



**Winbond Electronics Corporation**  
**Minutes of 2016 Annual General Meeting of Shareholders<sup>1</sup>**  
**(English Translation)**

Time and Date: 9:00 a.m., June 16, 2016 (Thursday)

Place: Room 102, No. 4, Creation Rd. III, Hsinchu Science Park, Taiwan, R.O.C.

Shares present at the meeting: Shareholders who were present in person or by proxy together held 2,632,178,381 shares (including 756,166,155 shares present by electronic means), representing 73.68 % of the total number of issued shares of the Company, which is 3,572,481,829 shares (excluding 7,518,364 non-voting shares pursuant to Article 179 of the Company Act).

Chairman: Arthur Yu-Cheng Chiao, the Chairman of the Board of Directors

Recorder: Jessica Chiou-Jii Huang

Attendees :

Director : Mr. Tung-Yi Chan (President), Mr. Allen Hsu (Independent Director)

Supervisor : Mr. James Wen (Representative of Chin Xin Investment Co., Ltd.) , Mr. Yeu-Yuh Chu

Others : Mr. Hong-Bin Yu and Ms. Ming-Yu Chiu, CPA, Deloitte

Ms. Hsin-Lan Hsu, Attorney-at-Law, Lee and Li

Meeting called:

The total number of issued shares of the Company (excluding 7,518,364 non-voting shares pursuant to Article 179 of the Company Act) is 3,572,481,829 shares. As of 9:00 a.m., the number of shares present were 2,632,178,381 shares (including 1,058,855,587 shares in person, 817,156,639 shares by proxy, and 756,166,155 shares by electronic means), which constituted the quorum of shareholders representing at least two-thirds of issued shares of the Company, and therefore the Chairman announced the commencement of the meeting.

Opening Speech of the Chairman : (omitted )

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<sup>1</sup> This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.



## **Matter to be discussed**

### **Motion 1:** (proposed by the Board of Directors)

Proposal: It is proposed to amend the Company's Articles of Incorporation. Please review and approve the same.

Explanation:

1. It is conducted in accordance with the letter issued by the Ministry of Economic Affairs on June 11, 2015 (Jin-Shen-Tze-No. 10402413890) and for practical needs.
2. Please refer to Attachment 1 for the comparison chart of the articles proposed to be amended.

Resolution: Total number of voting rights present at the time of voting: 2,632,178,381. Yes votes: 2,392,706,526 (including voting via electronic transmission); No votes: 35,527 (including voting via electronic transmission) ; invalid votes: 0; abstained votes and uncast votes: 239,436,328 (including voting via electronic transmission). This Proposal was passed as originally made by a simple majority, with affirmative vote of 90% of the voting shares present.

## **Matters to be reported**

### 1. Business report of fiscal year 2015

Both the business report and the financial statements of fiscal year 2015 are hereby presented (please refer to Attachment 2 for details). Please examine. To be reported by General Manager.

### 2. The 2015 supervisors' review report

The 2015 supervisors' review report is hereby presented (please refer to Attachment 4 for details). Please examine. To be reported by supervisor.

### 3. Report of remuneration of employees, directors and supervisors for fiscal year 2015.

After deducting the accumulated losses from the profit of the Company audited by the certified public accounts for 2015, it is proposed to, in accordance with Article 22 of the Company's Articles of Incorporation as being resolved to be amended by this 2016 Annual General Meeting of Shareholders, allot 1% of the balance to be the remuneration of directors and supervisors, which is NT\$28,475,168 in total, and to allot 1% of the balance to be the remuneration of employees, which is NT\$28,475,168 in total. The above amounts will all be paid in cash. The aforesaid ratios and amounts for allocation have been approved by each the Company's Compensation Committee and Board of Directors.

### 4. Other matters to be reported

- (1) Implementation of share buyback programs previously approved by the respective Tenth and Eleventh Meetings of the Board of Directors of the Tenth Term (please refer to Attachment 5 for details).
- (2) Report on shareholdings of all directors and supervisors



- a. In accordance with Article 26 of the Securities and Exchange Act and the Rules and Review Procedures for Share Ownership Ratios of Directors and Supervisors of Public Companies:
    - (a) The minimum combined shareholding of all directors required by laws and regulations is 85,920,005 shares.
    - (b) The minimum combined shareholding of all supervisors required by laws and regulations is 8,592,001 shares.
  - b. Please refer to Attachment 6 for the shareholding of each director and supervisor and the shareholdings of all directors and supervisors as of the record date for determining the shareholders eligible to attend this annual general shareholders meeting.
  - c. The aggregate shareholdings of all directors and supervisors meet the minimum shareholding required by laws and regulations.
- (3) During the period for accepting shareholders' proposals (from April 8, 2016 to April 18, 2016), no shareholder submitted any written proposal to the Company for the 2016 annual general shareholders meeting in accordance with Article 172-1 of the Company Act .

## **Matters to be acknowledged and discussed**

### **Motion 1:** (proposed by the Board of Directors)

Proposal: The business report and financial statements of fiscal year 2015 are hereby presented. Please acknowledge and recognize the same.

Explanation:

1. Please refer to Attachment 2 for the business report and financial statements of fiscal year 2015.
2. The aforementioned financial statements have been approved by the Thirteenth Meeting of the Board of Directors of the Tenth Term and after audited by the certified public accountants, together with the business report, have been submitted to and reviewed by the supervisors.

Resolution: Total number of voting rights present at the time of voting: 2,632,178,381. Yes votes: 2,378,202,739.(including voting via electronic transmission); No votes: 755,279 (including voting via electronic transmission) ; invalid votes: 0; abstained votes and uncast votes: 253,220,363. (including voting via electronic transmission). This Proposal was passed as originally made by a simple majority, with affirmative vote of 90% of the voting shares present.

### **Motion 2:** (proposed by the Board of Directors)

Proposal: The proposal for distribution of 2015 profit of the Company is presented. Please acknowledge and recognize the same.

Explanation:

1. The Company has a net profit after tax of NT\$3,291,251,169 for the year of 2015. The proposed statement of profit distribution is as follows.
2. The proposal was approved by the Fourteenth Meeting of the Board of Directors of the Tenth Term.

Winbond Electronics Corporation

Statement of Profit Distribution

For the year ended December 31, 2015

(Unit : NT\$)

Items	Total
Accumulated Deficit, Beginning of Year	(1,119,684,661)
Minus : Losses on Remeasurement of Defined Benefit Plans	(85,507,056)
Plus : Net Income of 2015	3,291,251,169
Minus : 10% Legal Reserve Appropriated	(208,605,945)
Minus : Special Reserve Appropriated	(1,395,063,216)
Retained Earnings Available for Distribution as of December 31, 2015	482,390,291
Distributable items:	
Cash Dividends to Common Shares (NT\$0.1 per share) (Note)	(358,000,019)
Unappropriated Retained Earnings, End of Year	124,390,272

(Note: Cash dividends will be calculated and distributed in whole New Taiwan Dollar. Any fractional amount less than one New Taiwan Dollar will be accounted in the Company's other income.)

Chairman: Arthur Yu-Cheng Chiao

Manager: Tung-Yi Chan

Chief Accountant: Jessica Chiou-Jii Huang

Resolution: Total number of voting rights present at the time of voting: 2,632,178,381. Yes votes: 2,392,701,736 (including voting via electronic transmission); No votes: 771,282 (including voting via electronic transmission) ; invalid votes: 0; abstained votes and uncast votes: 238,705,363 (including voting via electronic transmission). This Proposal was passed as originally made by a simple majority, with affirmative vote of 90% of the voting shares present.

**Motion 3:** (proposed by the Board of Directors)

Proposal: It is proposed to release the directors of the Company from the non-competition restrictions.

Please review and approve the same.

Explanation:

1. It is conducted in accordance with Paragraph 1 of Article 209 of the Company Act which provides that "A director who acts for himself/herself or on behalf of another person in a manner that is within the scope of the company's business shall explain to the shareholders meeting the essential contents of such act and secure its approval."
2. Mr. Hui-Ming Cheng, the representative of the corporate director of the Company, has been a director of a company that engages in the same business as that of the Company as described below: From March 1, 2015, Mr. Hui-Ming Cheng was the representative of the corporate director of Gogoro Taiwan Limited, a company that engages in the same business as that of the Company. Gogoro Taiwan Limited mainly engages in electronic parts and components manufacturing, product design and international trade, same as the Company.

3. Mr. Jerry Hsu, an independent director of the Company, has been a director of companies that engage in the same business as that of the Company as described below:
- (a) Since June 22, 2015, Mr. Jerry Hsu has been a director of PChome Online Inc., a company that engages in the same business as that of the Company. PChome Online Inc. mainly engages in international trade, software design services, data processing services and product design, same as the Company.
  - (b) Since June 25, 2015, Mr. Jerry Hsu has been an independent director of Sirtec International Co., Ltd., a company that engages in the same business as that of the Company. Sirtec International Co., Ltd. mainly engages in electronic parts and components manufacturing, computers and computing peripheral equipment manufacturing and international trade, same as the Company.

It is proposed to release each Mr. Hui-Ming Cheng and Mr. Jerry Hsu from the non-competition restrictions starting from the date when he became a director of the above companies and waive the Company's right to request disgorgement of profits against him at the same date.

Resolution:

- (3-A) Total number of voting rights present at the time of voting: 1,820,600,850 after deducting 811,327,531 voting shares held by shareholder Walsin Lihwa Corp. (shareholder no.1) who voluntarily abstained from voting and 250,000 voting shares held by shareholder Hui-Ming Cheng (shareholder no.491927) who voluntarily abstained from voting. Yes votes: 1,530,474,053 (including voting via electronic transmission); No votes: 32,517,951 (including voting via electronic transmission) ; invalid votes: 0; abstain votes and uncast votes: 257,608,846 (including voting via electronic transmission). This Proposal was passed as originally made by a simple majority, with affirmative vote of 84 % of the voting shares present.
- (3-B) Mr. Jerry Hsu did not own any shares in the Company and thus is not required to abstain from voting. Total number of voting rights present at the time of voting: 2,632,178,381 (including voting via electronic transmission). Yes votes: 2,299,980,585 (including voting via electronic transmission); No votes: 50,668,950 (including voting via electronic transmission) ; invalid votes: 0; abstain votes and uncast votes: 281,528,846 (including voting via electronic transmission). This Proposal was passed as originally made by a simple majority, with affirmative vote of 87% of the voting shares present.



**Other Extemporaneous Matters and Motions : None.**

**Meeting Adjourned : (10:37 a.m.).**

(The video recording of this shareholder's annual general meeting concerning detailed contents, procedures, and shareholder statements will prevail in the event of any discrepancy.)



# Attachment

Winbond Electronics Corporation  
Comparison Table of the Amendments to the Articles of Incorporation

Article No.	Article After Amendment	Article Before Amendment	Note
Article 8	The transfer, registration, loss or destruction of share certificates shall be handled in accordance with the Company Act and relevant regulations.	The transfer, registration, loss or destruction of share certificates shall be handled in accordance with the Company Act and relevant regulations. <del>Taiwan Securities Central Depository Co., Ltd. may request the Company to combine its share certificates in exchange for issuance of share certificates of large denomination.</del>	Amended based on actual needs.
Article 13	<p>The Company shall have <u>nine</u> to <u>eleven</u> directors, among whom there should be not less than <u>three</u> independent directors accounting for not less than one-fifth of the total number of directors, and two to three supervisors whose term of office is three years. Election of directors and supervisors shall adopt the candidates nomination system prescribed in Article 192-1 of the Company Act. All of the directors and the supervisors are elected by the shareholders' meeting from the candidate list of directors and supervisors, and are eligible for re-election. Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately.</p> <p>The method of candidate nomination and election of director and supervisor, professional qualifications, requirements relating to shareholdings, restrictions on concurrent positions held, and other compliance matters with respect to independent directors shall conform to the Company Act, the Securities and Exchange Act, and other relevant rules and regulations.</p> <p>The aggregate number of shares of nominal stock held by all the directors and supervisors shall not</p>	<p>The Company shall have <u>seven</u> to <u>nine</u> directors, among whom there should be not less than <u>two</u> independent directors accounting for not less than one-fifth of the total number of directors, and two to three supervisors whose term of office is three years. Election of directors and supervisors shall adopt the candidates nomination system prescribed in Article 192-1 of the Company Act. All of the directors and the supervisors are elected by the shareholders' meeting from the candidate list of directors and supervisors, and are eligible for re-election. Independent and non-independent directors shall be elected at the same time, but the quota shall be calculated separately.</p> <p>The method of candidate nomination and election of director and supervisor, professional qualifications, requirements relating to shareholdings, restrictions on concurrent positions held, and other compliance matters with respect to independent directors shall conform to the Company Act, the Securities and Exchange Act, and other relevant rules and regulations.</p> <p>The aggregate number of shares of nominal stock held by all the directors and supervisors shall not</p>	<p>1. The first Paragraph is amended to establish an audit committee as required by laws and regulations and to change the number of seats of directors and independent directors based on actual needs.</p> <p>2. The fourth and fifth Paragraphs are newly added in order to comply with laws and regulations. As the Company still has supervisors, the provisions relating to supervisors in the Articles of Incorporation will be deleted at the 2017 annual general shareholders meeting.</p>



