TSE : 2344

winbond

We Deliver

Winbond Electronics Corp.
Printed on March 31, 2016

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1. Taiwan Stock Exchange Market Observation Post System：
   http://mops.twse.com.tw
2. Winbond Website：http://www.winbond.com

Winbond Electronics Corp.
2015 Annual Report

Notice to readers

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

1. **Spokesperson**

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Tel： 886-2-8177-7168

4. Common Stock Transfer Office

Stock Registrar and Transfer Office, Winbond Electronics Corp.
8F, No.398, Xingshan Rd., Neihu Dist., Taipei City 114, Taiwan, R.O.C.
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Website： http://stock.walsin.com

5. Auditor

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Kuo-Tyan Hong and Ker-Chang Wu
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Tel： 886-2-2545-9988
Website： http://www.deloitte.com.tw

6. Overseas Securities Listing Exchange and Information

Luxembourg Stock Exchange
Website： http://www.bourse.lu

7. Company Website： http://www.winbond.com

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Letter to Shareholders

Dear Shareholders,

In 2015, the global economy entered a new mediocre state in the midst of slow economic growth in China and other emerging markets, steep decline in commodity and oil prices and secular stagnation in Europe and the U.S.. In the backdrop of such macro environment, electronics consumer market demands slowed down, and the technology and semiconductor industries were inevitably affected. Winbond, however, still turned in impressive performance amid a sternly challenging environment on the strength of diversified market deployment, good customer relationship management, high quality products and a flexible production system.

Financial Performance

Our consolidated revenue, including those of Nuvoton Technology Corp. and other subsidiaries, amounted to NT$38,350 million in 2015, up 0.9% from the year before. We reported consolidated net profit of NT$3,473 million and stand-alone net profit of NT$3,291 million or NT$0.9 per share in 2015, an increase of 8% from 2014.

Market and Product Applications

With regard to consolidated revenue, memory and logic products made up respectively 81% and 19% of total revenues. Winbond is one of the few companies in the world with design, research and manufacturing capabilities and salesforce for both DRAM and flash memory products and capable of providing total solutions for the memory market. While our DRAM products accounted for 64% of revenue in 2015, Winbond is the fifth largest DRAM supplier in the world with focus on specialty and mobile memory products. In the past year, we endeavored to increase our DRAM shipment on the strength of 46nm process technology and expanded the proportions of known good dies (KGD) and automotive devices to boost the profit margin. Our flash memory products, primarily code storage flash, contributed 36% of revenue in 2015. Confronting price competition in the past year, we focused our efforts on optimizing our product mix, offering comprehensive product lines and developing new products to meet the needs of our world-class clients.

In respect to product applications, we strove to balance the development of various applications in the hope to sustain steady growth in the volatile economic environment. By product types, the sales of our communication products made up 33% of the revenue in 2015 that of computer and peripheral products accounted for 28%, while the revenue of our consumer products stayed even at 28% of total revenue. In addition, in light of the rapid growth of automotive electronics and industry 4.0 in recent years, we actively cultivate those markets and the weight of revenues from products for applications in automotive and industrial electronics has been rising every year and reached 11% in 2015, indicating our products in those fields of application are gradually winning the recognition of world-class clientele and expected to turn in even better performance in the future.

Technology and Manufacturing

In light of the constant evolvement of IC integration technology and business mode, we have been increasing our R&D spending on the in-house development of 38nm DRAM and 32nm flash processes to enhance our product competitiveness. We also gear our R&D efforts towards the development of safe, low-power and reliable value-added products from the perspective of future end-user applications to achieve technology-driven growth. In 2015, our capital expenditure on memory product lines amounts to NT$3.9 billion and the monthly output of 12-inch wafers has exceeded 40,000 pieces as we endeavor to meet customer demands with ample capacity.

Honors and Awards

We have valued and implemented good corporate governance practice over the years. In 2015, we received the "Corporate Governance" award from Taiwan Stock Exchange, ranking in the top 5% of listed companies. We are also a constituent of the TWSE Corporate Governance 100 Index and Taiwan High Compensation 100 Index, which affirms Winbond as a benchmark enterprise in corporate governance excellence.

Future Outlook

Several decades of rapid development of digital technologies have brought forth consumer products that change people's lives in different times. In recent years as the growth of mobile devices starts to slow down, the trends of Internet of things (IoT) pick up. The fledgling Internet of vehicles (IoV) and a diversity of wearable devices will again enhance mankind's quality of life. But the introduction of electronic devices that inundates the consumer market will also accelerate the depletion of energy resources. Holding onto the beliefs in sustainable operations and environment and keeping abreast of industrial trends, Winbond will focus singularly on developing green, safe and efficient high-quality products and providing customers with constantly improving solutions with innovative thinking and knowhow in the hope to create maximum value for shareholders, customer and employees.

On behalf of the management team at Winbond, I would like to thank our shareholders for your support and encouragement.

Chairman and CEO

Company Overview

1. Company profile

1.1 Company history

Winbond was established in September 1987 and listed on Taiwan Stock Exchange in 1995. with headquarters in Central Taiwan Science Park, Taichung, Taiwan.

Winbond is a specialty memory IC company engaged in design, manufacturing and sales services. From product design, research and development, and wafer fabrication to the marketing of brand name products, Winbond endeavors to provide its global clientele top quality low to medium density memory solutions.

Winbond's major product lines include Code Storage Flash Memory, Specialty DRAM and Mobile DRAM. Our advantage of technological autonomy and prudent capacity strategy enables us to build a highly flexible production system and create synergy among product lines, which allows us to meet the diverse demands of customers while building the brand image.

In the area of Code Storage Flash Memory products, we focus on the “low to medium density” market by offering a full spectrum of Serial Flash and Parallel Flash products. Our Flash memory packages offer features such as low pin count, small size and low cost. We also offer SPI NAND and SLC NAND flash memory products to better meet the customer demands for code storage. With considerable market share in computer peripheral markets, we also actively develop a diversity of flash memory products for applications in mobile devices, consumer electronics, automotive electronics, IoT and wearable devices. Winbond introduces the pioneering TrustME Secure Flash Memory that has been Common Criteria EAL 5+ certified for applications in enhanced system security.

Winbond specializes in the design of high-performance, low-power memory. With a 12-inch fab, we offer a whole series of Specialty DRAM and Mobile DRAM products that target a top-tier clientele and quality-oriented applications. Winbond’s products are used extensively in handheld devices, consumer electronics and computer peripherals. We also focus on high-barrier, high-quality applications, such as KGD, automobile and industrial electronics.

To provide timely and respective services to clients around the world, Winbond has set up operations and distributor networks in the USA, Japan, China, Hong Kong and Israel. With regard to quality, Winbond implements rigorous process control and quality control, strengthening yield analysis and supply chain management to satisfy customer needs. The long-standing efforts in quality assurance have earned the Company a good reputation and resulted in the accreditation of ISO 9001, TS 16949, QC 080000, ISO 14001, and OHSAS 18001.

In the future, Winbond will continue to provide customer-oriented services and concentrate our resources on the markets in which we have a competitive advantage. At the same time, riding on the strength of our advanced semiconductor design and manufacturing know-how, coupled with the innovation and wisdom of our employees, observing the core values of "accountability, innovation and synergy" and incorporating the corporate spirits of "execution, innovation and passion" in all operational activities, Winbond will strive towards the goal of becoming a world-class solution provider.

1.2 Investment in affiliates in the past year and up to the date of report

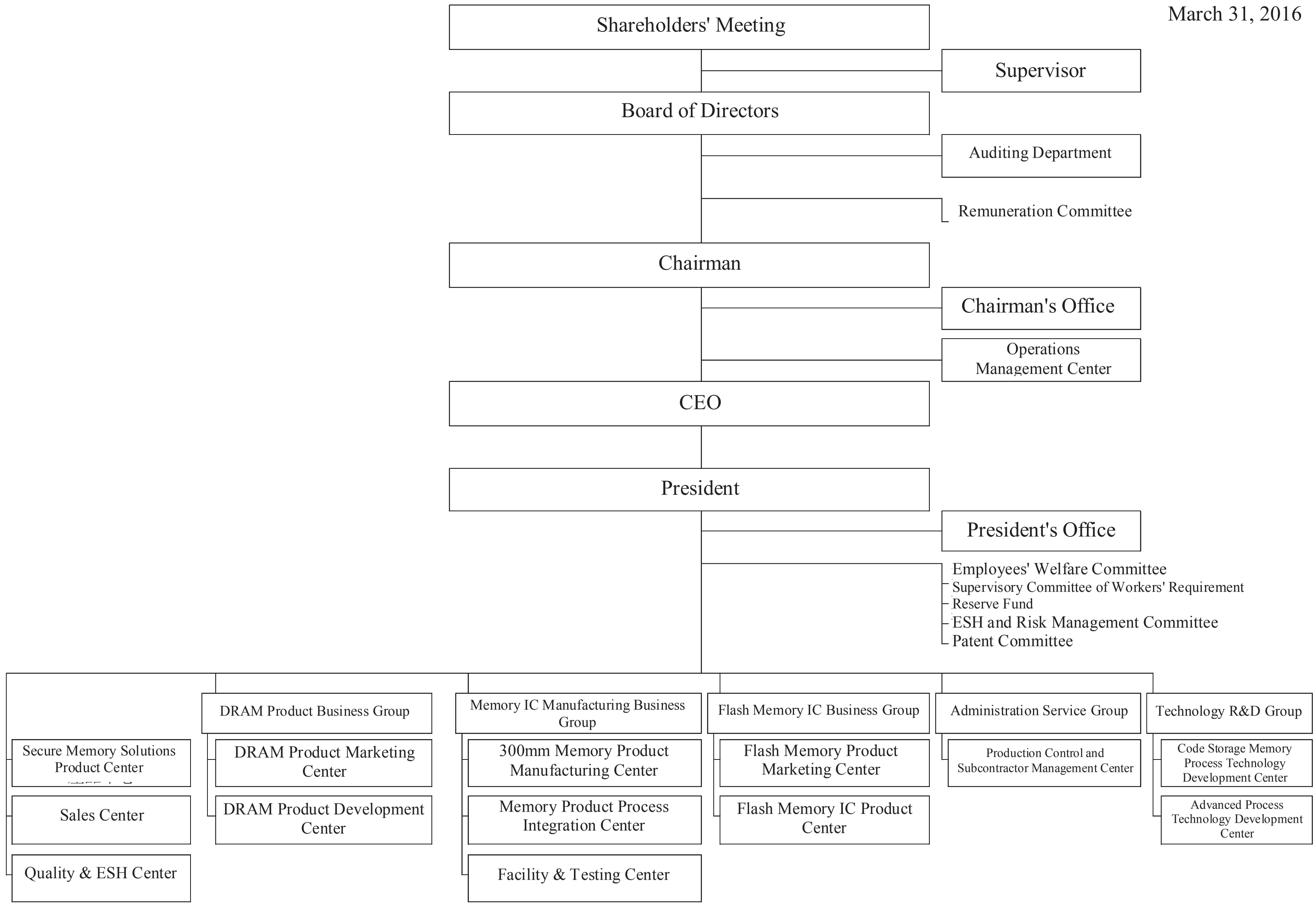
For investments in affiliated enterprises, please see page 201 of this report.

2. Corporate governance report

2.1 Organizational structure and major business units

2.1.1 Organizational structure

March 31, 2016



2.1.2 Major business units

Unit		Functions
Auditing Department		1.Planning and execution of internal audit operations. 2.Planning and execution of internal control self-assessment operations. 3.Review of company codes and rules.
Quality & ESH Center		1.Planning and execution of company quality policy. 2.Drafting and implementing quality indicators and maintaining quality system. 3.Elevating the quality and professional knowhow of employees and continuously improving the quality of products through continuous improvement of quality management system and employee training. 4.In charge of internal quality management and external quality assurance, reliability assurance and handling of quality complaints. 5.Management of outsourcing quality. 6.Supervising the implementation of effective ESH plans and risk management measures, establishing a work environment in compliance with environmental regulations and international standards, and reducing the company's operational risks.
Sales Center		1.In charge of worldwide sales (except for Foundry). 2.New client development and new product promotion. 3.Responsible for the attainment of annual sales targets. 4.Management of dealers and distributors. 5.Collection of accounts receivable.
Operations Management Center		1.Planning and execution of accounting system and tax matters. 2.Planning and evaluation of budget and costs. 3.Planning and maneuvering of company funds and investment management. 4.Planning and execution of investors relations and shareholder services. 5.Planning and management of human resources and IT system. 6.Management of knowledge, intellectual property and legal affairs to enhance operational performance.
Secure Memory Solutions Product Center		1.Marketing planning and promotion of new products. 2.Optimization of product mix. 3.Market trend analysis. 4.Introducing volume production of new products and improving product yield, quality, costs and process to meet customer demands. 5.New product promotion and design-in support
DRAM Product Business Group	DRAM Product Marketing Center	1.Planning and marketing of new products. 2.Optimization of DRAM product mix. 3.Promotion of DRAM products. 4.Development and management of DRAM products. 5.Trend analysis of DRAM market. 6.Troubleshooting of customer application problems and error analysis.
	DRAM Product Development Center	1.Research and development of DRAM products. 2.Improving DRAM product design platform. 3.Improving the quality of DRAM products and enhancing competitiveness. 4.Confirmation of product specifications and mapping market blueprint. 5.Analysis of customer-reported failure. 6.Resources planning and use for IC design and layout. 7.Central planning of R&D manpower allocation and OEM project support.
Memory IC Manufacturing Business Group	300mm Memory Product Manufacturing Center	1.Planning of fab establishment, capacity and display. 2.Analysis of fab budget/cost structure. 3.Establishment of fab process system and SOP documents. 4.Introduction of new products and new technologies and volume production. 5.Establishment and execution of fab Foundry system. 6.Establishment of fab quality system. 7.Planning and implementation of fab EHS system. 8.Scope and guidelines for fab's risk management. 9.Fab's automated Operations.
	Memory Product Process Integration Center	1.Improvement of process/ product yield, quality and reliability. 2.Analysis and improvement of production and engineering problem analysis. 3.Transfer, implementation and volume production of new process/product. 4.Technology development and management of generative process and custom-made products. 5.Process cost improvement and process streamlining. 6.Optimization and tolerance adjustment of process conditions.
	Facility & Testing Center	1.Planning and execution of memory product trial production. 2.Planning and execution of memory product yield improvement. 3.Planning and execution of construction, expansion and improvement of plants and facilities. 4.Improvement and maintenance of clean rooms and production related facilities. 5.Maintenance and management of industrial environment, health and safety facilities.
Flash Memory IC Business Group	Flash Memory IC Product Center	1.Design, testing and validation of flash memory products. 2.Introducing volume production of new products and improving product yield, quality, costs and process to meet customer demands.
	Flash Memory Product Marketing Center	1.Planning of new flash products. 2.Development management of flash products. 3.Promotion of flash products. 4.Optimization of flash product mix. 5.Trend analysis of flash market.

Unit		Functions
Administration Service Group	Production Control and Subcontractor Management Center	1.Production planning and execution and production-sales coordination. 2.Planning and execution of logistics supply. 3.Planning and execution of outsourcing capacity and production plan. 4.Vendor management and quality control. 5.Outsourcing cost control. 6.Import and verification of new IC assembly technology.
Technology R&D Group	Code Storage Memory Process Technology Development Center	1.Developing new technologies to lift Winbond's standing in code storage memory market. 2.New technologies include but are not limited to NAND, NOR and RRAM. 3.Development of embedded applications of related technologies. 4.Design and development of memory cell and peripheral components. 5.Ensuring attainment of product yield and reliability targets and transferring to volume production. 6.Supporting company-wide SPICE model parameter extraction. 7.Supporting company-wide ESD/LU design and product analysis.
	Advanced Process Technology Development Center	1.Developing new technologies to lift Company's standing in low-density memory market. 2.Developing new advanced technologies, ex.: 3D printing. 3.Design and development of memory cell and peripheral components. 4.Enhancing product yield and reliability targets and transferring to and assisting in volume production. 5.Developing and supporting company-wide OPC technology. 6.Developing and supporting company-wide modular technology.

2.2 Profile of directors, supervisors and management

2.2.1 Directors and supervisors (1)

March 31, 2016

Title		Nationality or place of registration	Name	Date elected	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree		
							Shares	% (Note1)	Shares	% (Note 2)	Shares	% (Note 2)	Shares	% (Note 2)			Title	Name	Relationship
Chairman		ROC	Arthur Yu-Cheng Chiao	2014.06.17	3 years	1987.09.04	58,264,955	1.58%	58,264,955	1.63%	10,720,537	0.30%	-	-	Master in Electrical Engineering and Researcher of Management College of Washington Univ. Chairman of Walsin Lihwa Corp. Chairman and compensation committee member of Capella Microsystems	Note 5	Director and Chief Administrative Officer	Yung Chin	Spouse
Director		USA	Matthew Feng-Chiang Miau	2014.06.17	3 years	Note 3	100,000	0.00%	100,000	0.00%	-	-	-	-	Master in Business Administration of California Univ. at Santa Clara. B.S. in Electrical Engineering, U.C. Berkeley Chairman of MiTac Holdings Corporation (incumbent)	Note 6	None	None	None
Director		ROC	Yung Chin	2014.06.17	3 years	1996.04.09	10,720,537	0.29%	10,720,537	0.30%	58,264,955	1.63%	-	-	Master's degree in Applied Mathematics, University of Washington Chief Auditor of Walsin Lihwa Corp. Vice President of Winbond Electronics Corp. Chief Administrative Officer of Winbond Electronics Corp. (incumbent)	Note 7	Chairman and CEO	Arthur Yu-Cheng Chiao	Spouse
Director	Corporation	ROC	Walsin Lihwa Corporation	2014.06.17	3 years	1987.09.04	858,091,531	23.23%	811,327,531	22.66%	-	-	-	-	-	Note 8	-	-	-
	Representative	ROC	Hui-Ming Cheng	2014.06.17	3 years	2005.06.10	250,000	0.01%	250,000	0.01%	-	-	-	-	Master in Business Administration, Kelley School of Business at Indiana University. Master in Science in Chemical Engineering, University of California, Los Angeles CFO at Winbond Electronics Corp. Chief Financial Officer of Taiwan Mobile CFO at Fubon Financial Holding CFO at HTC Corporation Director and President of Walsin Lihwa Corporation (incumbent)	Note 9	None	None	None
Director		ROC	Tung-Yi Chan	2014.06.17	3 years	2009.06.19	500,000	0.01%	500,000	0.01%	-	-	-	-	PhD. in Electrical Engineering, U.C. Berkeley Master in Management Science, Stanford University BCD Semiconductor CEO President of Winbond Electronics Corp. (incumbent)	Note 10	None	None	None
Independent director		ROC	Francis Tsai	2014.06.17	3 years	2014.06.17	-	-	-	-	-	-	-	-	Computer/Control Engineering Department, Chiao-Tung University, Taiwan Chairman and CEO of Waffer Technology Corp. (incumbent) Convener of Compensation Committee of Winbond Electronics Corp. (incumbent)	Note 11	None	None	None
Independent director		ROC	Allen Hsu	2014.06.17	3 years	2014.06.17	-	-	-	-	-	-	-	-	MBA, National Chengchi University and Refresher course of Walton Business School Chairman of Altek Corporation Chairman of Taiwan Mask Corporation Chairman of Myson Century Inc. Chairman of Hestia Power Inc. (incumbent) Compensation Committee member of Winbond Electronics (incumbent)	Note 12	None	None	None
Independent director		ROC	Jerry Hsu	2014.06.17	3 years	2014.06.17	-	-	-	-	-	-	-	-	MBA, Waseda Business School Compensation Committee member of Winbond Electronics Corp. (incumbent)	Note 13	None	None	None
Supervisor	Corporation	ROC	Chin Xin Investment Corp.	2014.06.17	3 years	2014.06.17	145,047,000	3.93%	182,047,000	5.09%	-	-	-	-	-	Note 14	-	-	-
	Representative	ROC	James Wen	2014.06.17	3 years	2015.05.01 (Note 4)	320,000	0.01%	-	-	-	-	-	-	MBA, Wharton School in University of Pennsylvania President of Cathay Securities Investment Trust Co., Ltd. CFO at Winbond Electronics Corp.	Note 15	None	None	None

Title	Nationality or place of registration	Name	Date elected	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree		
						Shares	% (Note1)	Shares	% (Note 2)	Shares	% (Note 2)	Shares	% (Note 2)			Title	Name	Relationship
Supervisor	ROC	Peter Chu	2014.06.17	3 years	2011.06.22	-	-	-	-	-	-	-	-	B.A. in International Trade, Feng Chia University and Advanced Management Program (AMP), University of Hawaii Sales/International Department Manager of Walsin Lihwa Corp. Director and President of Walsin Technology Corporation Director and President of Global Brands Manufacture Limited (incumbent)	Note 16	None	None	None
Supervisor	ROC	Hong-Chi Yu	2014.06.17	3 years	2011.06.22	-	-	-	-	-	-	-	-	M.S., Stanford University, B.A., Princeton University President of Union Electric Director and President of Walton Advanced Engineering (incumbent)	Note 17	None	None	None

Note 1: "Percentage" under "Shares held when elected" was based on then issued and outstanding shares common shares of 3,694,488,193 shares.

Note 2: "Percentage (%)" under "Shares currently held" was based on then issued and outstanding common shares of 3,580,000,193 shares as of March 31, 2016.

Note 3: Mr. Matthew Feng-Chiang Miau has been a director of Winbond from March 25, 1993 to Feb. 21, 1994, from March 30, 1994 to Jan. 29, 2003, and from May 6, 2003 up to the present.

Note 4: Chin Xin Investment Corp. appointed Mr. James Wen as its representative in place of Mr. Wang-Tsai Lin on May 1, 2015.

Note 5: Mr. Arthur Yu-Cheng Chiao serves concurrently as the CEO of Winbond, Chairman of Nuvoton Technology Co. and Chin Xin Investment Corp., Vice Chairman of Walsin Lihwa Co.; Director of Walsin Technology Corporation, United Industrial Gases Co., Ltd, Kolin Cons. & Development Co., Ltd., Walsin Lihwa Holdings Co., Walsin Specialty Steel Corporation., Landmark Group Holdings Ltd., Peaceful River Corp., Winbond International Corp., Winbond Electronics Corporation America, Marketplace Management Limited, Pigeon Creek Holding Co., Ltd., Nuvoton Investment Holding Ltd., Song Yong Investment Corporation, Newfound Asian Corp., Baystar Holdings Ltd., and Techdesign Corporation; management of Goldbond LLC; and Supervisor of MiTac International Corp.; Independent director and Compensation Committee Convener of Taiwan Cement and Independent director and Compensation Committee member of Synnex Technology International.

Note 6: Mr. Matthew Feng-Chiang Miau serves concurrently as Chairman of Lien Hwa Industrial Corporation, Synnex Technology International Corporation, MiTac Inc., Union Venture Capital Corp. and UPC Technology Corp.; and Director of Getac Technology Corp., United Industrial Gases Co., Ltd, and Lienhwa Industrial Gases Corp.

Note 7: Ms. Yung Chin serves concurrently as Chairman of Pine Capital Investment and Winbond (H.K.); Director of Nuvoton Technology Co., Peaceful River Corp., Winbond Electronics Corp. America, Newfound Asian Corp., and Nuvoton Electronics Technology (H.K.) Limited; and Supervisor of Qing An Investment Limited, Yau Cheung Investment Limited, Winbond Electronics Corporation Japan, Nuvoton Technology (Shanghai) Corp. and Winbond Electronics (Suzhou) Ltd.

Note 8: Walsin Lihwa Corporation serves concurrently as Director of Kolin Cons. & Development Co., Ltd., Walsin Info-Electric Co., Min Maw Precision Industry Corp., Kuang Tai Metal Industrial Co., Walsin Technology Corporation, HannStar Display Corporation, HannStar Color Co., Ltd., Global Investment Holdings, I-Chi United Trading Corp., Chin Xin Investment Corp., Concord Venture Capital Group, Walton Advanced Engineering, Inc., Powertek Energy Co., P.T. Walsin Lippo Kable, Borrego Solar Systems Inc., and Zhong Tai Technology Development Engineering Co.; and Supervisor of Taiwan High Speed Rail Corp.

Note 9: Mr. Hui-Ming Cheng serves concurrently as Director of ACME Electronics Corporation, Gogoro Taiwan Limited, Da Shen Venture Capital Co., and Da Shen Yi Yi Venture Capital.

Note 10: Mr. Tung-Yi Chan serves concurrently as Chairman of Winbond Electronics (Suzhou) Ltd. and Winbond Technology Ltd.; Director of Walton Advanced Engineering; Director of Landmark Group Holdings Ltd., Winbond Electronics Corporation Japan, Peaceful River Corp., Winbond International Corporation, Winbond Electronics Corporation America, Mobile Magic Design Corp., Pine Capital Investment Ltd., Marketplace Management Limited, Pigeon Creek Holding Co., Ltd., Newfound Asian Corp. and Baystar Holdings Ltd.; and CEO of Mobile Magic Design Corp.

Note 11: Mr. Francis Tsai serves concurrently as Chairman of National Aerospace Fasteners Corporation and Waffer Technology Corporation; and Vice Chairman of Getac Technology Corporation.

Note 12: Mr. Allen Hsu serves concurrently as Chairman of Hestia Power Inc., Jet King International Co., Yizhong Technology Inc., and Radar Management Consultants Co.; Independent director of Nuvoton Technology Co., MicroBase Technology Corporation, and ANZ Bank (Taiwan) Limited; and Director of Pilot Electronics Corporation, Innodisk Corporation, ACME Electronics Corporation, and Anderson Industrial Corp.

Note 13: Mr. Jerry Hsu serves concurrently as Director of Cal-Comp Biotech, Kun Ji Venture Capital Inc., Kinpo Electronics, Inc., Baotek Inc., Prudence Venture investment Corp., PCHome Store, Breeze Development Co., and PC Home Online; Independent director of Sirtec International; Supervisor of Fu Bao Investment Inc., Teleport Access Services, and AcBel Polytech Inc.; and Assistant Manager of Compal Electronics

Note 14: Serves concurrently as Director of HannStar Board Corporation and Global Investment Holdings; and Supervisor of Nuvoton Technology Co.

Note 15: Mr. James Wen serves concurrently as Director of Walton Culture and Educational Foundation; and Supervisor of Ta-Ho Maritime Corporation.

Note 16: Mr. Peter Chu serves concurrently as Director of Walsin Technology Corporation and HannStar Board Corporation; and Supervisor of Walsin Lihwa Corp.

Note 17: Mr. Hong-Chi Yu serves concurrently as Chairman and President of Walton Advanced Engineering, Inc.; Independent director of Advanced Microelectronic Products Inc.; Supervisor of Walsin Technology Co., Ltd., and HannStar Color Co. Ltd.; and Director of Walsin Technology Corporation Scholarship Foundation.

Note 18: Major shareholders of institutional shareholders

March 31, 2016

Name of institutional shareholder	Major shareholders of institutional shareholders
Walsin Lihwa Corporation	LGT Bank (Singapore) Investment Fund under the custody of JPMorgan Chase Bank N.A. Taipei Branch (5.96%), Winbond Electronics Corporation (5.59%), Chin Xin Investment Corp.(4.98%), Yu-Hui Chiao (2.58%), Vanguard Emerging Markets Stock Index Fund under the trust of Standard Charter (1.67%), Pai-Yung Hong (1.67%), Yu-Heng Chiao (1.63%), Yu-Chi Chiao (1.44%), Walsin Lihwa Employee Welfare Committee (1.34%), Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan) (1.31%)
Chin Xin Investment Corp.	Winbond Electronics Corporation (37.69%), Walsin Lihwa Corporation (37.00%), Oriental Consortium Investment Limited (4.43%), Arthur Yu-Cheng Chiao (3.14%), Yu-Lon Chiao (3.14%), Yu-Heng Chiao (3.14%), Yu-Chi Chiao (3.14%), Yu Shiang Investment (2.81%), Walsin Technology Corporation (1.86%), HannStar Board Corporation (1.34%).

Note 19: Major shareholders in Note 18 who are institutional investor and their major shareholders

March 31, 2016

Name of institutional shareholder	Major shareholders of institutional shareholders
Chin Xin Investment Corp.	Same as Note 18
Winbond Electronics Corporation	Walsin Lihwa Corporation (22.66%), Chin Xin Investment Corp. (5.09%), Arthur Yu-Cheng Chiao (1.63%), Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan) (1.42%), ABP Retirement Fund Investment Account under the trust of JPMorgan Chase Bank N.A. Taipei Branch (1.05%), Pai-Yung Hong (0.90%), Profit Trends International Corp. Investment Fund under the custody of Deutsche Bank A. G. Taipei Branch (0.86%), Yu-Lon Chiao (0.83%), Yu-Heng Chiao (0.82%), LGT Bank (Singapore) Investment Fund under the custody of JPMorgan Chase Bank N.A. Taipei Branch (0.70%).
Walsin Lihwa Corporation	Same as Note 18
Oriental Consortium Investment Limited	HannStar Display Corporation (100%)
Yau Cheung Investment Limited	-
Walsin Technology Corporation	Walsin Lihwa Corporation (18.30%), HannStar Board Corporation (7.20%), Walton Advanced Engineering (2.75%), Maybank Kim Eng Securities Investment Account under the trust of Citibank (Taiwan) (2.61%), Yu-Heng Chiao (2.42%), Global Brands Manufacture (2.09%), Winbond Electronics Corporation (1.88%), Norges Bank Investment Account under the trust of JPMorgan Chase Bank N.A. Taipei Branch (1.74%), HannStar Color Co. (1.65%), China Life Insurance Co. (1.43%).
HannStar Board Corporation	Walsin Technology Corporation (20.08%), Walsin Lihwa Corporation (12.94%), Chin Xin Investment Corp. (3.81%), Pai-Yung Hong (1.98%), BNP Paribas Wealth Management Bank Singapore Branch Account under the trust of HSBC Bank (1.60%), HannStar Color Co., Ltd. (1.28%), Yu-Heng Chiao (0.90%), Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan) (0.84%), LGT Bank (Singapore) Investment Fund under the custody of JPMorgan Chase Bank N.A. Taipei Branch (0.79%), Acadian Emerging Markets SME Equity Fund under the trust of HSBC (Taiwan) (0.76%).

Directors and supervisors (2)

March 31, 2016

Criteria / Name	Has at least 5 years of work experience and meet one of the following professional qualifications			Meet the independence criteria (Note)										Number of Other Taiwanese Public Companies Concurrently Serving as an Independent director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Arthur Yu-Cheng Chiao			V							V		V	V	2
Matthew Feng-Chiang Miau			V	V	V	V	V	V	V	V	V	V	V	-
Yung Chin			V						V	V		V	V	-
Hui-Ming Cheng (representative of Walsin Lihwa Corporation)			V	V	V	V	V			V	V	V		-
Tung-Yi Chan			V			V	V	V	V	V	V	V	V	-
Francis Tsai			V	V	V	V	V	V	V	V	V	V	V	-
Allen Hsu			V	V	V	V	V	V	V	V	V	V	V	3
Jerry Hsu			V	V	V	V	V	V	V	V	V	V	V	1
James Wen (representative of Chin Xin Investment Corp.)			V			V	V	V	V	V	V	V		-
Peter Chu			V	V	V	V	V			V	V	V		-
Hong-Chi Yu			V	V	V	V	V	V	V	V	V	V	V	1

Note: If the director or supervisor meets any of the following criteria in the two years before being elected or during the term of office, please check "V" the corresponding boxes:

(1)Not an employee of the company or any of its affiliates;

(2)Not a director or supervisor of the Company or any of its affiliates (the same does not apply if the person is an independent director of the Company or its parent company, or any subsidiary in which the Company holds, directly and indirectly, more than 50% of the voting shares).

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders;

(4)Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs;

(5)Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as one of its top five shareholders;

(6)Not a director, supervisor, manager, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;

(7)Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof, provided that this restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Companies whose Stock is Listed on the TWSE or Traded on the GTSM";

(8)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;

(9)Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

(10)Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the R.O.C..

2.2.2 Profile of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

March 31, 2016

Title	Nationality	Name	Date appointed	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree		
				Shares	% (Note 2)	Shares	% (Note 2)	Shares	% (Note 2)			Title	Name	Relationship
CEO	ROC	Arthur Yu-Cheng Chiao	2005.08.01	58,264,955	1.63%	10,720,537	0.30%	-	-	Master in Electrical Engineering and Researcher of Management College of Washington Univ. Chairman of Walsin Lihwa Corp. Chairman and compensation committee member of Capella Microsystems	Note 3	None	None	None
President	ROC	Tung-Yi Chan	2009.02.09	500,000	0.01%	-	-	-	-	PhD. in Electrical Engineering, U.C. Berkeley Master in Management Science, Stanford University BCD Semiconductor CEO President of Winbond Electronics Corp. (incumbent)	Note 4	None	None	None
Executive Vice President	ROC	Wilson Wen	2008.05.02	400,609	0.01%	-	-	-	-	BS in Electronic Physics, National Chiao Tung Univ. CEO of HannStar Display Corporation	Chairman of Mobile Magic Design Corp.	None	None	None
Vice President	ROC	Yuan-Mow Su	2005.02.01	1,672,859	0.05%	-	-	-	-	MSEE, University of Southern California	Chairman of Winbond Electronics Corporation America Director of Winbond Electronics (Suzhou) Ltd. Director and president of Winbond Electronics (H.K.) Ltd.	None	None	None
Vice President	ROC	Pei-Ming Chen	2005.10.01	8,065	0.00%	-	-	-	-	MS of E.E., University of Detroit, USA	Director and president of Mobile Magic Design Corp. Director of Winbond Electronics (Suzhou) Ltd. Director of Winbond Electronics Corporation America	None	None	None
Vice President	ROC	Cheng-Kung Lin	2006.11.01	1,315,281	0.04%	161,539	0.00%	-	-	MS in Engineering Technology of National Taiwan University of Science and Technology Department Head and Assistant Vice President of Winbond Electronics	President of Winbond Electronics (Suzhou) Ltd. Director of Pine Capital Investment Ltd. Supervisor of Techdesign Corporation	None	None	None
Vice President	ROC	Chin-Fen Tsai	2011.11.01	-	-	-	-	-	-	PhD. in Material Science and Engineering of University of Utah Vice President in technology and CTO of Sunny Optronics Corp. Vice President of Eversol Corp. Deputy Divisional Director of QRA, UMC	None	None	None	None
Vice President	ROC	Pei-Lin Pai	2014.10.01	18,000	0.00%	30,000	0.00%	-	-	PhD. in Electrical Engineering, U.C. Berkeley Vice President of FocalTech Systems Co., Ltd. Vice President of Nanya Technology Co., Ltd. President of Ascent Semiconductor Corporation	Director of HiTi Digital Inc. Independent director of Green River Holding Co., Ltd. Supervisor of Excelsior Bio-System Incorporation Independent director of Team Group Inc.	None	None	None
Vice President, Chief Financial Officer and Chief Accounting Officer	ROC	Jessica Huang	2015.04.01	473,949	0.01%	-	-	-	-	MBA, Indiana University Chief Auditor of Winbond Electronics Corp. Vice President, Citibank	Note 5	None	None	None
Chief Business Officer	USA	Eungjoon Park	2008.08.04	250,000	0.01%	-	-	-	-	Master in Electrical Engineering, U.C. Berkeley Winbond Electronics Corp. Executive Vice President Executive Vice President of NexFlash Technologies Inc. Vice President of Azalea Microelectronics Corp. Division Director of ISSI/NexFlash Division Director of ICT Inc. Senior engineer, AMD	Director and President of Winbond Electronics Corporation America	None	None	None

Title	Nationality	Name	Date appointed	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree		
				Shares	% (Note 2)	Shares	% (Note 2)	Shares	% (Note 2)			Title	Name	Relationship
Assistant Vice President	ROC	Shi-Yuan Wang	2005.08.01	755,656	0.02%	186,059	0.01%	-	-	MS in Electric Engineering, National Tsing Hua University Junior Engineer, Industrial Technology and Research Institute	R&D Deputy Executive of Mobile Magic Design Corp.	None	None	None
Assistant Vice President	ROC	Yi-Dar Chang	2007.10.01	1,630,074	0.05%	13,978	0.00%	-	-	EMBA, National Tsing Hua University Equipment Engineering, ITRI-ERSO	None	None	None	None
Assistant Vice President	ROC	Wen-Hua Lu	2011.07.01	451	0.00%	738	0.00%	-	-	MS in Material Science and Engineering, National Taiwan University Assistant Researcher of Material and Chemical Research Laboratories, ITRI	None	None	None	None
Assistant Vice President	ROC	Wen-Chang Hong	2012.01.16	-	-	6,000	0.00%	-	-	M.S. in Industrial Engineering and System Management, Chung Hua University	Director of Winbond Electronics (Suzhou) Ltd.	None	None	None
Assistant Vice President	ROC	Mao-Hsiang Yen	2012.07.01	131,321	0.00%	15,975	0.00%	-	-	MS in Electric Engineering, National Cheng Kung University	None	None	None	None
Assistant Vice President	ROC	Hsiu-Han Liao	2014.10.01	106,059	0.00%	-	-	-	-	M.S. in electronics, National Chiaotung University Division Director of Winbond Electronics Corporation Project Director of Episil Technologies Inc. Senior Director of Brilliance Semiconductor Corporation	None	None	None	None
Assistant Vice President	ROC	Yo-Song Cheng	2015.04.01	41,496	0.00%	-	-	-	-	Ph.D. in Electrical Engineering, Tamkang University Division Director of Winbond Electronics Corporation	None	None	None	None

Note 1: Management is defined the same as the interpretation provided in the Ministry of Finance letter Tai-Cai-Zheng-San-Zi- 0920001301, including president, vice president, assistant vice president, chief financial officer and chief accounting officer.

Note 2: "Percentage (%)" under "Shares currently held" was based on then issued and outstanding common shares of 3,580,000,193 shares as of March 31, 2016.

Note 3: Refer to Note 5 under Profile of Directors and Supervisors (1).

Note 4: Refer to Note 10 under Profile of Directors and Supervisors (1).

Note 5: VP Jessica Huang serves concurrently as Director of Winbond Electronics (H.K.), Winbond Electronics Corporation Japan, Winbond Technology Ltd., Winbond Electronics Corporation America, Winbond Electronics (Suzhou) Ltd. and Nuvoton Investment Holding Ltd.; Supervisor of Search Marketing Co., Chin Xin Investment, Harbinger Venture III Capital Corp and Mobile Magic Design Corp.; and management of Goldbond LLC;

2.2.3. Remunerations to directors, supervisors, president, and vice presidents in recent years

2.2.3.1 Remuneration to directors

Dec. 31, 2015; Unit: NT$1,000; 1,000 shares

Title	Name	Director's remuneration: Remuneration (A) (Note 1)		Pension (B) (Note 2)		Director's remuneration (C) (Note 3)		Business expense (D) (Note 4)		Ratio of total (A), (B), (C), and (D) to after-tax income (%) (Note 9)		Pay received as an employee: Salary, bonus and special allowance (E) (Note 5)		Pension (F) (Note 2)		Employee compensation (G) (Note 3)				Shares subscribable under employee stock options (H) (Note 6)		New restricted employee shares obtained (I) (Note 7)		Ratio of total (A), (B), (C), (D), (E), (F) and (G) to after-tax income (%) (Note 9)		Remuneration received from Investees other than subsidiaries (Note 10)
		Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	Winbond		All companies in consolidated statements (Note 8)		Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	Winbond	All companies in consolidated statements (Note 8)	
																Cash	Stock	Cash	Stock							
Chairman	Arthur Yu-Cheng Chiao																									
Director	Ching-Chu Chang (Note 11)																									
Director	Matthew Feng-Chiang Miau																									
Director	Yung Chin																									
	Walsin Lihwa Corporation	1,800	1,920	-	-	21,676	22,159	3,061	3,349	0.81	0.83	29,242	29,842	96	96	288	-	288	-	-	-	-	-	1.71	1.75	16,691
Representative	Hui-Ming Cheng																									
Director	Tung-Yi Chan																									
Independent director	Francis Tsai																									
Independent director	Allen Hsu																									
Independent director	Jerry Hsu																									

Note 1: Remuneration to the director in the past year (including salary, additional pay, severance pay, bonuses and rewards).
Note 2: Pension includes:
a.Amount equal to 6% of the monthly salary paid into an account at the Bureau of Labor Insurance pursuant to the new pension system under the Labor Pension Act.
b.Amount equal to 2% of the monthly salary deposited into an account at Bank of Taiwan under the name of the Company's Pension Supervision Committee pursuant to the old pension system under the Labor Standards Act.
c.Amount actually paid to the director in the year of retirement.
Note 3: The Company's Board of Directors passed the 2015 compensation of directors, supervisors and employees on January 29, 2016. The figures in the table above are estimates, which will be distributed after they are reported to the shareholders' meeting.
Note 4: This is business expense of directors in the past year (including transportation allowance, special allowance, stipends, dormitory, and car).
Note 5: All pays to the director who is also employee of the Company (including the position of president, vice president, other managerial officer and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car.
Note 6: Shares subscribable under employee stock option plan by the director also working as an employee (including the position of president, vice president, other managerial officer and staff) as of the date of report (March 31, 2016) (excluding shares already exercised).
Note 7: New restricted employee shares obtained by the director also working as an employee (including the position of president, vice president, other managerial officer and staff) as of the date of report (March 31, 2016).
Note 8: The total pay to the director from all companies in the consolidated statements (including the Company).
Note 9: Computed based on 2015 stand-alone net income of NT$3,291,251,000 of the Company.
Note 10: a. This field shows the amount of remuneration a director of the Company receives from investees other than subsidiaries of the Company.
b.The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the director serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.
Note 11: Mr. Ching-Chu Chang passed away on July 2, 2015. The above table discloses his information up to the date his term of office as Winbond's director ends.

Range of remuneration paid to each director	Name of director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	Winbond	All companies in consolidated statements	Winbond	All investees (Note)
Less than NT$2,000,000	Ching-Chu Chang, Hui-Ming Cheng (representatives of Walsin Lihwa Corporation)	Ching-Chu Chang, Hui-Ming Cheng (representatives of Walsin Lihwa Corporation)	Ching-Chu Chang, Hui-Ming Cheng (representatives of Walsin Lihwa Corporation)	Ching-Chu Chang
NT$2,000,000 (inclusive)～NT$5,000,000 (exclusive)	Arthur Yu-Cheng Chiao, Matthew Feng-Chiang Miau, Yung Chin, Walsin Lihwa, Tung-Yi Chan, Francis Tsai, Allen Hsu, Jerry Hsu	Arthur Yu-Cheng Chiao, Matthew Feng-Chiang Miau, Yung Chin, Walsin Lihwa, Tung-Yi Chan, Francis Tsai, Allen Hsu, Jerry Hsu	Matthew Feng-Chiang Miau, Walsin Lihwa, Francis Tsai, Allen Hsu, Jerry Hsu	Matthew Feng-Chiang Miau, Walsin Lihwa, Francis Tsai, Allen Hsu, Jerry Hsu
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)				
NT$10,000,000 (inclusive)～NT$15,000,000 (exclusive)			Yung Chin, Tung-Yi Chan	Yung Chin, Hui-Ming Cheng (representative of Walsin Lihwa Corporation), Tung-Yi Chan
NT$15,000,000 (inclusive)～NT$30,000,000 (exclusive)			Arthur Yu-Cheng Chiao	Arthur Yu-Cheng Chiao
NT$30,000,000 (inclusive)～NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)				
Greater than NT$100,000,000				
Total	10 people	10 people	10 people	10 people

Note: Note: When calculating the range of remuneration, remuneration received by each director from investees other than subsidiaries was also included.

2.2.3.2 Remuneration to supervisors

Dec. 31, 2015; Unit: NT$1,000

Title		Name	Supervisor's Remuneration						Ratio of total (A), (B), and (C) to after-tax income (%) (Note 5)		Remuneration received from Investees other than subsidiaries (D) (Note 6)
			Remuneration (A) (Note 1)		Pay (B) (Note 2)		Business expense (C) (Note 3)				
			Winbond	All companies in consolidated statements (Note 4)	Winbond	All companies in consolidated statements (Note 4)	Winbond	All companies in consolidated statements (Note 4)	Winbond	All companies in consolidated statements (Note 4)	
Supervisor	Corporation	Chin Xin Investment Corp.									
	Representative	James Wen (Note 7)									
		Wang-Tsai Lin (Note 7)	-	-	6,799	7,282	1,080	1,080	0.24	0.25	6,161
Supervisor		Peter Chu									
Supervisor		Hong-Chi Yu									

Note 1: Remuneration to supervisors in the past year (including salary, additional pay, severance pay, bonuses and rewards).

Note 2: The Company's Board of Directors passed the 2015 compensation of directors, supervisors and employees on January 29, 2016. The figures in the table above are estimates, which will be distributed after they are reported to the shareholders' meeting.

Note 3: This is business expense of supervisors in the past year (including transportation allowance, special allowance, stipends, dormitory, and car).

Note 4: The total pay to supervisors from all companies in the consolidated statements (including the Company).

Note 5: Computed based on 2015 stand-alone net income of NT$3,291,251,000 of the Company.

Note 6: a. This field shows the amount of remuneration a supervisor of the Company receives from investees other than subsidiaries of the Company.

b. The remuneration means pay, compensation (including compensation of employees, directors and supervisors), and business expense received by the supervisor serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

Note 7: Chin Xin Investment Corp. appointed Mr. James Wen as its representative in place of Mr. Wang-Tsai Lin on May 1, 2015.

Range of remuneration paid to each supervisor	Names of supervisors	
	Total amount for the preceding three remunerations (A+B+C)	
	Winbond	All investees (Note)
Less than NT$2,000,000	Wang-Tsai Lin and James Wen (representatives of Chin Xin Investment Corp.	Wang-Tsai Lin and James Wen (representatives of Chin Xin Investment Corp.
NT$2,000,000 (inclusive)～NT$5,000,000 (exclusive)	Chin Xin Investment Corp., Peter Chu, Hong-Chi Yu	Chin Xin Investment Corp., Peter Chu
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)		Hong-Chi Yu
NT$10,000,000 (inclusive)～NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive)～NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive)～NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)		
Greater than NT$100,000,000		
Total	5 people	5 people

Note: When calculating the range of remuneration, remuneration received by each supervisor from investees other than subsidiaries was also included.

2.2.3.3 Remunerations to president and vice president

Dec. 31, 2015; Unit: NT$1,000; 1,000 shares

Title	Name	Salary (A) (Note 1)		Retirement pension (B) (Note 2)		Bonus and special allowance (C) (Note 3)		Employee compensation (D) (Note 4)				Ratio of total (A), (B), (C), and (D) to after-tax income (%) (Note 8)		Shares subscribable under employee stock options (Note 5)		New restricted employee shares obtained (Note 6)		Remuneration received from investees other than subsidiaries (Note 9)
		Winbond	All companies in consolidated statements (Note 7)	Winbond	All companies in consolidated statements (Note 7)	Winbond	All companies in consolidated statements (Note 7)	Winbond		All companies in consolidated statements (Note 7)		Winbond	All companies in consolidated statements (Note 7)	Winbond	All companies in consolidated statements (Note 7)	Winbond	All companies in consolidated statements (Note 7)	
								Cash	Stock	Cash	Stock							
CEO	Arthur Yu-Cheng Chiao	46,276	52,875	19,858	20,128	33,899	33,899	762	-	762	-	3.06	3.27	-	-	-	-	2,247
President	Tung-Yi Chan																	
Executive Vice President	Wilson Wen																	
Vice President	James Wen (Note 10)																	
Vice President	Yuan-Mow Su																	
Vice President	Chen-Hsi Lin (Note 11)																	
Vice President	Pei-Ming Chen																	
Vice President	Cheng-Kung Lin																	
Vice President	Chin-Fen Tsai																	
Vice President	Pei-Lin Pai																	
Vice President	Jessica Huang (Note 12)																	

Note 1: Salary, additional pay, and severance pay received by the president or vice president in the past year.

Note 2: Pension includes:

a. Amount equal to 6% of the monthly salary paid into an account at the Bureau of Labor Insurance pursuant to the new pension system under the Labor Pension Act.

b. Amount equal to 2% of the monthly salary deposited into an account at Bank of Taiwan under the name of the Company's retirement reserve fund supervisory committee pursuant to the old pension system under the Labor Standards Act.

c. Amount actually paid to the president or vice president in the year of retirement.

Note 3: Bonus, reward, transportation allowance, special allowance, stipends, dormitory, car and other pays received by the president or vice president in the past year.

Note 4: The Company's Board of Directors passed the 2015 employee compensation plan on January 29, 2016. The figures in the table above showing employee compensation of president and vice presidents are estimates, which will be distributed after they are reported to the shareholders' meeting.

Note 5: Shares subscribable under employee stock option plan by the president and vice presidents as of the date of report (March 31, 2016) (excluding shares already exercised).

Note 6: New restricted employee shares obtained by the president and vice presidents as of the date of report (March 31, 2016).

Note 7: The total pay to the president or vice president from all companies in the consolidated statements (including the Company).

Note 8: Computed based on 2015 stand-alone net income of NT$3,291,251,000 of the Company.

Note 9: a. This field shows the amount of remuneration the president or vice president of the Company receives from investees other than subsidiaries of the Company.

b. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expense received by the president or vice president serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.

Note 10: Mr. James Wen was a VP at Winbond from March 16, 2004 to April 23, 2015. The above table discloses his information up to the date his service as a managerial officer of the Company ends.

Note 11: Mr. Chen-Hsi Lin was a VP at Winbond from February 1, 2005 to December 31, 2015. Except for the retirement pension he receives in 2016 which is disclosed in 2015 annual report, the above table discloses his information only up to the date his service as a managerial officer of the Company ends.

Note 12: Ms.Jessica Huang serves as a VP at Winbond starting April 1, 2015.

Range of remuneration paid to presidents and vice presidents	Names of presidents and vice presidents	
	Winbond	All investees (Note)
Less than NT$2,000,000		
NT$2,000,000 (inclusive)～NT$5,000,000 (exclusive)	Jessica Huang	Jessica Huang
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)	Wilson Wen, Yuan-Mow Su, Pei-Ming Chen, Cheng-Kung Lin, Chin-Fen Tsai, Pei-Lin Pai	Wilson Wen, Pei-Ming Chen, Cheng-Kung Lin, Chin-Fen Tsai, Pei-Lin Pai
NT$10,000,000 (inclusive)～NT$15,000,000 (exclusive)	Arthur Chiao, Tung-Yi Chan, James Wen	Arthur Yu-Cheng Chiao, Tung-Yi Chan, James Wen, Yuan-Mow Su
NT$15,000,000 (inclusive)～NT$30,000,000 (exclusive)	Chen-Hsi Lin	Chen-Hsi Lin
NT$30,000,000 (inclusive)～NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)		
Greater than NT$100,000,000		
Total	11 people	11 people

Note: When calculating the range of remuneration, remuneration received by president and vice presidents from investees other than subsidiaries was also included.

2.2.3.4 Remunerations to managerial officers

Dec. 31, 2015; Unit: NT$1,000

	Title	Name	Stock	Cash	Total	Ratio (%) accounted compared to the total net income
Manager	CEO	Arthur Yu-Cheng Chiao	-	1,259	1,259	0.04%
	President	Tung-Yi Chan				
	Executive Vice President	Wilson Wen				
	Vice President	Yuan-Mow Su				
	Vice President	Pei-Ming Chen				
	Vice President	Cheng-Kung Lin				
	Vice President	Chin-Fen Tsai				
	Vice President	Pei-Lin Pai				
	Vice President	Jessica Huang				
	Chief Business Officer	Eungjoon Park				
	Assistant Vice President	Shi-Yuan Wang				
	Assistant Vice President	Yi-Dar Chang				
	Assistant Vice President	Wen-Hua Lu				
	Assistant Vice President	Wen-Chang Hong				
	Assistant Vice President	Mao-Hsiang Yen				
	Assistant Vice President	Hsiu-Han Liao				
	Assistant Vice President	Yo-Song Cheng				

Note: The Company's Board of Directors passed the 2015 employee compensation plan on January 29, 2016. As of the date of the report (March 31, 2016), the list of employee compensation distribution has not been finalized. The figures in the table above are estimates, which will be distributed after they are reported to the shareholders' meeting.

2.2.3.5 Analysis of remunerations to directors, supervisors, president and vice presidents as a percentage of earnings in the last two years and description of the policy, standards and packages of remunerations, procedure for making such decision and relation to business performance and future risks

(1) Analysis of remunerations to directors, supervisors, president and vice presidents as a percentage of the Company's earnings in the last two years

Title	Total remuneration as a percentage of earnings (%)			
	2015		2014	
	Winbond	All companies in consolidated statements	Winbond	All companies in consolidated statements
Director	1.71%	1.75%	1.01%	1.28%
Supervisor	0.24%	0.25%	0.04%	0.04%
President and Vice President	3.06%	3.27%	2.05%	2.30%

(2) In light that the Board of Director's works of guiding the Company's strategic directions and overseeing the Company's operations and management are highly correlated with the Company's business performance, the Remuneration Committee will recommend remuneration of directors and supervisors in accordance with the Company's articles of incorporation and the internal Rules for Remuneration and Performance Evaluation of Directors and Supervisors and the Board of Directors and submit the recommendation for approval by the Board of Directors.

(3) Starting December 2011, the remuneration of managerial officers will be decided according to the resolution passed by the Remuneration Committee and the Board of Directors pursuant to the internal Rules for Remuneration and Performance Evaluation of Managerial Officers.

2.3 Implementation of corporate governance

2.3.1 Board of Directors

(1) A total of 7 (A) meetings of the Board of Directors were held in the most recent year. The attendance was as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance in person (%) (B/A)	Notes
Chairman	Arthur Yu-Cheng Chiao	7	0	100%	
Director	Matthew Feng-Chiang Miau	6	1	86%	
Director	Yung Chin	6	1	86%	
Director	Hui-Ming Cheng (representative of Walsin Lihwa Corporation)	7	0	100%	
Director	Tung-Yi Chan	7	0	100%	
Independent director	Francis Tsai	7	0	100%	
Independent director	Allen Hsu	6	1	86%	
Independent director	Jerry Hsu	5	2	71%	

Note: Director Mr. Ching-Chu Chang passed away on July 2, 2015. He should have attended the board meeting 4 times up to that date, having personally attended 0 times, and actually attended the meeting by proxy 3 times.

(2) Matters stipulated in Article 14-3 of the Securities and Exchange Act and resolutions adopted by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement: N/A.

(3) Directors recused from themselves from discussion or voting on an agenda item in which they have an interest:

Name of director	Agenda item	Reason for recusal	Voting on the agenda item	Notes
Arthur Yu-Cheng Chiao Hui-Ming Cheng	Proposal to remove non-compete clause for directors	The director has an interest in the matter	Did not participate in voting	7th meeting of 10th-term Board
Arthur Yu-Cheng Chiao	Proposal to remove non-compete clause for managerial officers	The director has an interest in the matter	Did not participate in voting	7th meeting of 10th-term Board
Arthur Yu-Cheng Chiao Tung-Yi Chan	Adjustment of pay and remuneration for respective managerial officers	The director has an interest in the matter	Did not participate in voting	7th meeting of 10th-term Board
Jerry Hsu	Proposal to remove non-compete clause for directors	The director has an interest in the matter	Did not participate in voting	12th meeting of 10th-term Board
Arthur Yu-Cheng Chiao Tung-Yi Chan	Adjustment of standard allowance for managerial officers	The director has an interest in the matter	Did not participate in voting	12th meeting of 10th-term Board

(4) An evaluation of the goals set for strengthening the functions of the Board and implementation status during the current and immediately preceding fiscal years:

1.The Company has established the Rules of Procedures for Board of Directors Meetings in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies and would post information on the attendance by directors and supervisors on the Market Observation Post System after each board meeting and disclose important resolutions adopted by board meetings on the Company website.
2.The Company calls strategy meetings every quarter before the scheduled Board of Directors' meeting. All director and supervisors attend the strategy meting to get a grasp of the Company's financial and business conditions as well as major operations strategies formulated and implementation of related plans. The Company also endeavors to enhance the transparency of corporate information. Aside from holding investors conference after the semi-annual and annual Board meeting to discuss the Company's business and financial conditions, the Company also posts related information on the Market Observation Post System and Company website.
3.The Company established a board of directors performance assessment system in 2011 to measure the works of directors guiding the Company's strategic directions and overseeing the Company's operations and management so as to help increase the long-term shareholder value.
4.The Company's directors and supervisors perform self-assessment in December every year with respect to board operation, personal participation, corporate governance and continuing education in accordance with the Rules for Remuneration and Performance Evaluation of Director and Supervisors. The staff in charge of board meeting affairs will compile the self-assessment results and submit the results to the Remuneration Committee and the Board of Directors. Based on the 2015 assessment results, the Board has improved in operational efficiency as compared to 2014, but the scoring on interactions between the Board and the management and the continuing education of directors and supervisors is slightly lower than that in 2014. Thus in 2016, the Company plans to increase the frequency of communications between board members and the management team and arrange more continuing education courses for directors and supervisors to enhance the board's corporate governance capability.
5.The Company attaches great importance to corporate governance and has switched the election of directors and supervisors entirely to candidate nomination system in 2014.

2.3.2 Attendance of supervisors in board meetings

A total of 7 (A) meetings of the Board of Directors were held in the most recent year. The attendance was as follows:

Title	Name	Attendance in person (B)	Attendance rate (%) (B/A)	Notes
Supervisor	James Wen (representative of Chin Xin Investment Corp.)	4	100%	Appointed on May 1, 2015 (reappointment of representative)
Supervisor	Wang-Tsai Lin (representative of Chin Xin Investment Corp.)	2	67%	Discharged on May 1, 2015 (reappointment of representative)
Supervisor	Peter Chu	5	71%	
Supervisor	Hong-Chi Yu	6	86%	

Other matters that require reporting:

1. Composition and responsibility of supervisors:
   (1) Communication between supervisors and Company's employees and shareholders:
   The supervisors have attended the shareholders' meetings, and if deemed necessary, would communicate directly with employees, shareholders or stakeholders.
   (2) Communication between supervisors and the Company's internal audit chief and CPA:
   (1) The audit chief submitted the completed audit report (or follow-up report) to supervisors for examination in the following month, and attended the Board of Directors meetings to report on audit operations, and periodically reported to the supervisors the annual audit operation and annual internal control self-inspection operation, to which the supervisors did not raise any objection.
   (2) If deemed necessary, supervisors would communicate directly with CPA on the financial condition of the Company.

II. If a supervisor voices opinion in the Board of Directors meeting, describe the date of board meeting, term of the board, agenda items, resolutions adopted by the board, and actions taken by the company in response to the opinion of the supervisor: Not applicable.

2.3.3 State of operations of the audit committee: Not applicable for the Company does not have an audit committee set up.

2.3.4 State of operations of the Compensation Committee:

The Remuneration Committee is in charge of the performance evaluation of directors, supervisors and managerial officers, setting and reviewing the remuneration policy, system standards and structure, and the remuneration of individual director, supervisor and managerial officer, and propose same to the Board of Directors for discussion.

(1) Members of the Remuneration Committee:

Position	Criteria / Name	Has at least 5 years of work experience and meet one of the following professional qualifications			Meet the independence criteria (Note 1)								Number of other public companies in which the member also serves as a member of their compensation committee	Notes
		An instructor or higher position in the department of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent director	Francis Tsai			V	V	V	V	V	V	V	V	V	-	
Independent director	Allen Hsu			V	V	V	V	V	V	V	V	V	2	
Independent director	Jerry Hsu			V	V	V	V	V	V	V	V	V	1	

Note: If the committee member meets any of the following criteria in the two years before being appointed or during the term of office, please check "V"V" the corresponding boxes.
(1) Not an employee of the Company or any of its affiliates;
(2) Not a director or supervisor of the Company or any of its affiliates; The same does not apply, however, in cases where the committee member is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares.
(3) Not a natural-person shareholder whose shareholding, together with those of his/her spouse, minor children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.
(4) Not a spouse, relative within second degree of kinship, or lineal relative within third degree of kinship of any of the persons in the preceding three paragraphs.
(5) Not a director, supervisor or employee of an institutional shareholder that holds directly 5% or more of the total number of outstanding shares of the Company or ranks in the top five shareholders.
(6) Not a director, supervisor, manager or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company.
(7) Not a professional or an owner, partner, director, supervisor, manager or a spouse of the abovementioned who provides commercial, legal, financial, accounting services or consultation to the Company or an affiliate of the Company.
(8) Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

(2) Operation of Compensation Committee:

1. The Compensation Committee comprises 3 members.
2. Current term of office: June 17, 2014 ~ June 16, 2017; a total of 2 (A) meetings of the remuneration committee were held in the most recent year. The members' qualifications and attendance were as follows:

Title	Name	Attendance in person (B)	By proxy	Attendance rate (%) (B/A)	Notes
Convener	Francis Tsai	2	-	100%	
Member	Allen Hsu	2	-	100%	
Member	Jerry Hsu	2	-	100%	
Other matters that require reporting: 1.If the Board of Directors did not adopt or revised the recommendations of the Remuneration Committee, describe the date of board meeting, term of the board, agenda item, resolutions adopted by the board, and actions taken by the company in response to the opinion of the Remuneration Committee: N/A. 2.If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: N/A.					

2.3.5 Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

Assessed areas:	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
一、Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established corporate governance principles in accordance with the TWSE Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and disclosed it on Company website.	None
2. Shareholding structure & shareholders' rights				
(1) Does the company establish internal operating procedures for handling shareholder suggestions, questions, complaints or litigation and handled related matters accordingly?	V		(1) The Company's Shareholders' Affairs Department is in charge of shareholder services and handling shareholder suggestions, questions and complaints in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies and the Standards for the Internal Control Systems of Shareholder Service Units.	None
(2) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	V		(2) The Company discloses the list of major shareholders and the list of ultimate owners of major shareholders in accordance with applicable regulations.	None
(3) Does the company establish and implement risk management and firewall systems within its conglomerate structure?	V		(3) Business and financial dealings between the Company and an affiliate are treated as dealings with an independent third party, which are handled by the principles of fairness and reasonableness with documented rules established, and pricing and payment terms clearly defined to prevent non-arm's-length transactions.	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established the Insider Trading Prevention Procedure, advocates the procedure among employees regularly every year, and discloses the procedure on Company website.	None
3. Composition and responsibilities of the Board of Directors				
(1) Does the board of directors develop and implement a diversified policy for the composition of its members?	V		(1) The Company's corporate governance principles specify that the structure of board of directors should take into account the company operations, development and business scale, shareholding of major shareholders and diversity of board members, for example, different professional background, gender or field of work. The Company's 10th-term directors meet the aforementioned goals.	None
(2) Does the company voluntarily establish other functional committees in addition to remuneration committee and audit committee?	V		(2) The Company has established an "Employees' Welfare Committee," "retirement reserve fund supervisory committee," and "ESH and Risk Management Committee," and "patent committee."	None
(3) Does the company establish standards and method for evaluating the performance of the board of directors, and implemented it annually?	V		(3) The Company has established the Rules for Remuneration and Performance Evaluation of Directors and Supervisors, and directors and supervisors perform self-assessment in December every year with respect to board operation, personal participation, corporate governance and continuing education. The assessment results are submitted to the Remuneration Committee and the Board of Directors.	None
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The Company's Board of Directors periodically evaluates the independence of certifying CPAs regularly every year in accordance with the No. 10 Statement on Professional Ethics Standards for ROC Accountants - "Integrity, Objectivity and Independence" published by the ROC Certified Public Accountants Association to examine whether the certifying CPA is a company director or shareholder or draws salary from the Company and to confirm that the certifying CPA is not a stakeholder. In addition, certifying CPA is required to recuse him/herself if his/her service or him/herself has a direct relationship with or interest in the matter concerned. The Company also observes relevant rules in rotation of accountant.	None
4. Does the company establish a communication channel and build a designated section on its website for stakeholders, and properly respond to corporate social responsibility issues of concern to the stakeholders?	V		The Company maintains an effective communication channel with stakeholders, and sets up a stakeholder section on Company website to respond properly important corporate social responsibility issues of concern to stakeholders.	None
5. Does the company designate a professional shareholder service agency to deal with shareholder affairs?		V	The Company handles shareholder service matters by itself.	N/A.
6. Information disclosure				
(1) Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?	V		(1) The Company discloses periodically (quarterly) financial and business as well as corporate governance information on its website.	None
(2) Does the company have other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	V		(2) The Company's material information is made public in accordance with the internal Spokesperson and Deputy Spokesperson Operation Instruction and the Investor Relations Department is in charge of collecting and revealing corporate information, and posting the quarterly investor conference information on Company website. The Company website posts information in traditional Chinese, simplified Chinese and English.	None
7. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the	V		1. The Company discloses corporate governance structure, internal audit operations, corporate social responsibility policies, stakeholder section and relevant operational rules on Company website:http://www.winbond.com/hq/about-winbond/csr/policy 2. Continuing education of directors and supervisors: To enhance the functions of the Board of	None

Assessed areas:	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			Directors, the Company arranges continuing education courses for directors and supervisors every year, and provides from time to time information on professional courses offered by outside institutions to the directors and supervisors. The continuing education courses taken by directors and supervisors are presented in the table below. 3. Attendance records of directors and supervisors: Please see pp. 17 and 18 of this report for the operations of the Board of Directors. 4. Purchase of liability insurance for directors and supervisors: The Company has purchased directors and officers liability (D&O) insurance for its directors and supervisors starting year 2015.	
8. Does the company have corporate governance self-assessment report or have engaged any other professional organization to conduct such assessment? (If so, please describe the opinion of the board, the results of self or outside evaluation, major deficiencies found, suggestions, or improvement actions taken) (Note)		V	Pursuant to the rules of Taiwan Stock Exchange Corporation, the Company no longer updates corporate governance self-assessment report on the Market Observation Post System after October 13, 2014, but replaces it with the corporate governance self-assessment operation.	None

Note: A self-assessment report is defined as a report produced by a company on its current corporate operations and implementation based on the self assessment of its corporate governance items with appropriate explanations provided.

Continuing education for directors and supervisors in 2015:

Title	Name	Date	Organizer	Course	Hours
Chairman	Arthur Yu-Cheng Chiao	2015/12/24	Taiwan Corporate Governance Association	(1) Challenges of Capital Markets Across the Strait; (2) 2016 Economic Outlook	6
Director	Matthew Feng-Chiang Miau	2015/07/28	Taiwan Corporate Governance Association	Relevant Rules and Practices of Audit Committee	3
		2015/07/03	The Institute of Internal Auditors - Chinese Taiwan	Operational Audit Practices	3
Representative of institutional director	Hui-Ming Cheng	2015/12/24	Taiwan Corporate Governance Association	(1) Challenges of Capital Markets Across the Strait; (2) 2016 Economic Outlook	6
		2015/07/29	Taiwan Corporate Governance Association	Legal Responsibility of Directors and Supervisors in Merger and Acquisition	3
		2015/04/29	Securities & Futures Institute	Current and Future Status of Corporate Social Responsibility	3
Director	Yung Chin	2015/12/24	Taiwan Corporate Governance Association	(1) Challenges of Capital Markets Across the Strait; (2) 2016 Economic Outlook	6
Director	Tung-Yi Chan	2015/12/24	Taiwan Corporate Governance Association	(1) Challenges of Capital Markets Across the Strait; (2) 2016 Economic Outlook	6
Independent director	Francis Tsai	2015/12/24	Taiwan Corporate Governance Association	(1) Challenges of Capital Markets Across the Strait; (2) 2016 Economic Outlook	6
		2015/07/28	Taiwan Corporate Governance Association	Relevant Rules and Practices of Audit Committee	3
Independent director	Allen Hsu	2015/10/15	Taiwan Corporate Governance Association	(1) Are Corporate Supervisors Relieved from Liability if They Did Not Commit Any Crime? (2) Prevention and Detection of Business Fraud	6
		2015/07/22	Securities & Futures Institute	Employee Reward Strategies and Tools	3
		2015/04/10	Securities & Futures Institute	Analysis of Merger and Acquisition Fraud- From the Viewpoint of Corporate Governance	3
Independent director	Jerry Hsu	2015/10/29	Securities & Futures Institute	Practices of Corporate Governance and Independent Directors	3
		2015/10/27	Securities & Futures Institute	Analysis of Corporate Financial Information and Use in Decision Making	3
		2015/05/27	Securities & Futures Institute	Business Ethics Leader Forum	3
Representative of institutional supervisor	James Wen	2015/12/24	Taiwan Corporate Governance Association	(1) Challenges of Capital Markets Across the Strait; (2) 2016 Economic Outlook	6
		2015/08/27	Securities & Futures Institute	Listed Company Directors and Supervisor Forum-New Horizon of Ethical Management Risk Control and Corporate Social Responsibility	3
Supervisor	Peter Chu	2015/12/24	Taiwan Corporate Governance Association	(1) Challenges of Capital Markets Across the Strait; (2) 2016 Economic Outlook	6
		2015/08/27	Securities & Futures Institute	Listed Company Directors and Supervisor Forum-New Horizon of Ethical Management Risk Control and Corporate Social Responsibility	3
		2015/07/29	Taiwan Corporate Governance Association	Legal Responsibility of Directors and Supervisors in Merger and Acquisition	3
		2015/06/09	Taiwan Corporate Governance Association	What Directors and Supervisors Should Know About the Financial Maneuvering with Derivatives	3
Supervisor	Hong-Chi Yu	2015/12/22	Securities & Futures Institute	(1) How Should Directors and Supervisors of Listed Company Conduct their Duties?; (2) Legal Issues Directors and Supervisors of Public Company Should Watch Out for	6

2.3.6 Implementation of corporate social responsibility (CSR)

Company's systems and measures and implementation status with respect to environmental protection, community involvement, social contribution, social service, public interest, consumer interests, human rights, safety and health, and other social responsibility activities:

Assessed areas:	Implementation status			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary	
1. Corporate governance implementation (1) Does the company establish corporate social responsibility policy or system and examine its implementation results?	V		(1) The Company has established CSR policies approved by the Board of Directors and set up the internal "Code of Practice for Corporate Social Responsibility" to examine regularly the implementation results.	None
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	V		(2) The Company holds CSR training courses for all existing employees and newcomers, and produces cards to promote the CSR policies.	None
(3) Does the company establish a dedicated or concurrent unit in charge of promoting CSR with senior management authorized by the board to take charge of proposing CSR policies and reporting to the board?	V		(3) The Company's Quality & ESH Center is in charge of promoting CSR related operations and regularly reviews the implementation status. The Company President reports the CSR implementation to the Board of Directors regularly (fourth quarter) every year.	None
(4) Does the company establish a reasonable salary remuneration policy, and integrate the employee performance evaluation system with its CSR policy, and establish an effective reward and disciplinary system?	V		(4) The Company clearly defines award and disciplinary items in the work rules for observation by all employees.	None
2. Fostering a sustainable environment (1) Does the company endeavor to improve the efficiency of resource utilization and use recycled materials which have a low impact on the environment?	V		(1) To boost the energy use efficiency, the Company has established key performance indicators (KPI) for the use of all important energy resources, including water and electricity, and set annual goals and implement management programs to undertake reduction of water and electricity consumption and waste output or increase waste reutilization on an ongoing basis. The Company president will review the execution results and target attainment every quarter. Appropriate recycling systems have been considered in the design phase of plants and priority considerations are given to the recovery and reuse of wastewater, waste heat and solid waste generated by plant operations. Thus the Company has taken actions to effectively reduce the consumption of resources and impact on the environment. In 2015, the Company achieved 81% recycling of plant-wide water consumed, 88% recycling of process water consumed (meeting the commitments made in the environmental assessment conducted by the Science Park Administration - 77% recycling of plant-wide water consumed and 85% recycling of process water consumed). Regulatory compliance is only the basic requirements set by the Company. The Company endeavors to make sure every drop of water is fully utilized and to reduce the discharge of wastewater. In 2015, carbon reduction measures adopted by the Company helped reduce 179,492 tons of carbon dioxide equivalent emissions, which amounts to the annual carbon sequestration of 485 Da-an Forest Park (note: calculated by the standard of 370 tons of carbon dioxide absorbed by Da-an Forest Park every year) With respect to the future development of advanced technologies and capacity expansion, the Company will continue to promote carbon reduction plans and enhance energy use efficiency with the goals of reducing indirect greenhouse gas emission for every photomask layer in 12-inch wafer fabrication by 21% in 2020 as compared to 2010 and reducing total greenhouse gas emission by 12% in 2020 as compared to 2010 to as to improve production efficiency and reduce impact on the environment. In the ongoing efforts of promoting waste recycling and reuse, the Company adopts source improvement approaches by reducing chemical use and extending use cycle of chemicals and parts replacement in processes to reduce waste generation, and enhance the usability of waste through better waste collection and sorting. In 2015, the Company achieved 94% waste recycling, surpassing the self-set target of 90% or higher.	None
(2) Does the company establish a proper environmental management system based on the characteristics of the industry?	V		(2) The Company has received certification of ISO 14001 environmental management system, and undertakes internal audit every half a year and external audit every year by an international certification body to ensure normal system operations.	None
(3) Does the company monitor the impact of climate change on business operations, conduct greenhouse gas inventory and formulate strategies for energy conservation and carbon and greenhouse gas reduction?	V		(3) The Company watches the impact of climate change brought about by greenhouse effect on the environment and business operations. Aside from undertaking management programs to reduce the consumptions of water, electricity, and raw materials, and reduce waste generation to achieve the KPI targets, the Company has been participating in the PFCs emission reduction programs advocated by Taiwan Semiconductor Industry Association and World Semiconductor Council since 2000. Through process adjustment and use of alternative fuels, and installation of PFCs reduction equipment, the Company has been able to reduce greenhouse gas emission. The	None

Assessed areas:	Implementation status			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary	
			Company's PFCs emission reduction results over the years have passed the validation of international certification body. The Company has also been named "Company with Outstanding Performance in Voluntary Reduction of Greenhouse Gas Emission" by the Industrial Development Bureau, MOEA. In addition, as reference for formulating energy conservation and GHG reduction strategies, the Company performs greenhouse gas inventory taking every year and register the information on the Taiwan National Greenhouse Gas (GHG) Registry of Environmental Protection Administration, and furthermore, disclose relevant data in the CSR section of Company website.	
3. Upholding public interests				
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company has established CSR policies approved by the Board of Directors that comply with the highest ethical standards, and protect and support human rights, such as barring any form of discrimination and respecting employee's freedom of association, and clearly defines award and disciplinary items in the work rules for observation by all employees.	None
(2) Has the company set up an employee hotline or grievance mechanism to handle complaints properly?	V		(2) The Company has a variety of complaint channels in place, including e-mail, suggestion box and other communication channels, which are reviewed and amended from time to time to ensure effective and full communication in the workplace so that problems are rapidly and effectively communicated and resolved when they arise.	None
(3) Does the company provide a safe and healthy working environment and provide employees with regular safety and health training?	V		(3) The Company is OHSAS18001 (Occupational Health and Safety Management System) and TOSHMS (Taiwan Occupational Safety and Health Management System) certified, and undertakes internal audit every half a year and external audit every year by an international certification body to ensure normal system operations. The Company vigorously observes government's safety and health regulations and undertakes related management works, including carrying out safety and health risk assessment, drafting and executing safety and health related work rules, and arranging employee safety and health training courses every year.	None
(4) Does the company set up a channel for communicating with employees on a regular basis, and reasonably inform employees of any significant changes in operations that may have an impact on them?	V		(4) The Company conveys important messages on changes in company operations and achieves the purpose of two-way communication through periodic executive management meeting, employee-management discussions, and internal e-bulletin and bulletin board.	None
(5) Does the company set up effective career development and training programs for its employees?	V		(5) The Company has established career development plan for employees. For managers, the Company provides proper management knowhow training based on the needs of management at different levels. For regular employees, the Company has a professional training committee set up to design proper near, medium and long-term training programs based on their job requirements.	None
(6) Does the company establish any consumer protection mechanisms and complaint procedures regarding R&D, purchasing, production, operation and service?	V		(6) To uphold the interests of customers, the Company has established a complaint procedure and posts the complaint channel and product information on Company website to make sure the transparency and safety of all operational activities, from R&D, purchasing, production, to operational and services.	None
(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	V		(7) The Company advertises and labels its goods and services in compliance with relevant regulations and international standards, and bars all employees from undertaking any form of unfair business conduct. The Company supports honest and fair competition and observes government rules and regulations as well as anti-trust code of conduct to uphold the interests of customers while earning trust and respect for the Company.	None
(8) Does the company evaluate the records of suppliers' impact on the environment and society before doing business with the supplier?	V		(8) The Company will conduct CSR audit of major material suppliers and outsourcing service providers to make sure they meet the Company's CSR policy requirements.	None
(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause significant impact on the environment and society?	V		(9) The Company requires all suppliers to comply with the Company's CSR policies. When the supplier breaches the CSR policies and causes significant impact on the environment and society, the Company will terminate business relationship with the supplier.	None
4. Enhancing information disclosure				
(1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System?	V		The Company's CSR information is disclosed on: Winbond website:http://www.winbond.com/hq/about-winbond/csr/policy Market Observation Post System:http://mops.twse.com.tw	None
5. If the Company has established the corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: The Company has established "Corporate Social Responsibility Principles" in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and internal rules, and related implementation does not deviate from the established principles.				
6. Other important information to facilitate a better understanding of the company's corporate social responsibility practices: 1. The Company endeavors to meet the advanced international safety, health and environmental standards and is committed to providing employees with a complying and healthy working environment through respect, caring				

Assessed areas:	Implementation status			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary	
and counseling. Through continuous improvement, the Company aims to promote personnel safety, implement environmental protection and lower asset risks. The Company also promotes health and wellness activities and builds employee loyalty to creates a corporate culture of LOHAS (lifestyle of health and sustainability). The award of "Excellence in Healthy Workplace Promotion - Ten Years of Achievement" received by the Company from the Ministry of Health and Welfare at the end of 2014 best showcases the Company's performance record in this regard. Disaster and loss can be prevented beforehand through sound management and active participation of all employees. The Company carries out effective training, communication and propagation to make sure all personnel and contractors are aware of and observe the Company's ESH rules and requirements, and conduct work in accordance with the established operating standards. Zero accident and reducing environmental loads are the social responsibility of a world-class corporation. Through optimum prevention and improvement measures, we gradually reduce workplace injury rate, resources consumption and pollutant discharge. We put the concepts of safety, health and environmental protection into actions to develop the Company into a sustainable green enterprise. 2. We attach great importance to the rights and health of employees. We prohibit the hiring of workers under 15 years of age (or under the age for completing compulsory education), and implement protective measures as required by law for employees and female workers over 15 years of age. We prohibit any and every form of job discrimination, sexual harassment and inhuman treatment of employees, and we respect the free agency of job candidates to choose employment and employees' right of free association. Our personnel systems (e.g. salary, benefits, performance review, promotion, award and discipline, employee cultivation, job assignment, termination of employment contract, etc.) do not harbor differential treatment because of employee's race, color, nationality, glass, language, ideology, religion, political affiliation, hometown, place of birth, gender, sexual orientation, age, marital status, pregnancy, look, features, disability or previous status as a workers' representative. With respect to management and supervision of working hours, we pay our employees compensation in compliance with local laws, including those relating to minimum wage, overtime hours and legally mandated benefits. We hold communication meetings regularly and propagate the setup of communication channels for employees to voice their opinions. 3. Over the years, the Company has been endeavoring to fulfill the social responsibility of a corporate citizen. The Company actively participates in academic seminars and technical forums, and fosters academia- industry collaboration. 4. To put its beliefs in social care, public service and friendly environment in actions, the Company gathers internal resources and the passion and love of its employees and put them to work in four areas - "social assistance", "supporting organizations for disadvantaged groups", "promotion of public interests", and "caring for disadvantaged youth and children." **A.Social assistance:** The Company participates in the "financial aid project" of Taiwan Fund for Children and Families to help alleviate the financial burden of disadvantaged families, including registration fee, living expenses and student loan, with the aims to help children enter a positive cycle and lift them from socially disadvantaged groups. **B.Supporting organizations for disadvantaged groups:** The Company participates in the used computer donation project to join the efforts of narrowing urban-rural information gap and raising awareness to environmental protection and recycling. The Company also helps disadvantaged groups in communities through fund raising and donation. The Company holds charity sales and donates the proceeds as emergency funds for families in distress. Company employees also actively participate in donation activities organized by the Company, such as the "Dream Come True" activity, which collects year-end gifts for disadvantaged children in Hsinchu area. **C.Promotion of public interests:** The Company sponsors the "Love, Happiness and LOHAS"lecture series of Youth Philanthropists, which are given at campus and social welfare institutions. The lecture series hope to inspire "how to fish" in children by converting their existing conditions into more opportunities. It is also the "charity of knowledge" with the hope to implant the seeds of hope in children with one sentence or one concept that will bring positive changes to their lives. The Company also calls employees to donate blood in the annual blood drive which illustrates the Company's belief in the value of life in actions. **D."Caring for disadvantaged youth and children"**: The Company has been working with a foundation for many years, funding nutritious meals for school children in remote areas, and providing them with the opportunity to learn in a healthy environment. The Company is a regular sponsor of movie watching event for orphanage children, hoping that by sowing the seeds of life education through movie appreciation, children will develop the basic skills and knowhow for living and learning. In the Company's annual family day, children are invited to participate in games and activities, watch performance and enjoy good food. It is hoped that while disadvantaged children enjoy a good time, they are also motivated in studies.				
7. If the corporate social responsibility reports have received assurance from external institutions, they should state so below: The Company's CSR report has been examined by the British Standards Institution (BSI) in accordance with the AA1000 Assurance Standard 2008.				

2.3.7 Ethical corporate management and measures adopted:

Assessed areas:	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Establishment of ethical corporate management policy and approaches				
(1) Does the company declare its ethical corporate management policies and procedures in its rules and external documents, as well as the commitment of its board and management to implementing the management policies?	V		(1) Believing in honest management, the Company has established Ethical Corporate Management Principles that has been approved by the Board of Directors. On the basis of integrity, externally the Company serves customers with integrity and good faith, and internally, the Company rigorously requires that employees practice self-discipline and observe internal rules to build a good corporate governance and risk management mechanism so as to create a sustainable business environment.	None
(2) Does the company establish policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, and implement the policies?	V		(2) The Company has established "Conflict of Interest Reporting and Recusal Instruction", "Insider Trading Prevention Procedure", "Instruction for Personal Finance Reporting by Employees at Specific Positions and Business Related Personnel and Suppliers", "Rules for Receiving or Providing Gifts and Entertainment", "Technical and Classified Data Management Instruction", and "Anti-Trust Code of Conduct" to prevent unethical behaviors. The Company also has established "Ethical Management Violation Handling Instruction", which describes explicitly the methods and channels for filing a complaint, and vigorously promotes and implements the Instruction, and metes out disciplinary action against violators.	None
(3) Does the company establish appropriate precautionary measures for operating activities with higher risk of unethical conducts provided in	V		(3) For operating activities within the scope of business with higher risk of unethical conduct, the Company has established relevant procedures, including "Procedure for Acquisition or Disposal of Assets", "Rules for	None

Assessed areas:	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies or within its scope of business?			Endorsements and Guarantees", "Operating Procedure for Fund Lending", "Operating Procedure for Transactions with Group Enterprises, Specific Companies and Related Parties", and "Operating Rules for Donations" in place, and observes those procedures and regulations in related-party transactions to prevent unethical conduct.	
2. Implementation of ethical corporate management				
(1) Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?	V		(1) The Company requires all suppliers to sign a letter of undertaking of integrity before commencing business dealing with them.	None
(2) Does the company establish a dedicated (concurrent) unit under the board of directors to promote ethical corporate management, and report the status of implementation to the board?	V		(2) The Company's Human Resources is in charge of promoting ethical management related operations and propagating and executing the Ethical Management Principles. The Company President reports the ethical management implementation to the Board of Directors regularly (fourth quarter) every year.	None None
(3) Does the company establish policies to prevent conflict of interests, provide appropriate channels for filing related complaints and implement the policies accordingly?	V		(3) The Company has established Ethical Corporate Management Principles to specify the code of business conduct that employees are required to observe, and carries out regular training for employees. The Company publishes internal rules and regulations and work rules on internal company website and keeps all employees informed of any revisions. The Company also regularly educates employees on insider trading to prevent inadvertent violation of insider trading law.	None
(4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, and are those systems audited by either internal auditors or CPAs on a regular basis?	V		(4) The Company has established effective accounting system and internal control systems, and has drawn up relevant operating procedures, which are readily reviewed and revised according to regulatory requirements or actual needs. The Company faithfully carries out self-inspection of internal control systems by requiring managers, internal units and subsidiaries as well as internal audit unit to conduct self-inspection at least once a year and produce a report therefor. The audit unit conducts audits according to the annual audit plan approved by the Board of Directors. The audit chief submits the completed audit report (or follow-up report) to supervisors and independent directors for examination in the following month, and attends the Board of Directors meetings to report on audit operations, and periodically reports to the supervisors the annual audit operation and annual internal control self-inspection operation.	None
(5) Does the company hold internal and external educational trainings on operational integrity regularly?	V		(5) The Company propagates ethical corporate management among directors, supervisors and employees regularly every year.	
3. Operation of whistleblowing system				
(1) Does the company establish concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	V		(1) The Company has a variety of complaint channels in place, including e-mail, suggestion box and other communication channels, which are reviewed and amended from time to time to ensure effective and full communication in the workplace so that problems are rapidly and effectively communicated and resolved when they arise. The Company also has relevant reward and disciplinary measures in place.	None
(2) Does the company establish standard operating procedures for investigating reported cases and related confidentiality mechanism?	V		(2) The Company has operating procedures and confidentiality measures in place as basis for handling reported cases.	None
(3) Does the company provide proper whistleblower protection?	V		(3) The Company always tries its best to keep confidential and protect the identity of the whistleblowers to shield them from threats.	None
4. Enhancing information disclosure				
(1) Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	V		The Company has disclosed its Ethical Corporate Management Principles on its website to make it known internally/ externally.	None
5. If the company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", describe any discrepancy between the principles and their implementation: The Company has established "Ethical Corporate Management Principles" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and internal rules, and related implementation does not deviate from the established principles.				
6. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: The Company constantly watches the development of ethical management related rules and regulations at home and abroad, and based on which, reviews and improves its own policies to enhance performance management.				

2.3.8 If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information: The Company has a section "Investor Services/Rules and Regulations" on its website for investors to inquiry corporate governance related rules.

2.3.9 Other significant information which may improve the understanding of corporate governance and operation: The Company continues to improve corporate governance and simultaneously discloses its corporate governance information on the Market Observation Post System and the Company website in a timely manner.

2.3.10 Implementation of internal control system
2.3.10.1 Statement on Internal Control

Winbond Electronics Corporation

Statement on Internal Control

Date: January 29, 2016

In 2015 the Company conducted an internal audit of its internal control system and hereby declares the following:

1. The Company acknowledges and understands that the establishment, enforcement and maintenance of the internal control system are the responsibility of the Board of Directors and management, and that the company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability of financial reporting and compliance with relevant regulatory requirements.

2. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

3. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: (1) Control Environment, (2) Risk Assessment, (3) Control Operation, (4) Information and Communication, and (5) Monitoring. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.

4. The Company has adopted the aforementioned measures for an examination of the effectiveness of the design and implementation of the internal control system.

5. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2015 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.

6. This statement shall be an integral part of the annual report and prospectus of the company and will be made public. If any fraudulent information, concealment or unlawful practices are discovered in the content of the aforementioned information, the Company shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

7. This statement was approved by the Board on January 29, 2016 in the presence of 8 directors, who concurred unanimously.

Winbond Electronics Corporation

Chairman: Arthur Yu-Cheng Chiao

President: Tung-Yi Chan

2.3.10.2 If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

2.3.11 Penalty on the Company and its personnel or punishment imposed by the Company on personnel in violation of internal control system regulations, major deficiencies and improvement in the past year and up to the date of report: None

2.3.12 Important resolutions adopted in shareholders meeting and board of directors' meeting in the past year and up to the date of report

12.1 Report on the execution of resolutions adopted at the 2015 General Shareholders' Meeting

1.Motion: Ratify 2014 business report and financial report.
Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System)
Implementation status: Per resolution adopted.

2.Motion: Ratify 2014 loss appropriation plan.
Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System)
Implementation status: Per resolution adopted.

3.Motion: Discuss the proposal to remove non-compete clause for directors.
Resolution: Passed as proposed. (For details of the resolution, please visit Market Observation Post System)
Implementation status: Per resolution adopted.

2.3.12.2 Important resolutions adopted by the Board of Directors in 2015 and up to March 31, 2016:

Meeting date	Summary of resolution
February 3, 2015	1.Passed the 2014 parent company financial report and consolidated financial report and business report. 2.Passed the 2014 consolidated business report, consolidated financial statements and affiliation report covering affiliated enterprises. 3.Passed the 2014 Statement on Internal Control. 4.Passed the 2015 business plan and budget. 5.Passed the proposed increase in budget for capital expenditure. 6.Passed the annual remuneration paid to accounting firm Deloitte & Touche. 7.Passed the purchase of liability insurance for directors, supervisors and important corporate officers. 8.Passed the financial derivative transactions undertaken by the Company.
March 27, 2015	1.Passed the 2014 loss appropriation plan. 2.Passed the removal of non-compete clause for directors and managerial officers. 3.Passed the proposed calling of 2015 general shareholders' meeting. 4.Passed the change of chief financial officer and chief auditor. 5.Passed the amended Code of Conduct for Directors and Supervisors. 6.Passed the financial derivative transactions undertaken by the Company. 7.Passed the 2015 pay and compensation for individual 10th-term directors and supervisors. 8.Passed the dismissal and promotion of managerial officers. 9.Passed the 2015 pay and compensation for individual managerial officers.
April 30, 2015	1.Passed the proposed increase in budget for capital expenditure. 2.Passed the amended Internal Control System for Shareholder Service Unit. 3.Passed the financial derivative transactions undertaken by the Company.
June 26, 2015	1.Passed the acquisition of listed company shares on stock exchange. 2.Passed the financial derivative transactions undertaken by the Company.
July 31, 2015	1.Passed the 20th stock buyback. 2.Passed the proposed increase in budget for capital expenditure. 3.Passed the financial derivative transactions undertaken by the Company. 4.Passed the short-term line of credit obtained from financial institutions.
October 01, 2015	1.Passed the 21st stock buyback. 2.Passed the financial derivative transactions undertaken by the Company.
October 27, 2015	1.Passed the proposed increase in budget for capital expenditure. 2.Passed the cancellation of shares obtained in 20th ad 21st stock buybacks. 3.Passed the Stock Trading Halt and Resumption Application Procedure. 4.Passed the 2016 audit plan. 5.Passed the removal of non-compete clause for directors. 6.Passed the financial derivative transactions undertaken by the Company. 7.Passed the short-term line of credit obtained from financial institutions. 8.Passed the dismissal of managerial officers.
January 29, 2016	1.Passed the amended Articles of Incorporation. 2.Passed the amended Rules for Remuneration and Performance Evaluation of Directors and Supervisors and the Board of Directors. 3.Passed the 2015 directors and supervisors compensation distribution plan. 4.Passed the 2015 employee compensation distribution plan. 5.Passed the 2015 parent company financial report and consolidated financial report and business report. 6.Passed the 2015 consolidated business report, consolidated financial statements and affiliation report covering affiliated enterprises. 7.Passed the 2015 Statement on Internal Control. 8.Passed the 2016 business plan and budget.

Meeting date	Summary of resolution
	9.Passed the 2016 capital expenditure budget. 10.Passed the annual remuneration paid to accounting firm Deloitte & Touche. 11.Passed the purchase of liability insurance for directors, supervisors and important corporate officers. 12.Passed the amended Organizational Rules for Remuneration Committee. 13.Passed the financial derivative transactions undertaken by the Company. 14.Passed the short-term credit facility from financial institutions.
March 25, 2016	1.Passed the proposed increase in budget for capital expenditure. 2.Passed the2015 earnings distribution plan. 3.Passed the proposed removal of non-compete clause for directors. 4.Passed the proposed calling of 2016 general shareholders' meeting. 5.Passed the amended Internal Control System for Shareholder Service Unit. 6.Passed the financial derivative transactions undertaken by the Company. 7.Passed the 2016 pay and compensation for individual 10th-term directors and supervisors. 8.Passed the 2015 compensation for individual 10th-term directors and supervisors. 9.Passed the 2016 pay and compensation for individual managerial officers.

13.2.3.13 Dissenting or qualified opinion of directors or supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report: None

14.2.3.14 Resignation and dismissal of managerial officers related to the financial report (including chairman, president, chief accounting officer, chief financial officer, chief R&D officer and chief internal auditor) in the past year and up to the date of report:

March 31, 2016

TITLE	NAME	DATE OF APPOINTMENT	DATE OF DISMISSAL	REASON FOR RESIGNATION OR DISMISSAL
Chief accounting officer	Ching-Hao Wu	2014.10.01	2015.04.01	Reassignment
Chief financial officer	James Wen	2004.03.16	2015.04.01	Retirement
Chief internal auditor	Kun-Lung Chen	2003.01.29	2015.04.01	Reassignment
Chief R&D officer	Chen-Hsi Lin	2008.05.07	2016.01.01	Retirement

2.3.15 Handling of material information:

The Company has a rigorous internal operating process in place for the handling of material information, which is made public in accordance with the "Rules for Spokesperson and Acting Spokesperson Operation." The Company also publicizes its Procedure for Prevention of Insider Trading among employees from time to time to prevent the violation of relevant rules.

2.4 Information on fees to CPA:

1. Fees paid to certifying accounts and accounting firm in 2015 are as follows, where non-audit fee is less than one fourth of audit fee:

Name of accounting firm	CPA		Duration of audit	Remark
Deloitte & Touche	K. T. Hong	K. C. Wu	2015.01.01~2015.12.31	

Scale \ Fee category		Audit fee	Non-audit fee	Total
1	Below NT$2,000,000		V	
2	NT$2,000,000 ~ NT$4,000,000			
3	NT$4,000,000 ~ NT$6,000,000			
4	NT$6,000,000 ~ NT$8,000,000	V		V
5	NT$8,000,000 ~ NT$10,000,000			
6	NT$10,000,000 or above			

2. If the company changes accounting firm and the amount of audit fee paid in the year of change is less than that in the year before, the amount and percentage of decrease and reason: The Company did not change accountants or accounting firm in 2015.

3. If the audit fee is more than 15% less than that paid in the previous year, the amount and percentage of decrease and reason:

Not applicable.

2.5 Information on change of accountants in the past two years:

The Company did not change accountants in the past two years.

2.6 The chairman, president, financial or accounting manager of the company who had worked for the certifying accounting firm or its affiliated enterprise in the past year: None

2.7 Share transfer by directors, supervisors, managers and shareholders holding more than 10% interests and changes to share pledging by them in the past year and up to the date of report

Unit: Share

Title		Name	2015		2016 up to March 31	
			Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Chairman and CEO		Arthur Yu-Cheng Chiao	-	-	-	-
Director		Matthew Feng-Chiang Miau	-	-	-	-
Director		Yung Chin	-	-	-	-
Director	Institutional and major shareholder	Walsin Lihwa Corporation	(36,764,000)	-	-	-
	Representative	Hui-Ming Cheng	-	-	-	-
Director and President		Tung-Yi Chan	-	-	-	-
Independent director		Francis Tsai	-	-	-	-
Independent director		Allen Hsu	-	-	-	-
Independent director		Jerry Hsu	-	-	-	-
Supervisor	Corporation	Chin Xin Investment Corp.	37,000,000	-	-	-
	Representative	James Wen (Note 3)	(297,000)	-	(23,000)	-
	Representative	Wang-Tsai Lin (Note 3)	-	-	-	-
Supervisor		Peter Chu	-	-	-	-
Supervisor		Hong-Chi Yu	-	-	-	-
Executive Vice President		Wilson Wen	-	-	-	-
Vice President		Yuan-Mow Su	(27,000)	-	-	-
Vice President		Pei-Ming Chen	7,704	-	-	-
Vice President		Cheng-Kung Lin	-	-	-	-
Vice President		Chin-Fen Tsai	-	-	-	-
Vice President		Pei-Lin Pai	18,000	-	-	-
Vice President, Chief Financial Officer and Chief Accounting Officer		Jessica Huang (Note 4)	-	-	-	-
Chief Business Officer		Eungjoon Park	-	-	-	-
Assistant Vice President		Shi-Yuan Wang	-	-	-	-
Assistant Vice President		Yi-Dar Chang	-	-	-	-
Assistant Vice President		Wen-Hua Lu	-	-	-	-
Assistant Vice President		Wen-Chang Hong	(115,000)	-	-	-
Assistant Vice President		Mao-Hsiang Yen	-	-	-	-
Assistant Vice President		Hsiu-Han Liao	6,059	-	-	-
Assistant Vice President		Yo-Song Cheng (Note 5)	-	-	-	-
Director		Ching-Chu Chang (Note 6)	-	-	-	-
Vice President		James Wen (Note 7)	-	-	-	-
Vice President		Chen-Hsi Lin (Note 8)	(71,000)	-	-	-
Manager and Chief Accounting Officer		Ching-Hao Wu (Note 9)	-	-	-	-

Note 1: The information above is based on actual shares held.
Note 2: Share transfer to non-related parties, not pledged.
Note 3: Chin Xin Investment Corp. appointed Mr. James Wen as its representative in place of Mr. Wang-Tsai Lin on May 1, 2015.
Note 4: Ms. Jessica Huang is promoted to VP and serving concurrently as chief financial officer and chief accounting officer starting April 1, 2015.
Note 5: Mr. Yo-Song Cheng is promoted to assistant vice president starting April 1, 2015.
Note 6: Mr. Ching-Chu Chang passed away on July 2, 2015. The above table discloses his information up to the date his term of office as Winbond's director ends.
Note 7: Mr. James Wen was a VP at Winbond from March 16, 2004 to April 23, 2015. The above table discloses his information up to the date his term of office as Winbond's managerial officer of the Company ends.
Note 8: Mr. Chen-Hsi Lin was a VP at Winbond from February 1, 2005 to December 31, 2015. The above table discloses his information up to the date his service as a managerial officer of the Company ends.
Note 9: Ms. Ching-Hao Wu was the Chief Accounting Officer at Winbond from October 1, 2014 to March 31, 2015. The above table discloses her information up to the date her service as a managerial officer of the Company ends.

2.8 Information on relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree)

MARCH 31, 2016; UNIT: SHARES

NAME	SHAREHOLDING		SHARES HELD BY SPOUSE AND UNDERAGE CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENT		TITLES, NAMES AND RELATIONSHIPS BETWEEN TOP 10 SHAREHOLDERS (RELATED PARTY, SPOUSE, OR KINSHIP WITHIN THE SECOND DEGREE) (NOTE 3)		NOTES
	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	TITLE (OR NAME)	RELATIONSHIP	
Walsin Lihwa Corporation	811,327,531	22.66%	-	-	-	-	Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao Chin Xin Investment Corp.	A relative within second degree of kinship with the chairman of the institutional shareholder A relative within first degree of kinship with the chairman of the institutional shareholder The two persons have first degree of kinship Chairman of the institutional shareholder A relative within second degree of kinship with the chairman of the institutional shareholder The chairmen of two institutional shareholders have second degree of kinship	
Representative of Walsin Lihwa Corp.: Yu-Lon Chiao	29,694,984	0.83%	2,027,199	0.06%	-	-	Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Heng Chiao Chin Xin Investment Corp.	The two have second degree of kinship The two persons have first degree of kinship The two have second degree of kinship The chairmen of two institutional shareholders have second degree of kinship	
Chin Xin Investment Corp.	182,047,000	5.09%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao	The chairmen of two institutional shareholders have second degree of kinship Chairman of the institutional shareholder A relative within first degree of kinship with the chairman of the institutional shareholder A relative within second degree of kinship with the chairman of the institutional shareholder A relative within second degree of kinship with the chairman of the institutional shareholder	
Representatives of Chin Xin Investment Corp.: Arthur Yu-Cheng Chiao	58,264,955	1.63%	10,720,537	0.30%	-	-	Walsin Lihwa Corporation Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao	A relative within second degree of kinship with the chairman of the institutional shareholder The two persons have first degree of kinship The two have second degree of kinship The two have second degree of kinship	
Arthur Yu-Cheng Chiao	58,264,955	1.63%	10,720,537	0.30%	-	-	Walsin Lihwa Corporation Pai-Yung Hong Yu-Lon Chiao Yu-Heng Chiao Chin Xin Investment Corp.	A relative within second degree of kinship with the chairman of the institutional shareholder The two persons have first degree of kinship The two have second degree of kinship The two have second degree of kinship Chairman of the institutional shareholder	
Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan)	50,935,885	1.42%	-	-	-	-	-	-	NOTE 2
ABP Retirement Fund Investment Account under the custody of J.P. Morgan Taipei Branch	37,424,000	1.05%	-	-	-	-	-	-	NOTE 2
Pai-Yung Hong	32,114,000	0.90%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao	A relative within first degree of kinship with the chairman of the institutional shareholder The two persons have first degree of kinship	

NAME	SHAREHOLDING		SHARES HELD BY SPOUSE AND UNDERAGE CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENT		TITLES, NAMES AND RELATIONSHIPS BETWEEN TOP 10 SHAREHOLDERS (RELATED PARTY, SPOUSE, OR KINSHIP WITHIN THE SECOND DEGREE) (NOTE 3)		NOTES
	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	TITLE (OR NAME)	RELATIONSHIP	
							Yu-Lon Chiao Yu-Heng Chiao Chin Xin Investment Corp.	The two persons have first degree of kinship The two persons have first degree of kinship A relative within first degree of kinship with the chairman of the institutional shareholder	
Profit Trends International Corp. Investment Fund under the custody of Deutsche Bank A. G. Taipei Branch	30,800,000	0.86%	-	-	-	-	-	-	NOTE 2
Yu-Lon Chiao	29,694,984	0.83%	2,027,199	0.06%	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Heng Chiao Chin Xin Investment Corp.	Chairman of the institutional shareholder The two have second degree of kinship The two persons have first degree of kinship The two have second degree of kinship A relative within second degree of kinship with the chairman of the institutional shareholder	
Yu-Heng Chiao	29,364,031	0.82%	3,584,049	0.10%	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Pai-Yung Hong Yu-Lon Chiao Chin Xin Investment Corp.	A relative within second degree of kinship with the chairman of the institutional shareholder The two have second degree of kinship The two persons have first degree of kinship The two have second degree of kinship A relative within second degree of kinship with the chairman of the institutional shareholder	
LGT Bank (Singapore) Investment Fund under the custody of JPMorgan Chase Bank N.A. Taipei Branch	25,134,000	0.70%	-	-	-	-	-	-	Note 2

Note 1: "Percentage (%)" under "Shares currently held" was based on then issued and outstanding common shares of 3,580,000,193 shares as of March 31, 2016.
Note 2: The custodian banks are unable to provide the list of ultimate holders.
Note 3: Relationships are disclosed pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

2.9 The shareholding of the Company, director, supervisor, management and an enterprise that is directly or indirectly controlled by the Company in the invested company

Dec. 31, 2015; Unit: shares

Invested entity (Note)	Investment by the Company (A)		Investments by directors, supervisors, managers and directly or indirectly controlled enterprises (B)		Combined investment (A+B)	
	Shares	Percentage (%)	Shares	Percentage (%)	Shares	Percentage (%)
Landmark Group Holdings Ltd.	5,893,000	100	-	-	5,893,000	100
Mobile Magic Design Corp.	5,000,000	100	-	-	5,000,000	100
Newfound Asian Corporation	6,595,000	100	-	-	6,595,000	100
Winbond Electronics （H.K.） Ltd.	500,000	100	-	-	500,000	100
Winbond International Corporation	104,410,000	100	-	-	104,410,000	100
Pine Capital Investment Ltd.	70,980,000	100	-	-	70,980,000	100
Winbond Technology LTD	100,000	100	-	-	100,000	100
Nuvoton Technology Co.	126,620,087	61	1,853,185	1	128,473,272	62
Chin Xin Investment Corp.	182,840,999	38	194,696,278	40	377,537,277	78

Note: Long-term investment accounted for using equity method.

3. Capital and Shareholding

3.1 Sources of capital

March 31, 2016; Unit: shares; NT$

Year / month	Issue price	Authorized capital		Paid-up capital		Notes		
		Number of shares	Amount	Shares	Amount	Source of capital	Subscriptions paid with property other than cash	Approval date and number
2014.02	10	6,700,000,000	67,000,000,000	3,694,023,193	36,940,231,930	Exercise of employee stock options: NT$20,560,000	None	Zhong-Shang-Zi-1030003799 dated 2014/02/19
2014.05	10	6,700,000,000	67,000,000,000	3,694,466,193	36,944,661,930	Exercise of employee stock options: NT$4,430,000	None	Zhong-Shang-Zi-1030011345 dated 2014/05/14
2014.09	10	6,700,000,000	67,000,000,000	3,694,640,193	36,946,401,930	Exercise of employee stock options: NT$1,740,000	None	Zhong-Shang-Zi-1030021668 dated 2014/09/18
2014.11	10	6,700,000,000	67,000,000,000	3,694,982,193	36,949,821,930	Exercise of employee stock options: NT$3,420,000	None	Zhong-Shang-Zi-1030026773 dated 2014/11/20
2015.11	10	6,700,000,000	67,000,000,000	3,580,000,193	35,800,001,930	Decrease in treasury stock: NT$ 1,149,820,000	None	Zhong-Shang-Zi-1040028089 dated 2015/11/18

March 31, 2016: Unit: Shares

Type of stock	Authorized capital			Notes
	Shares issued and outstanding	Un-issued shares	Total	
Regular Shares	3,580,000,193	3,119,999,807	6,700,000,000	Listed stock

Note 1: Of the total capital amount, up to NT$5 billion may be used for issues of employee stock options, preferred stocks or corporate bonds with warrant for a total of 500 million shares with par value of NT$10 per share. Those shares may be issued in installments. The respective amount for the issue of employee stock options, preferred stocks or corporate bonds with warrant may be adjusted by resolution of the Board of Directors in view of the capital market situation and business needs.

Note 2: Information on shelf registration: None. None

3.2 Shareholder structure

March 31, 2016

Quantity\ shareholder structure	Government agencies	Financial institutions	other corporations	Individual investors	Foreign institutions and foreigners	Chinese investors (Note)	Total
Number of people	3	99	177	202,907	279	3	203,468
Shares held	24,969,261	37,825,854	983,583,091	1,976,205,890	557,415,734	363	3,580,000,193
Shareholding (%)	0.70%	1.06%	27.47%	55.20%	15.57%	0.00%	100.00%

Note: Chinese investors refer to Mainland Area individuals, juristic persons, groups, other institutions or companies based in a third area as provided in Article 3 of the Regulations Governing Investment by People in Mainland Area in Taiwan.

3.3 Dispersion of equity ownership

1. Common stocks:

March 31, 2016; par value of NT$10 per share

Shares	Number of shareholders	Shares held	Shareholding (%)
1 ~ 999	58,475	18,509,411	0.52
1,000 ~ 5,000	93,182	217,419,251	6.07
5,001 ~ 10,000	24,815	198,981,279	5.56
10,001 ~ 15,000	7,258	90,256,784	2.52
15,001 ~ 20,000	6,138	113,120,496	3.16
20,001 ~ 30,000	4,632	117,946,841	3.29
30,001 ~ 50,000	3,982	159,093,022	4.44
50,001 ~ 100,000	2,782	201,422,015	5.63
100,001 ~ 200,000	1,190	167,401,302	4.68
200,001 ~ 400,000	518	142,775,067	3.99
400,001 ~ 600,000	166	80,608,442	2.25
600,001 ~ 800,000	56	37,907,090	1.06
800,001 ~ 1,000,000	49	44,282,984	1.24
>1,000,001	225	1,990,276,209	55.59
Total	203,468	3,580,000,193	100.00

2. Preferred stocks: N/A.

3.4 List of major shareholders

1. Names, shares and percentage of shareholding of shareholders with more than 5% of equity:

March 31, 2016

Name\shareholding of major shareholder	Shares held	Shareholding (%)
Walsin Lihwa Corporation	811,327,531 shares	22.66%
Chin Xin Investment Corp.	182,047,000 shares	5.09%

2. For names, shares and percentage of shareholding of top ten shareholders, please refer to pages 30-31.

3.5 Stock price, net worth, earnings, dividends and related information for the previous two years

Unit: NT$

Item\Year			2014	2015	2016 up to March 31
Stock price (Note 1)	High		12.75	11.40	10.20
	Low		7.35	5.95	6.89
	Average		9.94	8.95	8.85
Net worth per share (Note 2)	Before distribution		10.35	10.89	-
	After distribution		(Note 6)	(Note 7)	-
Earnings per share	Weighted average shares (1,000 shares)		3,687,217	3,648,377	-
	Earnings per share		0.83	0.90	-
Dividends per share	Cash dividend		(Note 6)	(Note 7)	-
	Stock dividend	Earnings	(Note 6)	(Note 7)	-
		Capital surplus	(Note 6)	(Note 7)	-
	Accumulated unpaid dividend		-	-	-
Return analysis	Price-earnings ratio (Note 3)		11.98	9.94	-
	Price-dividend ratio (Note 4)		(Note 6)	(Note 7)	-
	Cash dividend yield (Note 5)		(Note 6)	(Note 7)	-

Note 1: The year's high and low market prices of common stock are provided, and the average price for the year is computed based on the year's transaction amount and volume.
Note 2: Net worth per share is computed based on the number of shares issued and outstanding at the end of the year.
Note 3: Price-earnings ratio＝Year's average per share closing price / earnings per share.
Note 4: Price-dividend ratio＝Year's average per share closing price / cash dividend per share.
Note 5: Cash dividend yield＝ Cash dividend per share / year's average per share closing price.
Note 6: The Company posted accumulated deficits in 2014 and did not distribute dividends for the year.
Note 7: The 2015 earnings distribution plan will be finalized after the shareholders' meeting.

3.6 Dividend policy and implementation status

1. Dividend policy

The Company amended its Articles of Incorporation in accordance with the Company Act amended in May 2015 as follows:

Article 22 of the Articles of Incorporation (before amendment):

Any profit at the closing of each fiscal year shall be used to offset prior years' losses after paying all taxes. Ten percent (10%) of the remainder, if any, shall be set aside as legal reserve until such reserve equals the paid-in capital. Of the remainder plus undistributed earnings in prior years or of distributable earnings resulting from this year's loss plus undistributed earnings in prior years, special reserve shall be set aside or reversed according to laws or the competent authority. The remainder surplus may be retained for business needs or otherwise distributed by the following principle:

1. 1 ~ 2% as remuneration to directors and supervisors;

2. 10 ~ 15% as employee bonus; and

3. the remainder thereafter as dividends to stockholders where not less than 10% of the total dividends distributed shall be in the form of cash.

For the purpose of distributing stock bonus, the term "employee" described in the second subparagraph of the preceding paragraph may include employees of subsidiaries meeting certain conditions. The "meeting certain conditions" as described above will be determined by the Board of Directors or by Chairman as authorized by the Board of Directors.

Article 22-1 of the Articles of Incorporation (before amendment):

The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation of Winbond Electronics Corp. in consideration of factors including capital, financial structure, operating status, earnings, industry characteristics and cycle, etc. The dividends shall be distributed in a prudent manner where appropriate retained earnings, stock dividend or cash dividend, or both are taken into consideration so as to ensure sustained development of the Company. The Company requires intensive capital, technologies, and manpower, and is currently in growth and expansion stage. Hence the distribution of earnings will factor in the future plans for capital expenditures and working capital. Thus any dividend distribution plan will give priority to cash dividend, whereas stock dividend can also be considered. Nevertheless, stock dividend to be distributed shall not be more than 50% of total dividends in principle. The current dividend policy for retained earnings and dividends with respect to their conditions, timing, amount and type would be adjusted from time to time in accordance with economic and industrial fluctuations, and in particular, in view of the Company's future development needs and profitability.

Article 22 of the Articles of Incorporation (after amendment):

The Company shall set aside not more than 1% of its earnings before tax for the year prior to deducting compensation of employees, directors and supervisors as remuneration to directors and supervisors, and not less than 1% as employee compensation. Employee compensation shall be decided by the Board of Directors, and may be distributed in the form of stock or cash to employees, including employees of subsidiaries meeting certain criteria.

However when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as employee compensation and remuneration to directors and supervisors according to the percentage specified in the preceding paragraph.

Article 22-1 of the Articles of Incorporation (after amendment):

Any profit at the closing of each fiscal year shall be used to offset prior years' losses after paying all taxes. The Company shall set aside 10% of the remainder, if any, as legal reserve until such reserve equals the paid-in capital, and special reserve may be set aside or reversed according to laws or the competent authority. For the remainder, if any, plus undistributed earnings in prior years, the Board of Directors may propose an earnings distribution plan for dividends for stockholders and submit the plan to the shareholders' meeting for approval.

The Company's dividend policy is set up in accordance with the Company Act and the Articles of Incorporation of Winbond Electronics Corp. in consideration of factors including capital, financial structure, operating status, earnings, industry characteristics and cycle, etc. Hence the distribution of dividends will factor in the future plans for operational scale and cash flow needs, which however shall not be less than 50% of distributable earnings for the year and may be distributed in the form of stock or cash, in which cash dividend to be distributed shall not be less than 50% of total dividends to promote the sustainable development of the Company.

2. Dividend distribution to be proposed to the shareholders' meeting:

The Company's 2015 earnings distribution plan as decided in the Board of Directors' meeting on March 25, 2016 is cash dividend of NT$0.1 per share, which will be distributed after it is approved in shareholders' meeting to be held on June 16, 2016.

3.7 Effect of the proposed stock dividends (to be adopted by the shareholders' meeting) on the operating performance and earnings per share: N/A.

3.8 Remuneration to employees, directors and supervisors

1. Percentage or scope of compensation for employees, directors and supervisors provided in Company's Articles of Incorporation:

The Company amended its Articles of Incorporation in accordance with the Company Act amended in May 2015. The percentage or scope of compensation for employees, directors and supervisors according to the Articles of Incorporation before and after its amendment is as follows:

Article 22 of the Articles of Incorporation (before amendment):

Any profit at the closing of each fiscal year shall be used to offset prior years' losses after paying all taxes. Ten percent (10%) of the remainder, if any, shall be set aside as legal reserve until such reserve equals the paid-in capital. Of the remainder plus undistributed earnings in prior years or of distributable earnings resulting from this year's loss plus undistributed earnings in prior years, special reserve shall be set aside or reversed according to laws or the competent authority. The remainder surplus may be retained for business needs or otherwise distributed by the following principle:

1. 1 ~ 2% as remuneration to directors and supervisors;

2. 10 ~ 15% as employee bonus; and

3. the remainder thereafter as dividends to stockholders where not less than 10% of the total dividends distributed shall be in the form of cash.

For the purpose of distributing stock bonus, the term "employee" described in the second subparagraph of the preceding paragraph may include employees of subsidiaries meeting certain conditions. The "meeting certain conditions" as described above will be determined by the Board of Directors or by Chairman as authorized by the Board of Directors.

Article 22 of the Articles of Incorporation (after amendment):

The Company shall set aside not more than 1% of its earnings before tax for the year prior to deducting compensation of employees, directors and supervisors as remuneration to directors and supervisors, and not less than 1% as employee compensation. Employee compensation shall be decided by the Board of Directors, and may be distributed in the form of stock or cash to employees, including employees of subsidiaries meeting certain criteria.

However when the Company still has accumulated loss, a certain amount of the earnings shall be retained for making up the loss and the remainder may be set aside as employee compensation and remuneration to directors and supervisors according to the percentage specified in the preceding paragraph.

2. Basis for estimating the amount of compensation for employees, directors and supervisors, basis for calculating the number of shares to be distributed as stock compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The basis for estimating compensation for employees, directors and supervisors is as follows: not less than 1% of the earnings before tax for the year prior to deducting compensations of employees, directors and supervisors (after factoring in makeup of accumulated loss) is estimated for employee compensation and not more than 1% of the same figure is estimated for remuneration to directors and supervisors. If the estimated amount differs from the actual amount after the date of the consolidated financial report, the discrepancy will be treated according to changes in accounting estimates and adjusted and entered into account the following year.

3.Distribution of compensation passed by the Board of Directors:

(1) Employee compensation and remuneration to directors and supervisors distributed in the form of cash or stock. If there is discrepancy between the actual amount and the estimated amount, disclose the difference, reasons and treatment.

The Company's 2015 compensation of employees, directors and supervisors set aside according to the amended Articles of Incorporation is as follows: The 2015 employees, directors and supervisors compensation plan has been passed by the Board of Directors in its meeting on January 29, 2016, and compensation will be distributed accordingly after the Company's amended Articles of Incorporation has been approved by the General Shareholders' Meeting scheduled for June 16, 2016.

2015	NT$1,000
Employee compensation	28,475
Remuneration to directors and supervisors;	28,475

There is no difference between the aforementioned compensation of employees, directors and supervisors and the amount recognized in the 2015 consolidated financial statements.

(2) Amount of employee compensation distributed in the form of stock and as a percentage of the after-tax profit provided in this year's standalone financial statements and total employee compensation combined: N/A.

4. Information on actual distribution of employee compensation and remuneration to directors and supervisors in the previous year:

Not applicable for the Company posts loss in 2014 and did not distribute earnings for the year.

3.9 Stock buyback

March 31, 2016

Times of buyback	20th	21st
Purpose	To uphold company reputation and shareholders' interests	To uphold company reputation and shareholders' interests
Buyback period	2015/08/03 ~ 2015/09/18	2015/10/02 ~ 2015/10/23
Buyback price range	6.50~8.00	7.00~8.50
Type and volume of bought-back shares	80,000,000 common shares	34,982,000 common shares
Amount spent on buyback	NT$ 555,019,466	NT$ 267,901,144
Shares already canceled and transferred	80,000,000 shares	34,982,000 shares
Accumulated shares held	0 shares	0 shares
Accumulated shares held as a percentage of total shares issued and outstanding (%)	-	-

4. Issuance of corporate bonds: None

5. Issuance of preferred stocks: None

6. Issuance of global depositary receipts (GDR)

March 31, 2016

<table>
<tr><td colspan="3">Date of issue</td><td colspan="2">February 5, 1999</td></tr>
<tr><td colspan="3">Place of issue and trading</td><td colspan="2">Luxembourg</td></tr>
<tr><td colspan="3">Total amount</td><td colspan="2">US$333,502,000</td></tr>
<tr><td colspan="3">Offer price per unit</td><td>February 5, 1999 - initial issue
US$11.45</td><td>November 18, 1999 - additional issue
US$16.70</td></tr>
<tr><td colspan="3" rowspan="5">Total units issued (units)</td><td colspan="2">30,336,980</td></tr>
<tr><td>February 5, 1999 - initial issue</td><td>14,600,000</td></tr>
<tr><td>November 18, 1999 - additional issue</td><td>9,960,000</td></tr>
<tr><td>July 7, 2000 - additional issue for the distribution of free stock dividends</td><td>2,108,252</td></tr>
<tr><td>June 1, 2001 additional issue for the distribution of free stock dividends</td><td>3,668,728</td></tr>
<tr><td colspan="3">Source of underlying security</td><td colspan="2">Issuance of new shares for cash capital increase</td></tr>
<tr><td colspan="3">Underlying security</td><td colspan="2">10 common shares of Winbond</td></tr>
<tr><td colspan="3">Rights and obligations of GDR holder</td><td colspan="2">Dividends, interest distribution and relevant taxes of the underlying shares represented by the GDRs shall be governed by the laws of the Republic of China, the Depository Agreement and the Custodial Agreement.</td></tr>
<tr><td colspan="3">Trustee</td><td colspan="2">None</td></tr>
<tr><td colspan="3">Depository bank</td><td colspan="2">Bank of New York Mellon Corp.</td></tr>
<tr><td colspan="3">Custodial bank</td><td colspan="2">Bank International Commercial Bank</td></tr>
<tr><td colspan="3">Balance outstanding (units)</td><td colspan="2">13,354</td></tr>
<tr><td colspan="3">Fees incurred in issuance and the outstanding period of the GDRs</td><td colspan="2">Borne by Winbond Electronics Corp.</td></tr>
<tr><td colspan="3">Covenants of Depository Agreement and Custodial agreement</td><td colspan="2">The deposit, redemption and delivery of the underlying shares represented by the GDRs and the re-issuance of the GDRs shall be governed by the laws of the Republic of China, Depository Agreement and the Custodial Agreement.</td></tr>
<tr><td rowspan="6">Unit price (US$)</td><td rowspan="3">2015</td><td>High</td><td colspan="2">3.52</td></tr>
<tr><td>Low</td><td colspan="2">1.87</td></tr>
<tr><td>Average</td><td colspan="2">2.72</td></tr>
<tr><td rowspan="3">2016 up to March 31</td><td>High</td><td colspan="2">3.02</td></tr>
<tr><td>Low</td><td colspan="2">2.1</td></tr>
<tr><td>Average</td><td colspan="2">2.66</td></tr>
</table>

7. Exercise of employee stock option plan (ESOP): None

8. Restricted stock awards: None

9. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None

10. Implementation of capital allocation plan: Not applicable, for the Company was free of the situation of having any securities issuance that was uncompleted or completed in the most recent three years but has not yet fully yielded the planned benefits.

Business Overview

1. Business activities

a. Business Scope

1. Major business activities

The Company's main business consists of the research and development, production and sale of various integrated circuit products.

2. Revenue breakdown by product mix

The Company's core products include DRAM and Code Storage Flash Memory. Logic ICs are the principal products of Nuvoton Technology Corporation ("Nuvoton Technology"), a major subsidiary of the Company. 2015 revenue breakdown by product (as percentages of consolidated sales revenue):

Unit: thousand NTD

Key products	Sales revenue	%
DRAM product income	19,915,168	52
Flash memory product income	11,202,459	29
Logic IC revenue	7,201,074	19
Other income	31,614	-
Sales revenue - Consolidated financial statements	38,350,315	100

3. Description of product lines

3.1 DRAM products

This company's DRAM products consist of:

• Specialty DRAM

The Company's Specialty DRAM is chiefly used in the 3C, automotive, industrial, and medical electronics fields, Specifications include 16Mb-4Gb specialty DRAM and KGD (Known Good Die).

• Mobile RAM

Mobile RAM products include 32Mb-256Mb pseudo SRAM and 128Mb-2Gb low-power DRAM. They are chiefly used in cell phones, tablets, low power mobile handheld devices, wearable devices, consumer electronics products, automotive and industrial electronics, and the Internet of Things (IoT).

3.2 Code Storage Flash Memory products

The Company's Code Storage Flash Memory is widely used in IoT, M2M, PC and peripherals (including HDD, ODD, printers and monitors), mobile handhelds and their peripheral modules, network products (wireless networks, modems) and consumer electronics (set-top boxes, TVs, DVD players, and monitors, etc.), industrial electronics, automotive electronics, medical electronics, and household appliance modules, etc., and specifications range from 512Kb-4Gb.

3.3 Logic ICs

Nuvoton Technology, our subsidiary, makes the following logic IC products: microcontrollers (MCU), audio products, and cloud computing products.

MCU applications in the market are diverse, of which the 32-bit MCU target markets include IoT applications, health care electronic products, wearable devices, industrial applications, consumer electronics, and smart water/electricity/heat/gas meters, etc., 8-bit MCU applications include small home appliances, information and electronic products, industrial electronics, etc.

The investment in audio products is focused on audio codecs for portable tablets with the aim to provide high quality audio codecs and to integrate Class G headphone amplifier and Class D speaker amplifier. Audio products are also used in interactive toys, portable and wearable voice products, with high performance MCUs being the core components in a complete line of products with different performance characteristics. Highly integrated audio products can be used for dashboard voice prompts, car audio amplifiers, medical equipment voice prompts, security and surveillance audio input/output equipment, automotive IoT audio input/output, and playback applications in industrial markets. The friendly programming interface enables customers to create digital playback of audio-grade sound alerts and IT services. Other audio products include those that can be combined with wired telephone systems, personal emergency communication systems, docking station applications, and home security monitoring systems.

Regarding cloud computing products, for the high manageability and high quality requirements of servers and data centers, we provide BMCs, voltage and signal converters, hardware monitoring chips, etc.; we also provide Super I/O chips, highly integrated embedded controllers (ECs), temperature monitoring chips, Trusted Platform modules (TPM security chips) and power control chips for personal computers and smart devices.

4. New products and services under development

Product lines	New products under development
DRAM	With respect to Specialty DRAM, we continue to develop low capacity as well as low power consumption products used principally in consumer electronics, PC peripherals, networking products, automotive electronics, industrial electronics and medical electronic devices.
	In the area of mobile DRAM, we continue to develop low capacity as well as low power consumption mobile DRAM products used principally in cell phones, tablets, low power consumption mobile devices, wearable devices, IoT, consumer electronics, and industrial and automotive electronics.
Flash memory products	For flash memory products, we employ advanced process technologies to produce secure, high-performance and low power consumption products, providing a complete Code Storage Flash product line to meet the requirements of the following applications: networking, wearable devices, mobile devices and peripheral modules, computer and peripheral modules, consumer electronics, automotive electronics and industrial control products. We started developing low voltage, high speed DTR and Octal Flash in 2016. Meanwhile, multi-chip memories (MCM) was introduced in combination with DRAM products. Products with stronger encryption were also launched to meet the demand for IoT and automotive electronics.
Logic ICs	With respect to MCU products, the ARM® Cortex®-M0/M4 32-bit NuMicro series and the ARM® 9 are the core products on which strategies are built to provide a complete solution platform for our customers. We also have plans to develop low power consumption MCU products with high-end processing technologies to satisfy the demand for battery-powered applications for IOT, health care, etc. arising from IoT development.
	With respect to audio products, we develop highly cost-effective interactive smart ICs with a focus on voice recognition. These ICs also combine many multimedia functions, integrating mobile platforms, such as tablets and smart phones, into a single platform. For system-on-chip products, we provide built-in audio codecs and high-performance Class-D power amplifiers in order to meet expanding customer demand for high-end industrial control applications, security and surveillance systems, portable and wearable voice products, human machine interface (HMI) control panel, automotive IoT, portable medical voice prompting systems, dashboard voice prompts and stereo systems.
	With regard to cloud computing products, we have focused on accommodating markets and customers' new application requirements for 2016 to 2017 new platform specifications as well as next generation servers, personal computers, and smart devices, and have already begun developing corresponding BMCs, Super I/O, power supply control chips, TPM security chips, voltage converters, fan control chips, and ASSP.

b. Industry overview

1. Industry current trends and future outlook

1.1 Current trends and future outlook for the DRAM industry

(1) Specialty DRAM

•Demand perspective

The global economy is slowing down in 2016, which may lead to growing economic risks. The lack of killer apps also dampens the demand for end products, which will slow down, stagnate, and even decline. Hence, Specialty DRAM growth will be driven by switch to smart devices and increasing system memory density. Falling TFT LCD prices will boost penetration of 4K televisions and accelerate the launch of 8K televisions. Better resolution and smart features will significantly increase DRAM content. Smart set-top boxes will also increase the demand for DRAM. The continuing evolution of broadband standards will fuel the demand for DRAM in networking and telecom equipment. Following the cell phone industry, the automotive industry will be the next to undergo a paradigm shift from conventional cars to self driving cars and electric cars. Development of highly secure, highly automated, high resolution, and 3D products and the internet of cars will create a significant increase in DRAM demand.

•Supply perspective

Growth in DRAM supply in 2016 came from newly added capacity at Samsung and Hynix and the launch of Micron's 20nm process in 2015. The global DRAM bit growth of supply will exceed the bit growth of demand. The substitution effect of tablets continues to cause negative growth in PCs. The supply of standard DRAM still exceeds the demand, creating downward pressure on prices. Therefore, following the comparable profit method, DRAM foundry fabs will reduce fees to encourage DRAM design companies to increase the output of specialty DRAM and offer more competitive prices. Moreover, South Korea's Samsung is trying to break into the specialty DRAM market with its 20nm process. Falling foundry fab fees and entry of strong competitors will create downward pressure on specialty DRAM prices. However, the decrease in specialty DRAM prices will still be smaller than the decrease in standard DRAM prices. Therefore, there are still profit-making opportunities in the market for specialty DRAM manufacturers in 2016.

(2) Mobile DRAM

• Demand perspective

Except for smart phones, tablets, and wearable devices, other 3C products will be subject to various degrees of stagnation and decline in 2016. As U.S. and Chinese telecom operators modify their cell phone subsidy policies, the demand for new phones is falling since consumers now wait longer to replace high end cell phones. Low- and mid-end cell phones continue to face unfavorable factors as the Chinese market reaches saturation. Meanwhile, increasing penetration of smart phones in India, Southeast Asia and other emerging markets will help to drive the global demand for smart phones. The global sales of smart phone are expected to increase by a small margin in 2016. Moreover, the development of tablets is gaining momentum, fueled by iPad Pro, Surface, Huawei, Xiaomi, and PC OEMs, and will accelerate the substitution of notebooks by tablets. With respect to applications, apart from communications electronics, mobile DRAM will be used in computers, PC peripherals, consumer electronics, automotive electronics, wearable devices, and IoT in the future. In addition to continuing smart phone growth, mobile DRAM will be used in a broader range of products, which will be an increasingly large portion of overall DRAM sales. With respect to DRAM content, it is possible that the DRAM content in Apple's new iPhone and iPad to be launched in 2016 will increase by 50% to 3GB. Samsung's new Galaxy S7 and Note and Chinese cell phone manufacturers, competing on price and specifications, will increase the DRAM content in their cell phones. The multiplier effect of the growth of smart phone and content per box will continue to boost the demand for mobile DRAM. In 2016, sales of standard DRAM and mobile DRAM continue to move in the opposite direction. The proportion of mobile DRAM sales to total DRAM sales is expected to increase significantly. In 2015, while the price of standard DRAM dropped by 50%, the price of mobile DRAM fell only slightly by 10%. Looking ahead to 2016, the price of mobile DRAM will remain stable, and an increasing proportion of mobile DRAM sales to total DRAM sales will facilitate a structural change in the DRAM industry.

• Supply perspective

As mobile DRAM is closer to ASIC in design, DRAM vendors normally manufacture mobile DRAM against orders/forecasts, which keeps supply and demand in a state of balance. Consequently, in 2016, mobile DRAM prices will decline less than those of standard DRAM and specialty DRAM. Thus, 2016 will still be a good year for mobile DRAM.

1.2 Current trends and future outlook of the flash memory industry

Flash memory produced by the Company is mainly Code Storage Flash with serial interfaces. Our products satisfy the Code Storage requirements of application areas such as computers and peripherals, networking products, consumer electronics, mobile handheld devices, industrial electronics, automotive electronics, and medical electronics. Our product quality has improved steadily over many years, and our products have received the approval of top-notch customers in many application areas. Winbond is currently one of the world's top two serial flash vendors. Winbond's Serial Flash achieved 32% market share worldwide in 2015. Looking ahead to 2016, growth momentum will come from increased functionalities of end products, the introduction of new platforms, and IoT, as well as the rapid growth of automotive electronics. While increasing demand for flash memory capacity and the widespread deployment of 1.8V Serial Flash in wearable and mobile handheld devices and peripheral modules and products to encourage growth in demand, the introduction of 3V/1.8V 1Gb - 4Gb high-capacity products and multi-chip memories (MCM) in combination with DRAM products will expand the range of M2M applications. The Company is one of the only two companies in the world that offer both DRAM and Code Storage Flash products. Both are major sources of earnings and profit growth in 2016.

1.3 Current trends and future outlook for the Logic IC industry

The MCU applications market is still in the growth stage with the demand for MCU of different grades consistently climbing. The 32-bit ARM® Cortex®-M core MCU remains the principal architecture the market is focused on due mainly to its low-power consumption and high-performance advantages and its access to a complete ecosystem and a large user group. The demand is growing fast. Meanwhile, the 8-bit MCU, offering security and reliability as well as the cost advantage, has become the foundation for market growth. Popular growth applications in the industry include IoT, wearable devices, health monitoring devices, smart homes, wireless charging, electrical control, and fingerprint identification.

Human machine interaction (HMI) has triggered a tidal wave of revolution and innovation across audio related industries in recent years. Examples include "Always On", which combines voice recognition and voice search, and the ubiquitous Natural Language User Interface (NLUI) in cell phones, tablets, IoT, and wearable devices. The Company is aligning its audio product line with this diverse range of innovative products. In 2015, the Company worked closely with end customer groups to enhance its audio product line.

Cloud platforms and applications have become part of everyday life for most people and an integral part of operations for many businesses. As smart phones, wearable devices, smart homes, big data, and cloud integration services become more readily available, there is still room for positive growth in the industry. Chinese companies, benefiting from government policies and regional demand, show particularly significant growth in both China and with partners in emerging markets. With respect to product applications, the demand for servers, data centers and edge computing have progressed to professional systematic customization for enhanced performance.

2. Relationships with suppliers in the industry's supply chain

Looking at the industry's supply chain, upstream equipment suppliers provide the manufacturing equipment, while raw material suppliers are responsible for producing silicon wafers, masks, chemicals, metal targets, gases, and other raw materials for the production of memory.

Midstream memory suppliers, after purchasing equipment and raw materials, use the manufacturing equipment to develop a series of complex processes, such as lithography, rapid hi-temperature processing, chemical vapor deposition, ion implantation, etching, chemical machinery polishing and grinding, and process control and monitoring. Moreover, midstream memory manufacturers will design and develop related memory products based on market demand and future trends. Manufacturers will use process technology to etch the finished product onto the wafers and deliver the wafers to downstream packaging and testing suppliers for backend packaging and testing.

Downstream packaging and testing suppliers are responsible for cutting, grinding, packaging, and completing the final tests of wafers produced in the preceding stage before delivering the finished product to the memory manufacturers. Memory manufacturers then sell the finished product to end-product system manufacturers, module manufacturers, IC manufacturers, or distributors who will then apply the memory to related products or IC or sell the memory to end customers.

There is a wide range of applications of memory in end products, including 4C applications such as PCs, HDDs, SSDs, ODDs, printers, monitors, LCD TVs, set-top boxes, networking, tablets, smart phones, automotive, industrial, medical, IoT, and wearables.

3. Product trends and competition

3.1 DRAM

With respect to product technology, specialty DRAM product technology has advanced from SDR, DDR, DDR2, and DDR3 to DDR4. Mobile DRAM will also jump from LP DDR, LP DDR2, and LP DDR3 to LP DDR4 soon. DDR4 and LP DDR4 will be the focus of the DRAM industry in the future. The Company will continue to observe end applications and technological development in the industry, and make active preparations and utilize advanced processes to develop related products.

With respect to process technology, in 2016, Samsung will actively migrate to the 18nm process; Hynix will actively increase the percentage of 21nm production; Micron will dedicate itself to improving the yield of the 20nm process; and Nanya and PSC will continue with the 38nm process. In addition to employing foundry partners for 38nm process based mass production of specialty DRAM, the Company has developed and completed an in-house 38nm process, and is working to raise yield to mass production standards.

3.2 Flash memory products

We take a full range of Code Storage Flash as our chief target market, and are continuing to expand our high-density Code Storage Flash products, giving us an even more complete product line. We currently offer comprehensive product lines for Serial NOR Flash (512Kb to 1Gb), including secure, high-speed, low-voltage, and mid-density Parallel NOR Flash (32Mb to 256Mb). Products development focused on offering additional features, more security, higher speed, higher density, encryption, and low-voltage Code Storage Flash. We started developing low voltage, high speed DTR and Octal Flash in 2016. Meanwhile, multi-chip memories (MCM) was introduced in combination with DRAM products. Products with stronger encryption were also launched to meet the demand for IoT and automotive electronics. These new products are manifestations of our continued pursuit of progress, increased product competitiveness, expansion into new markets, development of new customers, and provision of optimized products.

3.3 Logic ICs

In terms of MCU product strategy, we will develop a series of MCU platform products for different application markets in order to meet the demand for diverse applications. We are also committed to producing increasingly specialized products to our customers with solutions with the best price-performance ratios. The Company relies on comprehensive product planning, excellent price-performance ratios, and a strong technical service team to compete against large global companies, such as TI, ST, Renesas, and NXP.

Development of audio products will continue to focus on ultra low power (ULP) product designs to create audio codecs with higher price-performance ratios. Investment will also be made in digital signal processing (DSP) algorithms for audio. Moreover, the Company also considers various forms of audio MCUs to be another key area for audio products in the future. This area, combined with the large market share secured by the Company's Cortex-M0 MCU, creates the basis for turnkey solutions that will enable the industry to quickly complete product development and marketing campaigns.

The demand for cloud services and applications continues to grow, and the progress in hardware, whether in personal applications or in data center, shows no sign of slowing down. The demand for big data processing pushes centralized computing to evolve into multicore processing and distributed computing. Shared resources dictate the direction in areas of hardware/software development, such as energy saving, security structure, and interface integration. Meanwhile, the rise of personal entertainment and high end gaming computer market fuels the demand for ASSP products and drives next generation augmented reality and virtual reality applications. Trends in product demand in personal devices are moving toward low voltage and low energy consuming; whereas trends in high performance computers or cloud platforms are moving toward integration of high speed graphics processing, financial transaction security management, and higher demand for customization. The investment in cloud computing and IC design will continue to focus on energy saving, security structure, and interface integration.

c. Overview of Technology and R&D

1. R&D expenses (including those of the subsidiary Nuvoton Technology) in the previous year and in the current year up to the annual report publication date:

Unit: thousand NTD

Item	2015	2016 up to March 31, 2016
R&D Expenses	5,262,111	1,403,096

2. Successfully developed technologies and products

2.1 Product development

R&D Achievements		Future R&D Plan
DRAM	• Low to medium density 4xnm Mobile RAM • Low to medium density 4xnm Specialty DRAM • 38nm 1Gb Specialty DRAM	• Improve yield for 38nm process • Develop 38nm specialty and mobile DRAM products • Develop advanced processes
Flash memory products	• Optimize 90nm process 3V/1.8V Serial NOR Flash, 58nm 3V 256Mb - 1Gb Parallel NOR Flash, 1.8V 128Mb - 256Mb Serial NOR Flash, 3V 128Mb - 512Mb Serial NOR Flash • More value-added functions; secure, high speed, low power, encryption, and low voltage products • 46nm 1Gb~4Gb Code Storage(Code Storage) Flash Memory	• We are using more advanced manufacturing technologies for greater cost competitiveness; providing secure, high speed, lower power, encryption, low voltage and greater customization for more diversified applications, and developing various specialty high-speed Flash products. • Optimize the 58nm process, develop low power, high performance Serial NOR Flash products • Develop 3xnm and Code Storage Flash products • Promote serial interface, more cost efficient high density 1Gb/2Gb/4Gb products • Launch multi-chip memories (MCM) in combination with DRAM products
Logic ICs	• 32-bit ARM® Cortex®-M4 industrial control MCUs • 32-bit ARM® Cortex®-M0 industrial control and motor control MCUs • 24-bit Stereo Audio CODEC (ultra low power audio converter) • Auto detect drive control chips in desktops, laptops, and DC/PWM fan • Signal converter chips used in cloud servers, data centers, and industrial computers with broad voltage and high operating frequency • I/O control chips in desktops	• Strengthen price-performance and local service advantages, and invest in building an ecosystem to support the MCU complete development platform • The ARM® mbed™ IoT Device Platform offers IoT developers a consistent operating system, cloud services, a system of tools and developers for building and deploying standards based commercial IoT solutions. • Offer customers comprehensive high-performance audio and voice solutions

2.2 Development of manufacturing processes

We will strive to improve yield for the in-house 38nm process in 2016 in order to meet customers' requirements of high quality, high reliability, and special process specifications (for automotive electronics).
In 2015, apart from some low-density products which will continue to be made using 90nm process technology, mass production of our medium- and high-density Flash Memory products will shift to 58nm process technology. We will further optimize 58nm process technology, and continue to be a leading Serial NOR Flash producer; while also developing even more advanced 3xnm Flash process technology, and new1Gb-8Gb Code Storage Flash products. We will also develop the high performance, low power consumption Triple Gate Oxide process to meet the demand for specialty products and customer requirements.

d. Business plan - long-term and short-term

As the world's leading vendor of specialty memory, Winbond focuses much of its attention on the specialty and mobile memory DRAM, and provides DRAM and Flash Total Solutions. Winbond offers outstanding product quality, innovative products, long-term support, and excellent customer service to the world's leading brand customers. The following is a summary of our long and short-term sales development plans:

•Short-term business plan

1. DRAM
   (1) In addition to using the 38nm process at foundry partners' for product development, the Company also invests in developing an in-house 38nm process in order to reduce fab fees and boost control over product quality.
   (2) The Company is devoted to developing new products, new customers, and new applications in order to increase chip sales volume and revenue. The aims are to increase internal capacity utilization rate, to reduce fixed costs for individual units, and increase gross profits and profitability.
   (3) Applications, customers, and product combinations are constantly enhanced to increase the value and profitability of each chip to increase the Company's cash flow from operating activities.

2. Flash memory
   (1) Continue to increase market share in applications such as computers and PC peripherals, consumer electronics, mobile handheld devices, and peripheral module products.
   (2) Optimize application, customer, and product combinations to increase the value and profitability of each chip to increase the Company's cash flow from operating activities.
   (3) Cultivate world-class brand customers in pursuit of profit stability and growth.

3. Logic ICs

(1) With respect to MCUs, in addition to strengthening price-performance and local service advantages, and investing in building an ecosystem, we provide a complete development platform, including software required for development, example codes, and development boards and technical support teams. Physical and online training courses are also available. We strives to provide the best developer experience. In addition, the ARM®mbed™ Device Platform offers IoT developers a consistent operating system, cloud services, a system of tools and developers for building and deploying standards based commercial IoT solutions.

(2) With respect to audio products, we will offer customers comprehensive high-performance audio and voice solutions.

(3) With regard to cloud computing products, we combine Israeli design and local service advantages and expand competitive software/hardware solutions for customers' standard IC and ASSP in order to increase market share and achieve relative sales growth.

- Long-term business plan

1. DRAM

(1) Continue the development of advanced processes to increase core competitiveness.

(2) Develop mobile DRAM with new specifications and explore other areas of applications in order to increase mobile memory revenue and RoI on products.

(3) Increase market share for niche markets such as KGD, automotive, industrial, medical, MCP, and SiP as well as optimize the application portfolio to increase the value per chip and average selling price.

2. Flash memory

(1) Continue the development of the high-margin end product application market, and actively expand into areas such as industrial electronics, automotive electronics, medical electronics, IoT, and wearable devices. We have received certification from leading international manufacturers.

(2) The direction of product development will shift to higher density, high speed, low voltage, low power, and heightened security levels.

(3) Launch multi-chip memories (MCM) in combination with DRAM products

(4) Increase production capacity to meet growing customer and application demand.

3. Logic ICs

(1) Regarding MCU, we will continue to invest in product development and strengthen technologies in terms of low power consumption, analog and security; and through product innovation and process technology evolution, introduce applications for specific fields.

(2) For our audio products, we will focus on high-performance Cortex-M0 and M4 32-bit MCU and integrate with ULP audio codec to provide customers with high-quality and integrated audio processing ICs.

(3) For increasing server and data center demand for cloud services, add more product development resources and plan for more new products in hopes of combining innovation with our existing sales channels advantage to launch unique and cost-effective products for long-term development.

2. Market, production and sales

a. Market analysis

1. Consolidated sales revenue by region of product sales for the year 2015:

Unit: thousand NTD

Region	Sales	Percentage
Asia	35,068,097	92%
Americas	1,531,453	4%
Europe	1,649,609	4%
Other	101,156	-
Total	38,350,315	100%

2. Market share and growth potential

2.1 DRAM

In 2015, Winbond's DRAM market share was 1.3%. In 2016, we plan to accelerate development of 38nm products and actively enter mobile handheld devices, wearable devices, automotive, industrial, medical electronics equipment, and IoT applications.

In the area of Specialty DRAM, we will further optimize our applications lineup in and actively develop automotive, industrial, and KGD markets in 2016, as well as make structural adjustments to our profit sources, and achieve a stable long-term gross profit ratio.

In Mobile DRAM, we will strive to develop products with new specifications to increase application coverage in 2016, boost our shipment volume and market share, optimize our overall DRAM product lineup, and establish a business model ensuring long-term profitability.

2.2 Flash memory products

Flash is moving towards high density and the Mb density of each system is continuing to increase. Thanks also to the fewer pin count and lower overall system cost advantages of serial interface Code Storage Flash, the serial interface Code Storage Flash market will continue to grow.

After many years of market expansion efforts, Winbond has become the leading supplier of Code Storage Flash Memory. Winbond held a 32% global market share in 2015. The Company is a leading Code Storage Flash memory supplier with comprehensive high performance and low power consumption products based on both serial and parallel interfaces. In addition to our existing flash products, Winbond has introduced higher density (1Gb - 8Gb), higher speed, and minimum form sectors in order to satisfy the rapidly growing wearable device, mobile device, peripheral module, Internet of Things, automotive electronics and industrial control markets. We also promote serial interface, more cost efficient high density 1Gb/2Gb products, and introduce multi-chip memories (MCM) in combination with DRAM products to expand the range of M2M applications.

2.3 Logic ICs

32-bit ARM® Cortex®-M0/M4 MCUs, ARM® 7/9, 8-bit MCUs, and audio IC products are highly competitive and well received by the market. We continue to hold substantial market share and enjoy stable growth. Our largest customers include well-known major manufacturers of consumer, industrial control, and communications products. Mass production of the new generation Cortex®-M4 MCU products began in 2014. Applications of audio products in emerging fields, such as automotive IoT and audio codecs, occupy a certain percentage of the market as shipment volume increases for local and international customers.

With regard to computer/cloud applications, market share of our motherboard Super I/O, notebook EC, and TPM (Trusted Platform Module) ranked in the top three worldwide in 2015. Our largest customers include major global and Asian brand names in computers as well as OEMs.

3. Competitive edge, favorable and adverse factors for long-term growth and strategy

3.1 DRAM

(1) Competitive niches

Process development, product development, testing techniques, FAE capabilities, and marketing and sales strengths are our core competencies. Currently, DRAM suppliers in Taiwan receive process technology from large foreign DRAM manufacturers by technology licensing. Most Taiwanese DRAM suppliers are not equipped with independent process development capabilities. We are the only Taiwanese DRAM supplier with advanced processes development capabilities. We will begin trial production of specialty DRAM products with our in-house 38nm process technology in 2016. Meanwhile, we will step up development of next generation process technology and apply advanced process technology to develop mobile DRAM products to compete with international DRAM manufacturers. Our competitive niches are in our process development capabilities, supported by product development and quality services.

(2) Favorable and unfavorable factors affecting our development vision

Favorable factors:

- Higher DRAM density of smart phones, tablets, TVs, set-top boxes, networking and storage devices will increase DRAM demand.
- Mobile DRAM applications will extend to many non-handheld devices in 2016. Mobile DRAM as a percentage of overall DRAM will continue to increase. The shift in product structure will lead to a shift of the supply and demand structure. The industry outlook is moving in a positive direction.
- The price of mobile DRAM is stable and not affected by volatility of the price of standard DRAM.
- DRAM manufacturers will cut capital expenditures, dampening supply growth.
- Moore's law in advanced DRAM process technology is entering a bottleneck, causing the supply to slow down.

Unfavorable factors:

- The global economic slowdown is leading to growing economic risks, which will affect the demand for end products.
- Decline in PC demand, slowdown in smart phone growth, and the demand for consumer electronics will be affected by economic conditions.
- Price risk remains for standard DRAM under a mismatch in supply and demand. The price of specialty DRAM will be affected indirectly.

(3) Response measures

- Actively enter the mobile handheld device, automotive, industrial, medical electronics equipment, and IoT markets, and further optimize our applications lineup.
- Invest in development and migrate to advanced process technology to reduce costs and improve product profitability.
- Invest in development of new mobile DRAM products, whose price is stable, and explore new applications and customer bases.
- Secure cash flow management in response to various possible risks

3.2 Flash memory products

(1) Competitive niches

We are currently focusing on the Code Storage Flash market and offer a complete product line employing serial and parallel interfaces. We have our own Fab and both Flash and DRAM (DRAM/LP DRAM) product lines, and can provide total solutions for MCM. We offer a complete Serial Flash product series (512Kb-1Gb). Since 2011, we have introduced the 58nm process and further developed high-density Flash products. In 2015 the Company introduced 46nm process 1Gb - 4Gb high-density Flash. Regardless of whether 3V or 1.8V, Winbond provides more comprehensive Code Storage Flash memory products. We have cultivated the Flash Memory market for many years, and possess a 32% share of the global Serial Flash market (IHS 2015 market research report). Our share of mobile handheld device and peripheral module, consumer electronics and network communication, and IoT markets continue to increase, and we plan to make further inroads into the wearable device, automotive electronics, and medical electronics markets, while obtaining certification from leading manufacturers. We also promote serial interface, more cost efficient high density 1Gb/2Gb products and introduce multi-chip memories (MCM) in combination with DRAM products to expand the range of M2M applications. The Company is one of the only two companies in the world that offer both DRAM and Flash products. Products with stronger encryption were also launched to meet the demand for products such as IoT and automotive electronics.

(2) Favorable and unfavorable factors affecting our development vision

Favorable factors:

- Winbond shifted its whole product line to its 12" Fab in 2010. Serial Flash shipments approached 2 billion units in two consecutive years, 2014 and 2015, account for more than 1/3 of the global market; quality and cost are highly regarded by our customers.
- We offer a comprehensive Flash product line, including 3V high speed Quad I/O Serial Flash, 2.5V/1.8V low-voltage Serial Flash and MCM products, and 3V high-performance high-density Parallel Flash. We are continuing mass production of 58nm process products. We have also introduced the even faster QPI and Double Transfer Rate serial Flash products.
- In 2014 we employed the 46nm process to manufacture high-density products and continue to introduce Code Storage Flash products based on both parallel and serial interfaces, which will make our product portfolio even more comprehensive. We have begun large shipments in 2015. Meanwhile we actively take part in customers' new programs and introduce above products to offer a complete line of solutions ranging from low density to high density.
- Our Flash products have a market share of over 40% in PCs and peripherals. Our market shares in consumer electronics, network communications, IoT, and mobile handheld devices and peripheral module products are also increasing, and we have successfully entered the industrial electronics, wearable device, auto electronics, and medical electronics applications markets.
- We are working together with the world's leading chip vendors to determine standard specifications for the next generation of serial interface high density products.
- Our 12" wafer Fab enables us to respond swiftly to changes in market demand.
- We simultaneously offer Flash and DRAM product lines, providing customers with the convenience of one-stop shopping.

Unfavorable factors:

- Negative global economic outlook dampens sales of electronic end products.

(3) Response measures

- Develop high value-added, secure, high performance, low power, and low voltage products to meet the diverse requirements of customers. We are continuing to develop advanced process technology and high-density Code Storage Flash to continue to boost our competitive advantage.
- We will adjust our product lineup in order to develop the high profit margin, high density Code Storage Flash market.
- We will continue to increase our share of the cell phone, mobile handheld device and peripheral module, network communications, TV, set-top box, and auto electronics markets.
- We will form alliances with world-leading flash companies and design teams, enabling us to provide even more advanced products and technical services.

3.3 Logic ICs

(1) Competitive niches

With respect to MCU electronics applications, apart from the existing 8-bit MCUs and the ARM® Cortex®-M0 core series 32-bit MCUs, which we were the first to introduce in Asia in 2010, customers have already started using the high computing power MCU products based on the ARM® Cortex®-M4 core we launched in 2014. In addition, MCU based integration of audio codec and third party voice recognition is the chosen application for breaking into the IoT market. We will further provide our customers with a diverse selection of products, such as voice prompting and recognition in handheld devices, smart home appliances, and medical electronics, and ideal economic solutions.

In the field of cloud computing products, apart from existing main product lines, we will also look to supply customers with USB chargers, power switches, and thermal sensors and Type C products for IP Integration applications. Meanwhile, we will work with customers to develop customized IC products and expansion into non-computer application domains in order to help customers reduce costs and become more competitive.

(2) Favorable and unfavorable factors affecting our development vision

Favorable factors:

- The trend of MCU products is towards lightweight, intelligent, low-power consumption, wired and wireless networking, touch-based interfaces, and USB OTG, as well as streamlined user development and compliance with green certification.
- The Company maintains a leading position in the cloud computing product market. Apart from launching mass production of Intel Skylake compatible ARM® Cortex®- M4 SIO (Super I/O) and embedded controller (EC), the Company has also become the first and only Federal Information Processing Standards (FIPS), Common Criteria EAL4+ and Trusted Computing Group (TCG) certified TPM IC supplier in the world. While the quality and reliability of its security products is widely recognized by international standards, the Company combines PC peripherals to use the core competency to increase penetration in the PC market and raise the competitive barrier.
- We have introduced audio enhancement DSP chips and plan to integrate audio amplification onto single chip devices, which will enable customers to optimize audio fidelity of 3G cell phone accessories and Bluetooth speakers as well as TV audio. Thin speakers are also supported.

Unfavorable factors:

- Fierce competition in the consumer electronics market coupled with short product life cycles and rapid replacement of traditional applications by new product applications have all contributed to increased costs.
- Several global vendors and some manufacturers in China have followed suit and introduced their own MCUs based on the ARM® Cortex®-M0 core, prices of MCU products are thus under pressure due to increased competition.

(3) Response measures

- With the solid foundation laid by PC ODM/OEM customers, we will keep launching new innovative, integrated, low power, and high performance products to attract more partnership opportunities with international brand names and achieve full growth momentum.
- We will continue to strengthen optimization of our products and invest in global technical support teams in order to provide localized customer support services. We will also provide reference designs to reduce R&D costs and time required for customers to adopt our products.
- We plan to establish applications sales teams for key customers, introduce vertically integrated application solutions and replicate our successful solutions in other emerging cities and markets.

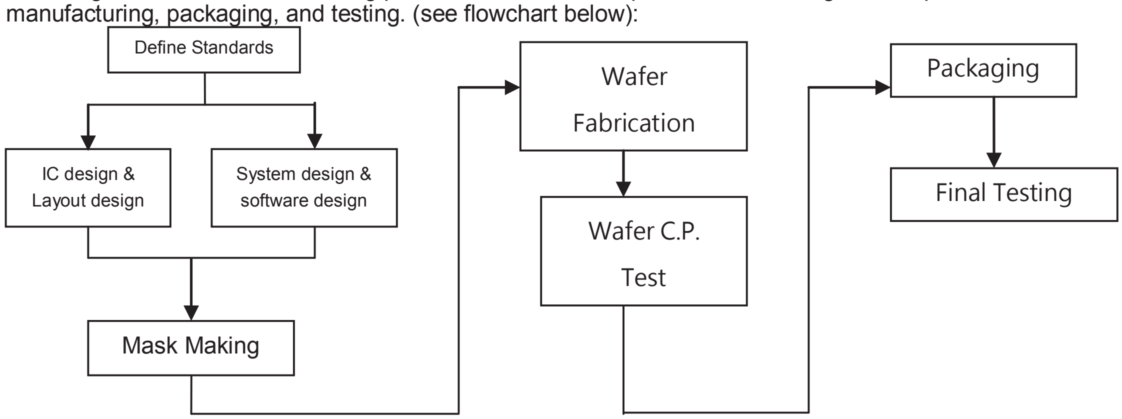
b. Major product manufacturing processes

1. Major applications of core products

Products		Description
DRAM	1.SDR/DDR/DDR2/DDR3 Specialty DRAM 2.Pseudo SRAM、Mobile DRAM	1. Used in computer peripherals and consumer electronic products 2. Used in mobile devices, computers and consumer electronic products
Flash memory products	Low-, medium-, and high-density Code Storage Flash products	Used in end products including IoT, computers and peripherals, consumer electronics, mobile handheld devices, peripheral module products, automotive electronics, medical electronics, wearable devices, and M2M.
Logic ICs	Microcontrollers (MCU) Audio ICs Cloud computing products	Industrial controls, healthcare, motor controls, electronic scales, small appliance controls, elevator controls, stage lighting systems, aviation module power regulation, consumer electronics, power management, ePOS, HMI, IP-CAM, wireless audio, WiFi Cam, learning device, and products widely deployed in IoT control devices, notebook and laptop-like computers, desktop computers, smart handheld devices, and computer servers.

2. Production processes

The integrated circuit manufacturing process consists of five processes: IC design, mask production, wafer manufacturing, packaging, and testing. (see flowchart below):



c. State of supply of chief raw materials

Winbond's major raw materials and parts include silicon chips, chemicals used in processes, special gases, and targets, etc. The suppliers of these materials are located in the US, Japan, Korea, and Taiwan. A certain level of quality and a steady supply can be expected of these suppliers. Outsourced items include testing and packaging. We have at least two different qualified suppliers for each item, ensuring source and stability of supply.

d. Names of suppliers who accounted for more than 10% of the purchase by the Company in the last two years, and the amount of purchase to total purchase

In 2014 and 2015, no single supplier accounted for more than 10% of the Company's total purchases as reported in the consolidated financial statements.

e. Names of customers who accounted for more than 10% of the sales in the last two years, and sales as a percentage of total sales

In 2014 and 2015, no single customer accounted for more than 10% of the Company's total sales as reported in the consolidated financial statements.

f. Output volume and value during the most recent two years

1. Total combined output of the Company and its subsidiary Nuvoton Technology:

Unit: thousand NTD

Year	2015				2014			
Core products/ Production capacity/Output	Production capacity (Note 1)	Output volume (Note 2)		Value	Production capacity (Note 1)	Output volume (Note 2)		Value
		Wafer	Die			Wafer	Die	
DRAM	12-inch wafers 501	2.2	991,483	13,371,076	12-inch wafers 410	0.5	990,228	14,163,805
Flash		0.1	1,926,041	8,275,551		0.7	1,959,656	8,071,004
Logic ICs	6-inch wafers 480	279	615,294	4,084,800	6-inch wafers 480	296	606,017	3,807,569
Total		281.3	3,532,818	25,731,427		297.2	3,555,901	26,042,378

Note 1: Wafer production capacity is measured in 1,000 pieces.

Note 2: Wafer production is measured in 1,000 pieces; die production is measured in 1,000 pieces.

g Sales volume and value as reported in the Consolidated Financial Statements for the most recent two years

Unit: thousand NTD

Year	2015						2014					
Product/Sales volume and value	Domestic sales			Exports			Domestic sales			Exports		
	Sales volume (note)		Sales	Sales volume (note)		Sales	Sales volume (note)		Sales	Sales volume (note)		Sales
	Wafer	Die		Wafer	Die		Wafer	Die		Wafer	Die	
DRAM	1	270,683	5,642,557	1	701,228	14,272,611	-	282,525	5,802,344	-	691,536	14,296,462
Flash	-	287,451	1,560,467	-	1,623,020	9,641,992	-	228,645	1,411,098	1	1,757,557	9,695,244
Logic ICs	191	163,939	2,037,409	91	447,468	5,163,665	209	197,251	2,287,358	88	399,443	4,493,273
Other	-	-	23,206	-	-	8,408	-	-	3,166	-	-	715
Total	192	722,073	9,263,639	92	2,771,716	29,086,676	209	708,421	9,503,966	89	2,848,536	28,485,694

Note: Wafer and die sales are measured in 1,000 pieces.

3. Employees

Information related to the employees of the Company and subsidiary Nuvoton Technology:

Year		2014	2015	2016 up to March 31, 2016
Number of employees	Technical personnel (engineers)	2,298	2,464	2,510
	Administration and sales staff	826	870	867
	Assistant to technicians	729	755	751
	Total	3,853	4,089	4,128
Average age		38.52	38.04	38.76
Average years of service		9.17	9.30	9.17
Education background (%)	Ph.D	1.36	1.56	1.58
	Master's	34.30	35.10	35.49
	University/College	48.17	47.57	47.47
	Senior High School	15.53	15.17	14.87
	Senior High School and below	0.64	0.60	0.59

4. Spending on environmental protections

a. Losses due to environmental pollution (including compensation) and total fines during the most recent year and up to the annual report publication date: N/A

b. Preventive measures taken to ensure a safe working environment and maintain employees' personal safety

The Company upholds the spirit of the ISO 14001 environmental management system, and pledges to provide and maintain a working environment better than that required by law and industry practice. We also strive to comply with international environmental protection standards, and seek to eliminate possible environmental risks through continuous improvement.
As a member of the global village, in line with the principle of environmentally-friendly design, we strive to develop green products and energy-consuming, low-pollution products that will fulfill our vision of sustainable corporate development.
Throughout production operations, we rely on process optimization to reduce consumption of water and power, use of raw materials and parts, and pollution emissions for each output unit. With respect to organizational management, the Company established a Quality and Environmental, Health, and Safety Management center responsible for environmental, health, and safety management. We have also appointed suitable environmental management specialists dedicated to air pollution control, water pollution control, and waste disposal and toxic chemicals management. In accordance with law, we have obtained all required environmental protection permits and licenses. Adequate recycling systems for process waste water, exhaust gases, and solid wastes were incorporated during an early stage of the plant design process, enabling us to reduce resource losses and pollutant discharges.
Thanks to our dedication to environmental protection, we have received honors such as the Green Business Award, National Outstanding Industrial Waste Reduction Factory and Contributing Group Award, and Industry Outstanding Voluntary Greenhouse Gas Emission Reduction Factory Award from agencies including the EPA and MOEA. We have received many honors over the years, including the Council of Labor Affairs' Friendly Workplace Award and the Central Taiwan Science Park Administration's Superior Labor Health, Safety Enterprise Award and Health Promotion Administration's Outstanding Healthy Workplace Award.
Furthermore, we have also undertaken the health, safety, and risk management tasks prescribed in OHSAS 18001 and TOSHMS, and integrated an environmental, health and safety management system in order to enhance our overall environmental management performance. The Company undertakes an internal environmental, health, and safety audit every half a year and an external audit yearly to ensure proper implementation.
Looking to the future, we will continue to strengthen our spirit of corporate sustainability, while responding to increasing environmental consciousness by engaging in appropriate environmental protection expenditure when needed, employing innovative technologies to improve the efficiency of pollution control equipment, and striving to minimize the environmental impact of production activities.

5. Employees-employer relations

a. Employee welfare, education and training, retirement system and implementation

1. Employee welfare

The Company has established an "Employee Welfare Committee," "retirement reserve fund supervisory committee," and "environmental, health, safety, and risk management committee," and employees can rely on channels such as employer-employee conferences and improvement suggestion measures to communicate with management.

2. Employee training and education

The Company has established a complete, diversified learning environment in accordance with the Education and Training Management Procedures, and has trained several dozen in-house lecturers in line with the ideal of "respect for the individual and cultivation of professionalism." A total of 387 training classes were held in 2015, and were attended for a total of 27,264 person-hours. Employees took part in training a total of 26,795 person-times, training expenditures totaled NT$10.36 million, and the average training cost per employee was NT$4,600. The company's main learning channels included the following:

(1) Classroom classes: In accordance with demand, we formulate professional, QC, work safety, management, and general education and training classes on an annual basis, and hold classes in accordance with plans; employees may sign up to participate in these classes. The following is a summary of the various types of classes:

A. We offer management development training activities in accordance with our management functions blueprint; these activities include high-level, mid-level, and basic-level new manager training and other elective classes.

B. We offer common, QC, and work safety training in accordance with the Company's quality policy, government laws, and overall demand. Examples of these training classes include working methods, statistical analysis methods, and emergency response safety training classes.
C. Professional training is offered when our units have need of specific professional functions. Examples include R&D design classes, process testing classes, and international seminar sharing sessions.
D. New employee training classes are geared to getting newcomers quickly up to speed, and include the employment system, corporate culture, and work adaptation classes.
E. We conduct basic training assessments for direct personnel, including new employees, as well as continuing advanced professional skills assessments.

(2) Online classes: The company's training website provides information on various online classes. To ensure that learning is not limited to certain times or places, employees can access lecture notes from various types of classes online at any time. We offer the following types of online classes: Classes on the company environment and management system, etc.; classes on laws, regulations, and rules of conduct, and providing basic process training; language classes and other elective classes.

(3) Lifelong learning: To encourage employers' continuing development and personal growth, in accordance with the In-service Continuing Education Regulations, we recommend that employees study for Master's or Ph.D. degrees at Ministry of Education-accredited domestic universities or approved foreign universities, and the company will subsidize relevant costs. We also provide employees subsidies for enhancement and work-related skills training provided by an external or foreign organization.

3. Retirement system

The Company has drafted retirement regulations in line with the requirements of the Labor Standards Law and Labor Pension Act, has established a "retirement reserve fund supervisory committee," regularly monitors disbursements from the retirement reserve fund, and bears responsibility for the review of retirement applications.

b. Licenses held by personnel involved in meaning the transparency of financial information:

International certified internal auditor (CIA): 2 persons.
International certification in control self-assessor (CCSA): 1 persons.
International certified information systems auditor (CISA): 1 persons.

c. Labor-management harmony and employee rights maintenance measures

1. The Company has drafted "employer-employee conference implementation regulations," and regularly holds employer-employee conferences to discuss and negotiate issues of importance. Items in conference resolutions must be dealt with fully by relevant units within a limited time.
2. The Company has drafted "internal appeal regulations" intended to maintain employees' lawful rights and interests and help eliminate illegal and unreasonable treatment of employees, ensuring that employees enjoy a legally-compliant, reasonable, and fair working environment.

d. Losses due to labor-management disputes during the most recent year and up to the annual report publication date: N/A

e. Estimated losses due to current and possible future labor-management disputes and response measures

The Company holds regular employer-employee conferences to promote the exchange of views between employer-employee. Both sides have consistently maintained a state of consensus since the founding of the Company, and no disputes have occurred.

f. Employee rules of conduct

This company has drafted comprehensive rules of conduct to provide employees with standards for work ethics and conduct, protection of intellectual property rights/business secrets, and work orders. These rules, which are described below, can be viewed by employees via the document management system, announcements in relevant internal websites, or bulletin board messages:

1. Work ethics and conduct
   (1) Work rules: The Company's regulations contain dedicated service rules and general principles for prevention of sexual harassment.
   (2) Workplace sexual harassment prevention regulations: In accordance with relevant government laws and regulations, The Company has explicitly drafted workplace sexual harassment prevention regulations and established a dedicated awareness website, and has adopted appropriate prevention, correction, and punishment measures.
   (3) Employment contracts: Specifies the requirement that employees faithfully perform their duties.
   (4) Human resource management conduct guidelines: In accordance with relevant government laws and regulations and company regulations, we have drafted "human resource management conduct guidelines" classes on such subjects as eliminating discrimination, fair treatment, and prohibition of involuntary labor. To ensure that everyone can work under fair and lawful conditions, all company employees receive extensive awareness of these guidelines.
2. Rules for protection of intellectual property rights and maintenance of business secrets
   (1) Work rules: The Company's regulations contain general principles for maintenance of the confidentiality of business secrets.
   (2) Employment contracts: Employment contracts specify requirements concerning confidentiality duties, document ownership, secret information, ownership of intellectual or industrial property, and non-compete terms.
3. Work orders
   (1) Division of responsibilities: The "guidelines for responsibility stratification" specify the division of responsibilities, and serve to guide the performance of on-the-job duties.
   (2) Duties of individual units: The mission of each unit is clearly defined.
   (3) Restrictions on the hiring of relatives: The "restrictions on the hiring of relatives" specify that relatives should not be hired to fill certain positions. This is intended to ensure that the effectiveness and efficiency of the company's internal management is not compromised unnecessarily by family relationships between employees.

(4) Attendance management
 (a) "Request for leave regulations": These regulations explicitly state The Company's leave request principles and regulations.
 (b) "Domestic travel regulations" and "foreign travel regulations": To facilitate personnel management and activate substitute mechanisms, the company has established operating procedures for travel applications; To ensure that personnel taking business trips accomplish their missions, such personnel shall be given appropriate travel subsidies.
 (c) "Overtime regulations": These regulations explicitly specify The Company's overtime principles and standards.
 (d) "Regulations concerning work stoppages due to natural disasters and major accidents": These regulations explicitly state standards for work stoppages in the event of natural disasters and major accidents.

(5) Performance management
 (a) "Performance management and evaluation regulations": These regulations seek to provide an understanding of employees' strengths and weaknesses, and help them to develop their personal abilities, by assessing the degree to which employees have achieved their personal goals; Employees' contributions to the organization are determined on the basis of mutual comparisons between peers.
 (b) "Performance guidance operating regulations": Performance guidance work seeks to enhance the productivity of the company as a whole.

(6) Reward and penalty regulations
 The "Reward and penalty handling regulations" prescribe appropriate rewards or punishments for those employees who display superior performance or violate regulations, and have the intent of encouraging and maintaining on-the-job morale and order.

(7) Manpower development
 (a) "In-service continuing education regulations": These regulations establish channels for continuing education, and have a goal of accumulating the human resources needed for the company's long-term operations.
 (b) "Regulations concerning application to participate in academic groups and organizations": Participation in academic groups and organizations participate can promote the diffusion of knowledge and experience, and help employees to find out about the newest information in their professional fields.
 (c) "Conference participation and management regulations": Participation in international conferences enables employees to acquire the newest information in their professional fields.

(8) Communication channels
 (a) "Labor-management conference implementation regulations": These regulations enshrine the consensus and shared welfare of labor and management, promote teamwork for the sake of corporate development and employee welfare, establish an effective two-way communication system between labor and management, put an end to labor-management disputes, ensure harmonious labor-management relations, and encourage maximal productivity.
 (b) "Corporate internal appeal regulations": These regulations provide employees with channels expressing their views and making appeals directly to the company, maintain employees' rights and interests, and encourage communication of views.
 (c) "Employee suggestion regulations": Employee's ideas and creative thinking can help the company to continue to improve. These regulations provide for rewards for employees who submit proposals concerning the company's operations, and are intended to encourage employees to contribute their intelligence and experience.

6. Important contracts

Nature of contract	Contracting parties	Year and month of contract start and end	Content	Restriction clauses
Technical cooperation	Qimonda AG of Germany	2007.06 - 2014.12 (Note 2)	Licensing of 75nm and 58nm DRAM technology and reserving specific capacity (Note 1)	N/A
Technical cooperation	Qimonda AG of Germany	2008.04 - 2015.12 (Note 2)	Licensing of 65nm DRAM technology and reserving specific capacity (Note 1)	N/A
Technical cooperation	Qimonda AG of Germany	2009.08-permanent (Note 2)	Licensing of graphics DRAM process technology and equipment purchase, expanded licensing for 90-65nm process technology, and settlement of insolvency procedure	N/A
Technical cooperation	Qimonda AG of Germany	2010.04-permanent (Note 2)	Licensing of 45 nm and 46 nm Buried Wordline DRAM processes and equipment purchase	N/A
Syndicated loan	16 banks in the consortium, including Bank of Taiwan	2010.05 - 2015.05	NT$7 billion syndicated loan: 12-inch fab equipment and repayment of long-term debt that matured in 2010	N/A
Syndicated loan	17 banks in the consortium, including Bank of Taiwan	2011.09-2016.09	NT$7 billion syndicated loan: 12-inch fab equipment	N/A
Syndicated loan	10 banks in the consortium, including CTBC Bank	2012.11-2015.11	NT$5 billion syndicated loan: Payment of existing financial liabilities and replenish operating funds	N/A
Equipment leasing	Powerchip Semiconductor Corp.	2013.12 - 2016.12	The Company acquired foundry service production capacity (both parties entered into separate service agreements)	N/A
Syndicated loan	13 banks in the consortium, including CTBC Bank	2014.07 - 2019.07	NT$9 billion syndicated loan: 12-inch fab equipment and ancillary equipment, and the repayment of existing loans from financial institutions	N/A
Medium-term credit	Bank of Taiwan	2014.12 - 2021.12	NT$618 million: Zhubei landmark land and other buildings	N/A
New construction	TASA Construction Corporation	2015.05 - 2121.11	Material procurement for new civil construction at FAB-C at Central Taiwan Science Park	N/A
New construction	TASA Construction Corporation	2015.05 - 2121.11	Construction contract for new civil construction at FAB-C at Central Taiwan Science Park	N/A

Note 1: Winbond and Qimonda AG entered an agreement in August 2009 to terminate the prior agreement on reserving specific capacity.
Note 2: The licensing of 90-45nm process technologies from Qimonda AG becomes permanent after Winbond pays off royalties as agreed.

7. Financial difficulties and corporate events encountered by the Company and affiliates in the past year and up to the date of report that have material impact on the financial status of the Company: N/A

Financial Overview

1. Condensed balance sheets, statements of income, names of auditors, and audit opinions (2011-2015)

1.1 Condensed consolidated balance sheet and statements of income

1.1.1 Condensed consolidated balance sheet (2011 - 2015)

Unit: NT$1,000

Item\Year		Based on Financial Accounting Standards in Taiwan		Based on International Financial Accounting Standards (IFRSs) (Note 1)			
		2011	2012	2012	2013	2014	2015
Current assets		19,214,023	20,287,621	20,065,265	22,408,255	22,976,738	24,712,757
Funds and long-term investments	Financial assets available for sale	353,997	64,530	64,530	281,070	-	-
	Held-to-maturity investment	-	-	-	97,770	101,840	-
	Financial assets carried at cost	1,245,403	604,185	678,588	656,676	719,378	727,786
	Investment accounted for using equity method	65,092	1,727,128	1,726,533	2,407,094	2,416,386	1,724,898
Property, plant and equipment (fixed assets)		35,149,539	29,021,114	29,021,114	24,804,025	33,986,751	31,915,030
Intangible assets		639,191	183,310	183,310	193,947	311,616	270,926
Other assets	Other non-current assets	4,257,404	4,331,249	4,536,698	4,829,841	4,328,308	3,246,370
Total Assets		60,924,649	56,219,137	56,276,038	55,678,678	64,841,017	62,597,767
Current liabilities	Before distribution	15,970,810	14,373,014	14,443,119	12,501,610	14,451,378	12,333,195
	After distribution	15,970,810	14,373,014	14,443,119	12,501,610	14,451,378	12,333,195
Non-current liabilities	Long-term liabilities	7,966,663	6,550,000	6,550,000	6,076,193	9,763,339	8,755,160
	Other liabilities	562,093	638,157	1,167,384	1,212,773	1,326,209	1,410,873
Total liabilities	Before distribution	24,499,566	21,561,171	22,160,503	19,790,576	25,540,926	22,499,228
	After distribution	24,499,566	21,561,171	22,160,503	19,790,576	25,540,926	22,499,228
Equity attributable to owners of parent		35,355,500	33,472,439	33,006,052	34,813,920	38,183,244	38,901,971
Capital		36,802,302	36,856,012	36,856,012	36,940,232	36,949,822	35,800,002
Capital surplus		2,232,519	2,199,126	2,177,342	2,148,359	2,143,393	2,470,292
Accumulated loss	Before distribution	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)	2,086,060
	After distribution	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)	2,086,060
Other interests	Unrealized gain (loss) on financial instruments	(1,449,394)	(1,408,417)	(1,408,417)	79,055	292,835	(1,436,767)
	Exchange differences arising on translation of foreign currency financial statements (cumulative translation adjustment)	359,900	268,081	(81,748)	(59,567)	23,265	88,771
Treasury stock		(106,387)	(106,387)	(106,387)	(106,387)	(106,387)	(106,387)
Non-controlling interests (minority interests)		1,069,583	1,185,527	1,109,483	1,074,182	1,116,847	1,196,568
Total equity (total stockholders' equity)	Before distribution	36,425,083	34,657,966	34,115,535	35,888,102	39,300,091	40,098,539
	After distribution	36,425,083	34,657,966	34,115,535	35,888,102	39,300,091	40,098,539

Note 1: The Company adopts the FSC-recognized IFRSs in preparing consolidated financial statements starting 2013.

Note 2: The financial information for FY 2011 to FY 2015 was audited and certified by accountants. The 2015 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders' meeting.

1.1.2 Condensed consolidated statements of income (2011-2015)

Unit: NT$1,000

Item\Year	Based on Financial Accounting Standards in Taiwan		Based on International Financial Accounting Standards (IFRSs) (Note 1)			
	2011	2012	2012	2013	2014	2015
Operating revenue	34,696,850	32,965,283	32,965,283	33,135,448	37,989,660	38,350,315
Gross profit	6,056,701	5,160,284	5,162,985	6,908,932	10,790,461	11,821,653
Operating income (loss)	(173,335)	(1,279,475)	(1,281,362)	765,198	3,658,423	4,108,926
Non-operating income and expense	(353,270)	(160,596)	(168,158)	(206,544)	282,615	139,258
Net income (loss) before tax	(526,605)	(1,440,071)	(1,449,520)	558,654	3,941,038	4,248,184
Less: Income tax expense	152,363	175,037	175,037	271,288	730,494	775,311
Net income (loss)	(678,968)	(1,615,108)	(1,624,557)	287,366	3,210,544	3,472,873
Other comprehensive income			(227,705)	1,567,420	294,103	(1,754,383)
Total comprehensive income			(1,852,262)	1,854,786	3,504,647	1,718,490
Earnings (loss) per share (NT$)	(0.23)	(0.50)	(0.51)	0.06	0.83	0.90
Net income (loss) attributable to:						
Owners of parent			(1,862,883)	206,564	3,075,969	3,291,251
Non-controlling interests			238,326	80,802	134,575	181,622
Net income (loss)			(1,624,557)	287,366	3,210,544	3,472,873
Total comprehensive income attributable to:						
Owners of parent			(2,040,687)	1,752,631	3,364,700	1,541,648
Non-controlling interests			188,425	102,155	139,947	176,842
Total comprehensive income			(1,852,262)	1,854,786	3,504,647	1,718,490

Note 1: The Company adopts the FSC-recognized IFRSs in preparing consolidated financial statements starting 2013.

Note 2: The financial information for FY 2011 to FY 2015 was audited and certified by accountants. The 2015 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders' meeting.

1.2 Condensed balance sheet and statements of income

1.2.1 Condensed balance sheet (2011 - 2015)

Unit: NT$1,000

Item\Year		Based on Financial Accounting Standards in Taiwan		Based on International Financial Accounting Standards (IFRSs) (Note 1)			
		2011	2012	2012	2013	2014	2015
Current assets		14,750,125	15,811,873	15,664,873	17,675,258	18,128,962	19,345,192
Funds and long-term investments	Financial assets available for sale	64,800	64,530	64,530	281,070	-	-
	Held-to-maturity investment	-	-	-	97,770	101,840	-
	Financial assets carried at cost	61,855	56,481	56,481	40,161	40,161	80,161
	Investment accounted for using equity method	4,825,200	5,387,887	5,285,053	6,224,488	6,576,196	6,049,338
Property, plant and equipment (fixed assets)		34,395,036	28,396,274	28,396,274	24,132,155	33,304,147	31,195,173
Intangible assets		548,754	38,430	38,430	52,000	52,000	76,371
Other assets	Other non-current assets	3,725,602	3,803,504	3,933,597	4,352,813	3,807,584	2,750,037
Total Assets		58,371,372	53,558,979	53,439,238	52,855,715	62,010,890	59,496,272
Current liabilities	Before distribution	14,668,433	13,009,438	13,055,594	11,125,426	13,194,495	10,878,474
	After distribution	14,668,433	13,009,438	13,055,594	11,125,426	13,194,495	10,878,474
Non-current liabilities	Long-term liabilities	7,966,663	6,550,000	6,550,000	6,076,193	9,763,339	8,755,160
	Other liabilities	380,776	527,102	827,592	840,176	869,812	960,667
Total liabilities	Before distribution	23,015,872	20,086,540	20,433,186	18,041,795	23,827,646	20,594,301
	After distribution	23,015,872	20,086,540	20,433,186	18,041,795	23,827,646	20,594,301
Capital		36,802,302	36,856,012	36,856,012	36,940,232	36,949,822	35,800,002
Capital surplus		2,232,519	2,199,126	2,177,342	2,148,359	2,143,393	2,470,292
Accumulated loss	Before distribution	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)	2,086,060
	After distribution	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)	2,086,060
Other interests	Unrealized gain (loss) on financial instruments	(1,449,394)	(1,408,417)	(1,408,417)	79,055	292,835	(1,436,767)
	Exchange differences arising on translation of foreign currency financial statements (cumulative translation adjustment)	359,900	268,081	(81,748)	(59,567)	23,265	88,771
Treasury stock		(106,387)	(106,387)	(106,387)	(106,387)	(106,387)	(106,387)
Total equity (total stockholders' equity)	Before distribution	35,355,500	33,472,439	33,006,052	34,813,920	38,183,244	38,901,971
	After distribution	35,355,500	33,472,439	33,006,052	34,813,920	38,183,244	38,901,971

Note 1: The Company adopts the FSC-recognized IFRSs in preparing consolidated financial statements starting 2013.

Note 2: The financial information for FY 2011 to FY 2015 was audited and certified by accountants. The 2015 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders' meeting.

1.2.2 Condensed statements of income (2011 - 2015)

Unit: NT$1,000

Item\Year	Based on Financial Accounting Standards in Taiwan		Based on International Financial Accounting Standards (IFRSs) (Note 1)			
	2011	2012	2012	2013	2014	2015
Operating revenue	27,214,454	25,418,819	25,418,819	26,165,961	30,929,689	30,843,606
Gross profit	3,064,955	1,943,103	1,945,491	3,939,796	7,614,128	8,462,362
Operating income (loss)	(625,146)	(2,027,742)	(2,023,662)	344,684	3,224,735	3,506,698
Non-operating income and expense	(218,145)	175,206	160,779	(138,120)	447,234	403,553
Net income (loss) before tax	(843,291)	(1,852,536)	(1,862,883)	206,564	3,671,969	3,910,251
Less: Income tax expense	-	-	-	-	596,000	619,000
Net income (loss)	(843,291)	(1,852,536)	(1,862,883)	206,564	3,075,969	3,291,251
Other comprehensive income			(177,804)	1,546,067	288,731	(1,749,603)
Total comprehensive income			(2,040,687)	1,752,631	3,364,700	1,541,648
Earnings (loss) per share (NT$)	(0.23)	(0.50)	(0.51)	0.06	0.83	0.90

Note 1: The Company adopts the FSC-recognized IFRSs in preparing consolidated financial statements starting 2013.

Note 2: The financial information for FY 2011 to FY 2015 was audited and certified by accountants. The 2015 financial report has been approved by the Board of Directors, but has not yet been submitted to the shareholders' meeting.

1.3 Names of auditors and audit opinions (2011 – 2015)

Year	CPA	Audit opinion
2011	K. T. Hong and K. C. Wu	Modified unqualified opinion (Note)
2012	K. T. Hong and K. C. Wu	Unqualified opinion
2013	K. T. Hong and K. C. Wu	Unqualified opinion
2014	K. T. Hong and K. C. Wu	Unqualified opinion
2015	K. T. Hong and K. C. Wu	Unqualified opinion

Note: The CPA issued a modified unqualified opinion in their 2011 audit reports because the financial statements of some investee companies accounted for using equity method were audited by other CPA.

2. Financial analysis (2011 - 2015)

2.1 Financial analysis of consolidated financial statements (2011 – 2015)

Item\Year		Based on Financial Accounting Standards in Taiwan		Based on International Financial Accounting Standards (IFRSs) (Note 1)			
		2011	2012	2012	2013	2014	2015
Financial structure	Debt-to-assets ratio (%)	40.21	38.35	39.37	35.54	39.39	35.94
	Long-term fund to property, plant and equipment (fixed assets) ratio (%)	126.29	141.99	144.14	174.07	148.26	157.49
Solvency	Current ratio (%)	120.30	141.15	138.92	179.24	158.99	200.37
	Quick ratio (%)	72.16	81.57	79.66	118.07	108.72	122.21
	Times interest earned	-	-	-	3.15	23.22	17.10
Operating ability	Receivables turnover ratio (times)	8.05	7.47	7.47	6.86	7.22	7.11
	Average days of collection	45	48	49	53	51	51
	Inventory turnover ratio (times)	4.21	3.61	3.61	3.47	4.09	3.57
	Payables turnover ratio (times)	7.43	6.70	6.70	6.54	6.59	5.88
	Average days of sales	86	101	101	105	89	102
	Property, plant and equipment (fixed assets) turnover ratio (times)	0.93	1.02	1.02	1.23	1.29	1.16
	Total assets turnover ratio (times)	0.54	0.56	0.56	0.59	0.63	0.60
Profitability	Return on assets (%)	(0.50)	(2.24)	(2.25)	0.89	5.57	5.79
	Return on equity (shareholder's equity) (%)	(1.81)	(4.54)	(4.63)	0.82	8.54	8.74
	Operating income to paid-in capital (%)	(0.47)	(3.47)	(3.47)	2.07	9.90	11.47
	Income before tax to paid-in capital (%)	(1.43)	(3.90)	(3.93)	1.51	10.66	11.86
	Net profit margin (%)	(1.95)	(4.89)	(4.92)	0.86	8.45	9.05
	Earnings per share (NT$)	(0.23)	(0.50)	(0.51)	0.06	0.83	0.90
Cash flows	Cash flow ratio (%)	59.98	44.21	44.03	58.05	63.21	62.09
	Cash flow adequacy ratio (%)	86.36	89.06	91.14	149.23	122.44	118.37
	Cash reinvestment ratio (%)	8.48	5.41	5.41	5.83	6.84	5.50
Leverage	Operating leverage	(87.65)	(9.80)	(9.78)	15.35	3.91	3.91
	Financial leverage	0.28	0.77	0.77	1.51	1.05	1.06

Reasons for changes in financial ratios exceeding 20%:
Increase in current ratio: Increase in current ratio was mainly due to increase in inventory that led to increase in current assets and repayment of short-term loan and current portion of long-term loan payable that led to decrease in current liabilities.

Note 1: The Company adopts the FSC-recognized IFRSs in preparing consolidated financial statements starting 2013.

Note 2: The financial ratios were computed based on CPA-audited financial information. The computation formulas used in financial analysis:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Long-term fund to property, plant and equipment (fixed assets) ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1)Current ratio = current assets / current liabilities.
   (2)Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
   (3)Time interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net operating revenue / average balance of receivable of the period (including accounts receivable and business-related notes receivable).
   (2) Average days of collection = 365 / receivables turnover ratio.
   (3) Inventory turnover ratio = cost of goods sold / average amount of inventory.
   (4) Payable (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payable of the period (including accounts payable and business-related notes payable).
   (5) Average days of sales = 365 / inventory turnover ratio.
   (6) Property, plant and equipment (fixed assets) turnover ratio = net sales / net average property, plant and equipment.
   (7) Fixed assets turnover ratio = net sales / total average fixed assets.
4. Profitability
   (1) Return on assets = [after-tax profit + interest cost (1-tax rate)] / average total assets.
   (2) Return on equity (shareholder's equity) = after-tax profit /total average equity.
   (3) Net profit margin = after-tax profit / net operating income.
   (4) Earnings per share = (income attributable to owners of parent – dividend to preferred stock) / weighted average of shares issued.
5. Cash flows
   (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities –cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income — variable operating cost and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income — interest expense).

2.2 Financial analysis of financial statements (2011-2015)

Item\Year		Based on Financial Accounting Standards in Taiwan		Based on International Financial Accounting Standards (IFRSs) (Note 1)			
		2011	2012	2012	2013	2014	2015
Financial structure	Debt-to-assets ratio (%)	39.43	37.50	38.23	34.13	38.42	34.61
	Long-term fund to property, plant and equipment (fixed assets) ratio (%)	125.95	140.94	142.21	172.92	146.57	155.85
Solvency	Current ratio (%)	100.37	121.48	119.98	158.87	137.39	177.83
	Quick ratio (%)	54.34	64.00	62.70	98.50	88.99	99.46
	Times interest earned	-	-	-	1.79	21.73	15.9
Operating ability	Receivables turnover ratio (times)	8.22	7.54	7.54	6.88	7.24	7.13
	Average days of collection	44	48	48	53	50	51
	Inventory turnover ratio (times)	4.07	3.46	3.46	3.36	4.00	3.43
	Payables turnover ratio (times)	7.29	6.61	6.61	6.50	6.52	5.71
	Average days of sales	89	105	105	109	91	106
	Property, plant and equipment (fixed assets) turnover ratio (times)	0.74	0.80	0.80	0.99	1.07	0.95
	Total assets turnover ratio (times)	0.44	0.45	0.45	0.49	0.53	0.50
Profitability	Return on assets (%)	(0.80)	(2.77)	(2.79)	0.79	5.61	5.77
	Return on equity (shareholder's equity) (%)	(2.31)	(5.38)	(5.47)	0.60	8.42	8.53
	Operating income to paid-in capital (%)	(1.69)	(5.46)	(5.49)	0.93	8.72	9.79
	Income before tax to paid-in capital (%)	(2.29)	(5.02)	(5.05)	0.55	9.93	10.92
	Net profit margin (%)	(3.09)	(7.28)	(7.32)	0.78	9.94	10.67
	Earnings per share (NT$)	(0.23)	(0.50)	(0.51)	0.06	0.83	0.90
Cash flows	Cash flow ratio (%)	64.81	43.92	44.24	58.19	64.35	68.19
	Cash flow adequacy ratio (%)	89.78	89.30	91.60	149.53	122.07	118.15
	Cash reinvestment ratio (%)	10.16	5.81	5.88	6.14	7.36	6.15
Leverage	Operating leverage	(19.90)	(4.71)	(4.68)	26.17	3.56	3.71
	Financial leverage	0.59	0.84	0.84	4.02	1.05	1.08
Reasons for changes in financial ratios exceeding 20%: Increase in current ratio: Increase in current ratio was mainly due to increase in inventory that led to increase in current assets and repayment of short-term loan and current portion of long-term loan payable that led to decrease in current liabilities.							

Note 1: The Company adopts the FSC-recognized IFRSs in preparing consolidated financial statements starting 2013.

Note 2: The financial ratios were computed based on CPA-audited financial information. The computation formulas used in financial analysis:

1. Financial structure
   (1) Debt-to-asset ratio = total liabilities / total assets.
   (2) Long-term fund to property, plant and equipment (fixed assets) ratio = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expense) / current liabilities.
   (3) Time interest earned = net income before income tax and interest expense / current interest expense.
3. Operating ability
   (1) Receivable (including accounts receivable and business-related notes receivable) turnover ratio = net operating revenue / average balance of receivable of the period (including accounts receivable and business-related notes receivable).
   (2) Average days of collection = 365 / receivables turnover ratio.
   (3) Inventory turnover ratio = cost of goods sold / average amount of inventory.
   (4) Payable (including accounts payable and business-related notes payable) turnover ratio = cost of goods sold / average balance of payable of the period (including accounts payable and business-related notes payable).
   (5) Average days of sales = 365 / inventory turnover ratio.
   (6) Property, plant and equipment (fixed assets) turnover ratio = net sales / net average property, plant and equipment.
   (7) Fixed assets turnover ratio = net sales / total average fixed assets.
4. Profitability
   (1) Return on assets = [after-tax profit + interest cost (1-tax rate)] / average total assets.
   (2) Return on equity (shareholder's equity) = after-tax profit /total average equity.
   (3) Net profit margin = after-tax profit / net operating income.
   (4) Earnings per share = (income attributable to owners of parent – dividend to preferred stock) / weighted average of shares issued.
5. Cash flows
   (1) Cash flow ratio = new cash flows from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.
   (3) Cash reinvestment ratio = (net cash flows from operating activities –cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating income — variable operating cost and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income — interest expense).

3. Supervisors' Audit Report

We have examined the 2015 stand-alone financial statements and consolidated financial statements of the Company, together with business report, consolidated business report and proposal for offset of deficits prepared by the Board of Directors and audited and certified by CPAs K. T. Hong and K. C. Wu of Deloitte & Touche and did not find any discrepancy. We hereby produce this consolidated business report in accordance with provisions specified in Article 219 of the Company Act and submit it for your review.

To:

2016 General Shareholders' Meeting

Winbond Electronics Corporation

Supervisor: Chih Xin Investment Corp. representative:

James Wen

Supervisor: Peter Chu

Supervisor: Hong-Chi Yu

March 28, 2016

Winbond Electronics Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

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.

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
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	1,119,716	2	952,819	1
Total current assets	24,712,757	39	22,976,738	35
NON-CURRENT ASSETS				
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)	320,631	1	759,580	1
Total non-current assets	37,885,010	61	41,864,279	65
TOTAL	$ 62,597,767	100	$ 64,841,017	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
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	138,654	-	120,836	-
Total current liabilities	12,333,195	20	14,451,378	22
NON-CURRENT LIABILITIES				
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	384,904	-	351,369	1
Total non-current liabilities	10,166,033	16	11,089,548	17
Total liabilities	22,499,228	36	25,540,926	39
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
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	(106,387)	-	(106,387)	-
Total equity attributable to owners of the parent	38,901,971	62	38,183,244	59
NON-CONTROLLING INTERESTS	1,196,568	2	1,116,847	2
Total equity	40,098,539	64	39,300,091	61
TOTAL	$ 62,597,767	100	$ 64,841,017	100

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)	26,528,662	69	27,199,199	72
GROSS PROFIT	11,821,653	31	10,790,461	28
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	5,262,111	14	4,892,159	13
Total operating expenses	7,712,727	20	7,132,038	19
PROFIT FROM OPERATIONS	4,108,926	11	3,658,423	9
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	(121,027)	-	(129,296)	-
Total non-operating income and losses	139,258	-	282,615	1
PROFIT BEFORE INCOME TAX	4,248,184	11	3,941,038	10
INCOME TAX EXPENSE (Note 22)	775,311	2	730,494	2
NET PROFIT	3,472,873	9	3,210,544	8

(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	(1,729,602)	(5)	213,780	1
Other comprehensive income	(1,754,383)	(5)	294,103	1
TOTAL COMPREHENSIVE INCOME	$ 1,718,490	4	$ 3,504,647	9
NET PROFIT ATTRIBUTABLE TO:				
Owner of the parent	$ 3,291,251	9	$ 3,075,969	8
Non-controlling interests	181,622	-	134,575	-
	$ 3,472,873	9	$ 3,210,544	8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the parent	$ 1,541,648	4	$ 3,364,700	9
Non-controlling interests	176,842	-	139,947	-
	$ 1,718,490	4	$ 3,504,647	9
EARNINGS PER SHARE (Note 23)				
Basic	$ 0.90		$ 0.83	
Diluted	$ 0.90		$ 0.83	

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								
				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	Non-controlling Interests	Total Equity
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
CASH FLOWS FROM OPERATING ACTIVITIES		
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
CASH FLOWS FROM INVESTING ACTIVITIES		
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	299,817	152,728
Net cash used in investing activities	(4,430,137)	(13,872,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
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	6,779	7,764
Net cash (used in) generated from financing activities	(3,860,739)	3,987,524
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	53,871	54,625
NET DECREASE IN CASH AND CASH EQUIVALENTS	(578,899)	(694,865)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,975,514	7,670,379
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,396,615	$ 6,975,514

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

1. GENERAL INFORMATION

Winbond Electronics Corporation (the "Company") was incorporated in the Republic of China ("ROC") on September 29, 1987 and is engaged in the design, development, manufacture and marketing of Very Large Scale Integration ("VLSI") integrated circuits ("ICs") used in a variety of microelectronic applications.

The Company's shares have been listed on the Taiwan Stock Exchange since October 18, 1995. Walsin Lihwa is a major stockholder of the Company and held approximately 23% ownership interest in the Company as of December 31, 2015 and 2014.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on January 29, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC)

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, stipulated that the Company and entities controlled by the Company (the "Group") should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

   1) IFRS 10 "Consolidated Financial Statements"

      IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

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

      IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The Group has included the disclosure requirements in IFRS 12, as applicable, in Note 14.

3) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required for financial instruments only are extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 have been applied prospectively from January 1, 2015. Please refer to Note 31 for related disclosures.

4) Amendment to IAS 1 "Presentation of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group has retrospectively applied the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plan and the share of the remeasurements of the defined benefit plans of associates accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translation of foreign financial statements and unrealized gains (losses) on available-for-sale financial assets. However, the application of the above amendments would not result in any impact on the net profit, other comprehensive income, and total comprehensive income for the year.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB (Note 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: To avoid enterprise adopt the amendment to IAS 28 twice in a short-term, IASB decided to postpone the amendment to IFRS 10 and IAS 28 announced in September 2014. The aforementioned amendment will be in defined until the study program of the entity method have been concluded.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

   With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2) Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"

   In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

5) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue generated by an activity that includes the use of property, plant and equipment is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 "Intangible Assets" requires that there is a rebuttable presumption that an amortization method that is based on revenue generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) Annual Improvements to IFRSs: 2012-2014 Cycle

   IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

7) Amendment to IAS 1 "Disclosure Initiative"

   The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Group should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

   The amendment further clarifies that the Group should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

8) IFRS 15 "Revenue from Contracts with Customers"

   IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

   When applying IFRS 15, the Group shall recognize revenue by applying the following steps:

   - Identify the contract with the customer;
   - Identify the performance obligations in the contract;
   - Determine the transaction price;
   - Allocate the transaction price to the performance obligations in the contracts; and
   - Recognize revenue when the entity satisfies a performance obligation.

   When IFRS 15 is effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

b. Subsidiary included in consolidated financial statements

			% of Ownership	
			December 31	
Investor	Investee	Main Business	2015	2014
The Company	Winbond Int'l Corporation ("WIC")	Investment holding	100	100
WIC	Winbond Electronics Corp. America ("WECA")	Design, sales and after-sales service of semiconductor	100	100
The Company	Landmark Group Holdings Ltd. ("Landmark")	Investment holding	100	100
Landmark	Winbond Electronics Corp. Japan ("WECJ")	Research, development, sales and after-sales service of semiconductor	100	100
Landmark	Peaceful River Corp. ("PRC")	Investment holding	100	100
The Company	Winbond Electronics (HK) Limited ("WEHK")	Sale of semiconductor	100	100
The Company	Pine Capital Investment Limited ("PCI")	Investment holding	100	100
PCI	Winbond Electronics (Suzhou) Limited ("WECN")	Design, development and marketing of VLSI integrated ICs	100	100
The Company	Mobile Magic Design Corporation ("MMDC")	Design, development and marketing of Pseudo SRAM	100	100
The Company	Winbond Technology LTD ("WTL")	Design, sales and service of semiconductor	100	100
The Company	Newfound Asian Corp. ("NAC")	Investment holding	100	100
NAC	Baystar Holdings Ltd. ("BHL")	Investment holding	100	100
The Company	Nuvoton Technology Corporation ("NTC")	Research, development, design, manufacture and marketing of Logic IC, 6 inch wafer product, test, and OEM	61	61
NTC	Marketplace Management Ltd. ("MML")	Investment holding	100	100
MML	Goldbond LLC ("GLLC")	Investment holding	100	100
GLLC	Nuvoton Electronics Technology (Shanghai) Limited ("NTSH")	Provide project of sale in China and repair, test and consult of software	100	100
GLLC	Winbond Electronics (Nanjing) Ltd. ("WENJ")	Computer software service (except I.C. design)	100	100
NTC	Pigeon Creek Holding Co., Ltd. ("PCH")	Investment holding	100	100
PCH	Nuvoton Technology Corp. America ("NTCA")	Design, sales and after-sales service of semiconductor	100	100
NTC	Nuvoton Investment Holding Ltd. ("NIH")	Investment holding	100	100
NIH	Nuvoton Technology Israel Ltd. ("NTIL")	Design, sales and service of semiconductor	100	100
NTC	Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	Sales of semiconductor	100	100

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2015	2014
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited ("NTSZ")	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100	100
NTC	Song Yong Investment Corporation ("SYI")	Investment holding	100	100
NTC	Nuvoton Technology India Private Limited ("NTIPL") (Note 1)	Design, sales and service of semiconductor	100	-
NTC	Techdesign Corporation ("TDC") (Note 2)	Electronic commerce and product marketing	100	-

(Concluded)

Note 1: In 2012, NTC's board of directors resolved to set up NTIPL. NTC injected the capital in March 2015.

Note 2: TDC was incorporated in March 2015.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months after the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Except as otherwise mentioned, assets and liabilities that are not classified as current are classified as non-current.

Foreign Currencies

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's foreign currencies are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Cash Equivalents

Cash equivalents include time deposits and investments, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Financial Instruments

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

The categories of financial assets held by the Group are financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables.

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial assets are either held for trading or designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) Available-for-sale financial assets

Listed shares held by the Group that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period. Changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3) Held-to-maturity financial assets

Bonds which have a specific credit rating and the Group has positive intent and ability to hold to maturity are classified as held-to-maturity financial assets.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

4) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalent, notes and accounts receivable, account receivable due from related parties, other receivables and refundable deposits are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivable when the effect of discounting is immaterial.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as accounts receivable and held-to-maturity financial assets are assessed for impairment. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, the amount is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

d. Financial liabilities

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities are measured at amortized cost using the effective interest method, except financial liabilities at fair value through profit or loss.

e. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

f. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

g. Information about fair value of financial instruments

The Group determined the fair value of financial assets and liabilities as follow:

1) The fair values of financial assets and liabilities which have standard terms and conditions and traded in active market are determined by reference to quoted market price. If there is no quoted market price in active market, valuation techniques are applied.

2) The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts use individual maturity rate to calculate the fair value of each contract.

3) The fair values of other financial assets and financial liabilities are determined by discounted cash flow analysis in accordance with generally accepted pricing models.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Group uses equity method to recognize investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Group's property, plant and equipment were depreciated straight-line basis over the estimated useful life of the asset:

Buildings	9-21 years
Machinery and equipment	4-8 years
Other equipment	6 years

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss, and depreciated over 20 years useful lives after considered residual values, using the straight-line method. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For potential product risk, the Group accrues reserve for products guarantee based on commitment to specific customers.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns; a liability is recognized for returns based on previous experience and other relevant factors. Sales of goods are recognized when the goods are delivered and title is passed to the buyer.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Under finance lease, the Group as lessor recognizes amounts due from lessees as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Under operating lease, the Group as lessor recognizes rental income from operating lease on a straight-line basis over the term of the relevant lease. Contingent rents receivable arising under operating leases are recognized as income in the period in which they are earned. As lessee, operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents payable arising under operating leases are recognized as an expense in the period in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use or sale.

Other than state above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service rendered by employees.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Employee Stock Options

The value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus. The fair value determined at the grant date of the employee stock options is recognized as an expense in full at the grant date when the stock options granted vest immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Reclassifications

Certain accounts in the consolidated financial statements as of and for the year ended December 31, 2014 have been reclassified to conform to the presentation of the consolidated financial statements as of and for the year ended December 31, 2015.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group's critical accounting judgments and key sources of estimation uncertainty is below:

a. Deferred tax

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Valuation of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Useful lives and impairment of plant, property and equipment

The Group reviews the estimated useful lives and recoverable amount of property, plant and equipment at the end of each reporting period.

d. Recognition and measurement of defined benefit retirement plans

Net defined benefit liabilities and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

e. Impairment of accounts receivable

Objective evidence of impairment used in evaluating impairment loss includes estimated future cash flows. The amount of impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the future cash flows are lower than expected, significant impairment loss may be recognized.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand	$ 729	$ 731
Checking accounts and demand deposits	5,636,579	6,034,943
Repurchase agreements collateralized by bonds	759,307	939,840
	$ 6,396,615	$ 6,975,514

a. The Group has time deposits pledged to secure land lease, customs tariff obligation, purchase orders of materials and sales deposits which are reclassified as "other non-current assets":

	December 31	
	2015	**2014**
Time deposits	$ 138,225	$ 136,858

b. The Group has partial time deposits which were not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables":

	December 31	
	2015	**2014**
Time deposits	$ 199,930	$ 1,085

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	**2014**
Financial liabilities at FVTPL - current		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ 22,427	$ 16,894

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2015			
Sell forward exchange contracts	USD to NTD	2016.01.05-2016.02.26	USD99,000/NTD3,236,233
December 31, 2014			
Sell forward exchange contracts	USD to NTD	2015.01.08-2015.02.26	USD60,800/NTD1,907,401

The Group entered into derivative financial instruments to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Listed stocks		
Walsin Lihwa Corporation	$ 1,174,400	$ 996,000
Hannstar Display Corporation	482,621	794,245
Walton Advanced Engineering Inc.	454,068	738,424
Walsin Technology Corporation	209,968	156,368
CTBC Financial Holding Co., Ltd.	56,834	63,931
Cathay Financial Holding Co., Ltd.	46,323	46,974
Vanguard Short-Term Corporate Bond ETF	32,411	-
CIFM Money Market Fund Class B	26,307	26,056
Yuanta/P-Shares Taiwan Top 50 ETF	17,618	-
Telit Communications PLC	-	49,560
Yuanta Duo Fu Equity Fund	-	30,161
Inside Secure	-	857
Available-for-sale financial assets - current	$ 2,500,550	$ 2,902,576

9. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2015	2014
Current		
CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013	$ 99,900	$ -
Non-current		
CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013	$ -	$ 101,840

On March 12, 2013, the Company bought 3-year financial bonds issued by CTBC Bank Co., Ltd. with a coupon rate and an effective interest rate of 2.9%, at par value of RMB20,000 thousand.

As CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013 hold by the Company is due within one year as of December 31, 2015, the Company reclassified its investment from “held-to-maturity financial assets, non-current” to “held-to-maturity financial assets, current”.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2015	2014
Notes receivable	$ 671	$ 902
Accounts receivable	5,312,040	5,559,386
Less: Allowance for doubtful accounts	(128,424)	(127,076)
	$ 5,184,287	$ 5,433,212

The average credit period for sales of goods was 30-60 days. Allowance for doubtful accounts is based on estimated irrecoverable amounts determined by reference to aging of receivables, past default experience of the counterparties and an analysis of their financial position.

The aging of accounts receivable were as follows:

	December 31	
	2015	2014
Not overdue	$ 4,615,515	$ 4,986,469
Overdue under 30 days	670,209	553,509
Overdue 31-60 days	6,047	9,082
Overdue 61 days and longer	20,269	10,326
	$ 5,312,040	$ 5,559,386

Movements in the allowance for doubtful accounts recognized on accounts receivable were as follows:

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 127,076	$ 123,387
Less: Amounts written off	(1,602)	(3,130)
Add: Impairment losses recognized on accounts receivable	1,698	6,187
Effect of exchange rate changes	1,252	632
Balance at December 31	$ 128,424	$ 127,076

The Group’s receivables were aged on a collective basis and not on individual account basis.

11. FINANCE LEASE RECEIVABLES

	December 31	
	2015	2014
Gross investment in leases		
Not later than one year	$ 479,741	$ 201,196
Later than one year and not later than five years	88,944	660,639
	568,685	861,835
Less: Unearned finance income	(131,944)	(252,440)
Present value of minimum lease payments	$ 436,741	$ 609,395
Finance lease receivables		
Not later than one year (recorded as “other receivables”)	$ 360,009	$ 80,606
Later than one year and not later than five years (recorded as “other non-current assets”)	76,732	528,789
Financial lease receivables	$ 436,741	$ 609,395

The Company entered into finance lease arrangements for certain machinery. All leases were denominated in New Taiwan dollars. The term of finance leases entered into was 3-5 years.

The interest rate inherent in the leases was fixed at contract date for the entire lease term. As of December 31, 2015, the interest rate inherent in the finance lease was 1.7% per annum.

The part of machinery which was reclassified to financial lease receivables was pledged to secure long-term borrowings.

The finance lease receivables as of December 31, 2015 and 2014 were neither past due nor impaired.

12. INVENTORIES

	December 31	
	2015	2014
Finished goods	$ 1,889,379	$ 1,598,887
Work-in-process	6,175,291	4,279,223
Raw materials and supplies	462,063	420,545
Inventories in transit	9,102	18,281
	$ 8,535,835	$ 6,316,936

a. Loss on decline in market value and obsolescence and abandonment of inventories were $141,831 thousand and $230,527 thousand, which were recognized as cost of sales for the years ended December 31, 2015 and 2014, respectively.

b. Unallocated fixed manufacturing costs recognized as cost of sales in the years ended December 31, 2015 and 2014 amounted to $222,235 thousand and $124,836 thousand, respectively.

13. FINANCIAL ASSETS MEASURED AT COST

	December 31 2015	December 31 2014
LTIP Trust Fund	$ 466,144	$ 466,144
United Industrial Gases Co., Ltd.	81,081	81,081
Nyquest Technology Co., Ltd.	68,071	68,071
Smart Catch International Co., Ltd.	40,000	-
Yu-Ji Venture Capital Co., Ltd.	30,000	40,000
Harbinger III Venture Capital Corp.	23,488	23,488
Others	19,002	40,594
Financial assets measured at cost, non-current	$ 727,786	$ 719,378

NTC hold a 27% ownership interest of Nyquest Technology Co., Ltd. as of January 1, 2014, and accounted for under equity method. In 2014, NTC sold its partial interest in Nyquest Technology Co., Ltd. and thus lost its significant influence and accounted for as deemed disposal. The remaining interest $68,071 thousand at fair value was recognized as a financial assets measured at cost. There is $12,030 thousand of gain on disposal of investments for the year ended December 31, 2014.

Management believed that the above unlisted equity investments held by the Group have fair value that cannot be reliably measured because the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

a. Investments in associates

	December 31 2015	December 31 2014
Associates that are not individually material		
Chin Xin Investment Co., Ltd.	$ 1,724,898	$ 2,416,386

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31 2015	For the Year Ended December 31 2014
The Group's share of:		
Profit from continuing operations	$ 21,884	$ 14,663
Other comprehensive income	(713,373)	93,185
Total comprehensive income for the year	$ (691,489)	$ 107,848

As of December 31, 2015, the Company had 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 were based on the associates' financial statements audited by independent auditors.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2015	2014
Land	$ 1,625,058	$ 1,622,173
Buildings	7,909,104	8,153,139
Machinery and equipment	21,181,266	23,635,484
Other equipment	398,450	375,036
Construction in progress and prepayments for purchase of equipment	801,152	200,919
	$ 31,915,030	$ 33,986,751

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Cost						
Balance at January 1, 2015	$ 1,622,173	$ 20,643,796	$ 89,977,831	$ 3,120,111	$ 200,919	$ 115,564,830
Additions	-	494,037	2,014,854	146,932	1,025,718	3,681,541
Disposals	-	(26,538)	(339,076)	(11,129)	-	(376,743)
Reclassified	-	373,357	51,946	182	(425,485)	-
Effect of foreign currency exchange differences	2,885	10,036	3,886	3,991	-	20,798
Balance at December 31, 2015	$ 1,625,058	$ 21,494,688	$ 91,709,441	$ 3,260,087	$ 801,152	$ 118,890,426
Accumulated depreciation and impairment						
Balance at January 1, 2015	$ -	$ 12,490,657	$ 66,342,347	$ 2,745,075	$ -	$ 81,578,079
Depreciation expenses	-	1,104,974	4,521,169	123,261	-	5,749,404
Disposals	-	(16,127)	(338,347)	(10,093)	-	(364,567)
Reclassified	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	6,080	3,006	3,394	-	12,480
Balance at December 31, 2015	$ -	$ 13,585,584	$ 70,528,175	$ 2,861,637	$ -	$ 86,975,396
Cost						
Balance at January 1, 2014	$ 872,339	$ 20,133,446	$ 78,708,706	$ 2,976,272	$ 992,427	$ 103,683,190
Additions	745,303	451,729	12,557,270	150,143	198,919	14,103,364
Disposals	-	(155)	(2,055,071)	(18,406)	-	(2,073,632)
Reclassified	-	43,025	766,186	11,787	(990,427)	(169,429)
Effect of foreign currency exchange differences	4,531	15,751	740	315	-	21,337
Balance at December 31, 2014	$ 1,622,173	$ 20,643,796	$ 89,977,831	$ 3,120,111	$ 200,919	$ 115,564,830
Accumulated depreciation and impairment						
Balance at January 1, 2014	$ -	$ 11,565,728	$ 64,679,160	$ 2,634,277	$ -	$ 78,879,165
Depreciation expenses	-	916,183	3,710,320	127,805	-	4,754,308
Disposals	-	(155)	(2,047,406)	(17,077)	-	(2,064,638)
Reclassified	-	-	(100)	100	-	-
Effect of foreign currency exchange differences	-	8,901	373	(30)	-	9,244
Balance at December 31, 2014	$ -	$ 12,490,657	$ 66,342,347	$ 2,745,075	$ -	$ 81,578,079

a. As of December 31, 2015 and 2014, the carrying values of $22,384,768 thousand and $24,648,354 thousand of land, building and 12-inch Fab manufacturing facilities were pledged to secure long-term borrowings. The Group was not permitted to sell or pledge all of these pledged assets.

b. Information about capitalized interest

	For the Year Ended December 31	
	2015	2014
Capitalized interest amounts	$ 65,163	$ 94,968
Capitalized interest rate	2.02%-2.16%	2.16%-2.24%

16. INVESTMENT PROPERTIES

	December 31	
	2015	2014
Investment properties, net	$ 71,866	$ 78,506

The investment properties is in Shen-Zhen, China. As of December 31, 2015 and 2014, the fair value of such investment properties were both approximately $200,000 thousand, which was referred by the neighborhood transactions.

	Investment Properties
Cost	
Balance at January 1, 2015	$ 116,521
Effect of foreign currency exchange differences	(2,221)
Balance at December 31, 2015	$ 114,300
Accumulated depreciation and impairment	
Balance at January 1, 2015	$ 38,015
Depreciation expenses	5,183
Effect of foreign currency exchange differences	(764)
Balance at December 31, 2015	$ 42,434
Cost	
Balance at January 1, 2014	$ 111,862
Effect of foreign currency exchange differences	4,659
Balance at December 31, 2014	$ 116,521
Accumulated depreciation and impairment	
Balance at January 1, 2014	$ 31,461
Depreciation expenses	5,080
Effect of foreign currency exchange differences	1,474
Balance at December 31, 2014	$ 38,015

17. INTANGIBLE ASSETS

	December 31 2015	December 31 2014
Deferred technical assets, net	$ 269,420	$ 310,617
Other intangible assets, net	1,506	999
	$ 270,926	$ 311,616

	Deferred Technical Assets	Other Intangible Assets	Total
Cost			
Balance at January 1, 2015	$ 18,646,641	$ 20,269	$ 18,666,910
Addition	36,909	992	37,901
Effect of foreign currency exchange differences	6,076	452	6,528
Balance at December 31, 2015	$ 18,689,626	$ 21,713	$ 18,711,339
Accumulated amortization and impairment			
Balance at January 1, 2015	$ 18,336,024	$ 19,270	$ 18,355,294
Amortization expenses	79,537	459	79,996
Effect of foreign currency exchange differences	4,645	478	5,123
Balance at December 31, 2015	$ 18,420,206	$ 20,207	$ 18,440,413
Cost			
Balance at January 1, 2014	$ 18,433,626	$ 21,409	$ 18,455,035
Addition	215,985	-	215,985
Effect of foreign currency exchange differences	(2,970)	(1,140)	(4,110)
Balance at December 31, 2014	$ 18,646,641	$ 20,269	$ 18,666,910
Accumulated amortization and impairment			
Balance at January 1, 2014	$ 18,241,038	$ 20,050	$ 18,261,088
Amortization expenses	94,317	370	94,687
Effect of foreign currency exchange differences	669	(1,150)	(481)
Balance at December 31, 2014	$ 18,336,024	$ 19,270	$ 18,355,294

The amounts of deferred technical assets were the technical transfer fee in connection with certain technical transfer agreements. The above technical assets pertained to different products or process technology. The assets were depreciated on a straight-line basis from the commencement of production, and over the estimated useful life of the assets: Deferred technical assets - economic benefits or terms of the contracts and other intangible assets - 3-5 years.

18. BORROWINGS

a. Short-term borrowings

	December 31			
	2015		2014	
	Interest Rate	Amount	Interest Rate	Amount
Materials procurement loans	-	$ -	1.11%-1.25%	$ 390,213

b. Long-term borrowings

	December 31			
	2015			2014
	Period	Interest Rate	Amount	Amount
Bank of Taiwan syndicated loan (II)	2010.06.18-2015.06.18	2.58%-3.11%	$ -	$ 550,000
Bank of Taiwan syndicated loan (III)	2011.12.23-2016.12.23	2.14%-2.64%	3,518,927	5,192,860
CTBC Bank Co., Ltd. syndicated loan (III)	2012.12.27-2015.12.27	2.14%-2.65%	-	3,333,330
CTBC Bank Co., Ltd. syndicated loan (IV)	2014.11.27-2019.11.27	1.94%-2.23%	9,000,000	6,000,000
Bank of Taiwan secured medium-term loan	2014.12.29-2021.12.29	1.55%-1.70%	617,600	617,600
			13,136,527	15,693,790
Less: Current portion			(4,352,267)	(5,879,760)
Less: Syndication agreement management fee			(29,100)	(50,691)
			$ 8,755,160	$ 9,763,339

1) Bank of Taiwan Syndicated Loan (II)

a) On May 31, 2010, the Company entered into a syndicated loan, with a group of financial institutions to procure equipment for 12-inch Fab and fund the long-term loan payments, credit line was divided into parts A and B, which amounted to $3.3 billion and $3.5 billion, respectively; the total line of credit $6.8 billion.

b) Part A will be repaid every six months from December 18, 2012 until maturity; part B will be repaid from June 18, 2012 at 20%, 20% and 60% of the principal, respectively.

c) Please refer to Note 15 for collateral on bank borrowing.

d) The agreement was fully redeemed on June 18, 2015.

2) Bank of Taiwan Syndicated Loan (III)

a) On September 19, 2011, the Company entered into a syndicated loan, the original amount of $7 billion was deducted $0.25 billion because prepayment, finally amounting to $6.75 billion, with a group of financial institutions to procure equipment for 12-inch Fab.

b) The Company changed the terms and repayment schedule of the agreement on December 18, 2013. The loan utilized before December 22, 2013 will be repaid every six months from June 23, 2014 and the loan utilized after December 22, 2013 will be repaid every six months at 30%, 30% and 40% from December 23, 2015, respectively.

c) Please refer to Note 15 for collateral on bank borrowing.

3) CTBC Bank Co., Ltd. Syndicated Loan (III)

a) On November 19, 2012, the Company entered into a syndicated loan, amounting to $5 billion, with a group of financial institutions to fund the long-term loan payments and finance the working capital.

b) The principal will be repaid every six months from December 27, 2014 until maturity.

c) Please refer to Note 15 for collateral on bank borrowing.

d) The agreement was fully redeemed on December 25, 2015.

4) CTBC Bank Co., Ltd. Syndicated Loan (IV)

a) On July 7, 2014, the Company entered into a syndicated loan, with a group of financial institutions to procure equipment for 12-inch Fab and fund the borrowing payments, credit line was divided into part A and B, which amounted to $6.5 billion and $2.5 billion, respectively; the total line of credit $9 billion.

b) Part A will be repaid every six months from November 27, 2017 until maturity, part B will be repaid every six months from November 27, 2016 until maturity.

c) Please refer to Note 15 for collateral on bank borrowing.

5) The collateral on the Bank of Taiwan secured medium-term loan are the land and building of the Company in Zhubei, please referred to Note 15. The principal will be repaid every six months from June 29, 2017 until maturity.

6) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and tangible net equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans except for the Bank of Taiwan secured medium - term loan. The computations of financial ratios mentioned above are done based on the audited consolidated financial statements.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company, MMDC, NTC, SYI and TDC adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Group's subsidiaries, in the United States, Japan, Hong Kong, Israel and China, monthly contribute a specified percentage of employees payroll to the retirement fund. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plan

The defined benefit plan adopted by the Company, MMDC and NTC in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and MMDC contribute amounts equal to 2% of total monthly salaries and wages; NTC contributed amounts equal to 15% and 2% for the years ended December 31, 2015 and 2014, respectively, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amount included in the consolidated balance sheet in respect of the Group's obligation on its defined benefit plan was as follows:

	December 31	
	2015	2014
Present value of the defined benefit obligation	$ 2,015,048	$ 1,913,155
Fair value of the plan assets	(989,079)	(938,315)
Net defined benefit liabilities, non-current	$ 1,025,969	$ 974,840

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2015	$ 1,913,155	$ (938,315)	$ 974,840
Service cost			
Current service cost	34,556	-	34,556
Net interest expense (income)	41,407	(20,353)	21,054
Recognized in profit or loss	75,963	(20,353)	55,610
Remeasurement			
Return on plan assets	-	(5,179)	(5,179)
Actuarial loss - changes in financial assumptions	77,724	-	77,724
Actuarial loss - experience adjustments	24,521	-	24,521
Recognized in other comprehensive income	102,245	(5,179)	97,066
Contributions from the employer	-	(101,547)	(101,547)
Benefits paid	(76,315)	76,315	-
Balance at December 31, 2015	$ 2,015,048	$ (989,079)	$ 1,025,969
Balance at January 1, 2014	$ 1,895,781	$ (966,328)	$ 929,453
Service cost			
Current service cost	36,234	-	36,234
Net interest expense (income)	42,279	(12,035)	30,244
Recognized in profit or loss	78,513	(12,035)	66,478
Remeasurement			
Return on plan assets	-	(10,480)	(10,480)
Actuarial loss - changes in financial assumptions	11,026	-	11,026
Actuarial loss - experience adjustments	9,728	-	9,728
Recognized in other comprehensive income	20,754	(10,480)	10,274
Contributions from the employer	-	(28,571)	(28,571)
Benefits paid	(79,099)	79,099	-
Others	(2,794)	-	(2,794)
Balance at December 31, 2014	$ 1,913,155	$ (938,315)	$ 974,840

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	For the Year Ended December 31	
	2015	2014
Operating cost	$ 24,714	$ 31,069
Selling expenses	2,076	3,149
General and administrative expenses	4,621	5,625
Research and development expenses	24,199	26,636
	$ 55,610	$ 66,479

The fair value of the plan assets was as follows:

	December 31	
	2015	2014
Cash and cash equivalents	$ 989,079	$ 938,315

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	2014
Discount rates	1.75%-1.90%	2.15%-2.25%
Expected rates of salary increase	1.00%-3.00%	1.00%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2015	2014
Discount rates		
0.25%-0.50% increase	$ (79,735)	$ (76,810)
0.25%-0.50% decrease	$ 85,023	$ 81,964

(Continued)

	December 31	
	2015	2014
Expected rates of salary increase		
0.25%-0.50% increase	$ 83,978	$ 81,276
0.25%-0.50% decrease	$ (79,466)	$ (76,837)

(Concluded)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	2014
The expected contribution to the plan for the next year	$ 93,994	$ 29,331
The average duration of defined benefit obligation	9.7-13.8 years	9.96-14.6 years

20. EQUITY

a. Common stock

	December 31	
	2015	2014
Number of shares authorized (in thousands)	6,700,000	6,700,000
Share authorized	$ 67,000,000	$ 67,000,000
Number of shares issued and fully paid (in thousands)	3,580,000	3,694,982
Share issued	$ 35,800,002	$ 36,949,822

Reconciliation of outstanding share:

	Shares (In Thousands)	Capital
January 1, 2015	3,694,982	$ 36,949,822
Retirement of treasury stock	(114,982)	(1,149,820)
December 31, 2015	3,580,000	$ 35,800,002
January 1, 2014	3,694,023	$ 36,940,232
Employee executed the stock options	959	9,590
December 31, 2014	3,694,982	$ 36,949,822

As of December 31, 2014, the balance of the Company's capital account amount to $36,949,822 thousand, divided into 3,694,982 thousand shares at par NT$10.00 per share. As of December 31, 2015, the balance of the Company's capital account amount to $35,800,002 thousand, divided into 3,580,000 thousand shares at par NT$10.00 per share.

b. Retained earnings and dividend policy

According to the unrevised Company Law of the ROC and the Company's Articles of Incorporation, if the Company has surplus earnings at the end of a fiscal year, after covering all losses incurred in prior years and paying all taxes, the Company shall set aside 10% 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 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 amount (if not otherwise set aside as special reserve and reserved based on business needs) in the following order:

1) 1% to 2% as remuneration to directors and supervisors;

2) 10% to 15% as bonus to employees;

3) The remaining amount as bonus to shareholders. Not less than 10% of the total shareholders bonus shall be distributed in form of cash.

"Employees" referred to in item b of the preceding paragraph, when distributing the stock bonus, include the employees of subsidiaries of the Company meeting certain criteria. The board of directors is authorized to determine the above "certain criteria" or the board of directors may authorize the Chairman to ratify the above "certain criteria".

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on January 29, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 16, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 21 employee benefits expense.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain/loss from available-for-sale financial assets, net amount of fair value below the cost of the Company's common shares held by subsidiaries, etc. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2015 are not subjected.

The Company's results were loss for the years ended December 31, 2014 and 2013, so the stockholders' meetings on June 18, 2015 and June 17, 2014 did not include appropriations of earnings. The relevant information about the Company is available on MOPS. The Company had accumulated deficits in the year 2014; thus it did not estimate bonus to employees, directors and supervisors.

c. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from treasury share transactions	$ 2,298,761	$ 1,971,862
Arising from conversion of bonds	136,352	136,352
May be used to offset a deficit only		
Arising from changes in percentage of ownership interest in subsidiaries	6,042	6,042
May not be used for any purpose		
Arising from share of changes in capital surplus of associates	29,137	29,137
	$ 2,470,292	$ 2,143,393

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

d. Other equity items

Exchange differences on translation of foreign financial statements are the exchange differences on net assets of foreign operations translated into the Group's functional currency (New Taiwan dollar), which are recognized directly in other comprehensive income. For the years ended December 31, 2015 and 2014, the Group recognized gain of $65,506 thousand and gain of $82,832 thousand in other comprehensive income, respectively.

Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 292,835	$ 79,055
Unrealized (loss) gain arising on revaluation of available-for-sale financial assets	(1,016,229)	120,551
Share of unrealized (loss) gain on revaluation of available-for-sale financial assets of subsidiaries and associates accounted for using equity method	(713,373)	93,229
Balance, end of year	$ (1,436,767)	$ 292,835

e. Non-controlling interests

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 1,116,847	$ 1,074,182
Attributable to non-controlling interests		
Share of profit for the year	181,622	134,575
Exchange difference on translation of foreign financial statements	6,779	7,764
Losses on remeasurement of defined benefit plans	(11,559)	(2,392)
Change in capital surplus from investments in associates accounted for using equity method	-	(161)
Others	(97,121)	(97,121)
Balance, end of year	$ 1,196,568	$ 1,116,847

f. Treasury stock

On July 31 and October 1, 2015, the Company's board of directors passed a resolution to buy back the Company's common shares from the open market. The repurchase price ranged from NT$6.5 to NT$8.5 per share. The Company bought back 114,982,000 shares for NT$822,921 thousand. On October 31, 2015, the Company resolved to retire the 114,982,000 treasury shares.

1) Treasury stock transactions for the year of 2015 were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2015	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2015
Maintain the Company's credibility and shareholders' equity	-	114,982,000	(114,982,000)	-
Common shares held by subsidiaries	7,518,364	-	-	7,518,364
	7,518,364	114,982,000	(114,982,000)	7,518,364

2) Treasury stock transactions for the year of 2014 were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2014	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2014
Common shares held by subsidiaries	7,518,364	-	-	7,518,364

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Value	Market Value
December 31, 2015			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 59,320
December 31, 2014			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 81,574

Based on the Securities and Exchange Act of the ROC, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

The purpose of holding the shares is to maintain Stockholders' equity. The Company's shares held by subsidiaries were treated as treasury stock, and the holders are entitled to the rights of stockholders, except for the right to participate in the Company's share issuance for cash and vote in stockholders' meeting when the subsidiary held more than 50%. Other rights are the same as common stock.

21. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	For the Year Ended December 31, 2015			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 2,408,760	$ 3,662,839	$ -	$ 6,071,599
Post-employment benefits	$ 118,355	$ 183,953	$ -	$ 302,308
Other long-term employment benefits	$ -	$ 47,027	$ -	$ 47,027
Depreciation	$ 5,397,349	$ 349,244	$ 7,994	$ 5,754,587
Amortization	$ 33,290	$ 47,114	$ 21,591	$ 101,995

	For the Year Ended December 31, 2014			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 2,315,008	$ 3,275,684	$ -	$ 5,590,692
Post-employment benefits	$ 119,580	$ 161,240	$ -	$ 280,820
Other long-term employment benefits	$ -	$ 46,473	$ -	$ 46,473
Depreciation	$ 4,549,263	$ 202,370	$ 7,755	$ 4,759,388
Amortization	$ 36,737	$ 58,350	$ 20,731	$ 115,818

The Company had accumulated deficits in 2014; thus it did not estimate bonus to employees, directors and supervisors. To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, of net profit before income tax, respectively. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $28,475 thousand and $28,475 thousand, respectively, representing 1% and 1%, respectively, of the base net profit (offset a deficit included). Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The relevant information about the Company is available on MOPS.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current income tax	$ 731,757	$ 701,605
Adjustments for prior year's tax	(5,675)	4,743
Current income tax credit	(5,358)	(6,173)
Deferred tax	54,587	30,319
Income tax expense recognized in profit or loss	$ 775,311	$ 730,494

Reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2015	2014
Profit before tax from continuing operations	$ 788,657	$ 760,789
Adjustments		
Permanent differences	(82,749)	(65,283)
Others	31,090	5,653
Additional income tax on unappropriated earnings	5,759	6,446
Tax-exempt income	(11,000)	(6,000)
Current income tax	731,757	701,605
Deferred income tax	54,587	30,319
Current income tax credit	(5,358)	(6,173)
Adjustment for prior years' tax	(5,675)	4,743
Income tax expense recognized in profit or loss	$ 775,311	$ 730,494

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

Since statement of profit distribution for 2015 has not been approved by shareholders' meeting, the potential effect on income tax for 10% legal reserve appropriated may not be decided.

b. Current tax assets and liabilities

	December 31 2015	December 31 2014
Current tax assets		
Tax refund receivables (recorded as “other receivables”)	$ -	$ 20,433
Current tax liabilities		
Income tax payables (recorded as “other payables”)	$ 61,628	$ 97,853

c. As of December 31, 2015 and 2014, deferred income tax assets of $2,853,873 thousand and $3,490,222 thousand, respectively, were mainly net operating loss carryforwards.

d. Information about the Group’s investment tax credit, operating loss carryforwards as of December 31, 2015, and tax exemption was as follows:

As of December 31, 2015, WECA’s operating loss carryforward was US$13,921 thousand, and will expire in 2025.

As of December 31, 2015, the Company’s operating loss carryforwards comprised of:

Operating Loss Carryforwards	Expiry Year
$ 2,502,000	2017-2019
475,000	2022
$ 2,977,000	

As of December 31, 2015, NTC’s profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion of Construction Project	Tax-exemption Period
Advanced integrated circuit design	2014-2018

e. The information on the Company’s integrated income tax was as follows:

	December 31 2015	December 31 2014
Balance of imputation credit account	$ 381,823	$ 339,974
Undistributed earnings for the years of 1997 and before	$ -	$ -
Undistributed earnings (accumulated deficits) for the years of 1998 and thereafter	$ 2,086,060	$ (1,119,684)

f. The Company’s tax returns through 2012 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	For the Year Ended December 31, 2015				
	Amounts (Numerator)			Earnings Per Share (NT$)	
	Before Tax	After Tax and Attributable to Owners of the Parent	Shares (Denominator) (In Thousands)	Before Tax	After Tax and Attributable to Owners of the Parent
Basic earnings per share					
Net income attributed to common shareholders	$ 4,248,184	$ 3,291,251	3,648,377	$ 1.16	$ 0.90
Diluted earnings per share					
Net income attributed to common shareholders	$ 4,248,184	$ 3,291,251	3,648,377	$ 1.16	$ 0.90

	For the Year Ended December 31, 2014				
	Amounts (Numerator)			Earnings Per Share (NT$)	
	Before Tax	After Tax and Attributable to Owners of the Parent	Shares (Denominator) (In Thousands)	Before Tax	After Tax and Attributable to Owners of the Parent
Basic earnings per share					
Net income attributed to common shareholders	$ 3,941,038	$ 3,075,969	3,687,217	$ 1.07	$ 0.83
Diluted earnings per share					
Net income attributed to common shareholders	$ 3,941,038	$ 3,075,969	3,687,217	$ 1.07	$ 0.83

24. SHARE-BASED PAYMENT ARRANGEMENT

Employee Stock Option

In 2008 and 2009, the Company granted employee stock options in the quantity of 45,764 thousand and 1,585 thousand units, respectively. Each individual employee stock option is granted the right to purchase the Company's new issued one common share. The stock options were granted to qualified employees of the Company and its subsidiaries. The stock options granted are valid for 5 years and exercisable at certain percentages after the second anniversary year from the grant date. The stock options were granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price and the number of options are adjusted accordingly.

As of December 31, 2015, there is no outstanding stock options.

In 2014, employee stock options were summarized as follows:

Employee Stock Options	For the Year Ended December 31, 2014 Number of Options (In Thousands)	Weighted Average Exercise Price (NT$)
Outstanding balance, beginning of year	959	$ 5.08
Options exercised	(959)	5.08
Outstanding balance, end of year	-	-
Options exercisable, end of year	-	-

25. NON-CASH TRANSACTIONS

	For the Year Ended December 31 2015	2014
Non-cash investing and financing activities		
Current portion of long-term borrowings	$ 4,352,267	$ 5,879,760
Exchange differences on translation of foreign financial statements	$ 65,506	$ 82,832
Unrealized (loss) gain on available-for-sale financial assets	$ (1,729,602)	$ 213,780
Change in equity of associates accounted for using equity method	$ -	$ (252)
Acquisitions of available-for-sale financial assets by offset with accounts receivable	$ -	$ 902
Property, plants and equipment was reclassified to finance lease receivable	$ -	$ 169,429

26. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

a. Lease arrangements

NTC and the Company leased land from Science Park Administration, and the lease term will expire in 2017 and 2023, respectively, which can be extended after the expiration of the lease periods.

NTC leased a land from Taiwan Sugar Corporation. Under a twenty-year term from October 2014 to September 2034, which is allowed to extend upon the expiration of lease. The chairman of NTC is a joint guarantor of such lease, please refer to Note 28.

The Group leased some of the offices in the United States, China, Japan, Israel, India, and part in Taiwan, and the lease terms will expire between 2016 and 2022 which can be extended after the expiration of the lease periods.

As of December 31, 2015 and 2014, deposits paid under operating leases amounted to $56,653 thousand and $48,252 thousand, respectively (recorded as “other non-current assets”).

b. Prepayments for lease obligations

	For the Year Ended December 31	
	2015	2014
Current (recorded as "other current assets")	$ 3,140	$ 3,393
Non-current (recorded as "other non-current assets")	42,273	44,655
	$ 45,413	$ 48,048

c. Lease expense

	2015	2014
Lease expenditure	$ 197,158	$ 178,314

The Group as Lessor

Operating lease agreements

Operating leases relate to leasing the investment property with lease terms of 5 years, and with an extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2015 and 2014, deposits received under operating leases amounted to $2,026 thousand and $1,873 thousand, respectively (recorded as "other non-current liabilities")

27. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, debt repayments and dividends payments.

28. RELATED PARTY TRANSACTIONS

a. The names and relationships of related parties are as follows:

Related Party	Relationship with the Group
Walsin Lihwa Corporation	Investor that exercises significant influence over the Group
Nyquest Technology Co., Ltd.	Related party in substance (Note 1)
Walton Advanced Engineering Inc.	Related party in substance
Global Brands Manufacture (Dongguan) Ltd.	Related party in substance
Walton Advanced Engineering (Suzhou) Inc.	Related party in substance
Capella Microsystems Inc.	Related party in substance (Note 2)
Chin Cherng Construction Co., Ltd.	Related party in substance
HannStar Display Corporation	Related party in substance
Walsin Technology Corporation	Related party in substance
Harbinger III Venture Capital Corp.	Related party in substance
HannStar Board Corporation	Related party in substance

Note 1: The ownership interest of Nyquest Technology Co., Ltd. was decreased under 20%, the Group accordingly lost its significant influence. Since December 2014, the relationship between Nyquest Technology Co., Ltd. and the Group has changed from Associate to related party in substance.

Note 2: Capella Microsystems Inc. was not the related party in substance of the Group from January 1, 2015.

b. Operating activities

	For the Year Ended December 31	
	2015	2014
1) Operating revenue		
Related party in substance	$ 367,829	$ 286,322
Associate	-	231,208
	$ 367,829	$ 517,530
2) Purchase		
Associate	$ -	$ 1,215
Related party in substance	-	36
	$ -	$ 1,251
3) Manufacturing expenses		
Related party in substance	$ 2,842,432	$ 2,667,828
4) General and administrative expenses		
Related party in substance	$ 11,868	$ 7,318
Investor that exercises significant influence over the Group	8,566	8,450
	$ 20,434	$ 15,768
5) Dividend income		
Related party in substance	$ 34,590	$ 22,405
6) Other income		
Related party in substance	$ 996	$ 99
Associate	-	659
	$ 996	$ 758

	December 31	
	2015	2014
7) Accounts receivable due from related parties		
Related party in substance	$ 80,915	$ 85,234

	December 31 2015	2014
8) Accounts payable to related parties		
Related party in substance	$ 707,064	$ 642,564
9) Other current assets		
Investor that exercises significant influence over the Group	$ 277	$ 3
10) Other payables		
Related party in substance	$ 33,423	$ 13,146
Investor that exercises significant influence over the Group	1,545	38
	$ 34,968	$ 13,184
11) Refundable deposits (recorded as "other non-current assets")		
Related party in substance	$ 1,722	$ 1,722
Investor that exercises significant influence over the Group	203	203
	$ 1,925	$ 1,925

The related party transactions were conducted under normal terms.

c. Guarantee

As of December 31, 2015, the chairman of NTC is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Please refer to Note 26.

d. Compensation of key management personnel

	For the Year Ended December 31 2015	2014
Short-term employment benefits	$ 233,446	$ 224,354
Post-employment benefits	25,048	4,799
Other long-term employment benefits	677	607
Share - based payments	-	2,431
	$ 259,171	$ 232,191

The remuneration of directors and key management personnel was suggested by the remuneration committee having regard to the performance of individuals and market trends. And the remuneration was resolved by the board of directors.

29. PLEDGED AND COLLATERALIZED ASSETS

Please refer to Note 6, Note 11, Note 15 and Note 18.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Amounts available under unused letters of credit as of December 31, 2015 were approximately US$8,264 thousand, JPY44,640 thousand and EUR46 thousand.

b. Signed construction contract

	Total Contract Price	Payment as of December 31, 2015
TASA Construction Corporation	$ 1,140,000	$ 513,821

31. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks, mutual funds and convertible bonds).

- Forward exchange contracts and cross currency swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3) Fair value of financial instruments that are not measured at fair value

Fair value hierarchy as at December 31, 2015

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Held-to-maturity investments					
Domestic listed securities					
Financial bonds	$ 99,900	$ 99,565	$ -	$ -	$ 99,565
Financial investments measured at cost					
Domestic emerging securities					
Equity securities	$ 493	$ -	$ 258	$ -	$ 258

Fair value hierarchy as at December 31, 2014

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Held-to-maturity investments					
Domestic listed securities					
Financial bonds	$ 101,840	$ 101,842	$ -	$ -	$ 101,842
Financial investments measured at cost					
Domestic emerging securities					
Equity securities	$ 493	$ -	$ 343	$ -	$ 343

4) Fair value of financial instruments that are measured at fair value

Fair value hierarchy as at December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed securities				
Equity securities	$ 2,441,832	$ -	$ -	$ 2,441,832
Overseas listed securities				
Equity securities	32,411	-	-	32,411
Mutual funds	26,307	-	-	26,307
	$ 2,500,550	$ -	$ -	$ 2,500,550
Financial liabilities at FVTPL				
Derivative financial liabilities (not under hedge accounting)	$ -	$ 22,427	$ -	$ 22,427

Fair value hierarchy as at December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed securities				
Equity securities	$ 2,795,941	$ -	$ -	$ 2,795,941
Overseas listed securities				
Equity securities	50,418	-	-	50,418
Mutual funds	56,217	-	-	56,217
	$ 2,902,576	$ -	$ -	$ 2,902,576
Financial liabilities at FVTPL				
Derivative financial liabilities (not under hedge accounting)	$ -	$ 16,894	$ -	$ 16,894

There were no transfers between the levels in 2015 and 2014, respectively.

b. Categories of financial instruments

Fair values of financial instruments were summarized as follows:

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 6,396,615	$ 6,396,615	$ 6,975,514	$ 6,975,514
Notes and accounts receivable (included related parties)	5,265,202	5,265,202	5,518,446	5,518,446
Other receivables	794,939	794,939	310,447	310,447
Refundable deposits (recorded in other non-current assets)	175,973	175,973	161,059	161,059
Finance lease receivable (recorded in other non-current assets)	76,732	76,732	528,789	528,789
Available-for-sale financial assets	2,500,550	2,500,550	2,902,576	2,902,576
Held-to-maturity financial assets	99,900	99,565	101,840	101,842
Financial assets measured at cost	727,786	727,551	719,378	719,228
Financial liabilities				
Measured at amortized cost				
Short-term borrowings	-	-	390,213	390,213
Notes and accounts payable (included related parties)	4,553,548	4,553,548	4,465,646	4,465,646
Payable on equipment and other payables	3,266,299	3,266,299	3,578,029	3,578,029
Long-term borrowings (included current portion)	13,136,527	13,136,527	15,693,790	15,693,790
Long-term contract payable (recorded in other non-current liabilities)	39,914	32,790	44,885	42,540
Financial liabilities at FVTPL	22,427	22,427	16,894	16,894

c. Financial risk management objectives and policies

The Group's major financial instruments included equity and debt investments, borrowings, accounts receivable and accounts payable. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses forward foreign exchange contracts to hedge the foreign currency risk on export.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against US dollars, there would be impact on net income in the amounts of $30,609 thousand and $22,327 thousand increase for the years ended December 31, 2015 and 2014, respectively.

b) Interest rate risk

The Group's interest rate risk arises primarily from floating rate deposits and borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2015	**2014**
Cash flow interest rate risk		
Financial assets	$ 29,114	$ 7,956
Financial liabilities	13,136,527	16,076,913

The sensitivity analyses below were determined based on the Group's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by one percentage point, the Group's cash flows for the years ended December 31, 2015 and 2014 would have increased by $131,074 thousand and $160,690 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual accounts receivables at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group has enough operating capital to comply with loan covenants; liquidity risk is low.

The Group's non-derivative financial liabilities and their agreed repayment period were as follows:

	December 31, 2015			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 7,819,848	$ 11,127	$ 21,663	$ 7,852,638
Variable interest rate liabilities	4,352,267	3,090,180	5,694,080	13,136,527
	$ 12,172,115	$ 3,101,307	$ 5,715,743	$ 20,989,165

	December 31, 2014			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 8,043,675	$ 10,923	$ 31,617	$ 8,086,215
Variable interest rate liabilities	6,262,883	4,029,770	5,784,260	16,076,913
Fixed interest rate liabilities	7,090	-	-	7,090
	$ 14,313,648	$ 4,040,693	$ 5,815,877	$ 24,170,218

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2015			2014		
	Foreign Currencies (Thousand)	Exchange Rate (Note 1)	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate (Note 1)	New Taiwan Dollars (Thousand)
Financial assets						
Monetary items						
USD	$ 180,326	32.825	$ 5,919,187	$ 183,055	31.65	$ 5,793,675
USD	14,971	120.37 (Note 2)	491,428	13,130	119.61 (Note 2)	415,557
EUR	1,669	35.88	59,868	1,779	38.47	68,453
JPY	1,136,209	0.2727	309,844	2,477,199	0.2646	655,467
RMB	72,568	4.995	362,475	64,885	5.092	330,394
ILS	12,104	8.4085	101,776	12,260	8.1478	99,892
Non-monetary items						
ILS	3,774	8.4085	31,730	3,189	8.1478	25,983
Financial liabilities						
Monetary items						
USD	86,724	32.825	2,846,723	110,794	31.65	3,506,631
USD	8,735	120.37 (Note 2)	286,741	6,610	119.61 (Note 2)	209,214
EUR	1,912	35.88	68,609	2,295	38.47	88,304
JPY	992,259	0.2727	270,589	2,690,643	0.2646	711,944
ILS	13,357	8.4085	112,313	14,548	8.1478	118,533

Note 1: Except as otherwise noted, exchange rate represents the number of New Taiwan dollars for which one foreign currency could be exchanged.

Note 2: The exchange rate represents the number of JPY for which one U.S. dollars could be exchanged.

For the years ended December 31, 2015 and 2014, realized and unrealized net foreign exchange gains were $162,565 thousand and $250,790 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

33. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a) Segment of DRAM IC product

The DRAM IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Mobile RAM, Specialty DRAM, Graphic DRAM and Commodity DRAM.

b) Segment of Flash Memory product

The Flash Memory product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Flash Memory product.

c) Segment of Logic IC product

The Logic IC product segment engages mainly in the manufacturing, selling, researching, designing and after-sales service of Logic IC product.

2) Principles of measuring reportable segments, profit, assets and liabilities

The significant accounting principles of each operating segment are the same as those stated in Note 4 to the consolidated financial statements. The Group's operating segment profit or loss represents the profit or loss earned by each segment. The profit or loss is controllable by segment managers and is the basis for assessment of segment performance. Individual segment assets are disclosed as zero since those measures are not reviewed by the chief operating decision maker. Major liabilities are arranged based on the capital cost and deployment of the whole company, which are not controlled by individual segment managers.

b. Segment revenues and operating results

The following was an analysis of the Group's revenue from continuing operations by reportable segments.

	Segment Revenue For the Year Ended December 31		Segment Profit and Loss For the Year Ended December 31	
	2015	**2014**	**2015**	**2014**
DRAM IC product	$ 19,915,168	$ 20,098,806	$ 4,682,132	$ 4,204,285
Flash Memory product	11,202,459	11,106,342	881,459	720,206
Logic IC product	7,201,074	6,780,631	1,234,953	1,048,381
Total of segment revenue	38,318,701	37,985,779	6,798,544	5,972,872
Other revenue	31,614	3,881	31,614	3,881
Operating revenue	$ 38,350,315	$ 37,989,660		
Unallocated expenditure				
Administrative and supporting expense			(1,257,611)	(1,112,579)
Sales and other common expenses			(1,463,621)	(1,205,751)
Total operating profit			4,108,926	3,658,423
Non-operating income and losses				
Interest income			173,461	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
Share of profit of associates accounted for using equity method			21,884	14,663
Interest expense			(263,751)	(177,339)
Other expense			(35,172)	(34,162)

(Continued)

	Segment Revenue		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Losses on disposal of property, plant and equipment			$ (8,341)	$ (7,643)
Losses on financial instruments at fair value through profit or loss			(121,027)	(129,296)
Profit before income tax			$ 4,248,184	$ 3,941,038

(Concluded)

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets (non-current assets exclude financial instruments, deferred income tax assets and post-employment benefit assets) by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2015	2014	2015	2014
Asia	$ 35,068,097	$ 34,713,971	$ 32,103,482	$ 34,282,266
United States	1,531,453	1,411,079	222,266	215,030
Europe	1,649,609	1,526,874	-	-
Others	101,156	337,736	-	-
	$ 38,350,315	$ 37,989,660	$ 32,325,748	$ 34,497,296

d. Major customer information

No individual customer exceeded 10% of the Group's net sales for the years ended December 31, 2015 and 2014.

Winbond Electronics Corporation

Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

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.

January 29, 2016

<u>*Notice to Readers*</u>

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.

WINBOND ELECTRONICS CORPORATION

BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
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	1,016,814	2	852,710	1
Total current assets	19,345,192	33	18,128,962	29
NON-CURRENT ASSETS				
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)	223,037	-	661,584	1
Total non-current assets	40,151,080	67	43,881,928	71
TOTAL	$ 59,496,272	100	$ 62,010,890	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
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	80,157	-	71,663	-
Total current liabilities	10,878,474	18	13,194,495	21
NON-CURRENT LIABILITIES				
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	436,620	1	388,128	-
Total non-current liabilities	9,715,827	17	10,633,151	17
Total liabilities	20,594,301	35	23,827,646	38
EQUITY				
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	(106,387)	-	(106,387)	-
Total equity	38,901,971	65	38,183,244	62
TOTAL	$ 59,496,272	100	$ 62,010,890	100

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)	22,381,244	72	23,315,561	75
GROSS PROFIT	8,462,362	28	7,614,128	25
OPERATING EXPENSES				
Selling expenses	773,989	3	725,368	2
General and administrative expenses	755,116	2	634,278	2
Research and development expenses	3,426,559	11	3,029,747	10
Total operating expenses	4,955,664	16	4,389,393	14
PROFIT FROM OPERATIONS	3,506,698	12	3,224,735	11
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	(109,851)	-	(107,398)	-
Total non-operating income and losses	403,553	1	447,234	1
PROFIT BEFORE INCOME TAX	3,910,251	13	3,671,969	12
INCOME TAX EXPENSE (Note 21)	619,000	2	596,000	2
NET PROFIT	3,291,251	11	3,075,969	10

(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)

	2015		2014	
	Amount	%	Amount	%
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	(1,729,602)	(6)	213,780	1
Other comprehensive income	(1,749,603)	(6)	288,731	1
TOTAL COMPREHENSIVE INCOME	$ 1,541,648	5	$ 3,364,700	11
EARNINGS PER SHARE (Note 22)				
Basic	$ 0.90		$ 0.83	
Diluted	$ 0.90		$ 0.83	

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)

	Common Stock	Capital Surplus	Unappropriated Earnings (Accumulated Deficits)	Other Equity: Exchange Differences on Translation of Foreign Financial Statements	Other Equity: 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
CASH FLOWS FROM OPERATING ACTIVITIES		
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	7,418,035	8,491,236
CASH FLOWS FROM INVESTING ACTIVITIES		
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	299,818	152,728
Net cash used in investing activities	(4,159,261)	(13,558,631)
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	-	4,876
Net cash (used in) generated from financing activities	(3,770,397)	4,255,711
NET DECREASE IN CASH AND CASH EQUIVALENTS	(511,623)	(811,684)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,146,238	4,957,922
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,634,615	$ 4,146,238

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

WINBOND ELECTRONICS CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Winbond Electronics Corporation (the "Company") was incorporated in the Republic of China ("ROC") on September 29, 1987 and is engaged in the design, development, manufacture and marketing of Very Large Scale Integration ("VLSI") integrated circuits ("ICs") used in a variety of microelectronic applications.

The Company's shares have been listed on the Taiwan Stock Exchange since October 18, 1995. Walsin Lihwa is a major stockholder of the Company and held approximately 23% ownership interest in the Company as of December 31, 2015 and 2014.

These financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on January 29, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC)

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, stipulated that the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

   Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Company's accounting policies:

   1) IFRS 12 "Disclosure of Interests in Other Entities"

      IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those required in the current standards.

2) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required for financial instruments only are extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 have been applied prospectively from January 1, 2015. Please refer to Note 30 for related disclosures.

3) Amendment to IAS 1 "Presentation of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Company has retrospectively applied the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plan and the share of the remeasurements of the defined benefit plans of associates accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translation of foreign financial statements and unrealized gains (losses) on available-for-sale financial assets. However, the application of the above amendments would not result in any impact on the net profit, other comprehensive income, and total comprehensive income for the year.

b. New IFRSs in issue but not yet endorsed by the FSC

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB (Note 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: To avoid enterprise adopt the amendment to IAS 28 twice in a short-term, IASB decided to postpone the amendment to IFRS 10 and IAS 28 announced in September 2014. The aforementioned amendment will be indefined until the study program of the entity method have been concluded.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

   With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect contractual cash flows, and have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2) Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"

   In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

   The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

   IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

   IAS 24 was amended to clarify that a management entity providing key management personnel services to the Company is a related party of the Company. Consequently, the Company is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

   The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

5) Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"

   The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

   The amended IAS 16 "Property, Plant and Equipment" requires that a depreciation method that is based on revenue generated by an activity that includes the use of property, plant and equipment is not appropriate. The amended standard does not provide any exception from this requirement.

   The amended IAS 38 "Intangible Assets" requires that there is a rebuttable presumption that an amortization method that is based on revenue generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

   a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity's use of the intangible asset will expire upon achievement of a revenue threshold); or

b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) Annual Improvements to IFRSs: 2012-2014 Cycle

IAS 19 was amended to clarify that the depth of the market for high quality corporate bonds used to estimate discount rate for post-employment benefits should be assessed by the market of the corporate bonds denominated in the same currency as the benefits to be paid, i.e. assessed at currency level (instead of country or regional level).

7) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its financial statements, the Company should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Company should consider the understandability and comparability of its financial statements to determine a systematic order in presenting its footnotes.

8) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company used equity method to account for its investment in subsidiaries and associates for the stand-alone financial statements. The amounts of the net profit, other comprehensive income and total equity in stand-alone financial statements are same with the amounts attributable to the owner of the Company in its consolidated financial statements since there is no difference in accounting treatment between stand-alone basis and consolidated basis.

Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized, sold or consumed within twelve months after the reporting period, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Except as otherwise mentioned, assets and liabilities that are not classified as current are classified as non-current.

Foreign Currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Exchange differences arising on the retranslation of non-monetary items measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rate prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange difference arising are recognized in other comprehensive income.

Cash Equivalents

Cash equivalents include time deposits and investments, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Financial Instruments

a. Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

The categories of financial assets held by Company are financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables.

1) Financial assets at fair value through profit or loss

   Financial assets are classified as at fair value through profit or loss when the financial assets are either held for trading or designated as at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) Available-for-sale financial assets

   Listed shares held by the Company that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period. Changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

   Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

   Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3) Held-to-maturity financial assets

   Bonds which have a specific credit rating and the Company has positive intent and ability to hold to maturity are classified as held-to-maturity financial assets.

   Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

4) Loans and receivables

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalent, notes and accounts receivable, account receivable due from related parties, other receivables and refundable deposits are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivable when the effect of discounting is immaterial.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost, such as accounts receivable and held-to-maturity financial assets are assessed for impairment. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, the amount is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

d. Financial liabilities

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities are measured at amortized cost using the effective interest method, except financial liabilities at fair value through profit or loss.

e. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

f. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

g. Information about fair value of financial instruments

The Company determined the fair value of financial assets and liabilities as follow:

1) The fair values of financial assets and liabilities which have standard terms and conditions and traded in active liquid market are determined by reference to quoted market price. If there is no quoted market price in active market, valuation techniques are applied.

2) The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts use individual maturity rate to calculate the fair value of each contract.

3) The fair values of other financial assets and financial liabilities are determined by discounted cash flow analysis in accordance with generally accepted pricing models.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Investments Accounted for Using Equity Method

a. Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company’s share of the change in other equity of the subsidiary.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

b. Investment in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Company uses equity method to recognize investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests, that in substances, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Properties, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The Company's property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	9-21 years
Machinery and equipment	4-8 years
Other equipment	6 years

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation as a result of a past event and at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. For potential product risk, the Company accrues reserve for product guarantee based on commitment to specific customers.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns; a liability is recognized a liability for returns based on previous experience and other relevant factors. Sales of goods are recognized when the goods are delivered and title is passed to the buyer.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease.

Under finance lease, the Company as lessor recognizes amounts due from lessees as receivables at the amount of the Company's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Under operating lease, the Company as lessor recognizes rental income from operating leases on a straight-line basis over the term of the relevant lease. Contingent rents receivable arising under operating leases are recognized as income in the period in which they are earned. As lessee, operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents payable arising under operating leases are recognized as an expense in the period in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to the acquisition of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee Benefits

a. Short-term employee benefits

   Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service rendered by employees.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability represents the actual deficit in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Employee Stock Options

The value of the stock options granted, which is equal to the best available estimate of the number of stock options expected to vest multiplied by the grant-date fair value, is expensed on a straight-line basis over the vesting period, with a corresponding adjustment to capital surplus. The fair value determined at the grant date of the employee stock options is recognized as an expense in full at the grant date when the stock options granted vest immediately.

At the end of each reporting period, the Company revises its estimate of the number of employee stock options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Reclassifications

Certain accounts in the financial statements as of and for the year ended December 31, 2014 have been reclassified to conform to the presentation of the financial statements as of and for the year ended December 31, 2015.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Deferred tax

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

b. Valuation of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience from selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

c. Useful lives and impairment of plant, property and equipment

The Company reviews the estimated useful lives and recoverable amount of property, plant and equipment at the end of each reporting period.

d. Recognition and measurement of defined benefit retirement plans

Net defined benefit liabilities and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

e. Impairment of accounts receivable

Objective evidence of impairment used in evaluating impairment loss includes estimated future cash flows. The amount of impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the future cash flows are lower than expected, significant impairment loss may be recognized.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	**2014**
Cash on hand	$ 230	$ 230
Checking accounts and demand deposits	2,898,278	3,219,668
Repurchase agreements collateralized by bonds	736,107	926,340
	$ 3,634,615	$ 4,146,238

The Company has time deposits pledged to secure land lease at a science park and customs tariff obligation which are reclassified as "other non-current assets".

	December 31	
	2015	**2014**
Time deposits	$ 71,373	$ 71,323

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	**2014**
Financial liabilities at FVTPL - current		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ 21,048	$ 11,253

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currencies	**Maturity Date**	**Contract Amount (In Thousands)**
December 31, 2015			
Sell forward exchange contracts	USD to NTD	2016.01.08-2016.02.26	USD89,000/NTD2,909,362

(Continued)

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2014			
Sell forward exchange contracts	USD to NTD	2015.01.09-2015.02.06	USD45,500/NTD1,428,797

(Concluded)

The Company entered into derivative financial instruments to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Listed stocks		
Walsin Lihwa Corporation	$ 1,174,400	$ 996,000
Hannstar Display Corporation	482,621	794,245
Walton Advanced Engineering Inc.	454,068	738,424
Walsin Technology Corporation	209,968	156,368
CTBC Financial Holding Co., Ltd.	56,834	63,931
Cathay Financial Holding Co., Ltd.	46,323	46,974
Yuanta/P-Shares Taiwan Top 50 ETF	17,618	-
Yuanta Duo Fu Equity Fund	-	30,161
Available-for-sale financial assets - current	$ 2,441,832	$ 2,826,103

9. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2015	2014
Current		
CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013	$ 99,900	$ -
Non-current		
CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013	$ -	$ 101,840

On March 12, 2013, the Company bought 3-year financial bonds issued by CTBC Bank Co., Ltd. with a coupon rate and an effective interest rate of 2.9%, at par value of RMB20,000 thousand.

As CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013 hold by the Company is due within one year as of December 31, 2015, the Company reclassified its investment from “held-to-maturity financial assets, non-current” to “held-to-maturity financial assets, current”.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2015	2014
Notes receivable	$ 658	$ 834
Accounts receivable	2,872,452	3,620,256
Less: Allowance for doubtful accounts	(71,000)	(86,000)
	$ 2,802,110	$ 3,535,090

The average credit period for sales of goods was 30-60 days. Allowance for doubtful accounts is based on estimated irrecoverable amounts determined by reference to aging of receivables, past default experience of the counterparties and an analysis of their financial position.

The aging of accounts receivable were as follows:

	December 31	
	2015	2014
Not overdue	$ 2,438,918	$ 3,230,839
Overdue under 30 days	427,393	374,077
Overdue 31-60 days	633	7,769
Overdue 61 days and longer	5,508	7,571
	$ 2,872,452	$ 3,620,256

Movements in the allowance for doubtful accounts recognized on accounts receivable were as follows:

	For the Year Ended December 31	
	2015	2014
Balance at January 1	$ 86,000	$ 82,488
Less: Amounts written off	(1,602)	(3,130)
Add: Impairment losses (reversed) recognized on accounts receivable	(13,398)	6,642
Balance at December 31	$ 71,000	$ 86,000

The Company's receivables were aged on a collective basis and not on individual account basis.

11. FINANCE LEASE RECEIVABLES

	December 31	
	2015	2014
Gross investment in leases		
Not later than one year	$ 479,741	$ 201,196
Later than one year and not later than five years	88,944	660,639
	568,685	861,835
Less: Unearned finance income	(131,944)	(252,440)
Present value of minimum lease payments	$ 436,741	$ 609,395

(Continued)

	December 31	
	2015	2014
Finance lease receivables		
Not later than one year (recorded as "other receivables")	$ 360,009	$ 80,606
Later than one year and not later than five years (recorded as "other non-current assets")	76,732	528,789
Financial lease receivables	$ 436,741	$ 609,395

(Concluded)

The Company entered into finance lease arrangements for certain machinery. All leases were denominated in New Taiwan dollars. The term of finance leases entered into was 3-5 years.

The interest rate inherent in the leases was fixed at contract date for the entire lease term. As of December 31, 2015, the interest rate inherent in the finance lease was 1.7% per annum.

The part of machinery which was reclassified to financial lease receivables was pledged to secure long-term borrowings.

The finance lease receivables as of December 31, 2015 and 2014 were neither past due nor impaired.

12. INVENTORIES

	December 31	
	2015	2014
Finished goods	$ 1,700,038	$ 1,438,719
Work-in-process	5,419,231	3,737,851
Raw materials and supplies	387,505	339,735
Inventories in transit	8,018	18,281
	$ 7,514,792	$ 5,534,586

a. Loss on decline in market value and obsolescence and abandonment of inventories were $121,523 thousand and $250,629 thousand, which were recognized as cost of sales for the years ended December 31, 2015 and 2014, respectively.

b. Unallocated fixed manufacturing costs recognized as cost of sales in the years ended December 31, 2015 and 2014 amounted to $222,235 thousand and $124,836 thousand, respectively.

13. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2015	2014
Smart Catch International Co., Ltd.	$ 40,000	$ -
Harbinger III Venture Capital Corp.	26,908	26,908
Others	13,253	13,253
Financial assets measured at cost, non-current	$ 80,161	$ 40,161

Management believed that the above unlisted equity investments held by the Company have fair value that cannot be reliably measured because the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2015	2014
Investments in subsidiaries	$ 4,324,440	$ 4,159,810
Investments in associates	1,724,898	2,416,386
	$ 6,049,338	$ 6,576,196

a. Investments in subsidiaries

	December 31			
	2015		2014	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Listed companies				
Nuvoton Technology Corporation	$ 1,882,834	61	$ 1,763,509	61
Unlisted companies				
Winbond Int'l Corporation	1,865,121	100	1,797,883	100
Landmark Group Holding Ltd.	249,903	100	286,613	100
Pine Capital Investment Limited	294,852	100	285,822	100
Winbond Technology Ltd.	31,730	100	25,983	100
Newfound Asian Corp.	-	100	-	100
Mobile Magic Design Corporation	-	100	-	100
Winbond Electronics (H.K.) Limited	-	100	-	100
	$ 4,324,440		$ 4,159,810	

1) Fair value of investment in subsidiaries for which there are published price quotations are summarized as follows, based on closing price of those investments at the balance sheet date:

	December 31	
Name of Subsidiary	2015	2014
Nuvoton Technology Corporation	$ 3,893,568	$ 3,608,672

2) In May 2015 and 2014, the Company subscribed shares of Winbond Int'l Corporation for cash of $3,068 thousand and $1,206 thousand, respectively.

3) In March 2015, the Company subscribed shares of Pine Capital Investment Limited for cash of $1,583 thousand.

4) In October 2015, the Company subscribed shares of Newfound Asian Corp. for cash of $1,296 thousand.

5) In January and December 2015, the board of directors of Landmark Group Holding Ltd. totally resolved capital reduction in the amounts of $114,651 thousand.

6) In 2015 and 2014, the Company recognized share of profit of subsidiaries under equity method in the amounts of $426,284 thousand and $344,986 thousand, respectively.

b. Investments in associates

	December 31	
	2015	2014
1) Associates that are not individually material	$ 1,724,898	$ 2,416,386

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2015	2014
The Company's share of:		
Profit from continuing operations	$ 21,884	$ 99
Other comprehensive income	(713,373)	93,229
Total comprehensive income for the year	$ (691,489)	$ 93,328

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 were based on the subsidiaries' and associates' financial statements audited by independent auditors.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2015	2014
Land	$ 1,544,450	$ 1,544,450
Building	7,712,140	7,951,679
Machinery and equipment	20,865,443	23,343,451
Other equipment	281,329	265,114
Construction in progress and prepayments on purchase of equipment	791,811	199,453
	$ 31,195,173	$ 33,304,147

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments on Purchase of Equipment	Total
Cost						
Balance at January 1, 2015	$ 1,544,450	$ 16,917,886	$ 78,361,236	$ 2,712,452	$ 199,453	$ 99,735,477
Additions	-	475,078	1,895,035	104,816	1,016,376	3,491,305
Disposals	-	(22,906)	(168,634)	(2,372)	-	(193,912)
Reclassified	-	373,314	50,704	-	(424,018)	-
Balance at December 31, 2015	$ 1,544,450	$ 17,743,372	$ 80,138,341	$ 2,814,896	$ 791,811	$ 103,032,870
Accumulated depreciation and impairment						
Balance at January 1, 2015	$ -	$ 8,966,207	$ 55,017,785	$ 2,447,338	$ -	$ 66,431,330
Depreciation expense	-	1,077,572	4,423,020	88,593	-	5,589,185
Disposals	-	(12,547)	(167,907)	(2,364)	-	(182,818)
Reclassified	-	-	-	-	-	-
Balance at December 31, 2015	$ -	$ 10,031,232	$ 59,272,898	$ 2,533,567	$ -	$ 71,837,697

(Continued)

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments on Purchase of Equipment	Total
Cost						
Balance at January 1, 2014	$ 799,147	$ 16,436,524	$ 66,940,839	$ 2,599,661	$ 992,246	$ 87,768,417
Additions	745,303	429,204	12,466,356	110,780	197,634	13,949,277
Disposals	-	-	(1,812,246)	(542)	-	(1,812,788)
Reclassified	-	52,158	766,287	2,553	(990,427)	(169,429)
Balance at December 31, 2014	$ 1,544,450	$ 16,917,886	$ 78,361,236	$ 2,712,452	$ 199,453	$ 99,735,477
Accumulated depreciation and impairment						
Balance at January 1, 2014	$ -	$ 8,074,913	$ 53,212,270	$ 2,349,079	$ -	$ 63,636,262
Depreciation expense	-	891,294	3,610,111	98,802	-	4,600,207
Disposals	-	-	(1,804,596)	(543)	-	(1,805,139)
Reclassified	-	-	-	-	-	-
Balance at December 31, 2014	$ -	$ 8,966,207	$ 55,017,785	$ 2,447,338	$ -	$ 66,431,330

(Concluded)

a. As of December 31, 2015 and 2014, the carrying values of $22,384,768 thousand and $24,648,354 thousand of land, building and 12-inch Fab manufacturing facilities were pledged to secure long-term borrowing. The Company was not permitted to sell or pledge all of these pledged assets.

b. Information about capitalized interest

	For the Year Ended December 31	
	2015	2014
Capitalized interest amounts	$ 65,163	$ 94,968
Capitalized interest rate	2.02%-2.16%	2.16%-2.24%

16. INTANGIBLE ASSET

	December 31	
	2015	2014
Deferred technical assets, net	$ 76,371	$ 52,000

	Deferred Technical Assets
Cost	
Balance at January 1, 2015	$ 17,763,553
Additions	24,371
Balance at December 31, 2015	$ 17,787,924
Accumulated amortization and impairment	
Balance at January 1, 2015	$ 17,711,553
Balance at December 31, 2015	$ 17,711,553

(Continued)

	Deferred Technical Assets
Cost	
Balance at January 1, 2014	$ 17,763,553
Balance at December 31, 2014	$ 17,763,553
Accumulated amortization and impairment	
Balance at January 1, 2014	$ 17,711,553
Balance at December 31, 2014	$ 17,711,553

(Concluded)

The amounts of deferred technical assets were the technical transfer fee in connection with certain technical transfer agreements. The above technical assets pertained to different products or process technology. The assets were depreciated on a straight-line basis from the commencement of production, and over the estimated useful life of the assets: Deferred technical assets - economic benefits or terms of the contracts.

17. BORROWINGS

	December 31	
	2015	2014
Short-term borrowings	$ -	$ 390,213
Long-term borrowings	$ 13,107,427	$ 15,643,099

a. Short-term borrowings

	December 31			
	2015		2014	
	Interest Rate	Amount	Interest Rate	Amount
Materials procurement loans	-	$ -	1.11%-1.25%	$ 390,213

b. Long-term borrowings

	December 31			
	2015			2014
	Period	Interest Rate	Amount	Amount
Bank of Taiwan syndicated loan (II)	2010.06.18-2015.06.18	2.58%-3.11%	$ -	$ 550,000
Bank of Taiwan syndicated loan (III)	2011.12.23-2016.12.23	2.14%-2.64%	3,518,927	5,192,860
CTBC Bank Co., Ltd. syndicated loan (III)	2012.12.27-2015.12.27	2.14%-2.65%	-	3,333,330
CTBC Bank Co., Ltd. syndicated loan (IV)	2014.11.27-2019.11.27	1.94%-2.23%	9,000,000	6,000,000
Bank of Taiwan secured medium-term loan	2014.12.29-2021.12.29	1.55%-1.70%	617,600	617,600
			13,136,527	15,693,790
Less: Current portion			(4,352,267)	(5,879,760)
Less: Syndication agreement management fee			(29,100)	(50,691)
			$ 8,755,160	$ 9,763,339

1) Bank of Taiwan Syndicated Loan (II)

   a) On May 31, 2010, the Company entered into a syndicated loan, with a group of financial institutions to procure equipment for 12-inch Fab and fund the long-term loan payments, credit line was divided into parts A and B, which amounted to $3.3 billion and $3.5 billion, respectively; the total line of credit $6.8 billion.

   b) Part A will be repaid every six months from December 18, 2012 until maturity; part B will be repaid from June 18, 2012 at 20%, 20% and 60% of the principal, respectively.

   c) Please refer to Note 15 for collateral on bank borrowing.

   d) The agreement was fully redeemed on June 18, 2015.

2) Bank of Taiwan Syndicated Loan (III)

   a) On September 19, 2011, the Company entered into a syndicated loan, the original amount of $7 billion was deducted $0.25 billion because prepayment, finally amounting to $6.75 billion, with a group of financial institutions to procure equipment for 12-inch Fab.

   b) The Company changed the terms and repayment schedule of the agreement on December 18, 2013. The loan utilized before December 22, 2013 will be repaid every six months from June 23, 2014 and the loan utilized after December 22, 2013 will be repaid every six months at 30%, 30% and 40% from December 23, 2015, respectively.

   c) Please refer to Note 15 for collateral on bank borrowing.

3) CTBC Bank Co., Ltd. Syndicated Loan (III)

   a) On November 19, 2012, the Company entered into a syndicated loan, amounting to $5 billion, with a group of financial institutions to fund the long-term loan payments and finance the working capital.

   b) The principal will be repaid every six months from December 27, 2014 until maturity.

   c) