Stock Code: 3105

WIN Semiconductors Corp.

Handbook of the 2017 Annual General Shareholders' Meeting

Notice to readers

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

Time: 9:00 a.m., June 16, Friday, 2017

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

TABLE OF CONTENTS

I. MEETING PROCEDURE

WIN Semiconductors Corp.
Procedure for the 2017 Annual General Shareholders’ Meeting

I. Call the Meeting to Order

II. Chairperson Remarks

III. Report Items

IV. Proposed Items

V. Discussion Items

VI. Directors Election

VII. Other Items

IIX. Special Motions

IX. Adjournment

II. MEETING AGENDA

WIN Semiconductors Corp.
Agenda of the 2017 Annual General Shareholders’ Meeting

Time: 9:00 a.m., June 16, Friday, 2017

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

I. Call the Meeting to Order

II. Chairperson Remarks

III. Report Items

1. 2016 business report
2. 2016 Audit Committee's review report
3. 2016 employees' profit sharing bonus and Directors' compensation
4. Share buyback execution report

IV. Proposed Items

1. Adoption of the 2016 Business Report and Financial Statements
2. Adoption of the proposal for distribution of 2016 profits

V. Discussion Items

1. Amendment to the Company’s “Procedures for Acquisition or Disposal of Asset”
2. Proposal for fund raising plan by issuing common shares through private placement

VI. Directors Election

1. By-election of one Independent Director

VII. Other Items

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

IIX. Special Motions

IX. Adjournment

REPORT ITEMS

Report 1: 2016 business report
See Attachment I (pages 11-14).

Report 2: 2016 Audit Committee's review report
See Attachment II (page 15).

Report 3: 2016 employees' profit sharing bonus and Directors' compensation

1. The Company's profit of 2016 is NT$ 4,242,884,539 (this is the pre-tax profit after deducting of the employees' profit sharing bonus and compensation for Directors). The proposed employees' profit sharing bonus and Directors' compensation are NT$263,000,000 and NT$76,300,000 respectively, and are to be distributed in cash.
2. These amounts were approved by the Board of Directors meeting on March 23, 2017.

Report 4: Share buyback execution report

1. The execution is reported as followings:

Number of batches	2nd Batch	3rd Batch
Date of Board of Directors' resolution	2016/5/12	2016/11/15
Purpose of share buyback	Preserving company good will and shareholders' equity	Preserving company good will and shareholders' equity
Intended buyback period	2016/5/13~2016/7/12	2016/11/16~2017/1/15
Type and number of shares intended to buy back	Common stock 10,000,000 shares	Common stock 5,000,000 shares
Buyback price range	NT$55 to NT$85 per share	NT$78.8 to NT$120 per share
Buyback period	2016/5/16~2016/6/24	2016/11/17~2017/1/12
Number of shares actually bought back	Common stock 10,000,000 shares	Common stock 5,000,000 shares
Total monetary amount of shares buyback	NT$ 635,830,780	NT$ 443,977,225
Average price per share of buybacks	NT$ 63.58	NT$ 88.80
Shares cancelled	Common stock 10,000,000 shares	Common stock 5,000,000 shares

Number of batches	2nd Batch	3rd Batch
Accumulated number of shares held by the Company	0	0
Percentage of total shares held by the Company (%)	0%	0%

PROPOSED ITEMS

Proposal 1: **Proposed by the Board**

Adoption of the 2016 Business Report and Financial Statements.

Explanation:

1. The Company's Financial Statements, including the balance sheets, statements of comprehensive income, statement of changes in equity, and statements of cash flows, were audited by independent auditors, Ya-Ling Chen and Mei-Yen Chen of KPMG. In addition, the Financial Statements have been approved by the Board of Directors and have been examined by the Audit Committee of the Company.
2. The Business Report has been approved by the Board of Directors and has been examined by the Audit Committee of the Company.
3. The 2016 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached hereto as Attachments I (pages 11-14), III and IV (pages 16-30).

Proposal 2: **Proposed by the Board**

Adoption of the proposal for distribution of 2016 profits.

Explanation:

1. The Company's net profit of 2016 is NT$ 3,112,774,301. In accordance with Article 22-1 of the Articles of Incorporation, the 2016 profit allocation proposal is made and attached hereto as Attachment V (page 31).
2. The proposed dividend to shareholders is a cash dividend of NT$4.5 per common share. Subject to the approval of the 2017 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 outstanding common shares changes owing to WIN redeeming its common shares 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.
3. Distribution of cash dividend will be rounded down to an integer, and will authorize the Chairman to distribute the total rounded down amounts to specific persons for adjustment.

DISCUSSION ITEMS

Proposal 1: **Proposed by the Board**

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

Explanation:

1. The Financial Supervisory Commission amended its "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" on Feb. 9, and Feb. 13, 2017. Therefore, WIN's "Procedures for Acquisition or Disposal of Assets" should be amended to reflect the regulatory changes and to form the Audit Committee of the Company.
2. The proposed amendment to the "Procedures for Acquisition or Disposal of Asset" is attached hereto as Attachment VI (pages 32-39).

Proposal 2: **Proposed by the Board**

Proposal for fund raising plan by issuing common shares through private placement.

Explanation:

1. To ally with strategic investors and take into account effectiveness and cost of raising capital, the Company proposes to raise funds by issuing common shares, of no more than 40,000,000 shares, through private placement. The par value is NT$10 per share. Proceeds of the capital raised will be used for capital expenditures, research & development expenses and working capital needs, and is expected to generate a positive impact for the future return of our shareholders. If this cash capital increase is issued at a maximum of 40,000,000 shares, the dilution for the existing shareholders will be 9.02%.
2. In accordance with Article 43-6, Security and Exchange Act and "Directions for Public Companies Conducting Private Placements of Securities", the particulars shall be stated were listed below:
   (1) Basis and reasonableness of the private placement pricing:
      a. The pricing method: In accordance with "Directions for Public Companies Conducting Private Placements of Securities", the higher of the following two calculations shall be the reference price: (a) the simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days, or (b) for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
      b. **The actual issuance price shall no lower than the reference price.** The pricing date, actual amounts are proposed to authorize the Board to determine, taking into consideration the market status, objective conditions and relevant regulations above-mentioned.
      c. The pricing methodology is in compliance with relevant regulations. The

price determination above shall be reasonable.

(2) The method to determine placee:

a. The method to determine placee: The strategic investors have the priority to be considered as Specific Persons for private placement if (i) being qualified for the rules in Article 43-6, Security and Exchange Act and relevant regulations, (ii) can meet the Company's business needs in terms of developing new market, expanding operation scale and generating direct or indirect benefits for future operations. The major targets will be the Company's customers and shall not be insiders or related parties of the Company. It is proposed to authorize the Company's Board to determine the Specific Persons for private placement.

b. The objective of selecting the placee, the necessity for that selection, and the anticipated benefits:

(a) The objective of selecting the placee and the necessity for that selection: With the industry developing trend, the Company plans to increase capital expenditure, research & development expenses and supplement working capital to ensure the long-term operation development. It is expected that the placee will assist the Company to expand its market, improve it revenue and profitability, and will help to enhance its development and competitive advantages, which can generate direct or indirect benefits for future operations.

(b) The anticipated benefits: The private placement of engaging with strategic investors and raising funds will strengthen our competitiveness, upgrade operating efficiency, enforce financial structure and strengthen shareholder structure, which can generate direct or indirect benefits for future operations.

(3) The necessity of the private placement:

a. The reason for not taking a public offering: Considering the effectiveness, feasibility and costs to raise capital, the Company proposes to raise funds by way of issuance of common shares through private placement. Also, it is proposed to authorize the Company's Board to implement the private placement based on the capital market status and Company's actual needs, which can increase the flexibility and effectiveness. Fundraising through private placement with the imposed trading limitation period of 3 years can ensure more long-term cooperation between the Company and the strategic investors.

b. The amount of the private placement: The Company plans to complete the private placement at one time not exceeding 40,000,000 shares within one year after shareholders' meeting resolution. The actual fundraising amount is proposed to be authorized to the Board to determine based on current market conditions, corporate needs and specific parties.

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

(4) Rights and obligations of the new private placement shares:
Share certificates of the new private placement shares will be issued in scripless form, the new shares will have the same rights and obligations as those of the original shares. Within three years after delivery, the shares issued under the private placement may not be transferred except under the circumstances in Article 43-8, Securities and Exchanges Act. After expiration of the three years following the delivery date of the private placement shares, the Company may file with authorization and listing the shares based on the relevant regulations.

