5,255,107
Income taxes paid	(289,376)	(129,825)
Net cash flows from operating activities	3,962,630	5,125,282
Cash flows from (used in) investing activities:		
Acquisition of current financial assets at fair value through profit or loss	(4,329,787)	(2,033,000)
Proceeds from disposal of current financial assets at fair value through profit or loss	4,291,586	2,442,048
Acquisition of current available-for-sale financial assets	(282,148)	(190,705)
Proceeds from disposal of current available-for-sale financial assets	7,679	150,048
Acquisition of non-current available-for-sale financial assets	(312,000)	(25,000)
Proceeds from disposal of non-current available-for-sale financial assets	5,170	128,256
Proceeds from capital reduction of non-current available-for-sale financial assets	43,200	60,000
Proceeds from disposal of non-current debt instrument investments without active market	30,400	344,783
Acquisition of investments accounted for using equity method	(200,000)	(207,991)
Acquisition of property, plant and equipment	(610,999)	(2,611,303)
Proceeds from disposal of property, plant and equipment	-	511,286
Acquisition of intangible assets	(16,323)	(18,929)
Increase in other non-current assets	(1,884)	(390)
Increase in prepayments for business facilities	(126,386)	(204,078)
Interest received	15,645	15,488
Dividends received	43,654	33,371
Net cash flows used in investing activities	(1,442,193)	(1,606,116)
Cash flows from (used in) financing activities:		
Proceeds from long-term borrowings	529,000	1,050,000
Repayments of long-term borrowings	(1,316,444)	(3,995,840)
Increase in other non-current liabilities	10,000	110,000
Payment of cash dividends	(1,109,798)	(1,136,245)
Issue of shares (transaction cost)	-	(10,989)
Exercise of employee share options	64,006	95,917
Payments to acquire treasury shares	-	(515,315)
Interest paid	(44,205)	(78,554)
Net cash flows (used in) financing activities	(1,867,441)	(4,481,026)
Net increase (decrease) in cash and cash equivalents	652,996	(961,860)
Cash and cash equivalents at the beginning of period	1,883,857	2,845,717
Cash and cash equivalents at the end of period	**$ 2,536,853**	**1,883,857**

See accompanying notes to financial statements.

(Expressed in Thousands of New Taiwan Dollars
Except for Earnings Per Share Information
and Unless Otherwise Specified)

(1) Organization and business scope

WIN Semiconductors Corp. (the 'Company') was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 69, Technology 7th Rd., Hwaya Technology Park, Kueishan Hsiang, Taoyuan Shien, Taiwan. The Company engages in the researching, developing, manufacturing, and selling of GaAs wafers. Please see note 14.

(2) Approval date and procedures of the parent-company-only financial statements

The parent-company-only financial statements for the years ended December 31, 2014 and 2013 was authorized for issued by the Board of Directors as of March 11, 2015.

(3) New standards and interpretations not yet adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") 2013 issued and endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect.

According to the No. Financial-Supervisory-Securities-Auditing-1030010325 of the Financial Supervisory Commission on April 3, 2014, listed, GTSM listed and emerging companies will have to prepare the financial reports using the IFRSs 2013 (which does not include IFRS 9) with fully adoption on 2015 relevant new releases, modifications and amendments to standards and interpretations are as following:

New standards and amendments	Effective date per IASB
Amended IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amended IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amended IFRS 1 "Government Loans"	January 1, 2013
Amended IFRS 7 "Disclosures—Transfers of Financial Assets"	July 1, 2011
Amend IFRS 7 "Disclosures—derecognition of financial assets and financial liabilities"	January 1, 2013
IFRS 10 "Consolidated Financial Statements"	January 1, 2013 (effective date for investment entity will be January 1,2014)
IFRS 11 "Joint Arrangements"	January 1, 2013

(Continued)

New standards and amendments	Effective date per IASB
IFRS 12 "Disclosure of interests in other entities"	January 1, 2013
IFRS 13 "Fair value measurement"	January 1, 2013
Amended to IAS 1"Presentation of Items of Other Comprehensive Income"	July 1, 2012
Amended IAS 12 " Recognition of deferred tax assets for unrealized losses"	January 1, 2012
Amendment to IAS 19 "Employee Benefits"	January 1, 2013
Amendment to IAS 27 "Separate financial statement"	January 1, 2013
Amended IAS 32 "Financial assets and liabilities offsetting"	January 1, 2014
IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"	January 1, 2013

After the evaluation, the Company believes that applying the IFRSs 2013 will not cause any significant changes in the parent-company-only financial statements, except for the following:

1. IAS 1 "Presentation of Financial Statements"

   The standard amended the presentation of other comprehensive income. Stated below are the other comprehensive income ("OCI") sections, classified by nature into two categories, that present the line items for the amounts of OCI:

   (a) Will not be reclassified subsequently to profit or loss; and

   (b) Will be reclassified subsequently to profit or loss when specific conditions are met.

   The amendments also require tax associated with items of OCI which presented before tax to be shown separately. The Company has to change the presentation of OCI according to that standard.

2. IFRS 12 "Disclosure of Interests in Other Entities"

   It's a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. Disclosures are presented as a series of objectives, with detailed guidance on satisfying those objectives. The Company will disclose the information of the consolidated entities and unconsolidated entities as the standard requires.

(Continued)

3. IFRS 13 “Fair Value Measurement ”

   The standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. There is no significant impact on the Company’s financial position and results of operations after the evaluation. And the Company will disclose the fair value measurement as the standard requires.

(b) The new standards and amendments issued by the IASB that may have an impact to the parent-company-only financial statements not yet approved by the FSC.

A summary of the new standards and amendments to IFRSs 2013 issued by the IASB that has not yet approved by the FSC are as following:

New, Revised or Amended Standards and Interpretations	Effective Date Prescribed by IASB
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Account”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS16 and IAS 41 “Bearer Plants”	January 1, 2016
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

The Company is evaluating the impact on its financial position and financial performance of the initial adoption of above mentioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

(Continued)

(4) Summary of significant accounting policies

The parent-company-only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language parent-company-only financial statements, the Chinese version shall prevail.

The significant accountings policies have been applied consistently to all periods presented in these parent-company-only financial statements.

The significant accounting policies presented in the parent-company-only financial statements are summarized as follows:

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

1. Basis of measurement

The parent-company-only financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

(1) Financial instruments measured at fair value through profit or loss are measured at fair value;

(2) Available-for-sale financial assets are measured at fair value.

(3) The defined benefit liabilities are recognized as the present value of the defined benefit obligation, less plan assets and unrecognized past service cost.

2. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent-company-only financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(Continued)

(c) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income that arises from the retranslation:

- available-for-sale equity investment;
- financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency of the Company's parent-company-only financial statements at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the reporting currency of the Company's parent-company-only financial statements at average rate. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

(Continued)

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered to a part of investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when：

1. It expects to realize the asset, or intends to sell or consume it in its normal operating cycle;
2. It holds the asset primarily for the purpose of trading;
3. It expects to realize the asset within twelve months after the reporting period; or
4. If the asset is cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

1. It expects to settle the liability in its normal operating cycle;
2. It holds the liability primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(Continued)

An entity shall classify all other liabilities as non-current.

(e) Cash and cash equivalents

Cash and cash equivalents comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(f) Financial instruments

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instruments.

1. Financial assets

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. A regular way purchase or sale of financial assets shall be recognised and derecognised as applicable using trade date accounting.

a. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. This type of financial asset is measured at fair value at the time of initial recognition, and attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, (which takes into account any dividend and interest income), are recognised in profit or loss, and it is included in other gains and losses, and other income, respectively.

b. Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and

(Continued)

changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and are presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss, and it is included in other gains and losses.

c. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and non-current debt instrument investment without active market. Such assets are recognised initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables. Interest income is recognised in profit or loss, and it is included in other income.

d. Impairment of financial assets

A financial asset is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset stand that loss event has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for trade receivables in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance accounts are recognised in profit or loss.
Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost before the impairment was recognised at the reversal date.

Impairment losses recognised on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Impairment losses and recoveries are recognised in profit or loss, and it is included in other gains and losses.

e. Derecognition of financial assets

The Company derecognises financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

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On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognised in other comprehensive income and presented in other equity interest – unrealised gains (losses) on available-for-sale financial assets is recognised in profit or loss, and included in other gains and losses.

The Company allocates between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income shall be recognised in profit or loss, and is included in other gains and losses.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts.

2. Financial liabilities

a. Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognised in profit or loss, and are included in other gains and losses, and interest expense, respectively.

b. Other financial liabilities

Financial liabilities comprise of short and long borrowings, and trade and other payables, are not classified as held-for-trading, or designated as at fair value through profit or loss shall be measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortised cost calculated

(Continued)

using the effective interest method.

c. Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss, and is included in other gains and losses.

d. Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

3. Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss, and are included in other gains and losses.

When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(Continued)

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which arises from the acquisition less any accumulated impairment losses.

The parent-company-only financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company, are accounted for using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(Continued)

(j) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(k) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost consists of any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost are eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognised as other gains and losses.

2. Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(Continued)

3. Subsequent cost

   Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

4. Depreciation

   The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognised in profit or loss.

   The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

   (1) Buildings and structures: 3 to 25 years
   (2) Machinery and equipment: 2 to 10 years
   (3) Factory and equipment: 2 to 10 years
   (4) Other equipment: 1 to 5 years

   Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(l) Leases

1. Lesser

   Lease income from operating lease is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

   Contingent rents are recognised as income in the period when the lease adjustments are confirmed.

(Continued)

2. Lessee

Leases in terms of which the Company assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value with the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognised in the Company's statement of financial position.

Payments made under operating lease, excluding insurance and maintenance expenses, are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognised as expense in the periods in which they are incurred.

(m) Intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, plus, the revaluation increment revalued in accordance with the laws, less any accumulated amortization and any accumulated impairment losses.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual values. Intangible assets with indefinite useful life, from the date that they are available for use, the estimated useful lives for the current and comparative periods are as follows:

(1) Technical know-how: 12 years
(2) Computer software and information systems: 2 to 5 years
(3) Others: 1 to 3 years

(n) Impairment of non financial assets

To ensure the following assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined, they applied to the following assets:

i) Inventories
ii) Deferred tax assets
iii) Assets arising from employee benefits

(Continued)

If it is not possible to determine the recoverable amount, fair value less cost to sell and value in use for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for the individual asset or the cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in profit or loss.

The Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognised if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(Continued)

(o) Treasury stock

Repurchased shares are recognised under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognised under capital reserve – treasury share transactions. Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

During the cancellation of treasury shares, capital reserve – share premiums and share capital should be debited proportionately. Gains on cancellation of treasury shares should be recognised under existing capital reserves arising from similar types of treasury shares. Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(p) Revenue

1. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognized.

(Continued)

2. Rent income

   Lease income from investment property is recognized in income on a straight-line basis over the lease term. An incentive granted to the lessee is to be recognized as part of the lease income and it is spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

   Income from sublease is recognized in profit or loss, and is included in other gains and losses.

(q) Employee benefits

1. Defined contribution plans

   Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

   A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

   The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the total of any unrecognised past service costs and also the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

(Continued)

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognizes all actuarial gains and losses arising subsequently from the defined benefit plans in other comprehensive income.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognised.

3. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognised as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

(Continued)

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

   (1) levied by the same taxing authority; or

   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of

(Continued)

expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(t) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee stock options and employee bonus.

(u) Operating segment

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

(v) Reason for and effect of accounting changes

Effective January 1, 2013, the Company changed its estimated useful lives of the partial equipment to 5 years to reflect the consumption patterns of the future economic benefits. The effect on the estimated changes resulted in operating costs and operating expenses, the effect of depreciation expense on current and future period were as follows:

	2014	**2015**	**2016**	**2017**	**After 2017**
Depreciation expense increase (decrease)	**$ 461,452**	**461,452**	**372,714**	**(293,341)**	**(1,463,729)**

(Continued)

(5) Major sources of accounting assumptions, judgments and estimation uncertain

The preparation of the parent-company-only financial statements based on “Regulations Governing the Preparation of Financial Reports” by Securities Issuers” requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Information about critical judgments in applying the accounting policies that do not have the most significant effect on the amounts is recognized in the parent-company-only financial statements.

Information about assumptions and estimation uncertainties does not have a significant risk of resulting in a material adjustment within the next financial year.

(6) Significant account disclosure

(a) Cash and cash equivalents

	2014.12.31	2013.12.31
Cash on hand	$ 431	495
Cash in bank	34,917	289,182
Time deposits	2,501,505	1,594,180
	$ 2,536,853	**1,883,857**

Refer to note 6(s) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(b) Financial instruments

1. Current financial assets and liabilities at fair value through profit or loss:

	2014.12.31	2013.12.31
Stocks listed on domestic markets	$ -	227,131
Money market funds, future funds, equity funds and bond funds	1,197,247	934,870
	$ 1,197,247	**1,162,001**

(Continued)

2. Current available-for-sale financial assets:

		2014.12.31	2013.12.31
Stocks listed on domestic markets	$	677,271	584,716

3. Non-current available-for-sale financial assets:

		2014.12.31	2013.12.31
Stocks listed on domestic markets	$	17,825	31,832
Non-public stocks		479,943	339,096
Private fund (Note)		299,400	-
	$	797,168	370,928

Note: As of December 31, 2014, the private fund is during the restriction period.

4. Non-current bond investment without active market:

	Issue period	Nominal rate (%)		2014.12.31	2013.12.31
Preferred stock B	2012.11.23~2019.11.22	-	$	159,600	190,000

5. Sensitivity analysis in the equity price risk:

For the years ended 2014 and 2013, two sensitivity analyses for the changes in the equity price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

		2014		2013	
Prices of securities at the reporting date		Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	$	44,233	35,917	28,669	34,860
Decreasing 3%	$	(44,233)	(35,917)	(28,669)	(34,860)

6. As of December 31, 2014 and 2013, the financial assets were not pledged. For information on the Company's currency risk and credit risk was disclosed in note 6(s).

(Continued)

(c) Notes and accounts receivable, net

		2014.12.31	2013.12.31
Notes receivable	$	405	-
Accounts receivable		309,845	326,599
Less: allowance for doubtful accounts		(3,371)	(3,371)
	$	**306,879**	**323,228**

At the reporting date, the Company's aging analysis of notes and accounts receivable, and other accounts receivable that were past due and not impaired, were as follows:

		2014.12.31	2013.12.31
Past due 1~60 days	$	12,801	15,533
Past due 61~180 days		-	33,564
Past due more than 181days		-	-
	$	**12,801**	**49,097**

The movement of allowance for notes and accounts receivable, and other accounts receivable for the years ended December 31, 2014 and 2013, were as follows:

		2014	2013
Beginning balance	$	3,371	3,371
Impairment loss recognized		-	-
End balance	**$**	**3,371**	**3,371**

The Company's policy of allowance for receivables is as follows:

Assessment method:

1. At the balance sheet date, the Company evaluates the probability of collection regarding the receivable in accordance with each customer.

2. The Company may recognise 100% allowance of doubtful accounts by assessing the financial and operating conditions of each customer.

Impairment loss recognized for individually assessed impairment was the difference between the carrying amount and the amount expected to be collected. The Company also considered the fluctuation of the economic circumstances and historical collection to determine the recognition of impairment.

(Continued)

The Company establishes a policy of allowance for doubtful accounts based on historical trends of the probability of default and the timing of recoveries and the amount of loss incurred. The policy is mainly based on the characteristic of industry and the conservative of business cove.

The Company believed that no impairment allowance was necessary with respect to the past due receivables that were collectable.

As of December 31, 2014 and 2013, the notes and accounts receivable, net were not pledged.

(d) Inventories

		2014.12.31	2013.12.31
Raw materials, supplies and spare parts	$	888,130	713,325
Work in process		333,856	196,179
Finished goods		277,931	217,271
	$	1,499,917	1,126,775

Except cost of goods sold and inventories recognized as expenses, the remaining gain or losses which were recognised as operating cost or deduction of operating cost were as follows:

		2014	2013
Loss on valuation of inventories and obsolescence (reversal of inventories write-downs)	$	(29,918)	159,135
Revenue from sale of scraps	$	(21,071)	(25,843)

As of December 31, 2014 and 2013, the inventories were not pledged.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

		2014.12.31	2013.12.31
Subsidiaries	$	777,463	418,075
Associates		381,566	386,229
	$	1,159,029	804,304

1. Subsidiaries:

For the related information, please refer to consolidated financial statements for the year ended December 31, 2014.

2. Associates:

For the years ended December 31, 2014 and 2013, the Company recognised a share of loss of associates accounted for using the equity method were as follows:

		2014	2013
Inventec Energy Corporation	$	(4,919)	(160,065)

Summary of financial information for the investments in associates were as follows (before adjusted to the Company proportionate share):

		2014.12.31	2013.12.31
Total assets	$	1,607,308	2,032,267
Total liabilities	$	502,110	913,563

		2014	2013
Operating revenue	$	2,330,653	1,097,092
Net loss	$	(13,835)	(363,709)

3. As of December 31, 2014 and 2013, the investments accounted for using equity method were not pledged.

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Company for the years ended December 31, 2014 and 2013 were as follows:

(Continued)

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress	Total
Cost:							
Balance as of January 1, 2014	$ 2,546,534	982,847	11,319,066	2,642,422	359,307	1,046,925	18,897,101
Additions	-	3,617	165,229	36,611	12,232	322,346	540,035
Reclassification (Note)	-	11,647	240,157	94,833	-	(23,687)	322,950
Disposals	-	-	-	-	(178,887)	-	(178,887)
Balance as of December 31, 2014	$ 2,546,534	998,111	11,724,452	2,773,866	192,652	1,345,584	19,581,199
Balance as of January 1, 2013	$ 1,765,464	970,208	10,381,768	2,506,214	344,259	136,615	16,104,528
Additions	1,439,534	13,218	327,363	43,334	15,048	851,369	2,689,866
Reclassification to investment property	(963,127)	(138,225)	-	-	-	-	(1,101,352)
Reclassification (Note)	509,371	137,646	635,539	92,874	-	58,941	1,434,371
Disposals	(204,708)	-	(25,604)	-	-	-	(230,312)
Balance as of December 31, 2013	$ 2,546,534	982,847	11,319,066	2,642,422	359,307	1,046,925	18,897,101
Accumulated depreciation:							
Balance as of January 1, 2014	$ -	312,241	4,399,099	1,216,989	332,585	-	6,260,914
Depreciation	-	58,505	1,535,531	232,653	20,193	-	1,846,882
Disposals	-	-	-	-	(178,887)	-	(178,887)
Balance as of December 31, 2014	$ -	370,746	5,934,630	1,449,642	173,891	-	7,928,909
Balance as of January 1, 2013	$ -	257,540	2,993,277	978,274	257,797	-	4,486,888
Depreciation	-	56,452	1,410,688	237,850	74,788	-	1,779,778
Reclassification to investment property	-	(886)	-	-	-	-	(886)
Reclassification	-	(865)	-	865	-	-	-
Disposals	-	-	(4,866)	-	-	-	(4,866)
Balance as of December 31, 2013	$ -	312,241	4,399,099	1,216,989	332,585	-	6,260,914
Carrying value:							
Balance as of December 31, 2014	$ 2,546,534	627,365	5,789,822	1,324,224	18,761	1,345,584	11,652,290
Balance as of December 31, 2013	$ 2,546,534	670,606	6,919,967	1,425,433	26,722	1,046,925	12,636,187

Note：Inventories, other current assets and prepayments for business facilities were reclassified as property, plant and equipment.

