



**WIN Semiconductors Corp.**  
**2015 Annual General Shareholders' Meeting Minutes**  
**(Translation)**

Time: 9:00 a.m., June 3, Wednesday, 2015

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

Attending Shareholders: The total number of shares represented by shareholders attending the meeting in person or by proxy is 491,109,067 shares (including casted electronically 246,714,948 shares), representing 66.06% of the total number of issued shares of the Company (i.e. 743,395,328 shares)

Chairman: Dennis Chen

Recorder: Joan Lu

Attending Directors and Supervisors: Cheng-Hui Wang (Director), Yu-Chi Wang (Director), William Chang (Director), Steve Chen (Director), Chao-Shun Chang (Independent Director), Wei-Lin Wang (Independent Director), Shih-Chun Hsieh, Representative of International Fiber Technology Co., Ltd. (Supervisor), Mei-Lian Wang (Supervisor), Cheng-Li Huang (Supervisor)

Attendees: Mei-Yen Chen (CPA)

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

**II. Chairman's Speech:** (Omitted)

**III. Report Items:**

1. 2014 Business report (see Attachment I)
2. 2014 Supervisors' report (see Attachment II)

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

##### **Proposal 1:**

**Proposed by the Board**

Ratification of the 2014 Business Report and Financial Statements.

Explanation:

- (1) The Company's Financial Statements, including the balance sheets, statements of comprehensive income, statement of changes in equity, and statements of cash flows, were audited by independent auditors, Mei-Yen Chen and Pei-Chi Chen of KPMG. In addition, the Business Report and Financial Statements have been approved by the Board on March 11, 2015 and have been examined by the supervisors of the Company.
- (2) The 2014 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached hereto as Attachments I, III and IV.

Voting Result:

Shares present at the time of voting was 491,109,067 votes. Voting in favor 427,587,014 votes (including votes casted electronically 194,592,921 votes), voting against 3,011 votes (including votes casted electronically 3,011 votes), voting invalid or abstained 63,519,042 votes (including votes casted electronically 52,119,016 votes). RESOLVED, that the 2014 Business Report and Financial Statements be and hereby were accepted as submitted.

##### **Proposal 2:**

**Proposed by the Board**

Adoption of the proposal for distribution of 2014 profits.

Explanation:

- (1) The 2014 profit allocation proposal has been submitted by the Board in accordance with Article 22 of the Articles of Incorporation. The Company's net profit of 2014 is NT\$ 1,963,469,216. The proposed dividend to shareholders is a cash dividend of NT\$0.2 per common share. The 2014 profit allocation proposal is made and attached hereto as Attachment V.
- (2) Subject to the approval of the 2015 Annual Meeting of Shareholders, it is proposed that the Chairman of the Board be authorized to determine the ex-dividend date and payment date. If the total amount of common shares outstanding changes owing to WIN redeeming its common shares or issuing new common shares to its employees as a result of exercising stock options and the distribution ratio for the cash dividend needs to be adjusted, it is proposed that the Chairman of the Board of Directors of WIN is authorized by the General Shareholders Meeting to make such adjustments.

Voting Result:

Shares present at the time of voting was 491,109,067 votes. Voting in favor 428,244,014 votes (including votes casted electronically 195,249,921 votes), voting against 6,011 votes (including votes casted electronically 6,011 votes), voting invalid or abstained 62,859,042 votes (including votes casted electronically 51,459,016 votes). RESOLVED, that the above proposal be and hereby was approved as proposed.

## **V. Discussion Items:**

### **Proposal 1:**

**Proposed by the Board**

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

Explanation:

- (1) WIN's "Articles of Incorporation" should be amended to reflect the operation needs of the Company, including amendments to adopt the candidate nomination system for the election of directors and supervisors in accordance with Article 192-1 of Company Law, and the establishment an Audit Committee of the Company.
- (2) The proposed amendment to the "Articles of Incorporation" is attached hereto as Attachment VI.

Voting Result:

Shares present at the time of voting was 491,109,067 votes. Voting in favor 427,313,014 votes (including votes casted electronically 195,250,921 votes), voting against 5,011 votes (including votes casted electronically 5,011 votes), voting invalid or abstained 63,791,042 votes (including votes casted electronically 51,459,016 votes). RESOLVED, that the above proposal be and hereby was approved as proposed.