Article No.	Article After Amendment	Article Before Amendment	Note
	<p>be less than the percentage stipulated by the competent authority in accordance with law.</p> <p><u>After the term of office of the directors and supervisors elected in 2014 expires, the Company shall, pursuant to Article 14-1 of the Securities and Exchange Act, establish an audit committee to replace supervisors and the audit committee or its members shall be responsible for performing the functions and duties of supervisors provided under the Company Act, Securities and Exchange Act, other laws and regulations and these Articles of Incorporation. After establishment of the audit committee, the provisions relating to supervisors in the Articles of Incorporation shall no longer apply.</u></p> <p><u>The Board of Directors may establish an audit committee and a compensation committee in accordance with law and may establish other committees with different functions. The organization rules of those committees shall be stipulated by the Board of Directors.</u></p>	<p>be less than the percentage stipulated by the competent authority in accordance with law.</p>	
Article 14-1	<p>Meetings of the Board of Directors are convened by the Chairman of the Board of Directors. When convening a meeting of the Board of Directors, a meeting notice specifying the reasons for convening such meeting shall be sent to each director and supervisor seven days prior to the meeting; provided that a meeting may be convened at any time in case of emergency.</p> <p><u>The meeting notice set forth in the preceding paragraph may be in writing or by fax or e-mail.</u></p> <p>(Omitted)</p>	<p>Meetings of the Board of Directors are convened by the Chairman of the Board of Directors. When convening a meeting of the Board of Directors, a meeting notice specifying the reasons for convening such meeting shall be sent to each director and supervisor seven days prior to the meeting; provided that a meeting may be convened at any time <del>by notice sent by fax or e-mail instead of a written notice</del> in case of emergency.</p> <p>(Omitted)</p>	<p>The first Paragraph of the article before amendment was amended to become the first and second Paragraphs in order to comply with laws and regulations and for actual needs.</p>
Article 22	<p><u>From the pre-tax net profits of the current year, before deducting remuneration of employees and remuneration of directors and</u></p>	<p>If the Company has surplus earnings at the end of a fiscal year, after <u>covering all losses incurred in prior years and paying all taxes, the</u></p>	<p>1. The first Paragraph of the previous Article 22 was moved to the</p>

Article No.	Article After Amendment	Article Before Amendment	Note
	<p><u>supervisors, no more than 1% shall be allocated as remuneration of directors and supervisors and no less than 1% as remuneration of employees. The remuneration of employees may be distributed in stock or cash upon resolution of the Board of Directors, and may be distributed to the employees of subsidiaries of the Company meeting certain criteria.</u></p> <p><u>However, if the Company has accumulated losses, the Company shall first set aside an amount for making up losses, and then allocate remuneration of employees and remuneration of directors and supervisors according to the percentage set forth in the preceding paragraph.</u></p> <p>The Board of Directors is authorized to determine the "employees of subsidiaries of the Company meeting certain criteria" set forth in the first Paragraph or the Board of Directors may authorize the Chairman of the Board of Directors to ratify the "employees of subsidiaries of the Company meeting certain criteria" set forth in the first Paragraph.</p>	<p>Company shall set aside <u>10%</u> of said earnings as legal reserve. However, legal reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities <del>from (1) the remaining amount plus undistributed retained earnings; or (2) the differences between the undistributed retained earnings and the losses suffered by the Company at the end of a fiscal year if the losses can be fully covered by the undistributed retained earnings, the Company shall distribute the remaining balance. (if not otherwise set aside as special reserve and reserved based on business needs) in the following order:</del></p> <p><del>(1) 1% to 2% as remuneration of directors and supervisors;</del></p> <p><del>(2) 10% to 15% as bonus to employees;</del></p> <p><del>(3) the remaining amount as bonus to shareholders. Not less than 10% of the total shareholders bonus shall be distributed in form of cash.</del></p> <p><del>"Employees" referred to in Item 2 of the proceeding Paragraph, when distributing the stock bonus, include the employees of subsidiaries of the Company meeting certain criteria.</del></p> <p>The Board of Directors is authorized to determine <u>the above</u> "employees of subsidiaries of the Company meeting certain criteria" or the Board of Directors may authorize the Chairman of the Board of Directors to ratify <u>the above</u> "employees of subsidiaries of the Company meeting certain criteria".</p>	<p>first Paragraph of Article 22-1 and was amended in accordance with laws and regulations and based on actual needs. The first and second Paragraphs of the current article were newly added to comply with laws and regulations.</p> <p>2. The second Paragraph of the previous Article 22 became the third Paragraph and the wording was amended accordingly.</p>
Article 22-1	<p>If the Company has pre-tax profits at the end of the current fiscal year, after <u>paying all taxes and covering all accumulated losses</u>, the Company shall set aside <u>10%</u> of said earnings as legal reserve. However, legal</p>		<p>1. The first Paragraph of this article was moved from the first Paragraph of Article 22 and was</p>

Article No.	Article After Amendment	Article Before Amendment	Note
	<p>reserve need not be made when the accumulated legal reserve equals the paid-in capital of the Company. After setting aside or reversing special reserve pursuant to applicable laws and regulations and orders of competent authorities <u>or based on the business needs of the Company, if there is any balance, the Board of Directors may submit a proposal for allocation of the remaining balance and the accumulated undistributed earnings to the shareholders meeting for resolution of distributing bonus and dividends to shareholders.</u></p> <p>The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner. <u>With respect to distribution of dividends, in consideration of future operation scale and cash flow needs, no less than 50% of the distributable retained earnings of the current year shall be distributed to shareholders as dividends, which may be distributed in stock dividend or cash dividend, and the distribution of cash dividend shall not be less than 50% of total dividends, so as to maintain continuous growth.</u></p>	<p>The Company's dividend distribution policy is made in accordance with the Company Act and the Articles of Incorporation in consideration of factors including capital and financial structure, operating status, retained earnings, industry characteristics and economic cycle. The dividends shall be distributed in a steady manner in consideration of the appropriate retained earnings which may be <del>retained or</del> distributed in stock dividend or cash dividend, <del>or both</del>, so as to maintain continuous growth. <del>The Company is now fast growing and expanding and is in an industry that requires intensive capital, technologies, and labors. Factoring in these industry characteristics, the dividend policy is highly dependent upon future needs for capital expenditures and working capital. As a result, the appropriation of retained earnings is preferably by way of cash dividends, nevertheless, stock dividends would also be applicable if the conditions so warrant. Based on the current policy, the distribution of stock dividends is subject to a condition that stock dividends shall not be more than 50% of total dividends. Nonetheless, the conditions,</del></p>	<p>amended in accordance with laws and regulations and based on actual needs.</p> <p>2. The second Paragraph was amended based on the actual needs.</p>

Article No.	Article After Amendment	Article Before Amendment	Note
		<del>timing, amount or type of surplus earnings reserved or dividends distributed may be adjusted at appropriate time in accordance with economic and industrial fluctuations, in particular, the Company's need for future development and profitability.</del>	
Article 25	These Articles of Incorporation were enacted on September 1, 1987; (omitted) the twenty-third amendment was made on June 18, 2010; the twenty-fourth amendment was made on June 22, 2011; the twenty-fifth amendment was made on June 19, 2013; and <u>the twenty-sixth amendment was made on June 16, 2016</u> and shall become effective after approval by a resolution of the shareholders meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.	These Articles of Incorporation were enacted on September 1, 1987; (omitted) the twenty-third amendment was made on June 18, 2010. The twenty-fourth amendment was made on June 22, 2011; and the twenty-fifth amendment was made on June 19, 2013 and shall become effective after approval by a resolution of the shareholders meeting. Any subsequent amendments to these Articles of Incorporation shall follow the same procedure.	Adding the date of amendment.



## **Business Report 2015**

In 2015, slow economic growth in China and languid economic recovery in Europe and the U.S. subdued the demands of the electronics consumer market. Winbond nevertheless exhibited an outstanding performance amid a sternly challenging environment with our balanced market expansion, in-house developed process technologies and the advantage of a flexible production system. Winbond's stand-alone revenue was NT\$30,844 million in 2015, flat with that of 2014; our consolidated revenue, including those of Nuvoton Technology Corp and other subsidiaries, amounted to NT\$38,350 million, edging up 0.9% compared to the year before. We recorded stand-alone net earnings of NT\$3,291 million and consolidated net earnings of NT\$3,473 million, representing an 8% growth of earnings per share to reach NT\$0.9 per share. These outcomes mark a pattern of steady profit growth.

### **Market Expansion**

Winbond is one of the few companies in the world with design and manufacturing capabilities for both DRAM and Flash memory. By offering a comprehensive line-up of high-quality products, Winbond serves the needs of a world-class clientele with excellent services and reliable supply. We are also a world leading brand of Code Storage Flash memory. The weight of our product lines by revenue in the three major application markets of computer, consumer electronics and communications have reached a healthy balance, making up respectively 28%, 28% and 33% of revenue. We also endeavor to expand the automotive and industrial electronics application markets. As a result of our longstanding efforts, our revenue from products for applications in those markets grew from 7% in 2014 to 11% in 2015 as we progress toward the long-term goal of stable profitability. In terms of product lines, our DRAM products accounted for 64% of our memory revenue and our flash products accounted for 36% of our memory revenue. With regard to consolidated revenue, DRAM, Flash memory and logic products contribute respectively 52%, 29%, and 19% of total revenue.

### **Product and Technology Development**

With a firm belief in the importance of building core technologies with R&D and innovation, Winbond strives to reinforce our R&D capabilities in process technology and product design. The focus of tech products has gradually shifted from computers and smart phones to automotive electronics, IoT and wearable devices. These new applications require reliable, safe and low energy consuming semiconductor products to facilitate integration and processing, thereby calling for different technological development goals from those of the past. After years of efforts, the number of patents obtained by Winbond and Nuvoton Technology has grown to three times as much as that in 2011. We look for these innovative technologies will meet the future demands of the world.

### **Production and Manufacturing**

As the quantity and density of memory chips embedded in smart electronic products gradually increase, the functions of system-controlled IC become more powerful. Diverse demands for memory chips will engender significant opportunities for industry growth. Winbond's monthly output capacity for 12-inch wafers has exceeded 40,000 pieces in 2015. In the future, Winbond will maintain our flexible production advantage through prudent capital spending and adequate capacity allocation.



## **Future Outlook**

We have seen how electronic and information technology continually alters human lifestyles and improves quality of life throughout forty years of development. We are however also witnessing the immense pressure population growth and energy consumption is imposing upon the sustainability of the environment and the Earth. Looking into the future, Winbond will continue to make advances in product and technology. On the other hand, we will also be utilizing new technologies to create new business models so as to achieve sustainable operations and show appreciation to our shareholders for their longstanding support.

Chairman: Arthur Yu-Cheng Chiao

President: Tung-Yi Chan

CAO: Jessica Chiou-Jii Huang





# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 6,396,615	10	\$ 6,975,514	11
Available-for-sale financial assets, current (Note 8)	2,500,550	4	2,902,576	4
Held-to-maturity financial assets, current (Note 9)	99,900	-	-	-
Notes and accounts receivable, net (Note 10)	5,184,287	8	5,433,212	8
Accounts receivable due from related parties, net (Note 28)	80,915	-	85,234	-
Other receivables (Notes 6 and 11)	794,939	1	310,447	1
Inventories (Note 12)	8,535,835	14	6,316,936	10
Other current assets	<u>1,119,716</u>	<u>2</u>	<u>952,819</u>	<u>1</u>
Total current assets	<u>24,712,757</u>	<u>39</u>	<u>22,976,738</u>	<u>35</u>
<b>NON-CURRENT ASSETS</b>				
Held-to-maturity financial assets, non-current (Note 9)	-	-	101,840	-
Financial assets measured at cost, non-current (Note 13)	727,786	1	719,378	1
Investments accounted for using equity method (Note 14)	1,724,898	3	2,416,386	4
Property, plant and equipment (Note 15)	31,915,030	51	33,986,751	53
Investment properties (Note 16)	71,866	-	78,506	-
Intangible assets (Note 17)	270,926	-	311,616	1
Deferred income tax assets (Note 22)	2,853,873	5	3,490,222	5
Other non-current assets (Notes 6 and 11)	<u>320,631</u>	<u>1</u>	<u>759,580</u>	<u>1</u>
Total non-current assets	<u>37,885,010</u>	<u>61</u>	<u>41,864,279</u>	<u>65</u>
<b>TOTAL</b>	<u>\$ 62,597,767</u>	<u>100</u>	<u>\$ 64,841,017</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ -	-	\$ 390,213	1
Financial liabilities at fair value through profit or loss, current (Note 7)	22,427	-	16,894	-
Notes and accounts payable	3,846,484	6	3,823,082	6
Accounts payable to related parties (Note 28)	707,064	1	642,564	1
Payable on equipment	811,277	2	1,287,996	2
Other payables	2,455,022	4	2,290,033	3
Current portion of long-term borrowings (Note 18)	4,352,267	7	5,879,760	9
Other current liabilities	<u>138,654</u>	<u>-</u>	<u>120,836</u>	<u>-</u>
Total current liabilities	<u>12,333,195</u>	<u>20</u>	<u>14,451,378</u>	<u>22</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 18)	8,755,160	14	9,763,339	15
Net defined benefit liabilities, non-current (Note 19)	1,025,969	2	974,840	1
Other non-current liabilities	<u>384,904</u>	<u>-</u>	<u>351,369</u>	<u>1</u>
Total non-current liabilities	<u>10,166,033</u>	<u>16</u>	<u>11,089,548</u>	<u>17</u>
Total liabilities	<u>22,499,228</u>	<u>36</u>	<u>25,540,926</u>	<u>39</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Common stock (Note 20)	35,800,002	57	36,949,822	57
Capital surplus	2,470,292	4	2,143,393	3
Unappropriated earnings (accumulated deficits)	2,086,060	3	(1,119,684)	(2)
Exchange differences on translation of foreign financial statements	88,771	-	23,265	-
Unrealized (losses) gains on available-for-sale financial assets	(1,436,767)	(2)	292,835	1
Treasury stock	<u>(106,387)</u>	<u>-</u>	<u>(106,387)</u>	<u>-</u>
Total equity attributable to owners of the parent	38,901,971	62	38,183,244	59
<b>NON-CONTROLLING INTERESTS</b>	<u>1,196,568</u>	<u>2</u>	<u>1,116,847</u>	<u>2</u>
Total equity	<u>40,098,539</u>	<u>64</u>	<u>39,300,091</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 62,597,767</u>	<u>100</u>	<u>\$ 64,841,017</u>	<u>100</u>

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



# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 38,350,315	100	\$ 37,989,660	100
OPERATING COST (Note 12)	<u>26,528,662</u>	<u>69</u>	<u>27,199,199</u>	<u>72</u>
GROSS PROFIT	<u>11,821,653</u>	<u>31</u>	<u>10,790,461</u>	<u>28</u>
OPERATING EXPENSES				
Selling expenses	1,193,005	3	1,127,300	3
General and administrative expenses	1,257,611	3	1,112,579	3
Research and development expenses	<u>5,262,111</u>	<u>14</u>	<u>4,892,159</u>	<u>13</u>
Total operating expenses	<u>7,712,727</u>	<u>20</u>	<u>7,132,038</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>4,108,926</u>	<u>11</u>	<u>3,658,423</u>	<u>9</u>
NON-OPERATING INCOME AND LOSSES				
Interest income	173,461	1	166,289	-
Dividend income	124,449	-	114,709	-
Gains on doubtful debt recoveries	-	-	902	-
Other income	53,143	-	43,045	-
Gains on disposal of investments	32,047	-	40,657	-
Foreign exchange gains	162,565	-	250,790	1
Share of profit of associates accounted for using equity method (Note 14)	21,884	-	14,663	-
Interest expense	(263,751)	(1)	(177,339)	-
Other expense	(35,172)	-	(34,162)	-
Losses on disposal of property, plant and equipment	(8,341)	-	(7,643)	-
Losses on financial instruments at fair value through profit or loss	<u>(121,027)</u>	<u>-</u>	<u>(129,296)</u>	<u>-</u>
Total non-operating income and losses	<u>139,258</u>	<u>-</u>	<u>282,615</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	4,248,184	11	3,941,038	10
INCOME TAX EXPENSE (Note 22)	<u>775,311</u>	<u>2</u>	<u>730,494</u>	<u>2</u>
NET PROFIT	<u>3,472,873</u>	<u>9</u>	<u>3,210,544</u>	<u>8</u>

(Continued)





# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income that will not be reclassified to profit or loss:				
Losses on remeasurement of defined benefit plans	\$ (97,066)	-	\$ (10,274)	-
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	72,285	-	90,597	-
Unrealized (losses) gains on available-for-sale financial assets	<u>(1,729,602)</u>	<u>(5)</u>	<u>213,780</u>	<u>1</u>
Other comprehensive income	<u>(1,754,383)</u>	<u>(5)</u>	<u>294,103</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,718,490</u>	<u>4</u>	<u>\$ 3,504,647</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owner of the parent	\$ 3,291,251	9	\$ 3,075,969	8
Non-controlling interests	<u>181,622</u>	<u>-</u>	<u>134,575</u>	<u>-</u>
	<u>\$ 3,472,873</u>	<u>9</u>	<u>\$ 3,210,544</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the parent	\$ 1,541,648	4	\$ 3,364,700	9
Non-controlling interests	<u>176,842</u>	<u>-</u>	<u>139,947</u>	<u>-</u>
	<u>\$ 1,718,490</u>	<u>4</u>	<u>\$ 3,504,647</u>	<u>9</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.90</u>		<u>\$ 0.83</u>	
Diluted	<u>\$ 0.90</u>		<u>\$ 0.83</u>	

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

(Concluded)



# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent						Non-controllin g Interests	Total Equity	
	Common Stock	Capital Surplus	Unappropriat ed Earnings  (Accumulated Deficits)	Other Equity		Treasury Stock			
				Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available- for-sale Financial Assets				
									Total
BALANCE, JANUARY 1, 2014	\$ 36,940,232	\$ 2,148,359	\$ (4,187,772)	\$ (59,567)	\$ 79,055	\$ (106,387)	\$ 34,813,920	\$ 1,074,182	\$ 35,888,102
Change in equity of associates accounted for using equity method	-	(252)	-	-	-	-	(252)	(161)	(413)
Net income for 2014	-	-	3,075,969	-	-	-	3,075,969	134,575	3,210,544
Other comprehensive income for 2014	-	-	(7,881)	82,832	213,780	-	288,731	5,372	294,103
Total comprehensive income for 2014	-	-	3,068,088	82,832	213,780	-	3,364,700	139,947	3,504,647
Issue of ordinary shares under employee stock options	9,590	(4,714)	-	-	-	-	4,876	-	4,876
Decrease in non-controlling interests	-	-	-	-	-	-	-	(97,121)	(97,121)
BALANCE, DECEMBER 31, 2014	36,949,822	2,143,393	(1,119,684)	23,265	292,835	(106,387)	38,183,244	1,116,847	39,300,091
Net income for 2015	-	-	3,291,251	-	-	-	3,291,251	181,622	3,472,873
Other comprehensive income for 2015	-	-	(85,507)	65,506	(1,729,602)	-	(1,749,603)	(4,780)	(1,754,383)
Total comprehensive income for 2015	-	-	3,205,744	65,506	(1,729,602)	-	1,541,648	176,842	1,718,490
Acquisition of treasury stock	-	-	-	-	-	(822,921)	(822,921)	-	(822,921)
Retirement of treasury stock	(1,149,820)	326,899	-	-	-	822,921	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	(97,121)	(97,121)
BALANCE, DECEMBER 31, 2015	\$ 35,800,002	\$ 2,470,292	\$ 2,086,060	\$ 88,771	\$ (1,436,767)	\$ (106,387)	\$ 38,901,971	\$ 1,196,568	\$ 40,098,539

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



# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 4,248,184	\$ 3,941,038
Adjustments for:		
Depreciation expenses	5,754,587	4,759,388
Amortization expenses	101,995	115,818
Provision for allowance for doubtful accounts	1,698	5,285
Provision for decline in market value and obsolescence and abandonment of inventories	141,831	230,527
Net loss on financial assets and liabilities at fair value through profit or loss	5,532	349
Interest expense	263,751	177,339
Interest income	(173,461)	(166,289)
Dividend income	(124,449)	(114,709)
Share of profit of associates accounted for using equity method	(21,884)	(14,663)
Loss on disposal of property, plant and equipment	8,341	7,643
Gain on disposal of investments	(32,047)	(40,657)
Realized profit on the transactions with associates	-	(118)
Changes in operating assets and liabilities		
Decrease (increase) in notes and accounts receivable	245,974	(533,864)
Decrease in accounts receivable due from related parties	4,319	4,520
(Increase) decrease in other receivables	(202,610)	26,629
(Increase) decrease in inventories	(2,360,730)	426,424
Increase in other current assets	(166,897)	(274,980)
Increase in other non-current assets	(13,524)	(83,558)
Increase in notes and accounts payable	23,402	560,105
Increase in accounts payable to related parties	64,500	120,946
Increase in other payables	204,975	123,711
Increase in other current liabilities	17,818	41,687
(Decrease) increase in other non-current liabilities	(2,833)	58,681
Cash generated from operations	7,988,472	9,371,252
Interest received	46,855	48,770
Dividend received	124,449	122,653
Interest paid	(330,970)	(272,935)
Income tax paid	(170,700)	(134,535)
Net cash generated from operating activities	7,658,106	9,135,205
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(686,329)	(828,260)
Proceeds from disposal of available-for-sale financial assets	80,433	148,292
Proceeds from capital reduction of available-for-sale financial assets	23,187	-
Acquisition of financial assets measured at cost	(40,000)	-
Proceeds from capital reduction of financial assets measured at cost	31,592	5,368
Proceeds from disposal of investments accounted for using equity method	-	33,872

(Continued)



# WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Acquisitions of property, plant and equipment	\$ (4,093,096)	\$ (13,192,897)
Proceeds from disposal of property, plant and equipment	3,835	1,351
Acquisition of intangible assets	(49,576)	(192,673)
Decrease in financial lease receivables	<u>299,817</u>	<u>152,728</u>
Net cash used in investing activities	<u>(4,430,137)</u>	<u>(13,872,219)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	(390,213)	(1,682,495)
Increase in long-term borrowings	3,460,710	9,617,600
Repayments of long-term borrowings	(6,017,973)	(3,863,100)
Dividend paid to non-controlling interests	(97,121)	(97,121)
Payments to acquire treasury stock	(822,921)	-
Proceeds from exercise of employee stock options	-	4,876
Increase in non-controlling interests	<u>6,779</u>	<u>7,764</u>
Net cash (used in) generated from financing activities	<u>(3,860,739)</u>	<u>3,987,524</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	<u>53,871</u>	<u>54,625</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(578,899)	(694,865)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,975,514</u>	<u>7,670,379</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 6,396,615</u>	<u>\$ 6,975,514</u>

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

(Concluded)



# WINBOND ELECTRONICS CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 3,634,615	6	\$ 4,146,238	7
Available-for-sale financial assets, current (Note 8)	2,441,832	4	2,826,103	4
Held-to-maturity financial assets, current (Note 9)	99,900	-	-	-
Notes and accounts receivable, net (Note 10)	2,802,110	5	3,535,090	6
Accounts receivable due from related parties, net (Note 27)	1,320,712	2	983,807	2
Other receivables (Note 11)	514,417	1	250,428	-
Inventories (Note 12)	7,514,792	13	5,534,586	9
Other current assets	<u>1,016,814</u>	<u>2</u>	<u>852,710</u>	<u>1</u>
Total current assets	<u>19,345,192</u>	<u>33</u>	<u>18,128,962</u>	<u>29</u>
<b>NON-CURRENT ASSETS</b>				
Held-to-maturity financial assets, non-current (Note 9)	-	-	101,840	-
Financial assets measured at cost, non-current (Note 13)	80,161	-	40,161	-
Investments accounted for using equity method (Note 14)	6,049,338	10	6,576,196	11
Property, plant and equipment (Note 15)	31,195,173	53	33,304,147	54
Intangible assets (Note 16)	76,371	-	52,000	-
Deferred income tax assets (Note 21)	2,527,000	4	3,146,000	5
Other non-current assets (Notes 6 and 11)	<u>223,037</u>	<u>-</u>	<u>661,584</u>	<u>1</u>
Total non-current assets	<u>40,151,080</u>	<u>67</u>	<u>43,881,928</u>	<u>71</u>
<b>TOTAL</b>	<u>\$ 59,496,272</u>	<u>100</u>	<u>\$ 62,010,890</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 17)	\$ -	-	\$ 390,213	1
Financial liabilities at fair value through profit or loss, current (Note 7)	21,048	-	11,253	-
Notes payable	519,500	1	534,789	1
Accounts payable	2,677,142	5	2,747,750	4
Accounts payable to related parties (Note 27)	707,064	1	642,308	1
Payable on equipment	767,457	1	1,249,178	2
Other payables	1,753,839	3	1,667,581	3
Current portion of long-term borrowings (Note 17)	4,352,267	7	5,879,760	9
Other current liabilities	<u>80,157</u>	<u>-</u>	<u>71,663</u>	<u>-</u>
Total current liabilities	<u>10,878,474</u>	<u>18</u>	<u>13,194,495</u>	<u>21</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 17)	8,755,160	15	9,763,339	16
Net defined benefit liabilities, non-current (Note 18)	524,047	1	481,684	1
Other non-current liabilities	<u>436,620</u>	<u>1</u>	<u>388,128</u>	<u>-</u>
Total non-current liabilities	<u>9,715,827</u>	<u>17</u>	<u>10,633,151</u>	<u>17</u>
Total liabilities	<u>20,594,301</u>	<u>35</u>	<u>23,827,646</u>	<u>38</u>
<b>EQUITY</b>				
Common stock (Note 19)	35,800,002	60	36,949,822	60
Capital surplus	2,470,292	4	2,143,393	3
Unappropriated earnings (accumulated deficits)	2,086,060	3	(1,119,684)	(2)
Exchange differences on translation of foreign financial statements	88,771	-	23,265	-
Unrealized (losses) gains on available-for-sale financial assets	(1,436,767)	(2)	292,835	1
Treasury stock	<u>(106,387)</u>	<u>-</u>	<u>(106,387)</u>	<u>-</u>
Total equity	<u>38,901,971</u>	<u>65</u>	<u>38,183,244</u>	<u>62</u>
<b>TOTAL</b>	<u>\$ 59,496,272</u>	<u>100</u>	<u>\$ 62,010,890</u>	<u>100</u>

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



# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 30,843,606	100	\$ 30,929,689	100
OPERATING COSTS (Note 12)	<u>22,381,244</u>	<u>72</u>	<u>23,315,561</u>	<u>75</u>
GROSS PROFIT	<u>8,462,362</u>	<u>28</u>	<u>7,614,128</u>	<u>25</u>
OPERATING EXPENSES				
Selling expenses	773,989	3	725,368	2
General and administrative expenses	755,116	2	634,278	2
Research and development expenses	<u>3,426,559</u>	<u>11</u>	<u>3,029,747</u>	<u>10</u>
Total operating expenses	<u>4,955,664</u>	<u>16</u>	<u>4,389,393</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>3,506,698</u>	<u>12</u>	<u>3,224,735</u>	<u>11</u>
NON-OPERATING INCOME AND LOSSES				
Interest income	153,217	1	144,173	-
Dividend income	29,121	-	29,776	-
Gains on doubtful debt recoveries	-	-	902	-
Other income	38,420	-	27,390	-
Gains on disposal of investments	1,625	-	9,824	-
Foreign exchange gains	137,198	-	204,547	1
Share of profit of subsidiaries and associates accounted for using equity method (Note 14)	448,169	1	345,085	1
Interest expense	(262,406)	(1)	(177,101)	(1)
Other expense	(23,702)	-	(23,195)	-
Losses on disposal of property, plant and equipment	(8,238)	-	(6,769)	-
Losses on financial instruments at fair value through profit or loss	<u>(109,851)</u>	<u>-</u>	<u>(107,398)</u>	<u>-</u>
Total non-operating income and losses	<u>403,553</u>	<u>1</u>	<u>447,234</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,910,251	13	3,671,969	12
INCOME TAX EXPENSE (Note 21)	<u>619,000</u>	<u>2</u>	<u>596,000</u>	<u>2</u>
NET PROFIT	<u>3,291,251</u>	<u>11</u>	<u>3,075,969</u>	<u>10</u>

(Continued)



# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	<b>2015</b>		<b>2014</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income that will not be reclassified to profit or loss:				
Loss on remeasurement of defined benefit plans	\$ (85,507)	-	\$ (7,881)	-
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of foreign financial statements	65,506	-	82,832	-
Unrealized (losses) gains on available-for-sale financial assets	<u>(1,729,602)</u>	<u>(6)</u>	<u>213,780</u>	<u>1</u>
Other comprehensive income	<u>(1,749,603)</u>	<u>(6)</u>	<u>288,731</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,541,648</u>	<u>5</u>	<u>\$ 3,364,700</u>	<u>11</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 0.90</u>		<u>\$ 0.83</u>	
Diluted	<u>\$ 0.90</u>		<u>\$ 0.83</u>	

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

(Concluded)



# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

				Other Equity			
	Common Stock	Capital Surplus	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Treasury Stock	Total
BALANCE, JANUARY 1, 2014	\$ 36,940,232	\$ 2,148,359	\$ (4,187,772)	\$ (59,567)	\$ 79,055	\$ (106,387)	\$ 34,813,920
Change in equity of subsidiaries and associates accounted for using equity method	-	(252)	-	-	-	-	(252)
Net income for 2014	-	-	3,075,969	-	-	-	3,075,969
Other comprehensive income for 2014	-	-	(7,881)	82,832	213,780	-	288,731
Total comprehensive income for 2014	-	-	3,068,088	82,832	213,780	-	3,364,700
Issue of ordinary shares under employee stock options	9,590	(4,714)	-	-	-	-	4,876
BALANCE, DECEMBER 31, 2014	36,949,822	2,143,393	(1,119,684)	23,265	292,835	(106,387)	38,183,244
Net income for 2015	-	-	3,291,251	-	-	-	3,291,251
Other comprehensive income for 2015	-	-	(85,507)	65,506	(1,729,602)	-	(1,749,603)
Total comprehensive income for 2015	-	-	3,205,744	65,506	(1,729,602)	-	1,541,648
Acquisition of treasury stock	-	-	-	-	-	(822,921)	(822,921)
Retirement of treasury stock	(1,149,820)	326,899	-	-	-	822,921	-
BALANCE, DECEMBER 31, 2015	\$ 35,800,002	\$ 2,470,292	\$ 2,086,060	\$ 88,771	\$ (1,436,767)	\$ (106,387)	\$ 38,901,971

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





# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 3,910,251	\$ 3,671,969
Adjustments for:		
Depreciation expenses	5,589,185	4,600,207
Amortization expenses	21,591	20,731
(Reversal of) provision for allowance for doubtful accounts	(13,398)	5,740
Provision for decline in market value and obsolescence and abandonment of inventories	121,523	250,629
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	9,795	(4,588)
Interest expense	262,406	177,101
Interest income	(153,217)	(144,173)
Dividend income	(29,121)	(29,776)
Share of profit of subsidiaries and associates accounted for using equity method	(448,169)	(345,085)
Loss on disposal of property, plant and equipment	8,238	6,769
Gain on disposal of investments	(1,625)	(9,824)
Loss (gain) on foreign currency exchange of held-to-maturity financial assets	1,940	(4,070)
Unrealized profit on the transactions with subsidiaries	8,873	13,215
Changes in operating assets and liabilities		
Decrease (increase) in notes and accounts receivable	746,378	(388,782)
Increase in accounts receivable due from related parties	(325,014)	(106,978)
Decrease in other receivables	16,232	37,297
(Increase) decrease in inventories	(2,101,729)	325,919
Increase in other current assets	(164,104)	(246,867)
Increase in other non-current assets	(13,511)	(35,409)
(Decrease) increase in notes payable	(15,289)	17,239
(Decrease) increase in accounts payable	(70,608)	561,128
Increase in accounts payable to related parties	64,756	120,476
Increase in other payables	88,315	3,348
Increase in other current liabilities	8,494	37,183
Increase in other non-current liabilities	19,166	20,256
Cash generated from operations	7,541,358	8,553,655
Interest received	26,121	27,167
Dividend received	181,066	181,720
Interest paid	(329,626)	(272,557)
Income tax (paid) refund	(884)	1,251
Net cash generated from operating activities	<u>7,418,035</u>	<u>8,491,236</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(653,619)	(801,410)
Proceeds from disposal of available-for-sale financial assets	32,027	122,879
Proceeds from capital reduction of available-for-sale financial assets	23,187	-

(Continued)



# WINBOND ELECTRONICS CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Acquisition of financial assets measured at cost	\$ (40,000)	\$ -
Acquisition of investments accounted for using equity method	(5,947)	(1,206)
Proceeds from capital reduction of investments accounted for using equity method	114,651	-
Acquisitions of property, plant and equipment	(3,907,863)	(13,032,502)
Proceeds from disposal of property, plant and equipment	2,856	880
Acquisition of intangible assets	(24,371)	-
Decrease in finance lease receivables	<u>299,818</u>	<u>152,728</u>
Net cash used in investing activities	<u>(4,159,261)</u>	<u>(13,558,631)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(390,213)	(1,503,665)
Increase in long-term borrowings	3,460,710	9,617,600
Repayments of long-term borrowings	(6,017,973)	(3,863,100)
Payments to acquire treasury stock	(822,921)	-
Proceeds from exercise of employee stock options	<u>-</u>	<u>4,876</u>
Net cash (used in) generated from financing activities	<u>(3,770,397)</u>	<u>4,255,711</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(511,623)	(811,684)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,146,238</u>	<u>4,957,922</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,634,615</u>	<u>\$ 4,146,238</u>

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

(Concluded)



Attachment 3

**INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Stockholders  
Winbond Electronics Corporation

We have audited the accompanying consolidated balance sheets of Winbond Electronics Corporation (the "Company") and its subsidiaries (collectively referred as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014 and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Winbond Electronics Corporation as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report.

January 29, 2016

Notice to Readers

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

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



## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders  
Winbond Electronics Corporation

We have audited the accompanying balance sheets of Winbond Electronics Corporation (the "Company") as of December 31, 2015 and 2014, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and its financial performance and its cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

A handwritten signature in black ink, appearing to read "Deloitte &amp; Touche", with a long, sweeping horizontal line extending to the right.

January 29, 2016

### Notice to Readers

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

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



Attachment 4

(English Translation)

## **Supervisors' review report<sup>2</sup>**

To: The 2016 Annual General Meeting of Shareholders

The Board of Directors of the Company has prepared the 2015 parent company only financial statements and the consolidated financial report, which have been audited by HONG, KUO-TYAN and WU, KER-CHANG at Deloitte who have been retained by the Board of Directors of the Company to issue an audit report. The audit report provides that the 2015 parent company only financial statements and the consolidated financial report of the Company can fairly present the Company's financial position. The undersigned supervisors have reviewed the audit report and the aforesaid documents, together with the business report, the consolidated business reports of affiliates and the motion for Distribution of Earnings prepared by the Board of Directors, and did not find any incompliance. According to Article 219 of the Company Law, it is hereby submitted for your review and perusal.

Supervisor: James Wen (Representative of Chin Xin Investment Co., Ltd.)

Supervisor: Yeu-Yuh Chu

Supervisor: Hong-Chi Yu

Date: March 28, 2016

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<sup>2</sup> This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.

## Winbond Electronics Corporation

### Implementation of Share Buyback Program Previously Approved by the Board of Directors

No. of Share Buyback Program		The 20 <sup>th</sup> round	The 21 <sup>st</sup> round
Date of Board of Directors' resolution		2015/07/31	2015/10/1
Type of shares to be repurchased		Common shares	Common shares
Purpose of buyback		Maintaining company's credit and shareholders' equity	Maintaining company's credit and shareholders' equity
Number of shares to be repurchased		80,000,000 shares	35,000,000 shares
Estimated repurchase price range		NT\$6.5 ~ NT\$8.0	NT\$7.0~ NT\$8.5
Implementation Status	Actual share buyback period	2015/08/03~2015/09/18	2015/10/02~2015/10/23
	Number of shares bought back	80,000,000 shares	34,982,000 shares
	Number of shares bought back as a percentage of total outstanding shares	2.17%	0.95%
	The Average buyback price per share	NT\$6.94	NT\$7.66
	Implementation of share buyback program	Completion	The company did not complete the proposed share repurchase because of price consideration
	Record date for capital reduction	2015/10/31	2015/10/31
	Number of shares repurchased and cancelled	80,000,000 shares	34,982,000 shares

Attachment 6

(English Translation)  
**Winbond Electronics Corporation**  
**Shareholdings of All Directors and Supervisors of the Tenth Term<sup>3</sup>**

Book closure date: April 18, 2016

Position	Name	Current shareholding (Shares)	Shareholding ratio (%)
Chairman	Arthur Yu-Cheng Chiao	58,264,955	1.63
Director	Matthew Feng-Chiang Miao	100,000	0.00
Director	Yung Chin	10,720,537	0.30
Director	Hui-Ming Cheng (Representative of Walsin Lihwa Corporation)	811,327,531	22.66
Director	Tung-Yi Chan	500,000	0.01
Independent Director	Francis Tsai	0	0.00
Independent Director	Allen Hsu	0	0.00
Independent Director	Jerry Hsu	0	0.00
Supervisor	James Wen (Representative of Chin Xin Investment Co., Ltd.)	182,047,000	5.09
Supervisor	Yeu-Yuh Chu	0	0.00
Supervisor	Hong-Chi Yu	0	0.00
Shareholdings of All Directors		880,913,023	24.61
Shareholdings of All Supervisors		182,047,000	5.09
Shareholdings of All Directors and Supervisors		1,062,960,023	29.70

**Note:** This Company had a total of 3,580,000,193 issued shares as of April 18, 2016

<sup>3</sup> This translation is for reference only. In the event of any discrepancy between the Chinese version and this translation, the Chinese version shall prevail.