1. Pledge to secure:

   As of December 31, 2014 and 2013, property, plant and equipment were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

2. Property, plant and equipment under construction

   In 2012, the Company acquired land, buildings and structures for the construction a new factory on the site. As of December 31, 2014, the Company recognized related construction in progress and prepayments for business facilities amounted to $1,359,075 (which included the borrowing costs of the capitalized interest expense).

3. For the years ended December 31, 2014 and 2013, capitalized interest expenses amounted to $23,833 and $21,791, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.58%~2.27% and 1.61%~1.86%, respectively.

(Continued)

(g) Investment property

		Land	Buildings and structures		Total
Cost:					
Balance as of January 1, 2014	$	963,127	138,225		1,101,352
Additions		-	-		-
Balance as of December 31, 2014	**$**	**963,127**	**138,225**		**1,101,352**
Balance as of January 1, 2013	$	-	-		-
Reclassification from property, plant and equipment		963,127	138,225		1,101,352
Balance as of December 31, 2013	**$**	**963,127**	**138,225**		**1,101,352**
Accumulated depreciation:					
Balance as of January 1, 2014	$	-	4,873		4,873
Depreciation		-	5,317		5,317
Balance as of December 31, 2014	**$**	**-**	**10,190**		**10,190**
Balance as of January 1, 2013	$	-	-		-
Depreciation		-	3,987		3,987
Reclassification from property, plant and equipment		-	886		886
Balance as of December 31, 2013	**$**	**-**	**4,873**		**4,873**
Carrying value:					
Balance as of December 31, 2014	**$**	**963,127**	**128,035**		**1,091,162**
Balance as of December 31, 2013	**$**	**963,127**	**133,352**		**1,096,479**
Fair value:					
Balance as of December 31, 2014				**$**	**1,321,067**
Balance as of December 31, 2013				**$**	**1,309,505**

Land, buildings and structures have been reclassified from property, plant and equipment to investment property, since the land, buildings and structures were leased to a third party.

The yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

Location	For the year ended December 31, 2014
Hsinchu	0.16%

As of December 31, 2014 and 2013, investment property were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

(Continued)

(h) Intangible assets

1. The movement in intangible assets for the years ended December 31, 2014 and 2013 were as follows:

		Technical know-how	Computer software and information systems	Others	Total
Costs:					
Balance as of January 1, 2014	$	46,005	82,770	6,122	134,897
Additions		-	18,109	-	18,109
Disposals		-	(54,398)	(6,122)	(60,520)
Other (Note)		-	1,563	-	1,563
Balance as of December 31, 2014	**$**	**46,005**	**48,044**	**-**	**94,049**
Balance as of January 1, 2013	$	46,005	122,614	1,920	170,539
Additions		-	12,460	6,122	18,582
Disposals		-	(53,404)	(1,920)	(55,324)
Other (Note)		-	1,100	-	1,100
Balance as of December 31, 2013	**$**	**46,005**	**82,770**	**6,122**	**134,897**
Amortisation:					
Balance as of January 1, 2014	$	12,140	56,128	2,381	70,649
Amortisation		3,834	21,923	3,741	29,498
Disposals		-	(54,398)	(6,122)	(60,520)
Balance as of December 31, 2014	**$**	**15,974**	**23,653**	**-**	**39,627**
Balance as of January 1, 2013	$	8,307	78,212	1,312	87,831
Amortisation		3,833	31,320	2,989	38,142
Disposals		-	(53,404)	(1,920)	(55,324)
Balance as of December 31, 2013	**$**	**12,140**	**56,128**	**2,381**	**70,649**
Carrying value:					
Balance as of December 31, 2014	**$**	**30,031**	**24,391**	**-**	**54,422**
Balance as of December 31, 2013	**$**	**33,865**	**26,642**	**3,741**	**64,248**

Note: Other current assets consisting of prepayments for computer software and information systems were reclassified as intangible assets.

2. Amortization expense recognized in profit or loss

For the years ended December 31, 2014 and 2013, the amortization expenses of intangible assets were as follows:

		2014	2013
Operating costs	$	9,731	14,134
Operating expenses		19,767	24,008
	$	**29,498**	**38,142**

3. As of December 31, 2014 and 2013, the intangible assets were not pledged.

(Continued)

(i) Other current assets and other non-current assets

		2014.12.31	2013.12.31
Other receivable from metal recycling	$	112,622	41,410
Tax refund receivable		22,369	19,402
Prepaid expenses		36,552	40,313
Refundable deposits		21,480	19,716
Restricted assets		23,661	23,541
Others		87,214	96,626
	$	303,898	241,008

(j) Short-term borrowings

		2014.12.31	2013.12.31
Unused bank credit lines for short-term borrowings	$	3,297,997	3,157,153
Unused bank credit lines for short-term and long-term borrowings	$	350,000	-

(k) Long-term borrowings

		2014.12.31	2013.12.31
Unsecured long-term borrowings	$	-	771,000
Secured long-term borrowings		3,483,775	3,495,910
Less: long-term liabilities, current portion		(545,444)	(545,444)
Total	$	2,938,331	3,721,466
Unused bank credit lines for long-term borrowings	$	908,000	2,594,000
Annual interest rate		1.63%~1.68%	1.62%~1.73%

As of December 31, 2014, the remaining balances of the borrowing due were as follows:

Year due		Amount
January 1, 2015~December 31, 2015	$	545,444
January 1, 2016~December 31, 2016		841,506
January 1, 2017~December 31, 2017		940,194
January 1, 2018~December 31, 2018		667,472
And after		489,159
	$	3,483,775

The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in note 6(j).

For information on the Company market risk and currency risk was disclosed in note 6(s).

(Continued)

1. The collateral for these long-term borrowings was disclosed in note 8.

2. In January 2011, the Company entered into a seven-year syndicated loan agreement with Mega International Commercial Bank and other sixteen banks. The total credit facility under this loan agreement is $4,800,000 and is due in February 2018.

   The related financial covenants and restrictions for the syndicated loan mentioned above were as follows:

   At the ended of the annual reporting period, current ratio shall not be lower than 100%, liability ratio (Liabilities/Net asset value) shall not be higher than 120%, interest coverage ratio shall not be less than 300%, and net equity shall not be less than $6,000,000.

   As of December 31, 2014 and 2013, the Company was in compliance with the above financial covenants and restrictions.

(l) Operating lease

1. Lease-lessor

   The Company leased its investment property under operating lease, which was disclosed in note 6(g). According to the lease contract, if the lessee wants to terminate the contract in an earlier time, the lessee should inform the lessor in written form two months before the expiry of the lease period. Within the two-month period of notification, the lessee shall continue to pay the rents, whether the lessee has moved out or not. The lessor can also terminate the lease contract by notifying the lessee in written form at any time before two months.

   For the year ended December 31, 2014 and 2013, the rental income recognised in other income amounted to $27,625 and $27,581, respectively.

(Continued)

2. Leases-lessee

The Company leases a number of parking lots etc. under operating leases. The leases typically run for a period of 1 to 4 years.

For the years ended December 31, 2014 and 2013, the rent expense amounted to $23,754 and $22,684, respectively, which were recorded as operating costs and operating expenses.

(m) Employee benefits

1. Defined benefit plans

The movement in the present value of the defined benefit obligations and fair value of plan assets was as follows:

		2014.12.31	2013.12.31
Total present value of obligations	$	75,211	75,118
Fair value of plan assets		(36,252)	(34,747)
Recognised liabilities for defined benefit obligations (Note)	$	38,959	40,371

(Note) Recognised liabilities for defined benefit obligations were recognised as other non-current liabilities.

The Company makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary prior to six months of retirement.

(1) Composition of plan assets

The Company set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Founds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

(Continued)

The Company's labor pension reserve account balance in the Bank of Taiwan amounted to $36,252 as of December 31, 2014. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Founds, Ministry of Labor.

(2) The movement in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

		2014	2013
Defined benefit obligation as of January 1	$	75,118	83,893
Current service costs and interest		3,135	3,150
Actuarial gains		(3,042)	(11,925)
Defined benefit obligation as of December 31	**$**	**75,211**	**75,118**

(3) The movement in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets for the Company were as follows:

		2014	2013
Fair value of plan assets as of January 1	$	34,747	33,654
Benefits paid from plan assets		684	659
Expected return on plan assets		697	591
Actuarial gains (losses)		124	(157)
Fair value of plan assets as of December 31	**$**	**36,252**	**34,747**

(4) The expenses recognised in profit or losses

For the years ended December 31, 2014 and 2013, the expenses recognised in profit or losses for the Company were as follows:

		2014	2013
Service cost	$	1,731	1,809
Interest cost		1,404	1,341
Expected return on plan assets		(697)	(591)
Cost of defined benefit obligation	**$**	**2,438**	**2,559**
Operating expenses	**$**	**2,438**	**2,559**
Actual return on plan assets	**$**	**821**	**434**

(Continued)

(5) Actuarial gains and losses are recognised in other comprehensive income

For the years ended December 31, 2014 and 2013, the Company's cumulative actuarial gains recognised in other comprehensive income (after income tax) were $2,628 and $9,768, respectively.

(6) Actuarial assumptions

The following were the Company's principal actuarial assumptions:

	2014	**2013**
Discount rate	2.00%	2.00%
Expected rate return on plan assets	2.00%	2.00%
Future salary rate increases	3.00%	3.00%

The expected ratio was based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return ratio was based exclusively on historical returns, without adjustments.

(7) Experience adjustments based on historical information

		2014.12.31	**2013.12.31**
Present value of the defined benefit obligation	$	75,211	75,118
Fair value of plan assets		(36,252)	(34,747)
Deficit in the plan	**$**	**38,959**	**40,371**
Experience adjustment arising on plan liabilities	**$**	**(3,042)**	**(11,925)**
Experience adjustments arising on plan assets	**$**	**(124)**	**157**

The expected payments made by the Company to the defined benefit plans during the annual period after December 31, 2014 are $237.

(8) When calculating the present value of the defined benefit obligation, the Company must uses judgment and estimates to determine the actuarial assumptions at the reporting date, including staff turnover and future salary changes. Any changes in actuarial assumptions could materially affect the Company to determine the amount of the benefit obligations.

(Continued)

As of December 31, 2014, the Company's book value of accrued pension liabilities was $38,959. When there is an increased (decreased) of 0.25% of the discount rate at the reporting date, it would have decreased the accrued pension liabilities by $2,482 or increased the accrued pension liabilities by $2,599 respectively. When there is an increased (decreased) of 0.25% in the future salary rate, it would have increased the accrued pension liabilities by $2,537 or decreased the accrued pension liabilities by $2,441, respectively.

2. Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The Company set aside $46,554 and $44,440 of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2014 and 2013.

(n) Income tax

1. Income tax expense

The amount of income tax expenses for the years ended December 31, 2014 and 2013 were as follows:

	2014	2013
Current tax expense	$ 362,314	207,718
Current period	27,639	483
Adjustment for prior periods	389,953	208,201
Deferred tax expense		
Origination and reversal of temporary differences	75,472	192,660
Income tax expense	**$ 465,425**	**400,861**

The amount of income tax expenses (benefit) recognised in other comprehensive income for the years ended December 31, 2014 and 2013 were as follows.

(Continued)

	2013	2012
Unrealized valuation gains (losses) on available-for-sale financial assets	$ (1,096)	255
Defined benefit plan actuarial gains (losses)	2,000	(1,512)
	$ 904	(1,257)

Reconciliation of income tax expenses (benefit) and profit before tax were as follows:

	2014	2013
Profit before tax	$ 2,428,894	2,212,371
Tax rate according to the Company's location	$ 412,912	376,103
Non-taxable income	3,834	2,007
10% surtax on unappropriated earnings	56,434	53,418
Others	(7,755)	(30,667)
	$ 465,425	400,861

2. Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2014 and 2013 were as follows:

	Allowance for obsolete inventories	Difference in depreciation expense between financial and tax method	Investment tax credit	Others	Total
Deferred tax assets:					
Balance as of January 1, 2014	$ 38,143	8,714	62,352	23,216	132,425
Recognised in profit or loss	(10,127)	1,967	(62,352)	4,760	(65,752)
Recognised in other comprehensive income	-	-	-	(538)	(538)
Balance as of December 31, 2014	$ 28,016	10,681	-	27,438	66,135
Balance as of January 1, 2013	$ 17,007	3,895	182,880	114,380	318,162
Recognised in profit or loss	21,136	4,819	(120,528)	(89,164)	(183,737)
Recognised in other comprehensive income	-	-	-	(2,000)	(2,000)
Balance as of December 31, 2013	$ 38,143	8,714	62,352	23,216	132,425

	Unrealized investment income recognized under equity method	Unrealized exchange rate	Others	Total
Deferred tax liabilities:				
Balance as of January 1, 2014	$ 19,907	735	-	20,642
Recognised in profit or loss	6,086	3,634	-	9,720
Balance as of December 31, 2014	$ 25,993	4,369	-	30,362
Balance as of January 1, 2013	$ 11,097	622	1,096	12,815
Recognised in profit or loss	8,810	113	-	8,923
Recognised in other comprehensive income	-	-	(1,096)	(1,096)
Balance as of December 31, 2013	$ 19,907	735	-	20,642

(Continued)

3. Examination and approval

The Company's tax returns for the years through 2011 were assessed and approved by the Taipei National Tax Administration.

4. The Company's integrated income tax information at the reporting date were as follows:

		2014.12.31	2013.12.31
Unappropriated earnings after 1997	$	3,923,175	3,214,012
Balance of imputation credit account (ICA)	$	325,425	152,641

	2014 (Estimated)	2013 (Actual)
Creditable ratio for distributed to domestic shareholders of earnings	15.37%	12.08%

According to the amendment by the Ministry of Finance on October, 17, 2013 under Decree No. 10204562810, the Company's integrated income tax should be covering the disclosed information of imputation tax credit as above. According to the amended Income Tax Act which was announced in June 2014, the amount of the deductible tax of an individual shareholder residing in the territory of R.O.C. was calculated by 50% of its original tax deduction ratio, starting from 2015.

(o) Capital and other equity

1. Ordinary share

As of December 31, 2014 and 2013, the Company's authorised share capital consisted of 1,000,000 thousand shares of ordinary share, with $10 dollars par value per share, of which 742,238 thousand shares, and 739,276 thousand shares, respectively, were issued and outstanding. The Company has reserved $1,000,000 for employee stock options.

(Continued)

Reconciliations of shares outstanding for the years ended December 31, 2014 and 2013:

	Ordinary share (in thousands)	
	2014	**2013**
Balance as of January 1	739,276	754,188
Exercise of employee stock options	2,962	5,088
Retirement of treasury shares	-	(20,000)
Balance as of December 31	742,238	739,276

For the years ended December 31, 2014 and 2013, the Company had issued 2,962 thousand shares and 5,088 thousand shares resulting from the exercise of employee stock options, respectively. The aforementioned stock issuance was authorized by and registered with the government authorities.

In 2013, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 20,000 thousand shares as treasury shares, which was proposed and arranged for the cancellation of shares for the interest of shareholders and Company's credit. A total of 20,000 thousand shares from the treasury shares was cancelled.

As of December 31, 2014, the Company issued 20 million units of Global Depositary Receipts (GDRs), representing 100 million ordinary shares of stock of the Company. These GDRs were offered for trading on the MTF Market of the Luxembourg Stock Exchange.

2. Capital surplus

Balance of capital surplus at the reporting date were as follows:

	2014.12.31	**2013.12.31**
Additional paid-in capital	$ 3,727,909	3,666,256
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	13,698	13,442
Employee stock options	27,013	48,660
	$ 3,768,620	3,728,358

In accordance with amended Company Act in 2012, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with

(Continued)

the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

3. Retained earnings and restrictions on appropriations of earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the remaining balance of the earnings is further appropriated as follows:

A. 5% to 10% as employees bonuses;
B. 1% to 3% as directors' and supervisors' remuneration;
C. the remaining balance, excluding (A) and (B),will be distributed to stockholders as dividends of which cash dividends should not be lower than 10% of the total stockholders' dividends.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

(1) Legal reserve

A ccording to the amended Company Act which was announced in January 2012, 10% of net income should be set aside as statutory earnings reserve, until it equals the share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash of up to 25% of the actual share capital.

(2) Special reverse

In accordance with Permit No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and

(Continued)

does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first-time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Appropriations of earnings

The appropriations of earning for 2013 and 2012 had been approved in a shareholders' meeting held on June 20, 2014 and June 10, 2013, respectively. The appropriations and dividends were as follows:

		2013	2012
Cash dividends	$	1,109,798	1,136,245
Bonuses to employees		166,400	167,000
Remuneration to directors and supervisors		49,900	50,100

The above-mentioned appropriations of earning for 2013 and 2012 were consistent with the resolutions of the meeting of the Board of Directors. The related information can be found on websites such as the Market Observation Post System.

For the years ended December 31, 2014 and 2013, the Company's accrued and recognised employee's bonus amounted to $176,700 and $166,400 respectively, and directors' and supervisors' remuneration amounted to $53,000 and $49,900, respectively. The difference between the actual appropriation of 2014 and 2013 earnings for employees' bonus and directors' emoluments as been approved in the shareholders' meeting, and those recognised in the financial statements, if any, is accounted for as a change in accounting estimates and recognised in profit or loss of the following year when the shareholders approved the appropriations of those earnings. In addition, the number of shares distributed to employees as employees' bonus is calculated based on the closing price of the Company's shares of stock being traded in the listed market on the day before the approval of shareholders' meeting.

(Continued)

(4) Other equity interest

Changes in others were as follows:

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available- for-sale financial assets
Balance as of January 1, 2014	$	(17,413)	116,395
Foreign currency differences (net of tax)-Subsidiary		22,322	-
Changes in fair value of available-for-sale financial assets (net of tax):			
The Company		-	(13,042)
Subsidiary		-	111,254
Cumulative gains (losses) reclassified to profit or loss upon disposal of available-for-sale financial assets (net of tax)		-	1,355
Balance as of December 31, 2014	**$**	**4,909**	**215,962**
Balance as of January 1, 2013	$	(24,741)	(129,397)
Foreign currency differences (net of tax)-Subsidiary		7,328	-
Changes in fair value of available-for-sale financial assets (net of tax):			
The Company		-	139,743
Subsidiary		-	48,423
Cumulative gains (losses) reclassified to profit or loss upon disposal of available-for-sale financial assets (net of tax)		-	57,626
Balance as of December 31, 2013	**$**	**(17,413)**	**116,395**

(p) Employee stock options

The details of employee stock options were as follows：

Item	Date of approval by Board of Directors	Date of approval by authority	Issue date	Duration	Estimated issued shares	Actual issue shares	Price of each share (expressed in dollars)
2009	2009.08.21	2009.09.22	2009.09.30	5 years	20,000,000	20,000,000	$ 9.0
2010	2010.07.05	2010.09.28	2011.01.26	〃	10,000,000	10,000,000	22.7

The details of exercisable percentage of employee stock options were as follows:

	Issued in 2009	Issued in 2010
Over one year	-	-
Over two years	60%	60%
Over three years	100%	100%
Over four years	100%	100%
Over five years	100%	100%

(Continued)

1. Fair value of those options at the measurement date and information on how that fair value was measured.

   Had the Company used the fair value based method to evaluate the options using the Black-Scholes model, the assumptions at the various grant dates would have been as follows:

	2010 employee stock options exercise in the 2nd year	2010 employee stock options exercise in the 3rd year
Fair value at grant date (dollars)	$ 4.30	5.30
Share price at grant date (dollars)	$ 27.02	27.02
Exercise price (dollars)	$ 27.10	27.10
Expected volatility	31.25%	31.25%
Expected life	2 years	3 years
Risk-free interest rate	0.73%	0.86%

   Expected volatility is based on the weighted-average of historical volatility, and it is adjusted accordingly when there is additional market information about the volatility. The Company determined the risk-free rate during the life of the option. These rates are determined based on the government bonds, and they are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

2. For the years ended December 31, 2014 and 2013, the related outstanding units and weighted-average exercise price of employee stock options were as follows:

	2014		2013	
	Weighted-average exercise price (expressed in dollars)	Shares (in thousands)	Weighted-average exercise price (expressed in dollars)	Shares (in thousands)
Outstanding at the beginning	$ 22.94	6,154	21.76	11,385
Granted	-	-	-	-
Exercised	21.61	(2,962)	18.85	(5,088)
Expired	-	(45)	-	(143)
Outstanding at the end	22.70	3,147	22.94	6,154
Exercisable as of December 31		3,147		2,702

(Continued)

As of December 31, 2014 and 2013, the Company's compensatory outstanding employee stock options were as follows:

	2014.12.31				
	Outstanding			Exercisable	
Issue date	Range of exercise price (expressed in dollars)	Shares (in thousands)	Weighted-average of remaining duration (years)	Shares (in thousands)	Weighted-average exercise price (expressed in dollars)
2011.01.26	$ 22.7	3,147	1.07	3,147	$ 22.7

	2013.12.31				
	Outstanding			Exercisable	
Issue date	Range of exercise price (expressed in dollars)	Shares (in thousands)	Weighted-average of remaining duration (years)	Shares (in thousands)	Weighted-average exercise price (expressed in dollars)
2009.09.30	$ 9.5	412	0.75	412	$ 9.5
2011.01.26	23.9	5,742	2.07	2,290	23.9

3. Compensation cost for employee stock options

For the years ended December 31, 2014 and 2013, the compensation cost for employee stock options amounted to $4,303 and $3,775, respectively, which had been recorded under operating costs and operating expenses.

(q) Earnings per share ("EPS")

For the years ended December 31, 2014 and 2013, the Company's earnings per share were calculated as follows:

	2014		
	Profit	**Weighted- average average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS—retroactively adjusted:			
Profit belonging to common shareholders	$ 1,963,469	741,095	$ 2.65
Diluted EPS:			
Effect of potentially dilutive common stock:			
Employees' bonuses	-	8,665	
Employee stock options	-	938	
Common shareholders' profit plus the effect of potentially dilutive common stock	**$ 1,963,469**	**750,698**	**$ 2.62**

	2013		
	Profit	**Weighted- average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS—retroactively adjusted：			
Profit belonging to common shareholders	$ 1,811,510	754,141	$ 2.40
Diluted EPS：			
Effect of potentially dilutive common stock：			
Employees' bonuses	-	8,162	
Employee stock options	-	2,282	
Common shareholders' profit plus the effect of potentially dilutive common stock	**$ 1,811,510**	**764,585**	**$ 2.37**

(r) Non-operating income and expenses

1. Other income

For the years ended December 31, 2014 and 2013, the details of other income were as follows:

	2014	2013
Interest income	$ 16,934	16,789
Dividend income	43,654	33,371
Rent income	31,999	31,728
	$ 92,587	**81,888**

(Continued)

2. Other gains and losses

For the years ended December 31, 2014 and 2013, the details of other gains and losses were as follows:

	2014	2013
Foreign exchange gains	$ 83,718	126,699
Losses on disposals of investments	(64,501)	(398,190)
Gains on disposal of property, plant and equipment	-	306,531
Gains on financial assets or liabilities at fair value through profit or loss	130,285	409,837
Other	(61,997)	(167,949)
	$ 87,505	**276,928**

3. Finance cost

For the years ended December 31, 2014 and 2013, the details of finance costs were as follows:

	2014	2013
Interest expense on bank borrowings	$ 72,137	102,469
Less: capitalized interest expense	(23,833)	(21,791)
	$ 48,304	**80,678**

(s) Financial instruments

1. Categories of financial instruments

(1) Financial assets

	2014.12.31	2013.12.31
Current financial assets at fair value through profit or loss	$ 1,197,247	1,162,001
Current available-for-sale financial assets	677,271	584,716
Non-current available-for-sale financial assets	797,168	370,928
Loan and receivables:		
Cash and cash equivalents	2,536,853	1,883,857
Non-current debt instrument investment without active market	159,600	190,000
Notes and accounts receivable, net (included the related parties)	417,409	422,269
Other current assets	199,836	57,043
Other non-current assets	45,141	43,257
Subtotal	3,358,839	2,596,426
Total	**$ 6,030,525**	**4,714,071**

(Continued)

(2) Financial liabilities

		2014.12.31	2013.12.31
Financial liabilities measured at amortized cost:			
Payable	$	1,774,740	1,446,556
Long-term borrowings		3,483,775	4,266,910
Total	$	5,258,515	5,713,466

2. Credit risk

(1) Exposure of credit risk

The maximum exposure to credit risk is mainly from carrying amount of financial assets. As of December 31, 2014 and 2013, the maximum exposure to credit risk amounted to $6,030,525 and $$4,714,071, respectively.

Cash and cash equivalents is deposited in different financial institutions to control the credit risk exposed to single financial institution. The Company owns securities by purchasing traded stocks and money market fund issued by high-credit-quality financial institutions. The Company owns debt instrument investments etc issued by high-credit-quality company. However, the credit risk involving securities is not expected to be significant.

(2) Disclosures about concentrations of risk

As of December 31, 2014 and 2013, the Company's notes and account receivables (included the related parties) were concentrated on 6 customers, whose accounts represented 73% and 80% of the total notes and account receivables, respectively. In order to reduce the credit risk on these account receivables, the Company continues to evaluate the financial status of these customers and request for collaterals when necessary. The Company evaluates the collectibility of account receivables periodically and accrues allowance for doubtful accounts, if necessary. Therefore, bad debt expense has always been under management's expectation.

3. Liquidity risk

The following were the contractual maturities of financial liabilities:

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2014							
Non-derivative financial liabilities							
Secured bank loans	$	3,483,775	3,616,213	596,897	880,952	2,039,575	98,789
Accounts payable		929,773	929,773	929,773	-	-	-
Other payables		844,967	844,967	844,967	-	-	-
	$	5,258,515	5,390,953	2,371,637	880,952	2,039,575	98,789

(Continued)

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2013							
Non-derivative financial liabilities							
Secured bank loans	$	3,495,910	3,650,855	596,767	585,589	2,137,605	330,894
Unsecured bank loans		771,000	792,073	13,309	521,394	257,370	-
Accounts payable		635,119	635,119	635,119	-	-	-
Other payables		811,437	811,437	811,437	-	-	-
	$	5,713,466	5,889,484	2,056,632	1,106,983	2,394,975	330,894

The Company did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

4. Currency risk

(1) Exposure to currency risk

The Company's significant exposure to foreign currency risk were as follows:

	2014.12.31			2013.12.31		
	Foreign currency	**Exchange rate**	**NT$**	**Foreign currency**	**Exchange rate**	**NT$**
Financial assets						
Monetary items						
USD	$ 55,918	31.65	1,769,801	28,543	29.81	850,874
EUR	1	38.47	20	73	41.09	3,003
JPY	49,487	0.2646	13,094	166,312	0.2839	47,216
GBP	1	49.27	29	1	49.28	45
			$ 1,782,944			901,138
Non-monetary items						
USD	18,684	31.65	591,359	13,821	29.81	412,013
RMB	29,779	5.09	151,577	-	-	-
			$ 742,936			412,013
Financial liabilities						
Monetary items						
USD	13,125	31.65	415,407	9,558	29.81	284,911
EUR	191	38.47	7,341	118	41.09	4,842
JPY	450,741	0.2646	119,266	277,148	0.2839	78,682
AUD	-	-	-	37	26.59	979
			$ 542,014			369,414

(2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, net (included the related parties), other receivables, current financial assets at fair value through profit or loss, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR and the JPY etc for the years ended

(Continued)

December 31, 2014 and 2013 would have increased (decreased) the net profit after tax by $59,215 and $22,067, respectively, and other comprehensive income by $29,431 and $20,601, respectively. The analysis assumes that all other variables remain constant.

5. Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Company's net profit after tax would have (decreased) increased by $14,164 and $17,363 for the years ended December 31, 2014 and 2013, all other variable factors that remain constant. This is mainly due to the Company's borrowing in floating rates.

6. Fair value

(1) Fair value and carrying amount

The Company's management believes the carrying amounts of its financial assets and financial liabilities amortised cost are agreed to its fair value approximately.

(2) Valuation techniques and assumptions used in fair value determination

The Company uses the following methods in determining the fair value of its financial assets and liabilities:

i) The fair value of financial assets and liabilities traded in active markets is based on quoted market prices. These include stocks listed on domestic markets.

ii) Investors can require the investment trust company to redeem the monetary fund and others with standard terms and conditions of the close-end funds at any time. The fair value is base on the net value of the fund.

iii) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value of non-option derivative instruments is determined using a discounted cash flow analysis calculated based on the applicable yield curve through the expected life of the derivative instruments. The fair value of option derivatives is

(Continued)

determined using option pricing models.

iv) For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

(3) Discount rate to determine the fair value

To derive interest cash flow from variable interest rate for the years ended December 31, 2014 and 2013 were as follows:

	2014	2013
Short-term and long-term borrowings	1.63%~1.68%	1.62%~1.73%

(4) Fair value hierarchy

The table below analyses the financial instruments measured at fair value classified by measurement method. The definitions of fair value hierarchy were as follows:

– Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

– Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
As of December 31, 2014				
Financial assets at fair value through profit or loss	$ 1,197,247	-	-	1,197,247
Available-for-sale financial assets	695,096	779,343	-	1,474,439
	$ 1,892,343	**779,343**	**-**	**2,671,686**
As of December 31, 2013				
Financial assets at fair value through profit or loss	$ 1,162,001	-	-	1,162,001
Available-for-sale financial assets	616,548	304,096	35,000	955,644
	$ 1,778,549	**304,096**	**35,000**	**2,117,645**

For the year ended December 31, 2013, available-for-sale financial assets with a carrying amount of $2,102 were transferred from Level 2 to Level 1 because the shares of stocks were listed on the market in July, 2013, and the fair value were acquired from the active market periodically.

(Continued)

For the year ended December 31, 2014, available-for-sale financial assets with a carrying amount of $35,000 were transferred from Level 3 to Level 2 because the Company can acquired evaluation report of the assets periodically in which all significant inputs were based on observable market data

(5) Sensitivity analysis and the movement in fair value measurements of financial assets in Level 3

The movement in fair value measurements of financial assets in Level 3 for the years ended December 31, 2014 and 2013 were as follows:

	Available-for-sale financial assets
	Unquoted equity instruments
Balance as of January 1, 2014	$ 35,000
Transfers out of Level 3	(35,000)
Balance as of December 31, 2014	**$ -**
Balance as of January 1, 2013	$ 10,000
Purchased	25,000
Balance as of December 31, 2013	**$ 35,000**

For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions by 3% would have the following effects:

	Other comprehensive income	
	Favourable	Unfavourable
Balance as of December 31, 2014		
Available-for-sale financial assets	**$ -**	**-**
Balance as of December 31, 2013		
Available-for-sale financial assets	**$ 1,050**	**(1,050)**

The favourable and unfavourable effects represent the changes in fair value and fair value are based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(t) Management of financial risk

1. The Company is exposed to the extent of the risks arising from financial instruments as below:

(1) Credit risk

(2) Liquidity risk

(Continued)

(3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Company's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

2. Risk management framework

The Board of Directors is responsible for overseeing the Company's risk management framework. The Company's internal auditor is responsible to identify and analyse the risks faced by the Company. The management of each division sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Supervisor oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Supervisor is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Supervisors.

3. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Company's accounts receivable, investments in securities and investments in bond.

(1) Notes and accounts receivable

According to the credit policy, the Company analyse each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Company's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically.

The Company oversees the customer's credit risk based on the aging, due date and financial information.

The allowance for doubtful accounts of the Company is estimated to reflect the loss in notes and accounts receivable for those customers graded as "high risk". The major component of the allowance account contains individually significant exposure related to the specific loss.

(Continued)

(2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Company's finance department. Since the Company's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no incompliance issues and therefore no significant credit risk.

(3) Guarantees

As of December 31, 2014 and 2013, the Company did not provide guarantee.

4. Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's financial department monitors cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Company also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2014, the Company has unused bank credit lines for short-term borrowings, long-term bank borrowings, and the unused bank credit lines for short-term borrowings and long-term borrowings amounted to $3,297,997、$908,000 and $350,000, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the New Taiwan Dollars (NTD) and US Dollars (USD).

(Continued)

The policy of response to currency risk:

i) The Company reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.

ii) The Company uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.

iii) The Company manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also reports to the foreign currency department to control the foreign currency trend and market information.

(u) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. For the goal of business sustainability, the Company monitors the expansion plan as well as the level of dividends to ordinary shareholders.

For the years ended December 31, 2014 and 2013, the Company's return on common equity was 12.74% and 12.39%, respectively. The Company's debt ratio at the reporting date was as follows:

	2014.12.31	**2013.12.31**
Debt ratio	26.85%	29.42%

As of December 31, 2014, there were no any changes in the Company's approach to capital management.

(7) Related-parties transactions

(a) Relationship with the parent company and its subsidiaries:

		Owners (Shareholding %)	
	Area	**2014.12.31**	**2013.12.31**
WIN SEMI. USA, INC.	California, U.S.A.	100.00%	100.00%
Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	100.00%	100.00%
WIN Venture Capital Corp.	Taiwan	100.00%	-

(b) Parent company and ultimate controlling party

The Company is the ultimate subsidiaries of the Company and its subsidiaries.

(Continued)

(c) Significant transactions with related parties

1. Operating revenue

The amounts of significant transaction with related - parties for the years ended December 31, 2014 and 2013 were as follow:

	2014	2013
Subsidiary	$ 4,561,837	4,606,242

The prices for sales from related parties are not materially different from those of third-party customers. Receivables from related parties were not secured with collateral and did not require provisions for bad debt expenses.

2. Receivable from related parties

At the reporting date, the balance of accounts receivable resulting from the sales were as follow:

Account	Categories	2014.12.31	2013.12.31
Accounts receivable	Subsidiary	$ 110,530	99,041

3. Borrowings to related parties

As of December 31, 2013, the borrowing to related parties of the Company was collected.

	2013
Interest income	$ 526

There were no such transactions for the year ended December 31 2014.

4. Leases

For the years ended December 31, 2014 and 2013, the Company rented the staff dormitory from the related parties. A lease contract was signed in which the rental fee is determined based on the nearby dormitory rental rates, which were billed monthly. The amounts of rental expense and outstanding balance between the Company and related parties were as follows:

	Rental expense		Other payable	
	2014	2013	2014.12.31	2013.12.31
Key management of the Company	$ 28	144	-	-

(Continued)

5. Services expenses

   For the year ended December 31, 2013, the related-parties provided medical service to the Company. The amounts of services expenses $150 was collected.

   There were no such transactions for the year ended December 31, 2014.

(d) Transactions with key management personnel

For the years ended December 31, 2014 and 2013, key management personnel compensation were comprised as below:

		2014	2013
Short-term employee benefits	$	187,361	186,135
Post-employment benefits		709	717
Share-based payments		504	1,155
	$	188,574	188,007

(8) Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Pledged to secure		2014.12.31	2013.12.31
Other non-current assets	Gas deposits	$	3,000	3,000
Other non-current assets	Customs guarantee		20,661	20,541
Property, plant and equipment	Long-term borrowings		4,628,927	5,113,371
Investment property	Long-term borrowings		1,091,162	1,096,479
Prepayments for business facilities	Long-term borrowings		-	765
		$	5,743,750	6,234,156

(9) Commitments and contingencies

(a) Contingencies: None.

(b) Commitment:

		2014.12.31	2013.12.31
The unrecognized commitment of acquisition of property, plant and equipment	$	849,166	851,593
The unused letters of credit	$	203,684	52,847

(10) Important damage losses: None.

(Continued)

(11) Important subsequent events: None.

(12) Others

(a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2014 and 2013:

	2014 Classified as operating costs	2014 Classified as operating expenses	2014 Total	2013 Classified as operating costs	2013 Classified as operating expenses	2013 Total
Employee benefits						
Salaries	$ 959,353	434,397	1,393,750	903,458	413,409	1,316,867
Labor and health insurance	76,253	22,929	99,182	69,021	23,234	92,255
Pension	36,099	12,893	48,992	32,849	14,150	46,999
Others	40,262	9,785	50,047	40,728	11,632	52,360
Depreciation	1,740,315	111,884	1,852,199	1,690,754	93,011	1,783,765
Amortization	9,731	19,767	29,498	14,134	24,008	38,142

As of December 31, 2014 and 2013, the Company had 1,521 and 1,577 employees, respectively.

(13) Other disclosure items

(a) Information on significant transaction:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

1. Lending to other parties: None.

2. Guarantees and endorsements for other parties: None.

3. Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

Company holding securities	Security type and name	Relationship with the Company	Account	Period-end Shares (in thousands)	Period-end Carrying value	Period-end Percentage of ownership (%)	Period-end Market value (or net value)	Note
The Company	Capital Money Market Fund	None	Current financial assets at fair value through profit or loss	8,021	127,129	-	127,129	
〃	Polaris De-Bao Money Market Fund	〃	〃	12,965	153,127	-	153,127	
〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	28,972	356,363	-	356,363	
〃	Allianz Global Investors All Seasons Return Fund of Bond Funds	〃	〃	10,480	151,041	-	151,041	

(Continued)

Company holding securities	Security type and name	Relationship with the Company	Account	Period-end Shares (in thousands)	Period-end Carrying value	Period-end Percentage of ownership (%)	Period-end Market value (or net value)	Note
〃	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	〃	〃	13,060	151,472	-	151,472	
〃	Mega Diamond Money Market Fund	〃	〃	6,002	73,863	-	73,863	
〃	Concord Dream Futures Trust Fund	〃	〃	2,978	29,931	-	29,931	
〃	Franklin Mutual European Fund-A-USD	〃	〃	3	2,744	-	2,744	
〃	Fuh Hwa RMB Money Market Fund	〃	〃	2,861	151,577	-	151,577	
					1,197,247		1,197,247	
WIN Venture Capital Corp.	Green Seal Holding Limited/Stock	〃	〃	165	24,420	0.11	24,420	
〃	Inotera Memories, Inc./Stock	〃	〃	1,000	50,200	0.02	50,200	
〃	Mega Diamond Money Market Fund	〃	〃	4,015	49,404	-	49,404	
					124,024		124,024	
The Company	ITEQ CORPORATION/Stock	None	Current available-for-sale financial assets	25,032	600,761	7.87	600,761	
〃	MAG. LAYERS Scienific-Technics Co., Ltd./Stock	〃	〃	2,125	73,517	2.55	73,517	
〃	Solar Applied Materials Technology Corp./Stock	〃	〃	119	2,993	0.03	2,993	
					677,271		677,271	

Company holding securities	Security type and name	Relationship with the Company	Account	Period-end Shares (in thousands)	Period-end Carrying value	Period-end Percentage of ownership (%)	Period-end Market value (or net value)	Note
The Company	Inventec Solar Energy Corporation /Stock	None	Non-current available-for-sale financial assets	34,000	340,816	10.51	340,816	
〃	Shin Sheng Ⅲ Venture Capital Investment Corp. /Stock	〃	〃	4,680	44,442	11.03	44,442	
〃	Tainergy Tech Co., Ltd./Stock	〃	〃	943	17,825	0.34	17,825	
〃	CDIB CME Fund Ltd. /Stock	〃	〃	2,500	49,495	3.33	49,495	
〃	Fuh Hwa Tung-ta Fund	〃	〃	30,000	299,400	-	299,400	
〃	MagiCap Venture Capital Co., Ltd. /Preferred Stock A	〃	〃	1,000	45,190	0.91	45,190	
					797,168		797,168	
Win Semiconductors Cayman Islands Co., Ltd.	Avago Technologies Ltd. /Stock	Subsidiary's main client	〃	75	238,776	0.03	238,776	
WIN Venture Capital Corp.	Nisho Image Technology Inc. /Stock	The Company's client	〃	3,300	25,773	9.17	25,773	
The Company	MagiCap Venture Capital Co., Ltd./ Preferred Stock B	None	Non-current debt instrument investment without active market	15,960	159,600	17.37	Note	

Note： The redeemable preferred stock was the nature of bond, which was recognised as non-current debt instrument investment without active market.

(Continued)

4. Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital:

Company holding securities	Security type and name	Account	Counter-party	Relation-ship	Beginning		Purchase		Sale				End (Note)	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	EPISTAR Corporation/ Stock	Current financial assets at fair value through profit or loss	-	-	3,957	337,455	-	-	3,957	271,311	337,455	(66,144)	-	-
〃	Mega Diamond Money Market Fund	〃	-	-	5,138	62,800	149,486	1,835,500	148,622	1,825,707	1,824,448	1,259	6,002	73,863
〃	Capital Money Market Fund	〃	-	-	5,587	88,000	27,575	436,000	25,141	397,528	397,071	457	8,021	127,129
〃	Polaris De-Bao Money Market Fund	〃	-	-	-	-	26,680	314,274	13,715	161,706	161,279	427	12,965	153,127
〃	Allianz Global Investors Taiwan Money Market Fund	〃	-	-	9,818	120,000	61,539	755,523	42,385	520,776	519,670	1,106	28,972	356,363
〃	Allianz Global Investors All Seasons Return Fund of Bond Funds	〃	-	-	17,970	250,000	17,527	250,000	25,017	358,753	350,000	8,753	10,480	151,041
The Company	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	Current financial assets at fair value through profit or loss	-	-	8,861	100,000	32,875	378,000	28,676	330,696	328,000	2,696	13,060	151,472
〃	Union Money Market Fund	〃	-	-	10,080	130,000	20,350	263,500	30,430	394,286	393,500	786	-	-
〃	Fuh Hwa Tung-ta Fund	〃	-	-	-	-	30,000	300,000	-	-	-	-	30,000	299,400

Note: End amount including unrealized gain (loss) on financial instruments.

5. Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: None.

6. Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: None.

7. Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

Company name	Related party	Nature of relationships	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Item	Amount	Percentage of the purchases (sales) (%)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of notes/accounts receivable (payable)	
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	Sales	(4,561,837)	(47) %	1-2 Month	-	-	110,530	26%	
Win Semiconductors Cayman Islands Co., Ltd.	WIN Semiconductors Corp.	Parent company	Purchase	4,561,837	100 %	1-2 Month	-	-	(110,530)	(100)%	

(Continued)

8. Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

Company name	Related party	Nature of relationships	Balance as December 31, 2014	Turnover	Overdue		Amounts received in subsequent	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	110,530	43.54	-	-	110,530	-	

9. Information regarding trading in derivative financial instruments: None.

(b) Information on investments:

1. The followings are the information on investees:

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2014			Net income (loss) of the investee	Investment income (loss) recognised by the Company	Note
				December 31, 2014	December 31, 2013	Shares (in thousands)	Percentage	Carrying value			
The Company	WIN SEMI. USA, INC.	California, U.S.A.	Marketing	8,203	8,203	1,000	100.00%	6,463	(919)	(919)	
〃	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Selling of GaAs wafers	227,636	227,636	7,000	100.00%	588,615	35,799	35,799	
〃	Inventec Energy Corporation	Taiwan	Solar component module manufacturing	789,455	789,455	43,770	34.52%	381,566	(13,835)	(4,919)	
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	200,000	-	20,000	100.00%	182,385	(10,388)	(10,388)	

(c) Information on investment in Mainland China: None.

(14) Segment financial information

Please refer to the consolidated financial statements for the year ended December 31, 2014.

Letter of Representation

The Companies represented in the consolidated financial statements of “WIN Semiconductors Corp. and its Affiliated Enterprises” for the year ended December 31, 2014 made in accordance with “The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report” are the identical companies represented in the consolidated financial statements of WIN Semiconductors Corp. and Subsidiaries made in accordance with in conformity with the International Accounting Standards 27 (“IAS 27”) approved by the Financial Supervisory Commissions R.O.C. The disclosures to the consolidated financial statements of affiliated enterprises are fully presented in the consolidated financial statements of “WIN Semiconductors Corp. and Subsidiaries”. Accordingly, we will not present separately consolidated financial statements of affiliated enterprises”.

WIN Semiconductors Corp.

Chairman: Dennis Chen

Date: March 11, 2015

Independent Auditors' Report

The Board of Directors
WIN Semiconductors Corp.

We have audited the accompanying consolidated balance sheets of WIN Semiconductors Corp. (the "Company") and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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 generally accepted auditing standards and the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" in the Republic of China. Those standards and regulations 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the consolidated financial position of WIN Semiconductors Corp. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission, R.O.C..

We have audited the parent-company-only financial statements as of and for the years ended December 31, 2014 and 2013 on which we have expressed an unqualified opinion.

Taipei, Taiwan (the Republic of China)
March 11, 2015

Note to Readers

The accompanying consolidated financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations approved by the Financial Supervisory Commission, R.O.C. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.
The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

WIN Semiconductors Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

	2014.12.31	2013.12.31
Assets		
Current assets：		
Cash and cash equivalents (note 6(a))	$ 2,677,199	1,966,881
Current financial assets at fair value through profit or loss (note 6(b))	1,321,271	1,162,001
Current available-for-sale financial assets (note 6(b))	677,271	584,716
Notes and accounts receivable, net (note 6(c))	690,051	650,438
Inventories (note 6(d))	1,499,917	1,126,775
Other current assets (note 6(i))	259,035	198,153
Total current assets	7,124,744	5,688,964
Non-current assets：		
Non-current available-for-sale financial assets (note 6(b))	1,061,717	489,152
Non-current debt instrument investment without active market (note 6(b))	159,600	190,000
Investments accounted for using equity method (note 6(e))	381,566	386,229
Property, plant and equipment (notes 6(f) and 8)	11,652,510	12,636,304
Investment property (notes 6(g) and 8)	1,091,162	1,096,479
Intangible assets (note 6(h))	54,422	64,248
Deferred tax assets (note 6(n))	66,135	132,425
Prepayments for business facilities (note 8)	178,911	384,446
Other non-current assets (notes 6(i) and 8)	45,141	43,257
Total non-current assets	14,691,164	15,422,540
Total assets	$ 21,815,908	21,111,504

	2014.12.31	2013.12.31
Liabilities and Equity		
Current liabilities：		
Accounts payable	$ 929,773	635,119
Other payables	1,173,860	1,028,229
Long-term liabilities, current portion (notes 6(k) and 8)	545,444	545,444
Other current liabilities	99,529	118,656
Total current liabilities	2,748,606	2,327,448
Non-current liabilities：		
Long-term borrowings (notes 6(k) and 8)	2,938,331	3,721,466
Deferred tax liabilities (note (n))	30,362	20,642
Other non-current liabilities (note 6(m))	158,959	150,371
Total non-current liabilities	3,127,652	3,892,479
Total liabilities	5,876,258	6,219,927
Equity (notes 6(n), 6(o) and 6(p))：		
Ordinary share	7,422,377	7,392,754
Capital surplus	3,768,620	3,728,358
Retained earnings	4,527,782	3,671,483
Other equity interest	220,871	98,982
Total equity	15,939,650	14,891,577
Total liabilities and equity	$ 21,815,908	21,111,504

See accompanying notes to financial statements.

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2014	2013
Operating revenue	$	9,910,010	10,481,303
Operating costs (notes 6(d)、6(h)、6(l)、6(m)、6(o)、6(p)、7 and 12)		(6,400,414)	(7,249,118)
Gross profit from operations		3,509,596	3,232,185
Operating expenses (notes 6(h)、6(l)、6(m)、6(o)、6(p)、7 and 12)：			
Selling expenses		(135,698)	(128,220)
Administrative expenses		(497,423)	(499,069)
Research and development expenses		(561,783)	(495,281)
Total operating expenses		(1,194,904)	(1,122,570)
Net operating income		2,314,692	2,109,615
Non-operating income and expenses：			
Other income (notes 6(l)、6(r) and 7)		95,628	83,876
Other gains and losses (note 6(r))		71,857	259,647
Finance costs (note 6(r))		(48,304)	(80,678)
Share of loss of associates and joint ventures accounted for using equity method (note 6(e))		(4,919)	(160,065)
Total non-operating income and expenses		114,262	102,780
Profit before tax		2,428,954	2,212,395
Total tax expense (note 6(n))		(465,485)	(400,885)
Profit		1,963,469	1,811,510
Other comprehensive income (loss):			
Other comprehensive income, before tax, exchange differences on translation		22,322	7,328
Other comprehensive income, before tax, available-for-sale financial assets		99,567	244,696
Other comprehensive income, before tax, actuarial gains on defined benefit plans (note 6(m))		3,166	11,768
Income tax expense related to components of other comprehensive income (note 6(n))		(538)	(904)
Other comprehensive income, net		124,517	262,888
Comprehensive income	$	2,087,986	2,074,398
Profit , attributable to：			
Profit, attributable to owners of parent	$	1,963,469	1,811,510
Comprehensive income attributable to：			
Comprehensive income, attributable to owners of parent	$	2,087,986	2,074,398
Earnings per common share (expressed in dollars) (note 6(q))			
Basic earnings per share	$	2.65	2.40
Diluted earnings per share	$	2.62	2.37

See accompanying notes to financial statements.

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

	Ordinary share	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Retained earnings: Total	Other equity interest: Exchange differences on translation of foreign financial statements	Other equity interest: Unrealized gains (losses) on available-for-sale financial assets	Other equity interest: Total	Total equity attributable to owners of parent	Non - controlling interests	Total equity
Balance on January 1, 2013	$ 7,541,877	3,763,045	258,703	221,662	2,722,399	3,202,764	(24,741)	(129,397)	(154,138)	14,353,548	-	14,353,548
Appropriation of 2012 earnings approved by stockholders during their meeting in 2013												
Legal reserve	-	-	164,753	-	(164,753)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,136,245)	(1,136,245)	-	-	-	(1,136,245)	-	(1,136,245)
Reversal of special reserve	-	-	-	(187,647)	187,647	-	-	-	-	-	-	-
	-	-	164,753	(187,647)	(1,113,351)	(1,136,245)	-	-	-	(1,136,245)	-	(1,136,245)
Net income for the year ended December 31, 2013	-	-	-	-	1,811,510	1,811,510	-	-	-	1,811,510	-	1,811,510
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	9,768	9,768	7,328	245,792	253,120	262,888	-	262,888
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	1,821,278	1,821,278	7,328	245,792	253,120	2,074,398	-	2,074,398
Changes in equity of associates and joint ventures accounted for using equity method	-	13,442	-	-	-	-	-	-	-	13,442	-	13,442
Exercise of employee stock options	50,877	45,040	-	-	-	-	-	-	-	95,917	-	95,917
Compensation cost arising from employee stock options	-	5,832	-	-	-	-	-	-	-	5,832	-	5,832
Retirement of treasury shares	(200,000)	(99,001)	-	-	(216,314)	(216,314)	-	-	-	(515,315)	-	(515,315)
Balance on December 31, 2013	7,392,754	3,728,358	423,456	34,015	3,214,012	3,671,483	(17,413)	116,395	98,982	14,891,577	-	14,891,577
Appropriation of 2013 earnings approved by stockholders during their meeting in 2014												
Legal reserve	-	-	181,151	-	(181,151)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,109,798)	(1,109,798)	-	-	-	(1,109,798)	-	(1,109,798)
Reversal of special reserve	-	-	-	(34,015)	34,015	-	-	-	-	-	-	-
	-	-	181,151	(34,015)	(1,256,934)	(1,109,798)	-	-	-	(1,109,798)	-	(1,109,798)
Net income for the year ended December 31, 2014	-	-	-	-	1,963,469	1,963,469	-	-	-	1,963,469	-	1,963,469
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	2,628	2,628	22,322	99,567	121,889	124,517	-	124,517
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,966,097	1,966,097	22,322	99,567	121,889	2,087,986	-	2,087,986
Changes in equity of associates and joint ventures accounted for using equity method	-	256	-	-	-	-	-	-	-	256	-	256
Exercise of employee stock options	29,623	34,383	-	-	-	-	-	-	-	64,006	-	64,006
Compensation cost arising from employee stock options	-	5,623	-	-	-	-	-	-	-	5,623	-	5,623
Balance on December 31, 2014	$ 7,422,377	3,768,620	604,607	-	3,923,175	4,527,782	4,909	215,962	220,871	15,939,650	-	15,939,650

See accompanying notes to financial statements.

WIN Semiconductors Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2014 and 2013

(Expressed in Thousands of New Taiwan Dollars)

	2014	2013
Cash flows from (used in) operating activities：		
Profit before tax	$ 2,428,954	2,212,395
Adjustments：		
Adjustments to reconcile profit (loss)：		
Depreciation expense	1,852,273	1,783,832
Amortization expense	29,498	38,142
Net gain on financial assets or liabilities at fair value through profit or loss	(121,208)	(409,837)
Interest expense	48,304	80,678
Interest income	(17,159)	(16,813)
Dividend income	(46,845)	(35,335)
Share-based payments	5,623	5,832
Share of loss of associates and joint ventures accounted for using equity method	4,919	160,065
Loss (gain) on disposal of property, plant and equipment	19	(306,530)
Donated property, plant and equipment	-	20,691
Loss on disposal of investments	64,325	398,190
Prepayments for business facilities transferred to other losses	7,936	-
Total adjustments to reconcile profit	1,827,685	1,718,915
Changes in operating assets and liabilities：		
Changes in operating assets：		
Current financial assets at fair value through profit or loss	(132,925)	-
Notes and accounts receivable, net	(39,613)	398,917
Inventories	(294,386)	953,617
Other current assets	(72,287)	156,797
Total changes in operating assets	(539,211)	1,509,331
Changes in operating liabilities：		
Accounts payable	294,654	(486,748)
Other payables	124,210	132,082
Other current liabilities	(19,127)	40,317
Other non-current liabilities	1,754	1,900
Total changes in operating liabilities	401,491	(312,449)
Total changes in operating assets and liabilities	(137,720)	1,196,882
Cash inflow generated from operations	4,118,919	5,128,192
Dividends received	375	-
Income taxes paid	(289,420)	(129,849)
Net cash flows from operating activities	3,829,874	4,998,343
Cash flows from (used in) investing activities：		
Acquisition of current financial assets at fair value through profit or loss	(4,329,787)	(2,033,000)
Proceeds from disposal of current financial assets at fair value through profit or loss	4,291,586	2,442,048
Acquisition of current available-for-sale financial assets	(282,148)	(190,705)
Proceeds from disposal of current available-for-sale financial assets	7,679	150,048
Acquisition of non-current available-for-sale financial assets	(345,000)	(25,000)
Proceeds from disposal of non-current available-for-sale financial assets	5,170	128,256
Proceeds from capital reduction of non-current available-for-sale financial assets	43,200	60,000
Proceeds from disposal of non-current debt instrument investments without active market	30,400	344,783
Acquisition of investments accounted for using equity method	-	(207,991)
Proceeds from disposal of investments accounted for using equity method	-	21,626
Acquisition of property, plant and equipment	(611,195)	(2,611,357)
Proceeds from disposal of property, plant and equipment	-	511,286
Acquisition of intangible assets	(16,323)	(18,929)
Increase in other non-current assets	(1,884)	(390)
Increase in prepayments for business facilities	(126,386)	(204,078)
Interest received	15,852	15,512
Dividends received	46,470	35,335
Net cash flows used in investing activities	(1,272,366)	(1,582,556)
Cash flows from (used in) financing activities：		
Proceeds from long-term borrowings	529,000	1,050,000
Repayments of long-term borrowings	(1,316,444)	(3,995,840)
Increase in other non-current liabilities	10,000	110,000
Payment of cash dividends	(1,109,798)	(1,136,245)
Issue of shares (transaction cost)	-	(10,989)
Exercise of employee share options	64,006	95,917
Payments to acquire treasury shares	-	(515,315)
Interest paid	(44,205)	(78,554)
Net cash flows used in financing activities	(1,867,441)	(4,481,026)
Effect of exchange rate changes on cash and cash equivalents	20,251	6,463
Net increase (decrease) in cash and cash equivalents	710,318	(1,058,776)
Cash and cash equivalents at the beginning of year	1,966,881	3,025,657
Cash and cash equivalents at the end of year	**$ 2,677,199**	**1,966,881**

See accompanying notes to financial statements.

WIN Semiconductors Corp. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2014 and 2013

**(Expressed in Thousands of New Taiwan Dollars
Except for Earnings Per Share Information
and Unless Otherwise Specified)**

(1) Organization and business scope

WIN Semiconductors Corp. (the 'Company') was incorporated on October 16, 1999 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 69, Technology 7th Rd., Hwaya Technology Park, Kueishan Hsiang, Taoyuan Shien, Taiwan. The Company and its subsidiaries (together referred to as: the Group") engage in the researching, developing, manufacturing, and selling of GaAs wafers. Please see note 14.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements for the years ended December 31, 2014 and 2013 was authorized for issued by the Board of Directors as of March 11, 2015.

(3) New standards and interpretations not yet adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") 2013 issued and endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect.

According to the No. Financial-Supervisory-Securities-Auditing-1030010325 of the Financial Supervisory Commission on April 3, 2014, listed, GTSM listed and emerging companies will have to prepare the financial reports using the IFRSs 2013 (which does not include IFRS 9) with fully adoption on 2015 relevant new releases, modifications and amendments to standards and interpretations are as following:

New standards and amendments	Effective date per IASB
Amended IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amended IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amended IFRS 1 "Government Loans"	January 1, 2013
Amended IFRS 7 "Disclosures—Transfers of Financial Assets"	July 1, 2011
Amended IFRS 7 "Disclosures—derecognition of financial assets and financial liabilities"	January 1, 2013
IFRS 10 "Consolidated Financial Statements"	January 1, 2013 (effective date for investment entity will be January 1,2014)

(Continued)

New standards and amendments	Effective date per IASB
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of interests in other entities”	January 1, 2013
IFRS 13 “Fair value measurement”	January 1, 2013
Amended to IAS 1“Presentation of Items of Other Comprehensive Income”	July 1, 2012
Amended IAS 12 ” Recognition of deferred tax assets for unrealized losses”	January 1, 2012
Amendment to IAS 19 “Employee Benefits”	January 1, 2013
Amendment to IAS 27 “Separate financial statement”	January 1, 2013
Amended IAS 32 “Financial assets and liabilities offsetting”	January 1, 2014
IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”	January 1, 2013

After the evaluation, the Group believes that applying the IFRSs 2013 will not cause any significant changes in the consolidated financial statements, except for the following:

1. IAS 1 “Presentation of Financial Statements”

   The standard amended the presentation of other comprehensive income. Stated below are the other comprehensive income (“OCI”) sections, classified by nature into two categories, that present the line items for the amounts of OCI:

   (a) Will not be reclassified subsequently to profit or loss; and

   (b) Will be reclassified subsequently to profit or loss when specific conditions are met.

   The amendments also require tax associated with items of OCI which presented before tax to be shown separately. The Group has to change the presentation of OCI according to that standard.

2. IFRS 12 “Disclosure of Interests in Other Entities”

   It’s a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. Disclosures are presented as a series of objectives, with detailed guidance on satisfying those objectives. The Group will disclose the information of the consolidated entities and unconsolidated entities as the standard requires.

3. IFRS 13 “Fair Value Measurement ”

   The standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. There is no significant impact on the Group’s financial position and results of operations after the evaluation. And the Group will disclose the fair value measurement as the standard requires.

(b) The new standards and amendments issued by the IASB that may have an impact to the consolidated financial statements not yet approved by the FSC.

A summary of the new standards and amendments to IFRSs 2013 issued by the IASB that has not yet approved by the FSC are as following:

(Continued)

New, Revised or Amended Standards and Interpretations	Effective Date Prescribed by IASB
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Account”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS16 and IAS 41 “Bearer Plants”	January 1, 2016
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

The Group is evaluating the impact on its financial position and financial performance of the initial adoption of above mentioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies

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

The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

The significant accounting policies presented in the consolidated financial statements are summarized as follows:

(a) Statement of compliance

These consolidated annual financial statements have prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC).

(Continued)

(b) Basis of preparation

1. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated balance sheets：

(1) Financial instruments measured at fair value through profit or loss are measured at fair value;

(2) Available-for-sale financial assets are measured at fair value;

(3) The defined benefit liabilities are recognized as the present value of the defined benefit obligation, less plan assets and unrecognized past service cost.

2. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

1. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

2. List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**2014.12.31**	**2013.12.31**	**Note**
The Company	WIN SEMI. USA, INC.	Marketing	100%	100%	-
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Selling of GaAs wafers	100%	100%	-
The Company	Win Venture Capital Corp.	Investment activities	100%	-	Note

Note. The Company invested Win Venture Capital Corp. which was incorporated in April, 2014.

3. List of subsidiaries which are not included in the consolidated financial statements: None.

(Continued)

(d) Foreign currency

1. Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income that arises from the retranslation:

- available-for-sale equity investment;
- financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

2. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency of the consolidated financial statements at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the reporting currency of the consolidated financial statements at average rate. Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely predicted in the foreseeable future, the foreign currency gains and losses arising from such items are considered to a part of investment in the foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(Continued)

(e) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when：

1. It expects to realize the asset, or intends to sell or consume it in its normal operating cycle;
2. It holds the asset primarily for the purpose of trading;
3. It expects to realize the asset within twelve months after the reporting period; or
4. If the asset is cash and cash equivalent (unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period).

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when：

1. It expects to settle the liability in its normal operating cycle;
2. It holds the liability primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period; or
4. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

An entity shall classify all other liabilities as non-current.

(f) Cash and cash equivalents

Cash and cash equivalents comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(g) Financial instruments

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instruments.

1. Financial assets

The Group classifies financial assets into the following categories： financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. A regular way purchase or sale of financial assets shall be recognised and derecognised as applicable using trade date accounting.

a. Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. This type of financial asset is measured at fair value at the time of initial recognition, and attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, (which takes into account any dividend and interest income), are recognised in profit or loss, and it is included in other gains and losses, and other income, respectively.

(Continued)

b. Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recognised initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and are presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss, and it is included in other gains and losses.

c. Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and non-current debt instrument investment without active market. Such assets are recognised initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses, other than insignificant interest on short-term receivables. Interest income is recognised in profit or loss, and it is included in other income.

d. Impairment of financial assets

A financial asset is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset stand that loss event has an impact on the estimated future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

(Continued)

An impairment loss in respect of a financial asset is reduced from the carrying amount, except for trade receivables in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance accounts are recognised in profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial assets measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost before the impairment was recognised at the reversal date.

Impairment losses recognised on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Impairment losses and recoveries are recognised in profit or loss, and it is included in other gains and losses.

e. Derecognition of financial assets

The Group derecognises financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognised in other comprehensive income and presented in other equity interest – unrealised gains (losses) on available-for-sale financial assets is recognised in profit or loss, and included in other gains and losses.

The Group allocates between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income shall be recognised in profit or loss, and is included in other gains and losses.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts.

(Continued)

2. Financial liabilities

   a. Financial liabilities at fair value through profit or loss

      A financial liability is classified in this category if acquired principally for the purpose of selling in the short term. This type of financial liability is measured at fair value at the time of initial recognition, and attributable transaction costs are recognised in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognised in profit or loss, and are included in other gains and losses, and interest expense, respectively.

   b. Other financial liabilities

      Financial liabilities comprise of short and long borrowings, and trade and other payables, are not classified as held-for-trading, or designated as at fair value through profit or loss shall be measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortised cost calculated using the effective interest method.

   c. Derecognition of financial liabilities

      The Group derecognises a financial liability when its contractual obligation has been discharged or cancelled or expires. The difference between the carrying amount of a financial liability removed and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss, and is included in other gains and losses.

   d. Offsetting of financial assets and liabilities

      The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously.

3. Derivative financial instruments, including hedge accounting

   The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss, and are included in other gains and losses.

   When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(Continued)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which arises from the acquisition less any accumulated impairment losses.

The financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(j) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(k) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost consists of any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost are eligible for capitalization.

(Continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the disposal of an item of property, plant and equipment shall be recognised as other gains and losses.

2. Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

3. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

4. Depreciation

The depreciable amount of an asset is determined after deducting its residual amount and it shall be allocated on a systematic basis over its useful life. The items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognised in profit or loss.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(1) Buildings and structures： 3 to 25 years
(2) Machinery and equipment： 2 to 10 years
(3) Factory and equipment： 2 to 10 years
(4) Other equipment： 2 to 5 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

(l) Leases

1. Lesser

Lease income from operating lease is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease is added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Contingent rents are recognised as income in the period when the lease adjustments are confirmed.

(Continued)

2. Lessee

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the lease asset is measured at an amount equal to the lower of its fair value with the present of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating lease, excluding insurance and maintenance expenses, are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent rent is recognised as expense in the periods in which they are incurred.

(m) Intangible assets

Subsequent to the initial recognition, an intangible asset is measured at cost, plus, the revaluation increment revalued in accordance with the laws, less any accumulated amortization and any accumulated impairment losses.

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual values. Intangible assets with indefinite useful life, from the date that they are available for use, the estimated useful lives for the current and comparative periods are as follows:

(1) Technical know-how: 12 years
(2) Computer software and information systems: 2 to 5 years
(3) Others: 1 to 3 years

(n) Impairment of non financial assets

To ensure the following assets are carried at no more than their recoverable amount, and to define how recoverable amount is determined, they applied to the following assets:

i) Inventories
ii) Deferred tax assets
iii) Assets arising from employee benefits

If it is not possible to determine the recoverable amount, fair value less cost to sell and value in use for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit.

The recoverable amount for the individual asset or the cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognised immediately in profit or loss.

The Group should assess at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

(Continued)

An impairment loss recognised in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount net of depreciation or amortization that would have been determined if no impairment loss had been recognized.

Notwithstanding whether indicators exist, recoverability of goodwill and intangible assets with indefinite useful lives or those not yet in use are required to be tested at least annually. Impairment loss is recognised if the recoverable amount is less than the carrying amount.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units or group of units.

If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, the entity shall recognize the impairment loss and the impairment loss shall be allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(o) Treasury stock

Repurchased shares are recognised under treasury shares (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognised under capital reserve – treasury share transactions. Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average of different types of repurchase.

During the cancellation of treasury shares, capital reserve – share premiums and share capital should be debited proportionately. Gains on cancellation of treasury shares should be recognised under existing capital reserves arising from similar types of treasury shares. Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(p) Revenue

1. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognized.

(Continued)

2. Rent income

Lease income from investment property is recognized in income on a straight-line basis over the lease term. An incentive granted to the lessee is to be recognized as part of the lease income and it is spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

Income from sublease is recognized in profit or loss, and is included in other gains and losses.

(q) Employee benefits

1. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on market yields of government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and also the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognizes all actuarial gains and losses arising subsequently from the defined benefit plans in other comprehensive income.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains or losses and past service cost that had not previously been recognised.

(Continued)

3. Short-term employee benefits

   Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided.

   A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of share-based payment awards granted to employee is recognised as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between the expected and the actual outcomes.

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

1. Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

2. Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

3. Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

(Continued)

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and

2. the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

   (1) levied by the same taxing authority; or

   (2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee stock options and employee bonus.

(u) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(v) Reason for and effect of accounting changes

Effective January 1, 2013, the Group changed its estimated useful lives of the partial equipment to 5 years to reflect the consumption patterns of the future economic benefits. The effect on the estimated changes resulted in operating costs and operating expenses, the effect of depreciation expense on current and future period were as follows：

	2014	2015	2016	2017	After 2017
Depreciation expense increase (decrease)	$ 461,452	461,452	372,714	(293,341)	(1,463,729)

(Continued)

(5) Major sources of accounting assumptions, judgments and estimation uncertain

The preparation of the consolidated financial statements in conformity with IFRSs approved by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Information about critical judgments in applying accounting policies that have not the most significant effect on the amounts recognised in the consolidated financial statements.

Information about assumptions and estimation uncertainties does not have a significant risk of resulting in a material adjustment within the next financial year.

(6) Significant account disclosure

(a) Cash and cash equivalents

		2014.12.31	2013.12.31
Cash on hand	$	431	495
Cash in bank		143,216	372,206
Time deposits		2,533,552	1,594,180
	$	2,677,199	1,966,881

Refer to note 6(s) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial instruments

1. Current financial assets at fair value through profit or loss:

		2014.12.31	2013.12.31
Stocks listed on domestic markets	$	74,620	227,131
Money market funds, future funds, equity funds and bond funds		1,246,651	934,870
	$	1,321,271	1,162,001

2. Current available-for-sale financial assets:

		2014.12.31	2013.12.31
Stocks listed on domestic markets	$	677,271	584,716

(Continued)

3. Non-current available-for-sale financial assets:

		2014.12.31	2013.12.31
Stocks listed on domestic markets	$	17,825	31,832
Stocks listed on foreign markets		238,776	118,224
Non-public stocks		505,716	339,096
Private fund (Note)		299,400	-
	$	1,061,717	489,152

Note: As of December 31, 2014, the private fund is during the restriction period.

4. Non-current debt instrument investment without active market

	Issue period	Nominal rate (%)		2014.12.31	2013.12.31
Preferred stock B	2012.11.23~2019.11.22	-	$	159,600	190,000

5. Sensitivity analysis in the equity price risk:

For the years ended December 31, 2014 and 2013, two sensitivity analyses for the changes in the equity price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

		2014		2013	
Prices of securities at the reporting date		Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increasing 3%	$	52,170	39,638	32,216	34,860
Decreasing 3%	$	(52,170)	(39,638)	(32,216)	(34,860)

6. As of December 31, 2014 and 2013, the financial assets were not pledged. For information on the Group's currency risk and credit risk was disclosed in note 6(s).

(c) Notes and accounts receivable, net

		2014.12.31	2013.12.31
Notes receivable	$	405	-
Accounts receivable		695,236	655,899
Less：allowance for doubtful accounts		(5,590)	(5,461)
	$	690,051	650,438

(Continued)

At the reporting date, the Group's aging analysis of notes and accounts receivable, and other accounts receivable that were past due and not impaired, were as follows:

		2014.12.31	2013.12.31
Past due 1~60 days	$	52,944	27,470
Past due 61~180 days		-	31,473
Past due more than 181 days		-	-
	$	52,944	58,943

The movement of allowance for notes and accounts receivable, and other accounts receivable for the years ended December 31, 2014 and 2013, were as follows:

		2014	2013
Beginning balance	$	5,461	5,407
Foreign currency differences		129	54
End balance	$	5,590	5,461

The Group's policy of allowance for receivables is as follows:

Assessment method:

1. At the balance sheet date, the Group evaluates the probability of collection regarding the receivable in accordance with each customer.

2. The Group may recognise 100% allowance of doubtful accounts by assessing the financial and operating conditions of each customer.

Impairment loss recognised for individually assessed impairment was the difference between the carrying amount and the amount expected to be collected. The Group also considered the fluctuation of the economic circumstances and historical collection to determine the recognition of impairment.

The Group establishes a policy of allowance for doubtful accounts based on historical trends of the probability of default and the timing of recoveries and the amount of loss incurred. The policy is mainly based on the characteristic of industry and the conservative of business cove.

The Group believed that no impairment allowance was necessary with respect to the past due receivables that were collectable.

As of December 31, 2014 and 2013, the notes and accounts receivable, net were not pledged.

(d) Inventories

		2014.12.31	2013.12.31
Raw materials, supplies and spare parts	$	888,130	713,325
Work in process		333,856	196,179
Finished goods		277,931	217,271
	$	1,499,917	1,126,775

(Continued)

Except cost of goods sold and inventories recognized as expenses, the remaining gain or losses which were recognised as operating cost or deduction of operating cost were as follows:

		2014	2013
Loss on valuation of inventories and obsolescence (reversal of inventories write-downs)	$	(29,918)	159,135
Revenue from sale of scraps	$	(21,071)	(25,843)

As of December 31, 2014 and 2013, the inventories were not pledged.

(e) Investments accounted for using equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

		2014.12.31	2013.12.31
Associates	$	381,566	386,229

For the years ended December 31, 2014 and 2013, the Group recognised a share of loss of associates accounted for using the equity method were as follows:

		2014	2013
Inventec Energy Corporation	$	(4,919)	(160,065)

Summary of financial information for the investments in associates were as follows (before adjusted to the Group proportionate share):

		2014.12.31	2013.12.31
Total assets	$	1,607,308	2,032,267
Total liabilities	$	502,110	913,563

		2014	2013
Operating revenue	$	2,330,653	1,097,092
Net loss	$	(13,835)	(363,709)

As of December 31, 2014 and 2013, the investments accounted for using equity method were not pledged.

(Continued)

(f) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the years ended December 31, 2014 and 2013 were as follows:

	Land	Buildings and structures	Machinery and equipment	Factory and equipment	Other equipment	Construction in progress	Total
Cost：							
Balance as of January 1, 2014	$ 2,546,534	982,847	11,319,066	2,642,422	359,898	1,046,925	18,897,692
Additions	-	3,617	165,229	36,611	12,428	322,346	540,231
Reclassification (Note)	-	11,647	240,157	94,833	-	(23,687)	322,950
Disposals	-	-	-	-	(179,029)	-	(179,029)
Balance as of December 31, 2014	**$ 2,546,534**	**998,111**	**11,724,452**	**2,773,866**	**193,297**	**1,345,584**	**19,581,844**
Balance as of January 1, 2013	$ 1,765,464	970,208	10,381,768	2,506,214	344,871	136,615	16,105,140
Additions	1,439,534	13,218	327,363	43,334	15,102	851,369	2,689,920
Reclassification to investment property	(963,127)	(138,225)	-	-	-	-	(1,101,352)
Reclassification (Note)	509,371	137,646	635,539	92,874	-	58,941	1,434,371
Disposals	(204,708)	-	(25,604)	-	(75)	-	(230,387)
Balance as of December 31, 2013	**$ 2,546,534**	**982,847**	**11,319,066**	**2,642,422**	**359,898**	**1,046,925**	**18,897,692**
Accumulated depreciation：							
Balance as of January 1, 2014	$ -	312,241	4,399,099	1,216,989	333,059	-	6,261,388
Depreciation	-	58,505	1,535,531	232,653	20,267	-	1,846,956
Disposals	-	-	-	-	(179,010)	-	(179,010)
Balance as of December 31, 2014	**$ -**	**370,746**	**5,934,630**	**1,449,642**	**174,316**	**-**	**7,929,334**
Balance as of January 1, 2013	$ -	257,540	2,993,277	978,274	258,278	-	4,487,369
Depreciation	-	56,452	1,410,688	237,850	74,855	-	1,779,845
Reclassification to investment property	-	(886)	-	-	-	-	(886)
Reclassification	-	(865)	-	865	-	-	-
Disposals	-	-	(4,866)	-	(74)	-	(4,940)
Balance as of December 31, 2013	**$ -**	**312,241**	**4,399,099**	**1,216,989**	**333,059**	**-**	**6,261,388**
Carrying value：							
Balance as of December 31, 2014	**$ 2,546,534**	**627,365**	**5,789,822**	**1,324,224**	**18,981**	**1,345,584**	**11,652,510**
Balance as of December 31, 2013	**$ 2,546,534**	**670,606**	**6,919,967**	**1,425,433**	**26,839**	**1,046,925**	**12,636,304**

Note: Inventories, other current assets and prepayments for business facilities were reclassified as property, plant and equipment.

1. Pledge to secure:

   As of December 31, 2014 and 2013, property, plant and equipment were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

2. Property, plant and equipment under construction

   In 2012, the Group acquired land, buildings and structures for the construction a new factory on the site. As of December 31, 2014, the Group recognized related construction in progress and prepayments for business facilities amounted to $1,359,075 (which include the borrowing costs of the capitalized interest expense).

3. For the years ended December 31, 2014 and 2013, capitalized interest expenses amounted to $23,833 and $21,791, respectively. The annual interest rates at which these interest expenses were capitalized ranged from 1.58%~2.27% and 1.61%~1.86%, respectively.

(Continued)

(g) Investment property

		Land	Buildings and structures	Total
Cost：				
Balance as of January 1, 2014	$	963,127	138,225	1,101,352
Additions		-	-	-
Balance as of December 31, 2014	**$**	**963,127**	**138,225**	**1,101,352**
Balance as of January 1, 2013	$	-	-	-
Reclassification from property, plant and equipment		963,127	138,225	1,101,352
Balance as of December 31, 2013	**$**	**963,127**	**138,225**	**1,101,352**
Accumulated depreciation：				
Balance as of January 1, 2014	$	-	4,873	4,873
Depreciation		-	5,317	5,317
Balance as of December 31, 2014	**$**	**-**	**10,190**	**10,190**
Balance as of January 1, 2013	$	-	-	-
Depreciation		-	3,987	3,987
Reclassification from property, plant and equipment		-	886	886
Balance as of December 31, 2013	**$**	**-**	**4,873**	**4,873**
Carrying value：				
Balance as of December 31, 2014	**$**	**963,127**	**128,035**	**1,091,162**
Balance as of December 31, 2013	**$**	**963,127**	**133,352**	**1,096,479**
Fair value：				
Balance as of December 31, 2014			**$**	**1,321,067**
Balance as of December 31, 2013			**$**	**1,309,505**

Land, buildings and structures have been reclassified from property, plant and equipment to investment property, since the land, buildings and structures were leased to a third party.

The yield applied to the net annual rentals to determine fair value of property for which current prices in an active market were unavailable, was as follows:

Location	For the year ended December 31, 2014
Hsinchu	0.16%

As of December 31, 2014 and 2013, investment property were subject to a registered debenture to secured bank loans, the collateral for these long-term borrowings was disclosed in note 8.

(Continued)

(h) Intangible assets

1. The movement in intangible assets for the years ended December 31, 2014 and 2013 were as follows:

		Technical know-how	Computer software and information systems	Others	Total
Costs：					
Balance as of January 1, 2014	$	46,005	82,770	6,122	134,897
Additions		-	18,109	-	18,109
Disposals		-	(54,398)	(6,122)	(60,520)
Other (Note)		-	1,563	-	1,563
Balance as of December 31, 2014	**$**	**46,005**	**48,044**	**-**	**94,049**
Balance as of January 1, 2013	$	46,005	122,614	1,920	170,539
Additions		-	12,460	6,122	18,582
Disposals		-	(53,404)	(1,920)	(55,324)
Other (Note)		-	1,100	-	1,100
Balance as of December 31, 2013	**$**	**46,005**	**82,770**	**6,122**	**134,897**
Amortisation：					
Balance as of January 1, 2014	$	12,140	56,128	2,381	70,649
Amortisation		3,834	21,923	3,741	29,498
Disposals		-	(54,398)	(6,122)	(60,520)
Balance as of December 31, 2014	**$**	**15,974**	**23,653**	**-**	**39,627**
Balance as of January 1, 2013	$	8,307	78,212	1,312	87,831
Amortisation		3,833	31,320	2,989	38,142
Disposals		-	(53,404)	(1,920)	(55,324)
Balance as of December 31, 2013	**$**	**12,140**	**56,128**	**2,381**	**70,649**
Carrying value：					
Balance as of December 31, 2014	**$**	**30,031**	**24,391**	**-**	**54,422**
Balance as of December 31, 2013	**$**	**33,865**	**26,642**	**3,741**	**64,248**

Note：Other current assets consisting of prepayments for computer software and information systems were reclassified as intangible assets.

2. Amortization expense recognized in profit or loss

For the years ended December 31, 2014 and 2013, the amortization expenses of intangible assets were as follows:

		2014	2013
Operating costs	$	9,731	14,134
Operating expenses		19,767	24,008
	$	**29,498**	**38,142**

3. As of December 31, 2014 and 2013, the intangible assets were not pledged.

(Continued)

(i) Other current assets and other non-current assets

		2014.12.31	2013.12.31
Other receivable from metal recycling	$	112,622	41,410
Tax refund receivable		22,369	19,402
Prepaid expenses		36,811	40,715
Refundable deposits		21,480	19,716
Restricted assets		23,661	23,541
Others		87,233	96,626
	$	304,176	241,410

(j) Short-term borrowings

		2014.12.31	2013.12.31
Unused bank credit lines for short-term borrowings	$	3,297,997	3,157,153
Unused bank credit lines for short-term and long-term borrowings	$	350,000	-

(k) Long-term borrowings

		2014.12.31	2013.12.31
Unsecured long-term borrowings	$	-	771,000
Secured long-term borrowings		3,483,775	3,495,910
Less：long-term liabilities, current portion		(545,444)	(545,444)
Total	$	2,938,331	3,721,466
Unused bank credit lines for long-term borrowings	$	908,000	2,594,000
Annual interest rate		1.63%~1.68%	1.62%~1.73%

As of December 31, 2014, the remaining balances of the borrowing due were as follows:

Year due		Amount
January 1, 2015~December 31, 2015	$	545,444
January 1, 2016~December 31, 2016		841,506
January 1, 2017~December 31, 2017		940,194
January 1, 2018~December 31, 2018		667,472
And after		489,159
	$	3,483,775

The unused bank credit lines for short-term and long-term borrowings at the reporting date were disclosed in note 6(j).

For information on the Group market risk and currency risk was disclosed in note 6(s).

1. The collateral for these long-term borrowings was disclosed in note 8.

2. In January 2011, the Company entered into a seven-year syndicated loan agreement with Mega International Commercial Bank and other sixteen banks. The total credit facility under this loan agreement is $4,800,000 and is due in February 2018.

(Continued)

The related financial covenants and restrictions for the syndicated loan mentioned above were as follows:
At the ended of the annual reporting period, current ratio shall not be lower than 100%, liability ratio (Liabilities/Net asset value) shall not be higher than 120%, interest coverage ratio shall not be less than 300%, and net equity shall not be less than $6,000,000.

As of December 31, 2014 and 2013, the Company was in compliance with the above financial covenants and restrictions.

(l) Operating lease

1. Lease-lessor

The Group leased its investment property under operating lease, which was disclosed in note 6(g). According to the lease contract, if the lessee wants to terminate the contract in an earlier time, the lessee should inform the lessor in written form two months before the expiry of the lease period. Within the two-month period of notification, the lessee shall continue to pay the rents, whether the lessee has moved out or not. The lessor can also terminate the lease contract by notifying the lessee in written form at any time before two months.

For the year ended December 31, 2014 and 2013, the rental income recognised in other income amounted to $27,625 and $27,581, respectively.

2. Leases-lessee

The Group leases a number of parking lots etc. under operating leases. The leases typically run for a period of 1 to 4 years.

For the years ended December 31, 2014 and 2013, the rent expense amounted to $23,754 and $22,684, respectively, which were recorded as operating costs and operating expenses.

(m) Employee benefits

1. Defined benefit plans

The movement in the present value of the defined benefit obligations and fair value of plan assets was as follows:

		2014.12.31	2013.12.31
Total present value of obligations	$	75,211	75,118
Fair value of plan assets		(36,252)	(34,747)
Recognised liabilities for defined benefit obligations (Note)	**$**	**38,959**	**40,371**

(Note) Recognised liabilities for defined benefit obligations were recognised as other non-current liabilities.

The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary prior to six months of retirement.

(Continued)

(1) Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Founds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to $36,252 as of December 31, 2014. The utilization of the labor pension fund assets includes the asset allocation and the yield of the fund. Please refer to the website of Bureau of Labor Founds, Ministry of Labor.

(2) The movement in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Group were as follows:

		2014	**2013**
Defined benefit obligation as of January 1	$	75,118	83,893
Current service costs and interest		3,135	3,150
Actuarial gains		(3,042)	(11,925)
Defined benefit obligation as of December 31	**$**	**75,211**	**75,118**

(3) The movement in fair value of defined benefit plan assets

The movements in fair value of the defined benefit plan assets for the Group were as follows:

		2014	**2013**
Fair value of plan assets as of January 1	$	34,747	33,654
Benefits paid from plan assets		684	659
Expected return on plan assets		697	591
Actuarial gains (losses)		124	(157)
Fair value of plan assets as of December 31	**$**	**36,252**	**34,747**

(4) The expenses recognised in profit or loss

For the years ended December 31, 2014 and 2013, the expenses recognised in profit or losses for the Group were as follows:

		2014	**2013**
Service cost	$	1,731	1,809
Interest cost		1,404	1,341
Expected return on plan assets		(697)	(591)
Cost of defined benefit obligation	**$**	**2,438**	**2,559**
Operating expenses	**$**	**2,438**	**2,559**
Actual return on plan assets	**$**	**821**	**434**

(Continued)

(5) Actuarial gains and losses are recognised in other comprehensive income

For the years ended December 31, 2014 and 2013, the Group's cumulative actuarial gains recognised in other comprehensive income (after income tax) were $2,628 and $9,768, respectively.

(6) Actuarial assumptions

The following were the Group's principal actuarial assumptions:

	2014	**2013**
Discount rate	2.00%	2.00%
Expected return on plan assets	2.00%	2.00%
Future salary rate increases	3.00%	3.00%

The expected ratio was based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return ratio was based exclusively on historical returns, without adjustments.

(7) Experience adjustments based on historical information

		2014.12.31	**2013.12.31**
Present value of the defined benefit obligation	$	75,211	75,118
Fair value of plan assets		(36,252)	(34,747)
Deficit in the plan	**$**	**38,959**	**40,371**
Experience adjustment arising on plan liabilities	**$**	**(3,042)**	**(11,925)**
Experience adjustments arising on plan assets	**$**	**(124)**	**157**

The expected payments made by the Group to the defined benefit plans during the annual period after December 31, 2014 are $237.

(8) When calculating the present value of the defined benefit obligation, the Group must uses judgment and estimates to determine the actuarial assumptions at the reporting date, including staff turnover and future salary changes. Any changes in actuarial assumptions could materially affect the Group to determine the amount of the benefit obligations.

As of December 31, 2014, the Group's book value of accrued pension liabilities was $38,959. When there is an increased (decreased) of 0.25% of the discount rate at the reporting date, it would have decreased the accrued pension liabilities by $2,482 or increased the accrued pension liabilities by $2,599, respectively. When there is an increased (decreased) of 0.25% in the future salary rate, it would have increased the accrued pension liabilities by $2,537 or decreased the accrued pension liabilities by $2,441, respectively.

2. Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

(Continued)

The Group set aside $46,554 and $44,440 of the pension under the pension plan costs to the Bureau of Labor Insurance for the years ended December 31, 2014 and 2013.

(n) Income tax

1. Income tax expense

The amount of income tax expenses for the years ended December 31, 2014 and 2013 were as follows:

		2014	2013
Current tax expense	$	362,374	207,742
Current period		27,639	483
Adjustment for prior periods		390,013	208,225
Deferred tax expense			
Origination and reversal of temporary differences		75,472	192,660
Income tax expense	**$**	**465,485**	**400,885**

The amount of income tax expenses (benefit) recognised in other comprehensive income for the years ended December 31, 2014 and 2013 were as follows.

		2014	2013
Unrealized valuation losses on available-for-sale financial assets	$	-	(1,096)
Defined benefit plan actuarial gains		538	2,000
	$	**538**	**904**

Reconciliation of income tax expenses (benefit) and profit before tax were as follows:

		2014	2013
Profit before tax	**$**	**2,428,954**	**2,212,395**
Tax rate according to the Group's location	$	412,922	376,107
Effect of tax rates in foreign jurisdiction		20	20
Non-taxable income		3,864	2,007
10% surtax on unappropriated earnings		56,434	53,418
Others		(7,755)	(30,667)
	$	**465,485**	**400,885**

(Continued)

2. Deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2014 and 2013 were as follows:

		Allowance for obsolete inventories	Difference in depreciation expense between financial and tax method	Investment tax credit	Others	Total
Deferred tax assets:						
Balance as of January 1, 2014	$	38,143	8,714	62,352	23,216	132,425
Recognised in profit or loss		(10,127)	1,967	(62,352)	4,760	(65,752)
Recognised in other comprehensive income		-	-	-	(538)	(538)
Balance as of December 31, 2014	$	28,016	10,681	-	27,438	66,135
Balance as of January 1, 2013	$	17,007	3,895	182,880	114,380	318,162
Recognised in profit or loss		21,136	4,819	(120,528)	(89,164)	(183,737)
Recognised in other comprehensive income		-	-	-	(2,000)	(2,000)
Balance as of December 31, 2013	$	38,143	8,714	62,352	23,216	132,425

		Unrealized investment income recognized under equity method	Unrealized exchange rate	Others	Total
Deferred tax liabilities:					
Balance as of January 1, 2014	$	19,907	735	-	20,642
Recognised in profit or loss		6,086	3,634	-	9,720
Balance as of December 31, 2014	$	25,993	4,369	-	30,362
Balance as of January 1, 2013	$	11,097	622	1,096	12,815
Recognised in profit or loss		8,810	113	-	8,923
Recognised in other comprehensive income		-	-	(1,096)	(1,096)
Balance as of December 31, 2013	$	19,907	735	-	20,642

3. Examination and approval

The Company’s tax returns for the years through 2011 were assessed and approved by the Taipei National Tax Administration.

4. The Company’s integrated income tax information at the reporting date were as follows：

		2014.12.31	2013.12.31
Unappropriated earnings after 1997	$	3,923,175	3,214,012
Balance of imputation credit account (ICA)	$	325,425	152,641

	2014 (Estimated)	2013 (Actual)
Creditable ratio for distributed to domestic shareholders of earnings	15.37%	12.08%

(Continued)

According to the amendment by the Ministry of Finance on October, 17, 2013 under Decree No. 10204562810, the Company's integrated income tax should be covering the disclosed information of imputation tax credit as above. According to the amended Income Tax Act which was announced in June 2014, the amount of the deductible tax of an individual shareholder residing in the territory of R.O.C. was calculated by 50% of its original tax deduction ratio, starting form 2015.

(o) Capital and other equity

1. Ordinary share

As of December 31, 2014 and 2013, the Company's authorised share capital consisted of 1,000,000 thousand shares of ordinary share, with $10 dollars par value per share, of which 742,238 thousand shares, and 739,276 thousand shares, respectively, were issued and outstanding. The Company has reserved $1,000,000 for employee stock options.

Reconciliations of shares outstanding for the years ended December 31, 2014 and 2013:

	Ordinary share (in thousands)	
	2014	**2013**
Balance as of January 1	739,276	754,188
Exercise of employee stock options	2,962	5,088
Retirement of treasury shares	-	(20,000)
Balance as of December 31	742,238	739,276

For the years ended December 31, 2014 and 2013, the Company had issued 2,962 thousand shares and 5,088 thousand shares resulting from the exercise of employee stock options, respectively. The aforementioned stock issuance was authorized by and registered with the government authorities.

In 2013, in accordance with the requirements under section 28(2) of the Securities and Exchange Act, the Company repurchased 20,000 thousand shares as treasury shares, which was is proposed and arranged for the cancellation of shares for the interest of shareholders and Company's credit. As of December 31, 2013, a total of 20,000 thousand shares from treasury shares was cancelled.

As of December 31, 2014, the Company issued 20 million units of Global Depositary Receipts (GDRs), representing 100 million ordinary shares of stock of the Company. These GDRs were offered for trading on the MTF Market of the Luxembourg Stock Exchange.

2. Capital surplus

Balance of capital surplus at the reporting date were as follows:

	2013.12.31	**2012.12.31**
Additional paid-in capital	$ 3,727,909	3,666,256
Changes in equity of associates and joint ventures accounted for using equity method	13,698	13,442
Employee stock options	27,013	48,660
	$ 3,768,620	**3,728,358**

(Continued)

In accordance with amended Company Act in 2012, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

3. Retained earnings and restrictions on appropriations of earnings

The Company's Articles of Incorporation stipulate that 10% of the balance of annual income or earnings after deducting accumulated deficit, if any, must be set aside as a legal reserve and a special capital reserve is likewise appropriated or the annual income or earnings are retained in accordance with the relevant laws or regulations or as requested by the authorities. Otherwise, the remaining balance of the earnings is further appropriated as follows:

A. 5% to 10% as employees bonuses;
B. 1% to 3% as directors' and supervisors' remuneration;
C. the remaining balance, excluding (A) and (B),will be distributed to stockholders as dividends of which cash dividends should not be lower than 10% of the total stockholders' dividends.

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in appropriating its remaining earnings as its dividend policy in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth.

(1) Legal reserve

According to the amended Company Act which was announced in January 2012, 10% of net income should be set aside as statutory earnings reserve, until it equals the share capital. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by new shares or by cash of up to 25% of the actual share capital.

(2) Special reverse

In accordance with Permit No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first-time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Appropriations of earnings

The appropriations of earning for 2013 and 2012 had been approved in a shareholders' meeting held on June 20, 2014 and June 10, 2013, respectively. The appropriations and dividends were as follows:

(Continued)

		2013	2012
Cash dividends	$	1,109,798	1,136,245
Bonuses to employees		166,400	167,000
Remuneration to directors and supervisors		49,900	50,100

The above-mentioned appropriations of earning for 2013 and 2012 were consistent with the resolutions of the meeting of the Board of Directors. The related information can be found on websites such as the Market Observation Post System.

For the years ended December 31, 2014 and 2013, the Company's accrued and recognised employee's bonus amounted to $176,700 and $166,400, respectively, and directors' and supervisors' remuneration amounted to $53,000 and $49,900, respectively. The difference between the actual appropriation of 2014 and 2013 earnings for employees' bonus and directors' emoluments as been approved in the shareholders' meeting, and those recognised in the financial statements, if any, is accounted for as a change in accounting estimates and recognised in profit or loss of the following year when the shareholders approved the appropriations of those earnings. In addition, the number of shares distributed to employees as employees' bonus is calculated based on the closing price of the Company's shares of stock being traded in the listed market on the day before the approval of shareholders' meeting.

(4) Other equity interest

Changes in others were as follows:

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available - for-sale financial assets
Balance as of January 1, 2014	$	(17,413)	116,395
Foreign currency differences (net of tax)		22,322	-
Changes in fair value of available-for-sale financial assets (net of tax)		-	98,212
Cumulative gains (losses) reclassified to profit or loss upon disposal of available-for-sale financial assets (net of tax)		-	1,355
Balance as of December 31, 2014	**$**	**4,909**	**215,962**
Balance as of January 1, 2013	$	(24,741)	(129,397)
Foreign currency differences (net of tax)		7,328	-
Changes in fair value of available-for-sale financial assets (net of tax)		-	188,166
Cumulative gains (losses) reclassified to profit or loss upon disposal of available-for-sale financial assets (net of tax)		-	57,626
Balance as of December 31, 2013	**$**	**(17,413)**	**116,395**

(Continued)

(p) Employee stock options

The details of employee stock options were as follows:

Item	Date of approval by Board of Directors	Date of approval by authority	Issue date	Duration	Estimated issued shares	Actual issue shares	Price of each share (expressed in dollars)
2009	2009.08.21	2009.09.22	2009.09.30	5 years	20,000,000	20,000,000	$ 9.0
2010	2010.07.05	2010.09.28	2011.01.26	〃	10,000,000	10,000,000	22.7

The details of exercisable percentage of employee stock options were as follows:

	Issued in 2009	Issued in 2010
Over one year	-	-
Over two years	60%	60%
Over three years	100%	100%
Over four years	100%	100%
Over five years	100%	100%

1. Fair value of those options at the measurement date and information on how that fair value was measured.

   Had the Group used the fair value based method to evaluate the options using the Black-Scholes model, the assumptions at the various grant dates would have been as follows:

	2010 employee stock options exercise in the 2nd year	2010 employee stock options exercise in the 3rd year
Fair value at grant date (dollars)	$ 4.30	5.30
Share price at grant date (dollars)	$ 27.02	27.02
Exercise price (dollars)	$ 27.10	27.10
Expected volatility	31.25%	31.25%
Expected life	2 years	3 years
Risk-free interest rate	0.73%	0.86%

   Expected volatility is based on the weighted-average of historical volatility, and it is adjusted accordingly when there is additional market information about the volatility. The Group determined the risk-free rate during the life of the option. These rates are determined based on the government bonds, and they are in accordance with the regulations. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

(Continued)

2. For the years ended December 31, 2014 and 2013, the related outstanding units and weighted-average exercise price of employee stock options were as follows:

	2014		2013	
	Weighted-average exercise price (expressed in dollars)	Shares (in thousands)	Weighted-average exercise price (expressed in dollars)	Shares (in thousands)
Outstanding at the beginning	$ 22.94	6,154	21.76	11,385
Granted	-	-	-	-
Exercised	21.61	(2,962)	18.85	(5,088)
Expired	-	(45)	-	(143)
Outstanding at the end	22.70	3,147	22.94	6,154
Exercisable as of December 31		3,147		2,702

As of December 31, 2014 and 2013, the Group's compensatory outstanding employee stock options were as follows:

	2014.12.31				
	Outstanding			Exercisable	
Issue date	Range of exercise price (expressed in dollars)	Shares (in thousands)	Weighted-average of remaining duration (years)	Shares (in thousands)	Weighted-average exercise price (expressed in dollars)
2011.01.26	$ 22.7	3,147	1.07	3,147	$ 22.7

	2013.12.31				
	Outstanding			Exercisable	
Issue date	Range of exercise price (expressed in dollars)	Shares (in thousands)	Weighted-average of remaining duration (years)	Shares (in thousands)	Weighted-average exercise price (expressed in dollars)
2009.09.30	$ 9.5	412	0.75	412	$ 9.5
2011.01.26	23.9	5,742	2.07	2,290	23.9

(Continued)

3. Compensation cost for employee stock options

For the years ended December 31, 2014 and 2013, the compensation cost for employee stock options amounted to $5,623 and $5,832, respectively, which had been recorded under operating costs and operating expenses.

(q) Earnings per share ("EPS")

For the years ended December 31, 2014 and 2013, the Company's earnings per share were calculated as follows:

	2014		
	Profit	**Weighted-average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS－retroactively adjusted：			
Profit belonging to common shareholders	$ 1,963,469	741,095	$ 2.65
Diluted EPS：			
Effect of potentially dilutive common stock：			
Employees' bonuses	-	8,665	
Employee stock options	-	938	
Common shareholders' profit plus the effect of potentially dilutive common stock	**$ 1,963,469**	**750,698**	**$ 2.62**

	2013		
	Profit	**Weighted-average number of outstanding shares of common stock (in thousands)**	**EPS (in dollars)**
Basic EPS－retroactively adjusted：			
Profit belonging to common shareholders	$ 1,811,510	754,141	$ 2.40
Diluted EPS：			
Effect of potentially dilutive common stock：			
Employees' bonuses	-	8,162	
Employee stock options	-	2,282	
Common shareholders' profit plus the effect of potentially dilutive common stock	**$ 1,811,510**	**764,585**	**$ 2.37**

(Continued)

(r) Non-operating income and expenses

1. Other income

For the years ended December 31, 2014 and 2013, the details of other income were as follows:

		2014	2013
Interest income	$	17,159	16,813
Dividend income		46,470	35,335
Rent income		31,999	31,728
	$	**95,628**	**83,876**

2. Other gains and losses

For the years ended December 31, 2014 and 2013, the details of other gains and losses were as follows:

		2014	2013
Foreign exchange gains	$	68,088	109,419
Losses on disposals of investments		(64,501)	(398,190)
Gains (losses) on disposal of property, plant and equipment		(19)	306,530
Gains on financial assets or liabilities at fair value through profit or loss		130,285	409,837
Other		(61,996)	(167,949)
	$	**71,857**	**259,647**

3. Finance costs

For the years ended December 31, 2014 and 2013, the details of finance costs were as follows:

		2014	2013
Interest expense on bank borrowings	$	72,137	102,469
Less：capitalized interest expense		(23,833)	(21,791)
	$	**48,304**	**80,678**

(Continued)

(s) Financial instruments

1. Categories of financial instruments

(1) Financial assets

		2014.12.31	2013.12.31
Current financial assets at fair value through profit or loss	$	1,321,271	1,162,001
Current available-for-sale financial assets		677,271	584,716
Non-current available-for-sale financial assets		1,061,717	489,152
Loan and receivables：			
Cash and cash equivalents		2,677,199	1,966,881
Non-current debt instrument investment without active market		159,600	190,000
Notes and accounts receivable, net		690,051	650,438
Other current assets		199,855	57,043
Other non-current assets		45,141	43,257
Subtotal		3,771,846	2,907,619
Total	**$**	**6,832,105**	**5,143,488**

(2) Financial liabilities

		2014.12.31	2013.12.31
Financial liabilities measured at amortized cost：			
Payable	$	1,797,058	1,457,366
Long-term borrowings		3,483,775	4,266,910
Total	**$**	**5,280,833**	**5,724,276**

2. Credit risk

(1) Exposure of credit risk

The maximum exposure to credit risk is mainly from carrying amount of financial assets. As of December 31, 2014 and 2013, the maximum exposure to credit risk amounted to $6,832,105, $5,143,488, respectively.

Cash and cash equivalents is deposited in different financial institutions to control the credit risk exposed to single financial institution. The Group owns securities by purchasing traded stocks and money market fund issued by high-credit-quality financial institutions. The Group owns debt instrument investments issued by high-credit-quality company. However, the credit risk involving securities is not expected to be significant.

(2) Disclosures about concentrations of risk

As of December 31, 2014 and 2013, the Group's notes and account receivables were concentrated on 4 and 6 customers, whose accounts represented 56% and 69% of the total notes and account receivables, respectively. In order to reduce the credit risk on these account receivables, the Group continues to evaluate the financial status of these customers and request for collaterals when necessary. The Group evaluates the possible collectability of account receivables periodically and accrues allowance for doubtful accounts, if necessary. Therefore, bad debt expense has always been under management's expectation.

(Continued)

3. Liquidity risk

The following were the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
As of December 31, 2014						
Non-derivative financial liabilities						
Secured bank loans	$ 3,483,775	3,616,213	596,897	880,952	2,039,575	98,789
Accounts payable	929,773	929,773	929,773	-	-	-
Other payables	867,285	867,285	867,285	-	-	-
	$ 5,280,833	5,413,271	2,393,955	880,952	2,039,575	98,789
As of December 31, 2013						
Non-derivative financial liabilities						
Secured bank loans	$ 3,495,910	3,650,855	596,767	585,589	2,137,605	330,894
Unsecured bank loans	771,000	792,073	13,309	521,394	257,370	-
Accounts payable	635,119	635,119	635,119	-	-	-
Other payables	822,247	822,247	822,247	-	-	-
	$ 5,724,276	5,900,294	2,067,442	1,106,983	2,394,975	330,894

The Group did not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

4. Currency risk

(1) Exposure to currency risk

The Group's significant exposure to foreign currency risk were as follows:

	2014.12.31			2013.12.31		
	Foreign currency	**Exchange rate**	**NT$**	**Foreign currency**	**Exchange rate**	**NT$**
Financial assets						
Monetary items						
USD	$ 56,243	31.65	1,780,088	28,836	29.81	859,613
EUR	1	38.47	20	73	41.09	3,003
JPY	52,965	0.2646	14,019	169,390	0.2839	48,088
GBP	5	49.27	248	8	49.28	417
HKD	64	4.08	259	64	3.84	245
			$ 1,794,634			911,366
Non-monetary items						
USD	87	31.65	2,744	-	-	-
RMB	29,779	5.09	151,577	-	-	-
			$ 154,321			-
Financial liabilities						
Monetary items						
USD	13,253	31.65	419,451	9,655	29.81	287,809
EUR	191	38.47	7,341	118	41.09	4,842
JPY	454,888	0.2646	120,369	281,294	0.2839	79,856
GBP	9	49.27	464	8	49.28	370
AUD	-	-	-	37	26.59	979
			$ 547,625			373,856

(Continued)

(2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, net, other receivables, current financial assets at fair value through profit or loss, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD, EUR and the JPY etc for the years ended December 31, 2014 and 2013 would have increased (decreased) the net profit after tax by $59,468 and $22,306, respectively, and other comprehensive income would not be affected. The analysis assumes that all other variables remain constant.

5. Interest rate risk

Please refer to the attached note for the liquidity risk and the Group's interest rate exposure to its financial liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the non-derivatives financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases (decreases) by 0.5%, the Group's net profit after tax would have (decreased) increased by $14,164 and $17,363 for the years ended December 31, 2014 and 2013, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

6. Fair value

(1) Fair value and carrying amount

The Group's management believes the carrying amounts of its financial assets and financial liabilities amortised cost are agreed to its fair value approximately.

(2) Valuation techniques and assumptions used in fair value determination

The Group uses the following methods in determining the fair value of its financial assets and liabilities:

i) The fair value of financial assets and liabilities traded in active markets is based on quoted market prices. These include stocks listed on domestic markets.

ii) Investors can require the investment trust company to redeem the monetary fund and others with standard terms and conditions of the close-end funds at any time. The fair value is base on the net value of the fund.

iii) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value of non-option derivative instruments is determined using a discounted cash flow analysis calculated based on the applicable yield curve through the expected life of the derivative instruments. The fair value of option derivatives is determined using option pricing models.

(Continued)

iv) For all other financial assets and financial liabilities, the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

(3) Discount rate to determine the fair value

To derive interest cash flow from variable interest rate for the years ended December 31, 2014 and 2013 were as follows:

	2014	**2013**
Short-term and long-term borrowings	1.63%~1.68%	1.62%~1.73%

(4) Fair value hierarchy

The table below analyses the financial instruments measured at fair value classified by measurement method. The definitions of fair value hierarchy were as follows：

- Level 1： quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2： inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3： inputs for the assets or liability that are not based on observable market data (unobservable inputs).

		Level 1	**Level 2**	**Level 3**	**Total**
As of December 31, 2014					
Financial assets at fair value through profit or loss	$	1,321,271	-	-	1,321,271
Available-for-sale financial assets		933,872	805,116	-	1,738,988
	$	**2,255,143**	**805,116**	**-**	**3,060,259**
As of December 31, 2013					
Financial assets at fair value through profit or loss	$	1,162,001	-	-	1,162,001
Available-for-sale financial assets		734,772	304,096	35,000	1,073,868
	$	**1,896,773**	**304,096**	**35,000**	**2,235,869**

For the year ended December 31, 2013, available-for-sale financial assets with a carrying amount of $2,102 were transferred from Level 2 to Level 1 because the shares of stocks were listed on the market in July, 2013, and the fair value were acquired from the active market periodically.

For the year ended December 31, 2014, available-for-sale financial assets with a carrying amount of $35,000 were transferred from Level 3 to Level 2 because the Company can acquired evaluation report of the assets periodically in which all significant inputs were based on observable market data.

(Continued)

(5) Sensitivity analysis and the movement in fair value measurements of financial assets in Level 3

The movement in fair value measurements of financial assets in Level 3 for the years ended December 31, 2014 and 2013 were as follows：

	Available-for-sale financial assets Unquoted equity instruments
Balance as of January 1, 2014	$ 35,000
Transfers out of Level 3	(35,000)
Balance as of December 31, 2014	**$ -**
Balance as of January 1, 2013	$ 10,000
Purchased	25,000
Balance as of December 31, 2013	**$ 35,000**

For fair value measurements in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions by 3% would have the following effects:

	Other comprehensive income	
	Favourable	**Unfavourable**
Balance as of December 31, 2014		
Available-for-sale financial assets	**$ -**	**-**
Balance as of December 31, 2013		
Available-for-sale financial assets	**$ 1,050**	**(1,050)**

The favourable and unfavourable effects represent the changes in fair value and fair value are based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter-relationships with another input.

(t) Management of financial risk

1. The Group is exposed to the extent of the risks arising from financial instruments as below：

(1) Credit risk
(2) Liquidity risk
(3) Market risk

Detailed information about exposure risk arising from the aforementioned risk was listed below. The Group's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments.

2. Risk management framework

The Board of Directors is responsible for overseeing the Group's risk management framework. The Group's internal auditor is responsible to identify and analyse the risks faced by the Group. The management of each division sets appropriate risk limits and controls, and monitor risks that follow the adherence to limits. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Supervisor oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Supervisor is assisted in its oversight role by the internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and the procedures, and the result of which are reported to the Supervisors.

3. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet it contractual obligations that arises principally from the Group's accounts receivable, investments in securities and investments in bond.

(1) Notes and accounts receivable

According to the credit policy, the Group analyse each new customer individually for their credit worthiness before granting the new customer standard payment terms and delivery terms. The Group's review includes external ratings of customers' financial information and bank references. Credit lines are established for each customer and reviewed periodically.

The Group oversees the customer's credit risk based on the aging, due date and financial information.

The allowance for doubtful accounts of the Group is estimated to reflect the loss in notes and accounts receivable for those customers graded as "high risk". The major component of the allowance account contains individually significant exposure related to the specific loss.

(2) Investments

The credit risk exposure in the bank deposits, fixed income investments and equity instruments are measured and monitored by the Group's finance department. Since the Group's transactions resulted from the external parties with good credit standing and investment grade above financial institutions, publicly traded stock companies and unlisted companies with good reputation, there are no incompliance issues and therefore no significant credit risk.

(3) Guarantees

As of December 31, 2014 and 2013, the Group did not provide guarantee.

4. Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's financial department monitors cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding one year. The Group also monitors the level of expected cash outflows on account and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2014, the Group has unused bank credit lines for short-term borrowings, long-term bank borrowings, and the unused bank credit lines for short-term borrowings and long-term borrowings amounted to $3,297,997、$908,000 and $350,000, respectively.

5. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (NTD) and US Dollars (USD).

The policy of response to currency risk：

i) The Group reserves the foreign currency position arising from sales appropriately to remit the foreign currency expenditures and then meets the natural hedge.

ii) The Group uses foreign currency borrowings and forward exchange contracts to hedge the remaining nature of currency risk arising from the netting of foreign currency accounts receivable and accounts payable.

iii) The Group manages the currency risk and then determines the timing of exchanging the foreign currency through collecting the foreign currency information. It also reports to the foreign currency department to control the foreign currency trend and market information.

(u) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors and market, and to sustain future development of the business. For the goal of business sustainability, the Group monitors the expansion plan as well as the level of dividends to ordinary shareholders.

(Continued)

For the years ended December 31, 2014 and 2013, the Group's return on common equity was 12.74% and 12.39%, respectively. The Group's debt ratio at the reporting date were as follows:

	2014.12.31	2013.12.31
Debt ratio	26.94%	29.46%

As of December 31, 2014, there were no any changes in the Group's approach to capital management.

(7) Related-parties transactions

(a) Parent Company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Significant transactions with related parties

1. Leases

For years ended December 31, 2014 and 2013, the Group rented the staff dormitory from the related parties. A lease contract was signed in which the rental fee is determined based on the nearby dormitory rental rates, which were billed monthly. The amounts of rental expense and outstanding balance between the Group and related parties were as follows:

	Rental expense		Other payable	
	2014	2013	2014.12.31	2013.12.31
Key management of the Group	$ 28	144	-	-

2. Borrowings to related parties

As of December 31, 2013, the borrowing to related parties of the Group was collected.

	2013
Interest income	$ 526

There were no such transactions for the year ended December 31, 2014.

3. Services expenses

For the years ended December 31, 2013, the related-parties provided medical service to the Group. The amounts of services expenses $150 was collected.

There were no such transaction for the year ended December 31, 2014.

(Continued)

(c) Transactions with key management personnel

For the years ended December 31, 2014 and 2013, key management personnel compensation were comprised as below:

	2014	2013
Short-term employee benefits	$ 206,087	200,791
Post-employment benefits	709	717
Share-based payments	504	1,155
	$ 207,300	**202,663**

(8) Pledged assets

The carrying amount of pledged assets were as follows:

Pledged assets	Pledged to secure	2014.12.31	2013.12.31
Other non-current assets	Gas deposits	$ 3,000	3,000
Other non-current assets	Customs guarantee	20,661	20,541
Property, plant and equipment	Long-term borrowings	4,628,927	5,113,371
Investment property	Long-term borrowings	1,091,162	1,096,479
Prepayments for business facilities	Long-term borrowings	-	765
		$ 5,743,750	**6,234,156**

(9) Commitments and contingencies

(a) Contingencies: None.

(b) Commitment:

	2014.12.31	2013.12.31
The unrecognized commitment of acquisition of property, plant and equipment	**$ 849,166**	**851,593**
The unused letters of credit	**$ 203,684**	**52,847**

(10) Important damage losses: None.

(11) Important subsequent events: None.

(Continued)

(12) Others

(a) The followings were the summary statement of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2014 and 2013:

	2014			2013		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	$ 959,353	501,077	1,460,430	903,458	471,602	1,375,060
Labor and health insurance	76,253	28,458	104,711	69,021	28,467	97,488
Pension	36,099	12,893	48,992	32,849	14,150	46,999
Others	40,262	11,104	51,366	40,728	14,875	55,603
Depreciation	1,740,315	111,958	1,852,273	1,690,754	93,078	1,783,832
Amortization	9,731	19,767	29,498	14,134	24,008	38,142

(13) Other disclosure items

(a) Information on significant transaction:

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

1. Lending to other parties: None.

2. Guarantees and endorsements for other parties: None.

(Continued)

3. Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

Company holding securities	Security type and name	Relationship with the Company	Account	Period-end				Maximum percentage of ownership in midterm (%)	Note
				Shares (in thousands)	Carrying value	Percentage of ownership (%)	Market value (or net value)		
The Company	Capital Money Market Fund	None	Current financial assets at fair value through profit or loss	8,021	127,129	-	127,129	-	
〃	Polaris De-Bao Money Market Fund	〃	〃	12,965	153,127	-	153,127	-	
〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	28,972	356,363	-	356,363	-	
〃	Allianz Global Investors All Seasons Return Fund of Bond Funds	〃	〃	10,480	151,041	-	151,041	-	
〃	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	〃	〃	13,060	151,472	-	151,472	-	
〃	Mega Diamond Money Market Fund	〃	〃	6,002	73,863	-	73,863	-	
〃	Concord Dream Futures Trust Fund	〃	〃	2,978	29,931	-	29,931	-	
〃	Franklin Mutual European Fund-A-USD	〃	〃	3	2,744	-	2,744	-	
〃	Fuh Hwa RMB Money Market Fund	〃	〃	2,861	151,577	-	151,577	-	
WIN Venture Capital Corp.	Green Seal Holding Limited/Stock	〃	〃	165	24,420	0.11	24,420	0.11	
〃	Inotera Memories, Inc./Stock	〃	〃	1,000	50,200	0.02	50,200	0.02	
〃	Mega Diamond Money Market Fund	〃	〃	4,015	49,404	-	49,404	-	
					1,321,271		1,321,271		
The Company	ITEQ CORPORATION/Stock	None	Current available-for-sale financial assets	25,032	600,761	7.87	600,761	7.87	
〃	MAG. LAYERS Scienific-Technics Co., Ltd./Stock	〃	〃	2,125	73,517	2.55	73,517	2.55	
〃	Solar Applied Materials Technology Corp./Stock	〃	〃	119	2,993	0.03	2,993	0.10	
					677,271		677,271		
〃	Inventec Solar Energy Corporation /Stock	None	Non-current available-for-sale financial assets	34,000	340,816	10.51	340,816	11.00	
〃	Shin Sheng Ⅲ Venture Capital Investment Corp. /Stock	〃	〃	4,680	44,442	11.03	44,442	11.03	
〃	Tainergy Tech Co., Ltd./Stock	〃	〃	943	17,825	0.34	17,825	0.45	
〃	CDIB CME Fund Ltd. /Stock	〃	〃	2,500	49,495	3.33	49,495	3.33	
〃	Fuh Hwa Tung-ta Fund	〃	〃	30,000	299,400	-	299,400	-	
〃	MagiCap Venture Capital Co., Ltd. /Preferred Stock A	〃	〃	1,000	45,190	0.91	45,190	0.91	
Win Semiconductors Cayman Islands Co., Ltd.	Avago Technologies Ltd. /Stock	Subsidiary's main client	〃	75	238,776	0.03	238,776	0.03	
WIN Venture Capital Corp.	Nisho Image Technology Inc. /Stock	The Company's client	〃	3,300	25,773	9.17	25,773	9.17	
					1,061,717		1,061,717		
The Company	MagiCap Venture Capital Co., Ltd./ Preferred Stock B	None	Non-current debt instrument investment without active market	15,960	159,600	17.37	Note	17.37	

Note: The redeemable preferred stock was the nature of bond, which was recognised as non-current debt instrument investment without active market.

(Continued)

4. Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital:

Company holding securities	Security type and name	Account	Counter-party	Relation-ship	Beginning		Purchase		Sale				End (Note)	
					Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Price	Cost	Gain (loss) on disposal	Shares (in thousands)	Amount
The Company	EPISTAR Corporation/ Stock	Current financial assets at fair value through profit or loss	-	-	3,957	337,455	-	-	3,957	271,311	337,455	(66,144)	-	-
〃	Mega Diamond Money Market Fund	〃	-	-	5,138	62,800	149,486	1,835,500	148,622	1,825,707	1,824,448	1,259	6,002	73,863
〃	Capital Money Market Fund	〃	-	-	5,587	88,000	27,575	436,000	25,141	397,528	397,071	457	8,021	127,129
〃	Polaris De-Bao Money Market Fund	〃	-	-	-	-	26,680	314,274	13,715	161,706	161,279	427	12,965	153,127
〃	Allianz Global Investors Taiwan Money Market Fund	〃	-	-	9,818	120,000	61,539	755,523	42,385	520,776	519,670	1,106	28,972	356,363
〃	Allianz Global Investors All Seasons Return Fund of Bond Funds	〃	-	-	17,970	250,000	17,527	250,000	25,017	358,753	350,000	8,753	10,480	151,041
〃	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	〃	-	-	8,861	100,000	32,875	378,000	28,676	330,696	328,000	2,696	13,060	151,472
〃	Union Money Market Fund	〃	-	-	10,080	130,000	20,350	263,500	30,430	394,286	393,500	786	-	-
〃	Fuh Hwa Tung-ta Fund	〃	-	-	-	-	30,000	300,000	-	-	-	-	30,000	299,400

Note：End amount including unrealized gain (loss) on financial instruments.

5. Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company's paid-in capital: Note.

6. Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company's paid-in capital: Note.

7. Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company's paid-in capital:

Company name	Related party	Nature of relationships	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) or Receivable		Note
			Item	Amount	Percentage of the purchases (sales) (%)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of notes/accounts receivable (payable)	
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	Sales	(4,561,837)	(47) %	1-2 Month	-	-	110,530	26%	(Note)
Win Semiconductors Cayman Islands Co., Ltd.	WIN Semiconductors Corp.	Parent Company	Purchase	4,561,837	100 %	1-2 Month	-	-	(110,530)	(100)%	(Note)

Note: The amounts of the transaction and the ending balance had been offset in the consolidated statements.

(Continued)

8. Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

Company name	Related party	Nature of relationships	Balance as December 31, 2014	Turnover	Overdue		Amounts received in subsequent	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Win Semiconductors Cayman Islands Co., Ltd.	Subsidiary	110,530	43.54	-	-	110,530	-	(Note)

Note: The amounts of the transaction and the ending balance had been offset in the consolidated statements.

9. Information regarding trading in derivative financial instruments: None.

10. Significant transactions and business relationship between the parent company and its subsidiaries for the year ended December 31, 2014:

No (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of total consolidated net sales or assets
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Operating revenue	4,561,837	**Note 3**	46.03%
0	The Company	Win Semiconductors Cayman Islands Co., Ltd.	1	Accounts receivable－related parties	110,530	〃	0.51%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Accounts payable－related parties	110,530	〃	0.51%
1	Win Semiconductors Cayman Islands Co., Ltd.	The Company	2	Operating cost	4,561,837	〃	46.03%
1	Win Semiconductors Cayman Islands Co., Ltd.	WIN SEMI. USA, INC.	3	Operating expense	43,639	〃	0.44%
2	WIN SEMI. USA, INC.	Win Semiconductors Cayman Islands Co., Ltd.	3	Operating revenue	43,639	〃	0.44%

Note 1: Company numbering as follows:

Parent company－0

Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

Parent company to subsidiary－1

Subsidiary to parent company－2

Subsidiary to subsidiary－3

Note 3: There is no significant difference from transaction terms with non-related parties.

(Continued)

(b) Information on investments:

The followings are the information on investees:

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Balance as of December 31, 2014			Maximum percentage of ownership in midterm	Net income (loss) of the investee	Investment income (loss) recognised by the Company	Note
				December 31, 2014	December 31, 2013	Shares (in thousands)	Percentage	Carrying value				
The Company	WIN SEMI. USA, INC.	California, U.S.A.	Marketing	8,203	8,203	1,000	100.00%	6,463	100.00%	(919)	(919)	(Note)
〃	Win Semiconductors Cayman Islands Co., Ltd.	Cayman Islands	Selling of GaAs wafers	227,636	227,636	7,000	100.00%	588,615	100.00%	35,799	35,799	(Note)
〃	Inventec Energy Corporation	Taiwan	Solar component module manufacturing	789,455	789,455	43,770	34.52%	381,566	34.52%	(13,835)	(4,919)	-
〃	WIN Venture Capital Corp.	Taiwan	Investment activities	200,000	-	20,000	100.00%	182,385	100.00%	(10,388)	(10,388)	(Note)

Note: The amount had been offset in the consolidated statements.

(c) Information on investment in Mainland China: None.

(14) Segment financial information

(a) The Group's only reportable segment is the foundry segment. The foundry segment engages mainly in researching, developing, manufacturing, and selling of GaAs wafers etc.

Other operating segment which was incorporated in April, 2014 is mainly engaged in investment activities. For the year ended December 31, 2014, the above segment does not exceed the quantitative thresholds to be reportable.

(b) Operating segment profit or loss (includes reportable segment revenue and expenses), segment assets, segment liabilities, and their measurement and reconciliations for the year ended December 31, 2014 and 2013, the reportable amount is similar to that in the report used by the operating decision maker and the operating segment accounting policies are similar to the ones described in note 4"significant accounting policies" were as follows:

2014	Foundry	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	$ 9,909,459	551	-	9,910,010
Interest expense	$ 48,304	-	-	48,304
Depreciation and amortization	$ 1,881,771	-	-	1,881,771
Share of loss of associates and joint ventures accounted for using equity method	$ (4,919)	-	-	(4,919)
Assets:				
Investment accounted for using equity method	$ 381,566	-	-	381,566
Capital expenditures in noncurrent assets	$ 753,904	-	-	753,904

(Continued)

2013		Foundry	Other	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	$	10,481,303	-	-	10,481,303
Interest expense	$	80,678	-	-	80,678
Depreciation and amortization	$	1,821,974	-	-	1,821,974
Share of loss of associates and joint ventures accounted for using equity method	$	(160,065)	-	-	(160,065)
Assets:					
Investment accounted for using equity method	$	386,229	-	-	386,229
Capital expenditures in noncurrent assets	$	2,834,364	-	-	2,834,364

The income before income tax, assets and liabilities of the operating segment above were consistent with the related accounts shown in the consolidated balance sheets and consolidated statements of comprehensive income of the Group.

(c) Segment information by products and services

The Group is a single operation segment, and its revenue from external customers was disclosed in Note 14(b).

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenue from external customers for the years ended December 31, 2014 and 2013 were as follows:

Area		**2014**	**2013**
External Customers:			
America	$	503,250	581,433
Asia		5,020,316	4,352,072
Africa		2,263,661	3,131,621
Taiwan		1,745,955	2,179,400
Europe		376,828	235,889
Australia		-	888
Total	$	9,910,010	10,481,303

Area		**2014**	**2013**
Non-current Assets:			
Taiwan	$	12,976,785	14,181,360
America		220	117
Total	$	12,977,005	14,181,477

Non-current assets include property, plant and equipment, investment property, and intangible assets; not including financial instruments, and deferred tax assets.

(Continued)

(e) Major customers

For the years ended December 31, 2014 and 2013, sales to customers greater than 10% of net revenue were as follows:

	2014		2013	
	Net revenue amount	**Percentage of net revenue (%)**	**Net revenue amount**	**Percentage of net revenue (%)**
Operating revenue of the Group-A company	$ 2,263,661	23	3,131,621	30
Operating revenue of the Group-B company	1,756,319	18	1,562,959	15
Operating revenue of the Group-C company	864,529	8	1,350,569	13
Operating revenue of the Group-D company	1,067,405	11	503,845	5
	$ 5,951,914	**60**	**6,548,994**	**63**

WIN Semiconductors Corp.

Chairman: Dennis Chen