### **Proposal 2:**

**Proposed by the Board**

Amendment to the Company's "Rules for Election of Directors and Supervisors"

Explanation:

- (1) WIN's "Rules for Election of Directors and Supervisors" should be amended to strengthen the Company's corporate governance framework and to comply with the order of the Financial Supervisory Commission.
- (2) The proposed amendment to the "Rules for Election of Directors and Supervisors" is attached hereto as Attachment VII.

Voting Result:

Shares present at the time of voting was 491,109,067 votes. Voting in favor 427,314,014 votes (including votes casted electronically 195,251,921 votes), voting against 4,011 votes (including votes casted electronically 4,011 votes), voting invalid or abstained 63,791,042 votes (including votes casted electronically 51,459,016 votes). RESOLVED, that the above proposal be and hereby was approved as proposed.

**Proposal 3:****Proposed by the Board**

Capital reduction by distributing cash to shareholders.

**Explanation:**

- (1) In order to improve the capital structure and enhance return on equity, it is proposed that the Company conduct a capital reduction by distributing cash to shareholders.
- (2) The amount of the capital reduction shall be NT\$1,486,790,660 to reduce 148,679,066 common shares, which is calculated based on the numbers of outstanding common shares totaling 743,395,328 shares with par value NT\$10 and the paid-in capital of NT\$7,433,953,280 as of April 5, 2015. The capital reduction rate is 20%. For each 1,000 shares, 800 shares shall be exchanged and NT\$2 per share shall be returned. Following the capital reduction, the paid-in capital of the Company shall be NT\$5,947,162,620 and outstanding shares, 594,716,262 shares.
- (3) Each 1,000 shares of common stock shall be exchanged and replaced with new shares for 800 shares of the same stock on the basis of the number of shares held by each shareholder according to each shareholder's ownership as registered in the book on the record date of the capital reduction. For each fractional common share resulting from the capital reduction, the shareholders can compose a complete share, and register the composition with the Securities Registrar and Transfer Agency within five days from the record date. Otherwise, the Company will pay the shareholder cash based on the close price at the latest trading day of Taipei Exchange, rounded down to whole NT dollar. No shares shall be issued in physical form. The Chairman of the Board is hereby authorized to designate persons to purchase all of the fractional shares at the above-mentioned price.
- (4) The Chairman of the Board shall be authorized to determine the record date of the capital reduction, and the Board shall be authorized to make the capital reduction plan, the record date and the listing date of newly issued shares and other relevant matters after the Company has received the competent authority's approval.
- (5) It is proposed that the Chairman of the Board is authorized with full power to take any proper actions in case the number of outstanding shares of the Company is affected as a result of the requests of competent authority, any changes of laws/regulations, redemption/cancellation of outstanding shares of the Company, exercise of employee stock options or any other unforeseeable situations.

**Voting Result:**

Shares present at the time of voting was 491,109,067 votes. Voting in favor 427,313,014 votes (including votes casted electronically 195,250,921 votes), voting against 5,013 votes (including votes casted electronically 5,013 votes), voting invalid or abstained 63,791,040 votes (including votes casted electronically 51,459,014 votes). RESOLVED, that the above proposal be and hereby was approved as proposed.

**Proposal 4:****Proposed by the Board**

Proposal for release of Directors from non-competition restrictions.

**Explanation:**

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

The essential position the director engages in (new):

Title	Name	The essential position the director engages in
Independent Director	Mr. Chao-Shun Chang	Independent Director , TSEC Corporation

**Voting Result:**

Shares present at the time of voting was 491,109,067 votes. Voting in favor 427,313,014 votes (including votes casted electronically 195,250,921 votes), voting against 5,013 votes (including votes casted electronically 5,013 votes), voting invalid or abstained 63,791,040 votes (including votes casted electronically 51,459,014 votes). RESOLVED, that the above proposal be and hereby was approved as proposed.

**VI. Special Motions:** None**VII. Adjournment:** At 10:14a.m. of June 3, 2015.

## **ATTACHMENT I: 2014 BUSINESS REPORT**

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 non-consolidated revenues totaled NT\$9,776,226 thousand, representing a decrease of 5.46% compared to the year 2013. 2014 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; %

Items		2014	2013	
Interest Income & Interest Expense	Interest Income	16,934	16,789	
	Interest Expense	48,304	80,678	
Profitability	Return on Total Assets (%)	9.34	8.41	
	Return on Stockholders' Equity (%)	12.74	12.39	
	Ratio to Issued Capital (%)	Operating Income	30.68	27.68
		Pre-tax Income	32.72	29.93
	Profit Ratio (%)	20.08	17.52	
Earnings per Share (\$)	2.65	2.40		

## 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 epitaxial 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 its 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*  
*Chairman*

*Yu-Chi Wang*  
*CEO*

*Linna Su*  
*Accounting Officer*

WIN Semiconductors Corp.

## ATTACHMENT II: 2014 SUPERVISORS' REPORT

### 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, and Consolidated Financial Statements have been reviewed and determined to be correct and accurate by us, supervisors of WIN Semiconductors Corp. According to article 219 of the Company Law, we hereby submit this report.

**WIN Semiconductors Corp.  
Supervisors**

*Mei-Lan Wang*

*Cheng-Li Huang*

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

March 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.

**WIN Semiconductors Corp.  
Supervisors**

*Mei-Lan Wang*

*Cheng-Li Huang*

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

April 22, 2015

## **ATTACHMENT III: INDEPENDENT AUDITORS' REPORT AND 2014 PARENT-COMPANY-ONLY FINANCIAL STATEMENTS**

### **Independent Auditors' Report**

The Board of Directors  
WIN Semiconductors Corp.

We have audited the accompanying balance sheets of WIN Semiconductors Corp. (the "Company") as of December 31, 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		2014.12.31	2013.12.31
<b>Assets</b>			<b>Liabilities and Equity</b>		
<b>Current assets:</b>			<b>Current liabilities:</b>		
Cash and cash equivalents	\$ 2,536,853	1,883,857	Accounts payable	\$ 929,773	635,119
Current financial assets at fair value through profit or loss	1,197,247	1,162,001	Other payables	1,151,526	1,017,419
Current available-for-sale financial assets	677,271	584,716	Long-term liabilities, current portion	545,444	545,444
Notes and accounts receivable, net	306,879	323,228	Other current liabilities	<u>97,267</u>	<u>117,605</u>
Accounts receivable due from related parties, net	110,530	99,041	<b>Total current liabilities</b>	<u>2,724,010</u>	<u>2,315,587</u>
Inventories	1,499,917	1,126,775	<b>Non-current liabilities:</b>		
Other current assets	<u>258,757</u>	<u>197,751</u>	Long-term borrowings	2,938,331	3,721,466
<b>Total current assets</b>	<u>6,587,454</u>	<u>5,377,369</u>	Deferred tax liabilities	30,362	20,642
<b>Non-current assets:</b>			Other non-current liabilities	<u>158,959</u>	<u>150,371</u>
Non-current available-for-sale financial assets	797,168	370,928	<b>Total non-current liabilities</b>	<u>3,127,652</u>	<u>3,892,479</u>
Non-current debt instrument investment without active market	159,600	190,000	<b>Total liabilities</b>	<u>5,851,662</u>	<u>6,208,066</u>
Investments accounted for using equity method	1,159,029	804,304	<b>Equity:</b>		
Property, plant and equipment	11,652,290	12,636,187	Ordinary share	7,422,377	7,392,754
Investment property	1,091,162	1,096,479	Capital surplus	3,768,620	3,728,358
Intangible assets	54,422	64,248	Retained earnings	4,527,782	3,671,483
Deferred tax assets	66,135	132,425	Other equity interest	<u>220,871</u>	<u>98,982</u>
Prepayments for business facilities	178,911	384,446	<b>Total equity</b>	15,939,650	14,891,577
Other non-current assets	<u>45,141</u>	<u>43,257</u>			
<b>Total non-current assets</b>	<u>15,203,858</u>	<u>15,722,274</u>			
<b>Total assets</b>	<u>\$ 21,791,312</u>	<u>21,099,643</u>	<b>Total liabilities and equity</b>	<u>\$ 21,791,312</u>	<u>21,099,643</u>

**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)**

	<b>2014</b>	<b>2013</b>
<b>Operating revenue</b>	\$ 9,776,226	10,340,949
<b>Operating costs</b>		
	<u>(6,391,337)</u>	<u>(7,249,118)</u>
<b>Gross profit from operations</b>	<u>3,384,889</u>	<u>3,091,831</u>
<b>Operating expenses:</b>		
Selling expenses	(84,529)	(74,671)
Administrative expenses	(461,044)	(475,323)
Research and development expenses	<u>(561,783)</u>	<u>(495,281)</u>
<b>Total operating expenses</b>	<u>(1,107,356)</u>	<u>(1,045,275)</u>
<b>Net operating income</b>	<u>2,277,533</u>	<u>2,046,556</u>
<b>Non-operating income and expenses:</b>		
Other income	92,587	81,888
Other gains and losses	87,505	276,928
Finance costs	(48,304)	(80,678)
Share of income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	<u>19,573</u>	<u>(112,323)</u>
<b>Total non-operating income and expenses</b>	<u>151,361</u>	<u>165,815</u>
<b>Profit before tax</b>	2,428,894	2,212,371
Total tax expense	<u>(465,425)</u>	<u>(400,861)</u>
<b>Profit</b>	<u>1,963,469</u>	<u>1,811,510</u>
<b>Other comprehensive income (loss):</b>		
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	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	<u>(538)</u>	<u>(904)</u>
<b>Other comprehensive income, net</b>	<u>124,517</u>	<u>262,888</u>
<b>Comprehensive income</b>	<u>\$ 2,087,986</u>	<u>2,074,398</u>
<b>Earnings per common share (expressed in dollars)</b>		
<b>Basic earnings per share</b>	<u>\$ 2.65</u>	<u>2.40</u>
<b>Diluted earnings per share</b>	<u>\$ 2.62</u>	<u>2.37</u>

WIN Semiconductors Corp.

Statements of Changes in Equity

For the years ended December 31, 2014 and 2013

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity interest			Total equity
	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	
<b>Balance on January 1, 2013</b>	\$ 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)
<b>Balance on December 31, 2013</b>	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
<b>Balance on December 31, 2014</b>	\$ 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.

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
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 2,428,894	2,212,371
<b>Adjustments:</b>		
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	<u>1,796,295</u>	<u>1,671,036</u>
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	<u>(361,955)</u>	<u>1,690,219</u>
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	<u>388,772</u>	<u>(318,519)</u>
Total changes in operating assets and liabilities	<u>26,817</u>	<u>1,371,700</u>
Cash inflow generated from operations	4,252,006	5,255,107
Income taxes paid	<u>(289,376)</u>	<u>(129,825)</u>
<b>Net cash flows from operating activities</b>	<u>3,962,630</u>	<u>5,125,282</u>
<b>Cash flows from (used in) investing activities:</b>		
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
<b>Net cash flows used in investing activities</b>	<u>(1,442,193)</u>	<u>(1,606,116)</u>
<b>Cash flows from (used in) financing activities:</b>		
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)
<b>Net cash flows (used in) financing activities</b>	<u>(1,867,441)</u>	<u>(4,481,026)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	652,996	(961,860)
<b>Cash and cash equivalents at the beginning of period</b>	<u>1,883,857</u>	<u>2,845,717</u>
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 2,536,853</u>	<u>1,883,857</u>

## **ATTACHMENT IV: INDEPENDENT AUDITORS' REPORT AND 2014 CONSOLIDATED FINANCIAL STATEMENTS**

### **Independent Auditors' Report**

The Board of Directors  
WIN Semiconductors Corp.

We have audited the accompanying consolidated balance sheets of WIN Semiconductors Corp. (the "Company") and subsidiaries as of December 31, 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		2014.12.31	2013.12.31
<b>Assets</b>			<b>Liabilities and Equity</b>		
<b>Current assets :</b>			<b>Current liabilities :</b>		
Cash and cash equivalents	\$ 2,677,199	1,966,881	Accounts payable	\$ 929,773	635,119
Current financial assets at fair value through profit or loss	1,321,271	1,162,001	Other payables	1,173,860	1,028,229
Current available-for-sale financial assets	677,271	584,716	Long-term liabilities, current portion	545,444	545,444
Notes and accounts receivable, net	690,051	650,438	Other current liabilities	<u>99,529</u>	<u>118,656</u>
Inventories	1,499,917	1,126,775	<b>Total current liabilities</b>	<u>2,748,606</u>	<u>2,327,448</u>
Other current assets	<u>259,035</u>	<u>198,153</u>	<b>Non-current liabilities :</b>		
<b>Total current assets</b>	<u>7,124,744</u>	<u>5,688,964</u>	Long-term borrowings	2,938,331	3,721,466
<b>Non-current assets :</b>			Deferred tax liabilities	30,362	20,642
Non-current available-for-sale financial assets	1,061,717	489,152	Other non-current liabilities	<u>158,959</u>	<u>150,371</u>
Non-current debt instrument investment without active market	159,600	190,000	<b>Total non-current liabilities</b>	<u>3,127,652</u>	<u>3,892,479</u>
Investments accounted for using equity method	381,566	386,229	<b>Total liabilities</b>	<u>5,876,258</u>	<u>6,219,927</u>
Property, plant and equipment	11,652,510	12,636,304	<b>Equity :</b>		
Investment property	1,091,162	1,096,479	Ordinary share	7,422,377	7,392,754
Intangible assets	54,422	64,248	Capital surplus	3,768,620	3,728,358
Deferred tax assets	66,135	132,425	Retained earnings	4,527,782	3,671,483
Prepayments for business facilities	178,911	384,446	Other equity interest	<u>220,871</u>	<u>98,982</u>
Other non-current assets	<u>45,141</u>	<u>43,257</u>	<b>Total equity</b>	15,939,650	14,891,577
<b>Total non-current assets</b>	<u>14,691,164</u>	<u>15,422,540</u>			
<b>Total assets</b>	<b>\$ <u>21,815,908</u></b>	<b><u>21,111,504</u></b>	<b>Total liabilities and equity</b>	<b>\$ <u>21,815,908</u></b>	<b><u>21,111,504</u></b>

## 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
<b>Operating revenue</b>	\$ 9,910,010	10,481,303
<b>Operating costs</b>	<u>(6,400,414)</u>	<u>(7,249,118)</u>
<b>Gross profit from operations</b>	<u>3,509,596</u>	<u>3,232,185</u>
<b>Operating expenses :</b>		
Selling expenses	(135,698)	(128,220)
Administrative expenses	(497,423)	(499,069)
Research and development expenses	<u>(561,783)</u>	<u>(495,281)</u>
<b>Total operating expenses</b>	<u>(1,194,904)</u>	<u>(1,122,570)</u>
<b>Net operating income</b>	<u>2,314,692</u>	<u>2,109,615</u>
<b>Non-operating income and expenses :</b>		
Other income	95,628	83,876
Other gains and losses	71,857	259,647
Finance costs	(48,304)	(80,678)
Share of loss of associates and joint ventures accounted for using equity method	<u>(4,919)</u>	<u>(160,065)</u>
<b>Total non-operating income and expenses</b>	<u>114,262</u>	<u>102,780</u>
<b>Profit before tax</b>	2,428,954	2,212,395
Total tax expense	<u>(465,485)</u>	<u>(400,885)</u>
<b>Profit</b>	<u>1,963,469</u>	<u>1,811,510</u>
<b>Other comprehensive income (loss):</b>		
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	3,166	11,768
Income tax expense related to components of other comprehensive income	<u>(538)</u>	<u>(904)</u>
<b>Other comprehensive income, net</b>	<u>124,517</u>	<u>262,888</u>
<b>Comprehensive income</b>	<u>\$ 2,087,986</u>	<u>2,074,398</u>
<b>Profit, attributable to :</b>		
Profit, attributable to owners of parent	<u>\$ 1,963,469</u>	<u>1,811,510</u>
<b>Comprehensive income attributable to :</b>		
Comprehensive income, attributable to owners of parent	<u>\$ 2,087,986</u>	<u>2,074,398</u>
<b>Earnings per common share (expressed in dollars)</b>		
<b>Basic earnings per share</b>	<u>\$ 2.65</u>	<u>2.40</u>
<b>Diluted earnings per share</b>	<u>\$ 2.62</u>	<u>2.37</u>

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)

	Retained earnings					Other equity interest			Total equity attributable to owners of parent	Non - controlling interests	Total equity	
	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
<b>Balance on January 1, 2013</b>	\$ 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)
<b>Balance on December 31, 2013</b>	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
<b>Balance on December 31, 2014</b>	\$ <u>7,422,377</u>	<u>3,768,620</u>	<u>604,607</u>	<u>-</u>	<u>3,923,175</u>	<u>4,527,782</u>	<u>4,909</u>	<u>215,962</u>	<u>220,871</u>	<u>15,939,650</u>	<u>-</u>	<u>15,939,650</u>

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
<b>Cash flows from (used in) operating activities :</b>		
<b>Profit before tax</b>	\$ 2,428,954	2,212,395
<b>Adjustments :</b>		
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	<u>1,827,685</u>	<u>1,718,915</u>
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	<u>(539,211)</u>	<u>1,509,331</u>
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	<u>401,491</u>	<u>(312,449)</u>
Total changes in operating assets and liabilities	<u>(137,720)</u>	<u>1,196,882</u>
Cash inflow generated from operations	4,118,919	5,128,192
Dividends received	375	-
Income taxes paid	(289,420)	(129,849)
<b>Net cash flows from operating activities</b>	<u>3,829,874</u>	<u>4,998,343</u>
<b>Cash flows from (used in) investing activities :</b>		
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
<b>Net cash flows used in investing activities</b>	<u>(1,272,366)</u>	<u>(1,582,556)</u>
<b>Cash flows from (used in) financing activities :</b>		
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)
<b>Net cash flows used in financing activities</b>	<u>(1,867,441)</u>	<u>(4,481,026)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>20,251</u>	<u>6,463</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>710,318</u>	<u>(1,058,776)</u>
<b>Cash and cash equivalents at the beginning of year</b>	<u>1,966,881</u>	<u>3,025,657</u>
<b>Cash and cash equivalents at the end of year</b>	<u>\$ 2,677,199</u>	<u>1,966,881</u>

## ATTACHMENT V: PROFIT ALLOCATION PROPOSAL

### WIN Semiconductors Corp. 2014 Profit Allocation Proposal

Unit: NT\$

<b>Net profit of 2014 (Note)</b>	<b>1,963,469,216</b>
Less: 10% legal reserve	(196,346,922)
<b>Retained earnings in 2014 available for distribution</b>	<b>1,767,122,294</b>
Distributable item:	
Cash dividends to common share holders (NT\$0.2 per share)	(148,679,066)
<b>Unappropriated retained earnings of 2014</b>	<b>1,618,443,228</b>
Add: unappropriated retained earnings, Dec. 31, 2013	1,957,078,222
Add: changes in actuarial gains (losses) of 2014	2,627,780
<b>Unappropriated retained earnings, Dec. 31, 2014</b>	<b>3,578,149,230</b>
Note: After expensing the following and to be distributed after 2015 Annual General Shareholders' Meeting:	
(1) Directors' and Supervisors' remuneration	53,000,000
(2) Employees' cash bonus	176,700,000

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%.
2. Compensation of Directors and Supervisors: not less than 1% but no more than 3%.
3. The balance is shareholders' dividend, in which cash dividend shall not be lower than 10% of entire dividend.

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

*Dennis Chen*  
Chairman

*Yu-Chi Wang*  
CEO

*Linna Su*  
Accounting Officer

## ATTACHMENT VI: REVISIONS TO ARTICLES OF INCORPORATION

### Before and After Revision

BEFORE THE REVISION	AFTER THE REVISION
<p><b>Article 3</b> The Corporation shall have its principal office in Taoyuan <u>Hsien</u>, Taiwan, and shall be free, whenever necessary and upon approval of the board of directors and government authorities in charge, to set up branch offices at various locations within or outside the territory of the Republic of China.</p>	<p><b>Article 3</b> The Corporation shall have its principal office in Taoyuan <u>City</u>, Taiwan, and shall be free, whenever necessary and upon approval of the board of directors and government authorities in charge, to set up branch offices at various locations within or outside the territory of the Republic of China.</p>
<p><b>Article 6</b> The share certificates of the Corporation shall all be name-bearing, signed by at least three directors and numbered, and issued after being authenticated by the government authority in charge or its designated stock issuance registration institution. <u>After becoming a public company, the</u> Corporation may issue shares without printing share certificates, provided that the stock shall be recorded with the centralized securities custody institution.</p>	<p><b>Article 6</b> The share certificates of the Corporation shall all be name-bearing, signed by at least three directors and numbered, and issued after being authenticated by the government authority in charge or its designated stock issuance registration institution. <u>The</u> Corporation may issue shares without printing share certificates, provided that the stock shall be recorded with the centralized securities custody institution.</p>
<p><b>Article 10</b> If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it by signing/sealing a proxy stating scope of authorization. The handling of proxies shall follow Procedures Governing Using Proxies in Shareholders Meetings of a Public Company issued by the government authority in charge.</p>	<p><b>Article 10</b> If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it by signing <u>or</u> sealing a proxy stating scope of authorization. The handling of proxies shall follow Procedures Governing Using Proxies in Shareholders Meetings of a Public Company issued by the government authority in charge.</p>
<p><b>Article 13</b> The Corporation shall have seven (7) Directors and three (3) Supervisors, who shall be elected by the shareholders' meeting among <u>any persons with legal ability to act</u>, and to serve a term of office of three (3) years. All Directors and Supervisors shall be eligible for re-election. <u>After the public offering of the shares of the Corporation, the Corporation may have two (2) seats of Independent Directors out of the above-mentioned seven (7) seats of Directors, and Independent Directors shall be elected in accordance with the nomination system provided in Article 192-1 of the Company Law.</u> Matters relevant to acceptance of candidate nomination, announcement, etc. shall be proceeded pursuant to the Company Law, Securities</p>	<p><b>Article 13</b> The Corporation shall have seven (7) <u>to nine (9)</u> Directors and three (3) Supervisors, who shall be elected <u>in accordance with the nomination system</u> by the shareholders' meeting, and to serve a term of office of three (3) years. All Directors and Supervisors shall be eligible for re-election. <u>The Corporation shall have Independent Directors, seats of which shall not be less than two (2) or one-fifth of seats of Directors, whichever is higher.</u> Matters relevant to acceptance of candidate nomination, announcement, etc. shall be proceeded pursuant to the Company Law, Securities Exchange Law and the related laws and regulations. The election of Independent Directors and Directors of the Corporation shall be conducted concurrently</p>

<b>BEFORE THE REVISION</b>	<b>AFTER THE REVISION</b>
Exchange Law and the related laws and regulations. The election of Independent Directors and Directors of the Corporation shall be conducted concurrently and the number of the Independent Directors and Directors to be elected shall be calculated separately.	and the number of the Independent Directors and Directors to be elected shall be calculated separately.
<p><b>Article 14 - 1</b> The Board of Directors may establish various committees with different functions. The committees subordinated to the Board of Directors shall stipulate charters and rules regarding the exercise of rights and duties and which shall be put in force upon approval by the Board of Directors.</p>	<p><b>Article 14 - 1</b> The Board of Directors may establish various committees with different functions. The committees subordinated to the Board of Directors shall stipulate charters and rules regarding the exercise of rights and duties and which shall be put in force upon approval by the Board of Directors. <u>Where the Corporation has established an Audit Committee by law or regulations, the Audit Committee shall be responsible for those responsibilities of supervisors specified in the Company Law of the Republic of China, Securities and Exchange Law and other relevant regulations. Upon establishment of an Audit Committee, all provisions related to supervisors shall cease to apply.</u></p>
<p><b>Article 22</b> If there is any net profit after closing of a fiscal year, the Corporation shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equal to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. Any balance left over shall be allocated according to the following principles:</p> <ol style="list-style-type: none"> <li>1. Employee bonus: not less than 5% but no more than 10%. <del>The cash and stock bonus ratio for employee bonus shall be in proportionate to that distributed to shareholders</del> 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.</li> <li>2. Compensation of Directors and Supervisors: not less than 1% but no more than 3%.</li> <li>3. The balance is shareholders' dividend, in</li> </ol>	<p>If there is any net profit after closing of a fiscal year, the Corporation shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equal to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. Any balance left over shall be allocated according to the following principles:</p> <ol style="list-style-type: none"> <li>1. Employee bonus: not less than 5% but no more than 10% 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.</li> <li>2. Compensation of Directors and Supervisors: not less than 1% but no more than 3%.</li> <li>3. The balance is shareholders' dividend, in which cash dividend shall not be lower than 10% of entire dividend.</li> </ol> <p>As the Corporation is a high-tech firm with intensive capital expenditure, conditions,</p>

<b>BEFORE THE REVISION</b>	<b>AFTER THE REVISION</b>
<p>which cash dividend shall not be lower than 10% of entire dividend.</p> <p>As the Corporation is a high-tech firm with intensive capital expenditure, conditions, timing, amount and kinds of the above-stated dividend policy may be adjusted, taking into account economic cycles, industry change and the Corporation's growth and cash demand.</p>	<p>timing, amount and kinds of the above-stated dividend policy may be adjusted, taking into account economic cycles, industry change and the Corporation's growth and cash demand.</p>
<p><b>Article 25</b></p> <p>The Article of Incorporation are agreed to and signed on December 12, 1999 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on May 12, 2000, the second Amendment on May 4, 2001, the third Amendment on June 24, 2002, the fourth Amendment on June 24, 2003, the fifth Amendment on October 26, 2004, the sixth Amendment on June 24, 2005, the seventh Amendment on June 2, 2006, the eighth Amendment on June 19, 2008, the ninth Amendment on June 26, 2009, the tenth Amendment on June 24, 2010, the eleventh Amendment on June 10, 2011, <u>and</u> the twelfth Amendment on June 5, 2012.</p>	<p><b>Article 25</b></p> <p>The Article of Incorporation are agreed to and signed on December 12, 1999 by all the promoters of the Corporation, and the first Amendment was approved by the shareholders' meeting on May 12, 2000, the second Amendment on May 4, 2001, the third Amendment on June 24, 2002, the fourth Amendment on June 24, 2003, the fifth Amendment on October 26, 2004, the sixth Amendment on June 24, 2005, the seventh Amendment on June 2, 2006, the eighth Amendment on June 19, 2008, the ninth Amendment on June 26, 2009, the tenth Amendment on June 24, 2010, the eleventh Amendment on June 10, 2011, the twelfth Amendment on June 5, 2012 <u>and the thirteenth Amendment of June 3, 2015.</u></p>



**ATTACHMENT VII: REVISIONS TO RULES FOR ELECTION OF DIRECTORS AND SUPERVISORS**

**Before and After Revision**

<b>BEFORE THE REVISION</b>	<b>AFTER THE REVISION</b>
(Added)	<p><b>Article 2-1</b></p> <p>The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:</p> <ol style="list-style-type: none"> <li>1. Basic requirements and values: Gender, age, nationality, and culture.</li> <li>2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</li> </ol> <p>All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:</p> <ol style="list-style-type: none"> <li>1. Ability to make operational judgments.</li> <li>2. Ability to perform accounting and financial analysis.</li> <li>3. Ability to conduct management administration.</li> <li>4. Ability to conduct crisis management.</li> <li>5. Knowledge of the industry.</li> <li>6. An international market perspective.</li> <li>7. Leadership.</li> <li>8. Ability to make policy decisions.</li> </ol> <p>A supervisor may not serve concurrently as the managerial officer, or any other employee of the Company, and should ideally be domiciled in the Republic of China to be able to promptly fulfill the functions of supervisor.</p>
(Added)	<p><b>Article 2-2</b></p> <p>Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act, reviewing of directors and supervisors' qualifications, education and working experience credentials, and the existence of any matters set forth in Article 30 of the Company Act.</p>