(5) Except for the percentage relative to pricing based on the reference price, it is proposed to authorize the Company's Board to implement or modify the major plan of the private placement based on the market status, including actual pricing date, actual price, actual issuance share, terms of issuance, issuance plan (use of proceeds), amount of the fund raising, projected timeline and benefits of private placement, and matter regarding the private placement. In addition, it is proposed to authorize the Board to revise the issuance plan based on operation assessment, environment changes or upon receipt of instructions from government authorities.

(6) It is proposed to authorize the Company's Board to complete the private placement at one time within one year after shareholders' meeting resolution. If the private placement cannot be completed within one year, the Board shall discuss not to continue this private placement and publish relevant information on the Market Observation Post System.

(7) It is proposed to authorize the Chairman or the person appointed by the Chairman to represent the Company to negotiate and sign any documents and contracts regarding the private placement plan and handle any and all matters relating to issuance of private placement shares as required.

(8) For matter regarding the private placement not included above, it is proposed to authorize the Chairman of the Board to handle according to related laws and regulations.

DIRECTORS ELECTION

Proposal 1: **Proposed by the Board**

By-election of one Independent Director.

Explanation:

1. Mr. Chao-Shun Chang, Independent Director of the Company has resigned on Sep. 2, 2016. In accordance with Article 14-2 of the Securities and Exchange Act, a by-election for one independent director shall be held in this shareholders meeting. The tenure of this Independent Director is from June 16, 2017 to June 23, 2019.
2. Elections of directors at the Company is conducted in accordance with the candidate nomination system, the Independent Director candidate's information was reviewed by the Board meeting on May 5, 2017 and was shown as below:

Name	Education & Major Experience	Other Major Positions	Shareholdings (shares)
Mr. Jin-Shih Lin (林錦獅)	• Master Degree in Accounting, Tamkang University, Taiwan	• CPA • Supervisor, Prolific Technology Inc. • Independent Director, Namchow Chemical Industrial Co., Ltd. • Member of Compensation Committee, Namchow Chemical Industrial Co., Ltd.	0

3. The Company's "Rules for Election of Directors" is attached hereto as Appendix III (pages 51-53).

OTHER ITEMS

Proposal 1: **Proposed by the Board**

Proposal for release of Directors from non-competition restrictions.

Explanation:

1. According to Article 209 of the Company 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 candidate of the Independent Director of the Company who participate in the operations of another company, that engages in the same or similar business scope as the Company hereby requests the shareholders' approval to release these directors and their proxies from the non-competition restrictions.
3. In addition, 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 positions that Directors concurrently engage in:

Title	Name	The essential position the director engages in
Chairman	Mr. Chin-Tsai Chen (陳進財)	• Independent Director, PlexBio Co., Ltd. • Chairman, Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. • Director, Jiangsu Chainwin Agriculture and Animal Technology Co., Ltd.
Director	Mr. Shun-Ping Chen (陳舜平)	• Independent Director, Wei Chuan Foods Corp.
Independent Director	Mr. Shen-Yi Li (李伸一)	• Director, East Tender Optoelectronics Corporation
Independent Director Candidate	Mr. Jin-Shih Lin (林錦獅)	• Independent Director, Namchow Chemical Industrial Co., Ltd.

SPECIAL MOTIONS

ADJOURNMENT

III. ATTACHMENT

ATTACHMENT I: 2016 BUSINESS REPORT

In 2016, the global environment remained challenging, with several countries experiencing significant impact from political "Black Swan" events. Despite these headwinds, WIN's revenue and net income continued to grow, reaching a record high for the second consecutive year. This strong financial performance under challenging conditions validates our strategy to leverage WIN's technology leadership and diversify into new applications and markets. The strength of our technology portfolio, developed over many years, insulates WIN from the volatility of an individual market or the sales of a single product. Also, we have accurately recognized market trends and expanded capacity to capture greater market share. As a result, our revenue remained at higher levels than the previous year, while maintaining utilization rates above 80 percent each quarter even though we experienced typical market seasonality. Demand trends and utilization rates provide confidence of customers increased reliance on WIN's technologies and manufacturing scale. More importantly, WIN has taken the initiative to continually expand our factories in order to provide sufficient capacity for customers and the global wireless supply chain. Looking back at the previous year, we are encouraged to see the industry trend outlined a year ago has materialized. Although growth for the global smartphone market has slowed, WIN continues to benefit from more difficult RF performance requirements used in tier one smartphones. For both cellular and WiFi applications, the demand for GaAs components is increasing. Infrastructure and non-handset markets have delivered good financial performance over the past few years, and are benefiting from WIN's expertise and unique high frequency, high power component technology. In the area of optical devices and related technologies announced last year, we expect these to begin contributing to revenue this year. In general, we are confident the company's operations will continue to grow in 2017.

While our 2016 revenue and net income increased 13 percent and 17 percent respectively, we did not forget the importance of continually improving return on equity and strengthening corporate governance. In the third quarter of 2016, WIN executed a capital reduction of 30 percent, and also implemented treasury stock repurchases in the second and fourth quarters. These actions were taken to improve ROE and enhance shareholder value, and have been favorably received by our stockholders. In the area of corporate governance, WIN placed in the top 5 percent of companies assessed in the second annual Taiwan Stock Exchange/Taipei Exchange Corporate Governance Evaluation published in early 2016. For business operations and efficiency, WIN was awarded the 2015 Top5000 Outstanding Performance Enterprise Award from China Credit Information Service.

2016 operating results and 2017 outlook are reported as follow:

A. Operating Performance in 2016

1. Operating Performance

The Company's 2016 consolidated revenues totaled NT$13,623,076 thousand, representing an increase of 13.38% compared to the year 2015. 2016 net profit attributable to owners of parent was NT$ 3,112,774 thousand, representing an increase of 16.51% compared to the prior year, and EPS for 2016 was NT$6.04.

2. Analysis of Receipts, Expenditures, and Profitability

Unit: NT$ thousands; %

Items			2016 (Consolidated)	2015 (Consolidated)
Interest Income & Interest Expense	Interest Income		11,104	20,280
	Interest Expense		20,220	13,852
Profitability	Return on Total Assets (%)		12.32	11.68
	Return on Equity (%)		17.87	16.12
	Ratio to Issued Capital (%)	Operating Income	85.72	58.84
		Pre-tax Income	95.36	57.56
	Profit Ratio (%)		22.73	22.23
	Earnings per Share (NT$ dollars)		6.04	3.97

3. Budget Implementation

The Company is not required to make public its 2016 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

Market leading technology enables WIN to create significant differentiation in our industry and enhances our competitiveness. WIN's R&D expense is typically half of operating expense, and these sustained R&D investments now form the basis of new customer products that are the next drivers of revenue growth. A good example of this success is our BiHEMT technology, which was launched more than 10 years ago and has now become widely adopted by mainstream tier one smartphones. Additionally, WIN utilizes its upstream expertise and capabilities in compound semiconductor epitaxy to improve quality control, and accelerate the development of new technologies and applications. Consistent with our strategic approach to vertical integration, WIN also provides customers with wafer level copper-pillar bumping solutions to enable advanced packaging approaches, simplify supply chain logistics and increase customer loyalty. Furthermore, the optical device technologies we announced last year are soon expected to contribute to revenue, and is the result of several years R&D investment focused on technology and manufacturing of 2.5G/10G/25G laser diodes, photodiodes and vertical cavity surface emitter lasers. Lastly, our high power RF GaN technology, under development for many years, started to have small revenue contribution in 2016 and will see continued R&D investment in support of future 5G and IoT infrastructure applications.

B. Business Plan in 2017

In 2016 WIN's revenue grew 13% YoY, and was much higher than the growth rate of both the global semiconductor industry and the GaAs device market. Our position as the largest compound semiconductor wafer foundry with the most advanced technology portfolio makes WIN the preferred manufacturing partner for global IDMs and design houses, enabling revenue to grow faster than the overall market. We will continue to pursue this highly successful business model and strategy in 2017, and leverage our core technologies to diversify into adjacent markets and applications to reduce the risk of customer and product volatility. Additionally, we will maintain our industry-leading position with our state-of-art technologies and apply these to entirely new applications and opportunities.

Moreover, to increase manufacturing scale we will continue the expansion plan for fab C, which began mass production in 2016. After more than 2 years of preparation, fab C now provides ample capacity enabling fabs A & B to moderate utilization rates to more efficient levels. Furthermore, capital expenditure for 2017 is expected to remain at similar levels as previous years, and this CAPEX will not only be used for optical device equipment relocation/optimization amongst the 3 fabs, but also for continued build-out of Fab C's clean room space in anticipation of next year's capacity expansion.

C. Development Strategy

WIN's fundamental strategy has always been to provide our customers with the most advanced compound semiconductor technology along with flexible manufacturing scale to support any end-market. Access to our capacity and R&D capabilities provides a clear market advantage enabling WIN's customers to successfully take share in their markets. Our PA customers have a long track record of success in the handset market and this has translated to superior growth at WIN. We have now entered new markets beyond handset, and are duplicating our success in the mobile PA market, creating an extremely high entry barrier for competitors. The key to our success has been continual investment in core technology and production capabilities. These investments not only include capacity for wafer production, but also in talented employees and R&D initiatives. Particularly for R&D of new compound semiconductor technologies, a correct decision with an accurate market view has to be made 3 to 5 years in advance. Prime examples of these investment choices are WIN's BiHEMT processes; wafer level Cu pillar bumping services; high power GaN process; and optical device technologies, which all have been realized through the same decision path.

For WIN's optical device business, we expect revenue contribution this year. In the coming years, we will continue to develop the communication technologies necessary for applications in vehicles, data centers and fiber to the home. For microwave communication, applications in V2V/V2X systems are another technology focus for us in the mid to long term. In the area of emerging network architectures, 5G communication specifications are still being developed and are expected to be ready for commercialization in 2020. Global supply chains are preparing for 5G deployments, and all process technologies needed for both pre-5G and 5G have been incorporated into WIN's technology roadmap.

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

Over the past year, political and economic "Black Swans" have affected daily business decisions and often we see changes in local government regulations that work against economic growth. In Taiwan for example, the treatment of employee share bonus causes employees a heavy tax burden. The law of "one fixed day off and one flexible rest day" causes increased labor costs and less flexibility for production scheduling. All these unfavorable factors create challenging business conditions, however, WIN maintains flexibility in business operations and continues innovating. WIN remains committed to developing new process technologies to offset price erosion and provide customers added value, increased functionality, improved quality and better performance to succeed in their highly competitive markets. In addition, the red supply chain has emerged with direct competition or even the threat of merger and acquisition. In response to this, WIN, as a pure play foundry, is continually building a higher entry barrier with superior technology, greater economic scale and strategic customer alliances.

Also, we expect the government to recognize the importance of economic development and create a favorable environment for economic growth through the formulation of a tax-light policy and simplification of business regulation.

Chin-Tsai Chen	*Yu-Chi Wang*	*Linna Su*
Chairman	*CEO*	*Accounting Officer*

ATTACHMENT II: 2016 AUDIT COMMITTEE'S REVIEW REPORT

2016 AUDIT COMMITTEE'S REVIEW REPORT

The Board of Directors has prepared the Company's 2016 Business Report, Financial Statements (parent-company-only & consolidated), and proposal for allocation of earnings. The CPA firm of KPMG was retained to audit WIN's Financial Statements and has issued an audit report relating to the Financial Statements.

The Audit Committee is responsible for supervising the financial reporting process of the Company. The CPAs communicated the following matters to the Audit Committee when they audited and attested the Company's 2016 financial statements:

1. The scope and timing of the audit conducted by CPAs was communicated and that there were no significant audit findings during their audit.
2. The CPAs provided the Audit Committee with a statement stating that the Committee has complied with the relevant ethical requirements regarding independence, and that there were no other matters that may reasonably be thought to bear on their independence.
3. The CPAs communicated with the Audit Committee on key audit matters and determined that key audit matters should be communicated in the auditors' report.

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

WIN Semiconductors Corp.
Chairman of the Audit Committee: Wei-Lin Wang

March 23, 2017

ATTACHMENT III: INDEPENDENT AUDITORS' REPORT AND 2015 CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report

The Board of Directors of WIN Semiconductors Corp. :

Opinion

We have audited the consolidated financial statements of WIN Semiconductors Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of WIN Semiconductors Corp. and its subsidiaries as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

1. Revenue recognition

   For accounting policies of revenue recognition, please refer to Note 4 (q) "Revenue" of the consolidated financial statements.

   WIN Semiconductors Corp. and its subsidiaries engage in selling of GaAs wafers. Currently, the GaAs semiconductor industry is becoming more competitive. Also, WIN Semiconductors Corp. is a listed company involving in public interest. Therefore, its revenue recognition has been identified as a key audit matter while conducting our audit on the financial statements of WIN Semiconductors Corp. and its subsidiaries.

How the matter was addressed in our audit:

Our principal audit procedures included: Testing the design and effectiveness of the Group's internal control on revenue and order to cash transaction cycle. Inspecting the contracts signed with major customers to assess the reasonableness of the timing to recognize revenue. Performing the trend analysis of revenue, and collaborating it's movement and expectation to verify whether or not any unusual matter has incurred.

2. Evaluation of inventory

   Please refer to Note 4(h) "Inventory" for accounting policies, Note 5(a) for accounting assumptions, judgments and estimation uncertainty of inventory, and Note 6(d) for the illustration of inventory of the consolidated financial statements.

   Due to the industry demand, WIN Semiconductors Corp. and its subsidiaries store a high ratio of precious metals which result in a lower inventory turnover. Therefore, the Group cannot require sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realisable value.

   How the matter was addressed in our audit:

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

3. Business combination

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

   The Group has controlled over Chainwin Agriculture and Animal Technology (Cayman Islands) Ltd. and its subsidiaries for the year ended December 31, 2016. For the requirement of the accounting policies regarding business combination, the management of WIN Semiconductors Corp. and its subsidiaries made judgments in determining the fair value of the consideration transferred, assets acquired and non controlling interest. There is a significant judgment involved in determining the fair value of pre existing interest of the acquiree, assets acquired and liabilities assumed given the specialised nature of the acquired businesses and their related technologies. Thus, the business combination has been identified as a key audit matter.

   How the matter was addressed in our audit:

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

Other Matter

WIN Semiconductors Corp. has prepared its parent company only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (The Republic of China)
March 23, 2017

Note to Readers

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

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

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2016		December 31, 2015	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,388,143	9	1,869,657	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	218,250	1	1,014,688	4
1125	Current available-for-sale financial assets (note 6(b))	974,767	4	629,823	3
1170	Notes and accounts receivable, net (note 6(c))	1,068,714	4	700,028	3
1310	Inventories (note 6(d))	2,727,432	10	2,471,370	10
1400	Current biological assets (note 6(e))	133,029	1	-	-
1470	Other current assets (note 6(l))	309,074	1	298,537	1
	Total current assets	7,819,409	30	6,984,103	29
	Non-current assets:				
1523	Non-current available-for-sale financial assets (note 6(b))	1,625,267	6	1,268,721	5
1543	Non-current financial assets at cost (note 6(b))	24,832	-	-	-
1546	Non-current investments in debt instrument without active market (note 6(b))	92,600	-	159,600	1
1550	Investments accounted for using equity method (note 6(f))	291,036	1	657,960	3
1600	Property, plant and equipment (notes 6(i), 7 and 8)	13,348,978	51	11,623,190	48
1760	Investment property (notes 6(j) and 8)	1,468,113	6	1,085,846	5
1780	Intangible assets (notes 6(g) and 6(k))	229,539	1	62,370	-
1830	Non-current biological assets (note 6(e))	48,290	-	-	-
1840	Deferred tax assets (note 6(q))	75,354	-	85,104	-
1915	Prepayments for business facilities	1,263,897	5	2,135,838	9
1990	Other non-current assets (notes 6(l) and 8)	123,324	-	48,741	-
	Total non-current assets	18,591,230	70	17,127,370	71
	Cash and cash equivalents (note 6(a))	**$ 26,410,639**	**100**	**24,111,473**	**100**

		December 31, 2016		December 31, 2015	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6 (m))	$ -	-	23,656	-
2170	Accounts payable	975,478	4	1,309,867	5
2200	Other payables	2,056,522	7	1,810,125	8
2320	Long-term liabilities, current portion (notes 6(n) and 8)	940,194	4	841,507	3
2399	Other current liabilities	222,226	1	620,449	3
	Total current liabilities	4,194,420	16	4,605,604	19
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(n) and 8)	3,673,749	14	2,098,796	9
2570	Deferred tax liabilities (note 6(q))	33,728	-	28,159	-
2600	Other non-current liabilities (note 6(p))	190,858	1	169,814	1
	Total non-current liabilities	3,898,335	15	2,296,769	10
	Total liabilities	8,092,755	31	6,902,373	29
	Equity (notes 6(q), 6(r) and 6(s)) :				
3110	Ordinary share	4,076,664	15	5,965,641	25
3200	Capital surplus	3,758,737	14	3,815,017	16
3300	Retained earnings	9,376,801	36	7,045,498	29
3400	Other equity interest	761,897	2	382,944	1
3500	Treasury shares	(347,660)	(1)	-	-
	Total equity attributable to owners of parent	17,626,439	66	17,209,100	71
36XX	Non-controlling interests (note 6(h))	691,445	3	-	-
	Total equity	18,317,884	69	17,209,100	71
	Total liabilities and equity	**$ 26,410,639**	**100**	**24,111,473**	**100**

WIN Semiconductors Corp. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2016 Amount	2016 %	2015 Amount	2015 %
4000	**Operating revenue**	$ 13,623,076	100	12,015,747	100
5000	**Operating costs (notes 6(d),6(e),6(f),6(k),6(o),6(p),6(u),7 and 12)**	(8,633,824)	(63)	(7,254,716)	(60)
	Gross profit from operating	4,989,252	37	4,761,031	40
	Operating expenses (notes 6(c),6(k),6(o),6(p),6(u),7 and 12):				
6100	Selling expenses	(169,804)	(1)	(131,408)	(1)
6200	Administrative expenses	(735,461)	(5)	(546,774)	(5)
6300	Research and development expenses	(606,344)	(5)	(572,485)	(5)
	Total operating expenses	(1,511,609)	(11)	(1,250,667)	(11)
6500	**Net other income (expenses) (note 6(e))**	16,959	-	-	-
	Net operating income	3,494,602	26	3,510,364	29
	Non-operating income and expenses:				
7010	Other income (notes 6(o) and 6(v))	137,384	1	102,438	1
7020	Other gains and losses (notes 6(f),6(g) and 6(v))	318,332	2	(59,117)	-
7050	Finance costs (notes 6(v))	(20,220)	-	(13,852)	-
7770	Share of loss of associates and joint ventures accounted for using equity method (notes 6(f))	(42,554)	-	(106,195)	(1)
	Total non-operating income and expenses	392,942	3	(76,726)	-
7900	**Profit before tax**	3,887,544	29	3,433,638	29
7950	Total tax expense (note 6(q))	(791,239)	(6)	(762,011)	(7)
	Profit	3,096,305	23	2,671,627	22
	Other comprehensive income (loss):				
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
8311	Remeasurements of defined benefit plans (note 6(p))	(13,272)	-	(6,304)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(q))	2,256	-	1,072	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	(11,016)	-	(5,232)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(45,648)	(1)	15,177	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	397,017	3	147,199	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method (note 6(f))	301	-	(303)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	351,670	2	162,073	1
	Other comprehensive income	340,654	2	156,841	1
8500	**Total comprehensive income**	$ 3,436,959	25	2,828,468	23
	Profit (loss), attributable to:				
8610	Profit attributable to owners of parent	$ 3,112,774	23	2,671,627	22
8620	Loss attributable to non-controlling interests	(16,469)	-	-	-
		$ 3,096,305	23	2,671,627	22
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ 3,480,374	26	2,828,468	23
8720	Comprehensive income (loss) , attributable to non-controlling interests	(43,415)	(1)	-	-
		$ 3,436,959	25	2,828,468	23
	Earnings per common share (expressed in dollars)(note 6(t))				
9750	Basic earnings per share	$	6.04		3.97
9850	Diluted earnings per share	$	5.99		3.94

WIN Semiconductors Corp. and Its Subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2015	$ 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
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	196,347	(196,347)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(148,679)	(148,679)	-	-	-	-	(148,679)	-	(148,679)
	-	-	196,347	(345,026)	(148,679)	-	-	-	-	(148,679)	-	(148,679)
Profit for the year ended December 31, 2015	-	-	-	2,671,627	2,671,627	-	-	-	-	2,671,627	-	2,671,627
Other comprehensive income for the year ended December 31, 2015	-	-	-	(5,232)	(5,232)	14,874	147,199	162,073	-	156,841	-	156,841
Total comprehensive income for the year ended December 31, 2015	-	-	-	2,666,395	2,666,395	14,874	147,199	162,073	-	2,828,468	-	2,828,468
Capital reduction	(1,486,790)	-	-	-	-	-	-	-	-	(1,486,790)	-	(1,486,790)
Changes in equity of associated and joint ventures accounted for using equity method	-	1,916	-	-	-	-	-	-	-	1,916	-	1,916
Exercise of employee stock options	30,054	44,481	-	-	-	-	-	-	-	74,535	-	74,535
Balance at December 31, 2015	5,965,641	3,815,017	800,954	6,244,544	7,045,498	19,783	363,161	382,944	-	17,209,100	-	17,209,100
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	267,163	(267,163)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(298,333)	(298,333)	-	-	-	-	(298,333)	-	(298,333)
	-	-	267,163	(565,496)	(298,333)	-	-	-	-	(298,333)	-	(298,333)
Profit for the year ended December 31, 2016	-	-	-	3,112,774	3,112,774	-	-	-	-	3,112,774	(16,469)	3,096,305
Other comprehensive income for the year ended December 31, 2016	-	-	-	(11,016)	(11,016)	(18,401)	397,017	378,616	-	367,600	(26,946)	340,654
Total comprehensive income for the year ended December 31, 2016	-	-	-	3,101,758	3,101,758	(18,401)	397,017	378,616	-	3,480,374	(43,415)	3,436,959
Capital reduction	(1,789,999)	-	-	-	-	-	-	-	-	(1,789,999)	-	(1,789,999)
Changes in equity of associated and joint ventures accounted for using equity method	-	5,549	-	-	-	-	-	-	-	5,549	-	5,549
Exercise of employee stock options	1,022	1,880	-	-	-	-	-	-	-	2,902	-	2,902
Purchase of treasury share	-	-	-	-	-	-	-	-	(347,660)	(347,660)	-	(347,660)
Retirement of treasury share	(100,000)	(63,709)	-	(472,122)	(472,122)	-	-	-	-	(635,831)	-	(635,831)
Disposal of investments accounted for using equity method	-	-	-	-	-	337	-	337	-	337	-	337
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	734,860	734,860
Balance at December 31, 2016	$ 4,076,664	3,758,737	1,068,117	8,308,684	9,376,801	1,719	760,178	761,897	(347,660)	17,626,439	691,445	18,317,884

.

Impairment loss on financial assets	-
Changes in biological assets at fair value	(16,959
Total adjustments to reconcile profit	2,105,35
Changes in operating assets and liabilities:	
Changes in operating assets:	
Decrease (increase) in current financial assets at fair value through profit or loss	(29,222
Increase in notes and accounts receivable, net	(347,001
Increase in inventories	(279,342
Decrease in biological assets	22,32
Decrease (increase) in other current assets	13
Total changes in operating assets	(633,100
Changes in operating liabilities:	
Increase (decrease) in accounts payable	(386,703
Increase in other payable	95,75
Increase (decrease) in other current liabilities	(398,223
Increase in other operating liabilities	1,64
Total changes in operating liabilities	(687,524
Total changes in operating assets and liabilities	(1,320,624
Cash inflow generated from operations	4,672,27
Dividends received	2,78
Income taxes paid	(888,561
Net cash flows from operating activities	3,786,50
Cash flows from (used in) investing activities:	
Acquisition of current financial assets at fair value through profit or loss	(2,796,160
Proceeds from disposal of current financial assets at fair value through profit or loss	3,669,43
Acquisition of current available-for-sale financial assets	(21,732
Acquisition of non-current available-for-sale financial assets	(376,870
Proceeds from non-current available-for-sale financial assets	284,14
Acquisition of investments accounted for using equity method	(486,720
Proceeds from capital reduction of investments accounted for using equity method	109,42
Proceeds from disposal of non-current investments in debt instrument without active market	67,00
Acquisition of property, plant and equipment	(2,036,046
Proceeds from disposal of property, plant and equipment	89
Decrease in other receivables due from related parties	4,93
Acquisition of intangible assets	(46,267
Net cash inflows from business combination	963,76
Increase in other non-current assets	(44,786
Increase in prepayments for business facilities	(1,189,832
Interest received	12,20
Dividends received	52,74
Net cash flows used in investing activities	(1,833,863
Cash flows from (used in) financing activities:	
Increase (decrease) in short-term loans	(23,656
Proceeds from long-term debt	2,514,00
Repayments of long-term debt	(841,506
Increase in other non-current liabilities	6,12
Cash dividends paid	(298,333
Capital reduction payments to shareholders	(1,789,999
Exercise of employee share options	2,90
Payments to acquire treasury shares	(965,293
Interest paid	(18,189
Net cash flows used in financing activities	(1,413,947
Effect of exchange rate changes on cash and cash equivalents	(20,204
Net increase (decrease) in cash and cash equivalents	518,48
Cash and cash equivalents at beginning of period	1,869,65
Cash and cash equivalents at end of period	$ **2,388,14**

ATTACHMENT IV: INDEPENDENT AUDITORS' REPORT AND 2016 PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

Independent Auditors' Report

The Board of Directors of WIN Semiconductors Corp. :

Opinion

We have audited the financial statements of WIN Semiconductors Corp. ("the Company"), which comprise the balance sheets as of December 31, 2016 and 2015, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

1. Revenue recognition

   For accounting policies of revenue recognition, please refer to Note 4 (p) "Revenue" of the parent company only financial statements.

   WIN Semiconductors Corp. engages in selling of GaAs wafers. Currently, the GaAs semiconductor industry is becoming more competitive. Also, WIN Semiconductors Corp. is a listed company involving in public interest. Therefore, its revenue recognition has been identified as a key audit matter while conducting our audit on the financial statements of WIN Semiconductors Corp.

   <u>How the matter was addressed in our audit:</u>

   Our principal audit procedures included: Testing the design and effectiveness of the Company's internal control on revenue and order to cash transaction cycle. Inspecting the contracts signed with major customers to assess the reasonableness of the timing to recognize revenue. Performing the trend analysis of revenue, and collaborating its movement and expectation to verify whether or not any unusual matter has incurred.

2. Evaluation of inventory

   Please refer to Note 4(g) “Inventory” for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventory, and Note 6(d) for the illustration of inventory of the parent company only financial statements.

   Due to the industry demand, WIN Semiconductors Corp. stores a high ratio of precious metals which result in a lower inventory turnover. Therefore, the Company cannot obtain sufficient information on inventories that were sold or used on the reporting date. Since the technology changes rapidly, the inventory may be out of date or may not conform to market demand, resulting in a risk wherein the carrying amount of inventories may exceed its net realisable value.

   <u>How the matter was addressed in our audit</u>

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG
Taipei, Taiwan (The Republic of China)
March 23, 2017

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, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2016		December 31, 2015	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,434,161	6	1,742,988	7
1110	Current financial assets at fair value through profit or loss (note 6(b))	72,750	-	948,291	4
1125	Current available-for-sale financial assets (note 6(b))	974,767	4	629,823	3
1170	Notes and accounts receivable, net (note 6(c))	532,672	2	300,134	1
1180	Accounts receivable due from related parties, net (notes 6(c) and 7)	521,957	2	375,716	2
1310	Inventories (note 6(d))	2,716,765	11	2,471,370	10
1470	Other current assets (note 6(i))	293,150	1	294,091	1
	Total current assets	6,546,222	26	6,762,413	28
	Non-current assets:				
1523	Non-current available-for-sale financial assets (note 6(b))	1,164,160	5	865,828	4
1546	Non-current investments in debt instrument without active market (note 6(b))	92,600	-	159,600	1
1550	Investments accounted for using equity method (note 6(e))	1,675,609	7	1,248,153	5
1600	Property, plant and equipment (note 6(f) and 8)	13,181,802	51	11,622,870	48
1760	Investment property (note 6(g) and 8)	1,468,113	6	1,085,846	5
1780	Intangible assets (note 6(h))	73,352	-	62,370	-
1840	Deferred tax assets (note 6(n))	75,354	-	85,104	-
1915	Prepayments for business facilities	1,263,897	5	2,135,838	9
1990	Other non-current assets (notes 6(i) and 8)	50,787	-	48,741	-
	Total non-current assets	19,045,674	74	17,314,350	72
	Total assets	$ 25,591,896	100	24,076,763	100

		December 31, 2016		December 31, 2015	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note6 (j))	$ -	-	23,656	-
2170	Accounts payable	941,535	4	1,309,867	5
2200	Other payables	1,978,321	8	1,789,058	7
2320	Long-term liabilities, current portion (notes 6(k) and 8)	940,194	3	841,507	4
2399	Other current liabilities	207,072	1	606,806	3
	Total current liabilities	4,067,122	16	4,570,894	19
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(k) and 8)	3,673,749	14	2,098,796	9
2570	Deferred tax liabilities (note 6(n))	33,728	-	28,159	-
2600	Other non-current liabilities (note 6(m))	190,858	1	169,814	1
	Total non-current liabilities	3,898,335	15	2,296,769	10
	Total liabilities	7,965,457	31	6,867,663	29
	Equity (notes 6(n), 6(o) and (6(p)):				
3110	Ordinary share	4,076,664	16	5,965,641	24
3200	Capital surplus	3,758,737	14	3,815,017	16
3300	Retained earnings	9,376,801	37	7,045,498	29
3400	Other equity interest	761,897	3	382,944	2
3500	Treasury shares	(347,660)	(1)	-	-
	Total equity	17,626,439	69	17,209,100	71
	Total liabilities and equity	$ 25,591,896	100	24,076,763	100

WIN Semiconductors Corp.

Statements of Comprehensive Income

For the years ended December 31, 2016 and 2015

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

		2016		2015	
		Amount	%	Amount	%
4000	**Operating revenue (note 7)**	$ 13,299,527	100	11,904,017	100
5000	**Operating costs (notes 6(d), (f), (h), (l), (m), (r), 7 and 12))**	(8,414,261)	(63)	(7,191,668)	(60)
	Gross profit from operating	4,885,266	37	4,712,349	40
	Operating expenses (notes 6(c), (f), (g), (h), (l), (m), (r), 7 and 12)):				
6100	Selling expenses	(85,376)	(1)	(69,803)	(1)
6200	Administrative expenses	(667,364)	(5)	(514,021)	(4)
6300	Research and development expenses	(605,674)	(5)	(572,485)	(5)
	Total operating expenses	(1,358,414)	(11)	(1,156,309)	(10)
	Net operating income	3,526,852	26	3,556,040	30
	Non-operating income and expenses:				
7010	Other income (notes 6(l) and 6(s))	130,025	1	98,413	1
7020	Other gains and losses (notes 6(e) and 6(s))	297,470	2	(48,306)	-
7050	Finance costs (note 6(s))	(20,220)	-	(13,852)	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method (note 6(e))	(30,543)	-	(158,912)	(1)
	Total non-operating income and expenses	376,732	3	(122,657)	-
7900	**Profit before tax**	3,903,584	29	3,433,383	30
7950	**Total tax expense (note 6(n))**	(790,810)	(6)	(761,756)	(6)
	Profit	3,112,774	23	2,671,627	24
	Other comprehensive income (loss):				
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss:				
8311	Remeasurements of defined benefit plans (note 6(m))	(13,272)	-	(6,304)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(n))	2,256	-	1,072	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	(11,016)	-	(5,232)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	(6,675)	-	15,177	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	357,577	3	43,012	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method (note 6(e))	27,714	-	103,884	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	**378,616**	**3**	**162,073**	**1**
	Other comprehensive income	367,600	3	156,841	1
8500	**Total comprehensive income**	**$ 3,480,374**	**26**	**2,828,468**	**25**
	Earnings per common share (expressed in dollars) (note 6(q))				
9750	Basic earnings per share	**$ 6.04**		**3.97**	
9850	Diluted earnings per share	**$ 5.99**		**3.94**	

WIN Semiconductors Corp.

Statements of Changes in Equity

For the years ended December 31, 2016 and 2015

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Other equity interest				
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2015	$ 7,422,377	3,768,620	604,607	3,923,175	4,527,782	4,909	215,962	220,871	-	15,939,650
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	196,347	(196,347)	-	-	-	-	-	-
Cash dividends	-	-	-	(148,679)	(148,679)	-	-	-	-	(148,679)
			196,347	(345,026)	(148,679)					(148,679)
Profit for the year ended December 31, 2015	-	-	-	2,671,627	2,671,627	-	-	-	-	2,671,627
Other comprehensive income for the year ended December 31, 2015	-	-	-	(5,232)	(5,232)	14,874	147,199	162,073	-	156,841
Total comprehensive income for the year ended December 31, 2015	-	-	-	2,666,395	2,666,395	14,874	147,199	162,073	-	2,828,468
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	1,916	-	-	-	-	-	-	-	1,916
Capital reduction	(1,486,790)	-	-	-	-	-	-	-	-	(1,486,790)
Exercise of employee stock options	30,054	44,481	-	-	-	-	-	-	-	74,535
Balance at December 31, 2015	5,965,641	3,815,017	800,954	6,244,544	7,045,498	19,783	363,161	382,944	-	17,209,100
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	267,163	(267,163)	-	-	-	-	-	-
Cash dividends	-	-	-	(298,333)	(298,333)	-	-	-	-	(298,333)
			267,163	(565,496)	(298,333)					(298,333)
Profit for the year ended December 31, 2016	-	-	-	3,112,774	3,112,774	-	-	-	-	3,112,774
Other comprehensive income for the year ended December 31, 2016	-	-	-	(11,016)	(11,016)	(18,401)	397,017	378,616	-	367,600
Total comprehensive income for the year ended December 31, 2016	-	-	-	3,101,758	3,101,758	(18,401)	397,017	378,616	-	3,480,374
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method	-	5,549	-	-	-	337	-	337	-	5,886
Capital reduction	(1,789,999)	-	-	-	-	-	-	-	-	(1,789,999)
Exercise of employee stock options	1,022	1,880	-	-	-	-	-	-	-	2,902
Purchase of treasury share	-	-	-	-	-	-	-	-	(347,660)	(347,660)
Retirement of treasury share	(100,000)	(63,709)	-	(472,122)	(472,122)	-	-	-	-	(635,831)
Balance at December 31, 2016	**$ 4,076,664**	**3,758,737**	**1,068,117**	**8,308,684**	**9,376,801**	**1,719**	**760,178**	**761,897**	**(347,660)**	**17,626,439**

Note: The appropriations for 2016 and 2015 directors and supervisors' remuneration amounting to $76,300 and $67,100, employee's remuneration amounting to $263,000 and $231,300, were recognized and accrued in the 2016 and 2015 earnings.

Changes in operating assets and liabilities:	
Changes in operating assets:	
Decrease (increase) in notes and accounts receivable, net	(2
Increase in accounts receivable due from related parties, net	(1
Increase in inventories	(2
Increase in other current assets	
Total changes in operating assets	(6
Changes in operating liabilities:	
Increase (decrease) in accounts payable	(3
Increase in other payable	
Increase (decrease) in other current liabilities	(3
Increase in other non-current liabilities	
Total changes in operating liabilities	(6
Total changes in operating assets and liabilities	(1,3
Cash inflow generated from operations	4,7
Income taxes paid	(8
Net cash flows from operating activities	3,8
Cash flows from (used in) investing activities:	
Acquisition of current financial assets at fair value through profit or loss	(2,7
Proceeds from disposal of current financial assets at fair value through profit or loss	3,6
Acquisition of current available-for-sale financial assets	(
Acquisition of non-current available-for-sale financial assets	(3
Proceeds from disposal of non-current available-for-sale financial assets	2
Proceeds from disposal of non-current investments in debt instrument without active markets	
Acquisition of investments accounted for using equity method	(5
Acquisition of property, plant and equipment	(1,9
Proceeds from capital reduction of investments accounted for using equity method	1
Proceeds from disposal of property, plant and equipment	
Acquisition of intangible assets	(
Increase in other non-current assets	
Increase in prepayments for business facilities	(1,1
Interest received	
Dividends received	
Net cash flows used in investing activities	(2,7
Cash flows from (used in) financing activities:	
Increase (decrease) in short-term loans	(
Proceeds from long-term debt	2,5
Repayments of long-term debt	(8
Increase in other non-current liabilities	
Cash dividends paid	(2
Capital reduction payments to shareholders	(1,7
Exercise of employee share options	
Payments to acquire treasury shares	(9
Interest paid	(
Net cash flows used in financing activities	(1,4
Net decrease in cash and cash equivalents	(3
Cash and cash equivalents at beginning of period	1,7
Cash and cash equivalents at end of period	**$ 1,4**

ATTACHMENT V: PROFIT ALLOCATION PROPOSAL

WIN Semiconductors Corp.
2016 Profit Allocation Proposal

Unit: NT$

Net profit of 2016	**3,112,774,301**
Less: 10% legal reserve	(311,277,403)
Retained earnings in 2016 available for distribution	**2,801,496,871**
Distributable item:	
Cash dividends to common share holders (NT$4.5 per share)	**(1,811,998,728)**
Unappropriated retained earnings of 2016	**989,495,143**
Add: uappropriated retained earnings, Dec. 31, 2015	5,679,048,027
Less: remeasurements of defined benefit plans	(11,015,760)
Less: retirement of treasury share	(472,122,087)
Unappropriated retained earnings, Dec. 31, 2016	**6,185,408,323**

If there is any net profit after closing of a fiscal year, the Corporation shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend.

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

Chin-Tsai Chen	*Yu-Chi Wang*	*Linna Su*
Chairman	*CEO*	*Accounting Officer*

ATTACHMENT VI: REVISIONS TO PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSET

Before and After Revision

BEFORE THE REVISION	AFTER THE REVISION
Article 5: The Company shall establish the procedures for the acquisition or disposal of assets. After the procedures have been approved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders meeting for approval; the same applies when the procedures are amended. If any Director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the Director's dissenting opinion to each supervisor. When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	Article 5: The Company shall establish the procedures for the acquisition or disposal of assets. The procedures shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution, and then to a shareholders meeting for approval; the same applies when the procedures are amended. When the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting. For matters that discussion and approval of the Audit Committee under the procedures are required, if approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
Article 7: With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the Board of	Article 7: With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, such objection or reservation shall be recorded in the minutes of the Board of Directors meeting.

BEFORE THE REVISION	AFTER THE REVISION
Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	Any transaction involving major assets or derivatives shall be approved by more than half of all Audit Committee members and submitted to the Board of Directors for a resolution.
Article 13: When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.	Article 13: When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds issued by domestic securities investment trust enterprises, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution: 1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets. 2. The reason for choosing the related party as a trading counterparty. 3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15. 4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the Company and the related party. 5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the

BEFORE THE REVISION	AFTER THE REVISION
6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with second paragraph Article 29 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries, the Company's Board of Directors delegate the Chairman of Board of Directors to decide such matters when the transaction is within 10 percent of the Company's net value and subsequently submitted to and ratified by the next Board of Directors meeting. When a matter is submitted for discussion by the Board of Directors pursuant to the first paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.	transaction, and reasonableness of the funds utilization. 6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding Article. 7. Restrictive covenants and other important stipulations associated with the transaction. The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with second paragraph Article 29 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and the Board of Directors need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use machinery and equipment between the Company and its subsidiaries, the Company's Board of Directors delegate the Chairman of Board of Directors to decide such matters when the transaction is within 10 percent of the Company's net value and subsequently submitted to and ratified by the next Board of Directors meeting. When a matter is submitted for discussion by the Board of Directors pursuant to the first paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.
Article 16: Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real	Article 16: Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with Article 14 and Article 15 are uniformly lower than the transaction price, the following steps shall be taken: 1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real

BEFORE THE REVISION	AFTER THE REVISION
property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. 2. Supervisors shall comply with Article 218 of the Company Law. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.	property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph 1 of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of the Company's equity stake in the other company. 2. Audit Committee shall comply with Article 218 of the Company Law. 3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus. The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the Company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.
Article 20: In accordance with the relevant regulations, a reference book shall be established and maintained to record the Company's financial derivative transactions. Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a	Article 20: In accordance with the relevant regulations, a reference book shall be established and maintained to record the Company's financial derivative transactions. Internal audit personnel is required to evaluate the suitability of the internal control system in connection with financial derivative transactions on a

BEFORE THE REVISION	AFTER THE REVISION
regular basis, to conduct auditing on how well the related departments according to the Procedures, and to make report on a monthly basis. Should there be any violation found, a written report is needed to notify the supervisors.	regular basis, to conduct auditing on how well the related departments according to the Procedures, and to make report on a monthly basis. Should there be any violation found, a written report is needed to notify the independent directors.
Article 21: The Company that conducts a merger, demerger, acquisition, or transfer of shares, shall, prior to convening the board of directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.	Article 21: The Company that conducts a merger, demerger, acquisition, or transfer of shares, shall, prior to convening the board of directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
Article 29: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic	Article 29: Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or

BEFORE THE REVISION	AFTER THE REVISION
money market funds. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. 4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: (1) Trading of government bonds. (2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds. (3) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT$500 million. (4) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT$500 million. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.	redemption of domestic money market funds issued by domestic securities investment trust enterprises. 2. Merger, demerger, acquisition, or transfer of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. 4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount meets any of the following criteria: (1) When the Company's paid-in capital is less than NT$10 billion, the transaction amount reaches NT$500 million or more. (2) When the Company's paid-in capital is NT$10 billion or more, the transaction amount reaches NT$1 billion or more. 5. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT$500 million. 6. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances: (1) Trading of government bonds. (2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds

BEFORE THE REVISION	AFTER THE REVISION
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.	issued by domestic securities investment trust enterprises. The amount of transactions above shall be calculated as follows: 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission. The Company acquiring or disposing of assets shall keep all relevant contracts,

BEFORE THE REVISION	AFTER THE REVISION
	meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.

IV. APPENDIX

APPENDIX I: RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

WIN Semiconductors Corp.
Rules and Procedures of Shareholders' Meeting

Approved by the AGM on June 24, 2016

1. Unless otherwise provided for in applicable laws and regulations or the Company's Articles of Incorporation, Shareholders' Meeting Rules and Procedures of the Company shall comply with the following articles.
2. The shareholders or their appointed proxies are referred to as shareholders on these articles.
3. Shareholders' meetings (the "Meeting") shall be held at the Company's premises or at another place that is convenient for shareholders to attend and suitable for a Meeting. The Meeting shall not start earlier than 9:00 AM or later than 3:00 PM.
4. The Company may appoint retained lawyers, certified public accountants or related persons to participate in the Meeting.
5. The Company shall provide a sign-in book allowing attending shareholders to sign in or require attending shareholders to submit attendance cards in lieu of signing in. Shareholders shall be admitted to the Meeting on the basis of attendance passes, attendance cards, or other attendance documents; those persons soliciting proxy forms shall be required to present identification documents for checking identities.

   When the government or a legal entity is a shareholder, more than one representative may attend the Meeting. However, a legal entity serving as proxy to attend the Meeting may appoint only one representative to attend.
6. Voting and attendance at the Meeting shall be based on number of shares. If a shareholder requests counting of number of the attendees, the chairman may turn it down. After such request was made, a resolution is duly passed should the attendance constitute the quorum if a voting is made on an agenda item.

   Shares of shareholders without voting rights shall not be included in the total number of issued and outstanding shares when voting on resolutions. If there is concern that a shareholder's interest may conflict with and adversely affect the Company's interests with regard to any matters discussed at the Meeting, such shareholder may not participate in voting, and may not represent another shareholder to exercise his or her voting rights.

   The number of shares of those persons not permitted to exercise their voting rights in the foregoing paragraph shall not be included in counting the total number of voting shares for attending shareholders.

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

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

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

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

8. The Company shall locate the surveillance video taping at the entrance of the Meeting place, and the proceeding of the Meeting shall be audio recorded and videotaped and these tapes shall be preserved for at least one year. However, the said audio and video tapes shall be preserved until the conclusion of the lawsuit if a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law.

9. The chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and the Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements, the number of shares represented by the attending shareholders has not yet constituted more than one-third of all issued and outstanding shares, the chairman shall announce the termination of the Meeting.

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

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

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

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

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

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

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

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

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

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

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

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

13. Except otherwise specified in the Company Law or the Company's Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the attending shareholders. An agenda item shall be deemed approved and shall have the same effect as if it was voted by casting ballots if no objection is voiced by all the attending shareholders after solicitation by the chairman.
14. If there is amendment to or substitute for an agenda item, the chairman shall decide the sequence of voting for such original agenda item, the amendment and the substitute. If any one of them has been approved, the others shall be deemed vetoed and no further voting will be necessary.
15. The chairman shall appoint persons to handle checking and counting ballots during votes on agenda items. However, the persons responsible for checking ballots must be shareholders. The ballots shall be publicly counted at the Meeting venue and the results of voting shall be announced at the Meeting and placed on record.
16. During procession of the Meeting, the chairman may announce recession. In case of force majeure, the chairman may determine to suspend the Meeting and announce the time of resuming the Meeting. In accordance with Article 182 of the Company Law of the Republic of China, the shareholders may have resolution to extend or continue the Meetings in five days.

    Before the agenda (including provisional motions) set for the Meeting are completed, if the Meeting place cannot continue to be used, a new place will be located for resumption of the Meeting.
17. Persons handling affairs of the Meeting shall wear identification cards or arm badges. The chairman may order disciplinary officers or security guards to assist in keeping order in the Meeting place. Such disciplinary officers or security guards shall wear arm badges marked "Disciplinary Personnel" when assisting in maintaining order in the Meeting place.

    If the Meeting place is equipped with loudspeaker equipment, the chairman shall stop any shareholders using equipment not installed by the Company from speaking.

    The chairman shall order disciplinary officers or security guard to escort any shareholders who violate these Rules and Procedures and fail to heed the chairman's correction, or disrupt the proceeding of the Meeting and fail to desist, to leave the Meeting place.
18. If the election of directors is conducted during the Meeting, such an election shall be performed in accordance with the Company's Rules for Election of Directors and Supervisors, and the results must be announced at the Meeting.

    The ballots casts in the election in the forgoing paragraph shall be sealed and signed by the persons responsible for checking ballots and kept for at least one year. If a shareholder initiates a lawsuit in accordance with Article 189 of the Company Law, ballots shall be kept until the end of the lawsuit.

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

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

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

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

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

    If any resolutions made by the Meeting are material information pursuant to the applicable laws and regulations or the Taiwan Stock Exchange Corporation's (Taipei Exchange's) regulations, the Company shall transmit the content of such resolutions to the Market Observation Post System Website within the specified period of time.
20. Shareholders attending the Meeting shall have the obligation to observe Meeting rules, obey resolutions and maintain order at the Meeting place.
21. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

APPENDIX II: ARTICLES OF INCORPORATION

WIN Semiconductors Corp.
Articles of Incorporation

Approved by the AGM on June 24, 2016

Section I General Provisions

Article 1

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

Article 2

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

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

Article 3

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

Article 4

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

Section II Capital Stock

Article 5

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

Article 6

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

Article 7

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

Article 8

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

Article 8 – 1

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

Section III Shareholders Meeting

Article 9

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

Article 10

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

Article 11

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

Article 12

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

Section IV Directors of the Board and Supervisors

Article 13

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

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

Article 14

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

Article 14 - 1

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

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

Article 15

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

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

Article 16

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

Article 17

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

Article 18

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

Article 19

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

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

Article 19 - 1

The Corporation may purchase liability insurance for Directors and Supervisors.

Section V Management

Article 20

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

Section VI Accounting

Article 21

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

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

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

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

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

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

Article 22 - 1 Profits Distribution

If there is any net profit after closing of a fiscal year, the Corporation shall first pay business income tax, offset losses in previous years, set aside a legal capital reserve at

10% of the profits left over, provided that no allocation of legal reserve is required if the accumulated legal reserve is equivalent to the total capital amount of the Corporation; and then set aside or rotate special reserve according to the rule set out by the government authority in charge. If there is still remaining balance, the Board of Directors should draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution of the dividend, in which cash dividend shall not be lower than 10% of entire dividend.

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

Section VII Supplementary Provisions

Article 23

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

Article 24

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

Article 25

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

APPENDIX III: RULES FOR ELECTION OF DIRECTORS

WIN Semiconductors Corp.
Rules for Election of Directors

Approved by the AGM on June 24, 2016

Article 1

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

Article 2

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

Article 2-1

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

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

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

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

Article 2-2

Elections of directors at the Company shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act, reviewing of directors’ qualifications, education and working experience credentials, and the existence of any matters set forth in Article 30 of the Company Act.

Article 3

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

Article 4

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

Article 5

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

Article 6

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

Article 7

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

Article 8

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

Article 9

Ballots shall be deemed void under the following conditions:

(1) Ballots not prepared by the Company;

(2) Blank ballots not completed by the voter;

(3) Illegible writing;

(4) If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;

(5) The number of candidates filled in the ballot exceeding the number of the seats to be elected.

(6) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;

(7) Ballots not placed in the ballot box;

(8) Any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;

(9) The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;

(10) The total votes cast by the voter exceeding the total voting rights of such voter.

Article 10

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

Article 11

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

Article 12

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

APPENDIX IV: PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSET

WIN Semiconductors Corp.

Procedures for Acquisition or Disposal of Assets

Approved by the AGM on June 20, 2014

Chapter I General Principles

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

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

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

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

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

2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: refer to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefore (hereinafter "transfer of shares") under the eighth paragraph of Article 156 of the Company Act.

3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

4. Professional appraiser: refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.

5. Date of occurrence: refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of the Boards of Directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment: refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

7. Net worth: refers to the value calculated according to the latest financial reports audited or reviewed by the certified public accountants (CPAs).

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

Chapter II Disposition Procedures

Section I Establishment of Disposition Procedures

Article 5: The Company shall establish the procedures for the acquisition or disposal of assets. After the procedures have been approved by the Board of Directors, they shall be submitted to each supervisor, and then to a shareholders meeting for approval; the same applies when the procedures are amended. If any Director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the Director's dissenting opinion to each supervisor.

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

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

1. The scope of assets: refer to Article 2 of the Procedure.

2. Appraisal procedures:

(1) The units responsible for implementation should report the reasons for acquisition or disposition of assets, subject matter, transaction counterparties, transaction price, terms of payment, and appraisal results or evaluation reports etc. to the level in-charge for decision making.

(2) The means of price determination:

i. In acquiring or disposing real estate and equipment: refer to Article 8 in Section 2 of the Procedure.

ii. In acquiring or disposing securities:

(i) The price of securities trading at a centralized securities exchange market or at the place of business of a securities firm is determined by its listed price or market price.

(ii) The price of securities not trading at a centralized securities exchange market, at the place of business of a securities firm or at a private placement: refer to Article

9 in Section 2 of the Procedure.

iii. In acquiring or disposing memberships or intangible assets: refer to Article 10 in Section 2 of the Procedure.

iv. Related party transactions: refer to Section 3 of the Procedure.

v. Engaging in derivatives trading: refer to Section 4 of the Procedure.

vi. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions and assignment of shares: refer to Section 5 of the Procedure.

3. Operating procedures:

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

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

i. In acquiring or disposing real estate.

ii. In acquiring or disposing of securities for any individual transaction, where the transaction amount reaches 10 percent or more of the Company’s net worth.

iii. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions, and assignment of shares.

iv. In acquiring of securities (excluding balancing funds, bond funds and money market funds), where the accumulated original costs of securities (excluding balancing funds, bond funds and money market funds) reaches 60 percent or more of the Company’s net worth.

v. In acquiring of individual security (excluding balancing funds, bond funds and money market funds), where the accumulated original costs of the security reaches 10 percent or more of the Company’s net worth.

vi. In acquiring or disposing of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.

(2) The units responsible for implementation

i. Securities: the finance department.

ii. Real estate, equipment, memberships, intangible assets: the using department or the relevant department in-charge of assets management.

iii. Derivatives: the finance department.

iv. Assets acquired or disposed of through mergers and consolidations, splits, acquisitions, and assignment of shares: the project team assembled by the relevant departments.

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

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

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

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

(3) The amount of security investment by the Company in each individual security may not exceed 50 percent of the

Company’s net worth; the amount of security investment by the Company and all of its subsidiaries in each individual security may not exceed 100 percent of the Company's net worth. The amount of security investment by each subsidiary of the Company in each individual security may not exceed 20 percent of the Company's net worth.

6. Control procedures for the acquisition and disposal of assets by subsidiaries

    (1) The Company shall urge its subsidiaries to enact the “Procedures for Acquisition or Disposal of Assets” and implement the procedures in accordance with proper authorizations of the organizations.
    (2) The Company shall supervise its subsidiaries to assure the latter’s acquisition or disposal of assets are in compliance with the “Procedures for Acquisition or Disposal of Assets”.

7. The Company's persons-in-charge engages in any acquisition or disposal of assets shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures. Subsequent castigation is subject to the related personnel guidelines and procedures of the Company.

Article 7: With respect to the Company's acquisition or disposal of assets that is subject to the approval of the Board of Directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to each supervisor.

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

Section II Acquisition or Disposal of Assets

Article 8: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT$300 million or more, the Company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.

2. Where the transaction amount is NT$1 billion or more, appraisals from two or more professional appraisers shall be obtained.

3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a CPA shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:

   (1) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
   (2) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 9: The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a CPA, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT$300 million or more, the Company shall additionally engage a CPA prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

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

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

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

Section III Related Party Transactions

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

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

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

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

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

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with second paragraph Article 29 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

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

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

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

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted-average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

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

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

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

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

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

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
   (1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin

for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.

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

(3) Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in accordance with standard property leasing market practices.

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

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

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

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

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

2. Supervisors shall comply with Article 218 of the Company Law.

3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders' meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

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

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

Section IV Engaging in Derivatives Trading

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

1. Types of derivatives:

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

2. Operating or hedging strategies:

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

3. Segregation of duties:

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

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

(2) The accounting department: the derivatives transactions shall be recorded, reported in the financial statements and calculated realized gains or losses and unrealized gains or losses in accordance with Generally Accepted Accounting Principles.

(3) The auditing department: regularly and non-regularly auditing the derivative transactions in accordance with internal audit system.

4. Essentials of performance evaluation

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

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

(1) Derivatives trading for hedging purpose:

i. Total aggregate contract amount: the total amount of derivatives which the Company is capable to take is based on 100% of latest quarterly revenue amounts.

ii. Capped amount on losses of contracts: the capped amount on losses of each individual contract shall not exceed 10 percent of the specific contract amount, the capped amount on losses of all contracts shall not exceed 30 percent of the total contracts amount. Chairman's approval is required in special circumstances.

(2) Derivatives trading for trading purpose:

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

Article 18: Risk management:

1. Risk management measures are as below:

(1) Credit risk management:

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

(2) Market risk management:

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

(3) Liquidity risk management:

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

(4) Cash flow risk management:

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

(5) Operating risk management:

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

(6) Legal risk management:

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

2. Different personnel shall be assigned for trading, confirmation and settlement.

3. Personnel who are in charge of risk evaluation, monitoring and controlling shall not be in same department as those described in the preceding paragraph, and reporting shall be made to the Board of Directors.

4. The transaction associated with hedging purpose for business requirements shall be evaluated twice per month by finance department, and the evaluation reports shall be submitted to the chairman of the board or the person designated by the chairman of the board.

5. The authorized trader will need to submit hedging objects, types of transaction and details to authorized manager for approval before derivatives trading, and shall report to the most recent Board of Directors meeting.

Article 19: Management principles by the Board of Directors:

1. The Board of Directors shall appoint the chairman of the board or the person designated by the chairman of the board to monitor and control the trading risk of derivatives at all times and periodically assesses whether the result of trading is consistent with the management policy and whether the risk undertaking is within the ambit permitted.

2. Appointed by the Board, the chairman of the board or the person designated by the chairman of the board should be responsible for regularly reviewing the adequacy of the current risk management measures are consistency with the principles and procedures set forth herein. Once having identified unusual transactions and performances, the chairman of the board or the person designated by the chairman of the board needs undertake any actions deemed necessary to correct the situation and report to the Board immediately.

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

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

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

Article 21: The Company that conducts a merger, demerger, acquisition, or transfer of shares, shall, prior to convening the board of directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.

Article 22: The Company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders' meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the Companies shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

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

A company participating in a transfer of shares shall call a Board of Directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

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

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

2. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

3. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of

Board of Directors meetings.

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

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

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

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

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

2. An action, such as a disposal of major assets, that affects the company's financial operations.

3. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company,

buys back treasury stock.

5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

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

1. Handling of breach of contract.

2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.

3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.

4. The manner of handling changes in the number of participating entities or companies.

5. Preliminary progress schedule for plan execution, and anticipated completion date.

6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 27: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

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

Chapter III Public Disclosure of Information

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

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements or subscription or redemption of domestic money market funds.

2. Merger, demerger, acquisition, or transfer of shares.

3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.

4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT$300 million; provided, this shall not apply to the following circumstances:

   (1) Trading of government bonds.

   (2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.

   (3) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount

is less than NT$500 million.

(4) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT$500 million.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.

2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.

3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.

4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

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

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

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

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

Article 30: Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding Article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information.

Chapter IV Miscellaneous

Article 31: Information required to be publicly announced and reported in accordance with the provisions of Chapter III on acquisitions and disposals of assets by a subsidiary of the company that is not itself a public company in Taiwan shall be reported by the Company.

The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to first paragraph of Article 29, requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

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

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

Article 32: Commitment to the ROC Taipei Exchange

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

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

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

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

No stock dividend distributed, not applicable.

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

1. In accordance with Article 172-1 and 192-1 of the Company Law, the time frame for the acceptance of proposed resolutions or nomination of candidates for directors from eligible shareholders will start from April 10 to April 20, 2017.
2. In addition to the nomination of by election of independent director by the Board, no other proposal or nomination was submitted by any shareholders who hold more than one per cent of the company outstanding shares within this period.

APPENDIX VII: SHAREHOLDING OF DIRECTORS

WIN Semiconductors Corp.
Shareholding of Directors

Book closure date: April 18, 2017

Position	Name	Shareholding (shares)	Shareholding ratio (%)
Chairman	Chin-Tsai Chen	12,402,953	3.08%
Director	International Fiber Technology Co, Ltd.	3,503,097	0.87%
	Representative: Shih-Chuan Hsieh	0	0.00%
Director	Li-Chen Yeh	7,687,525	1.91%
Director	Yu-Chi Wang	1,035,153	0.26%
Director	Wen-Ming Chang	375,750	0.09%
Director	Shun-Ping Chen	1,897,993	0.47%
Total	**Shareholding of directors (excluding independent directors)**	**26,902,471**	**6.68%**
Independent Director	Shen-Yi Li	38,000	0.01%
Independent Director	Wei-Lin Wang	0	0.00%
Total	**Shareholding of independent directors**	**38,000**	**0.01%**

1. Total issued shares: 402,666,384 shares.
2. The minimum required combined shareholding of all directors by law: 16,000,000 shares.
3. The combined shareholding of directors (excluding independent directors) on the book closure date: 26,902,471 shares (6.68%).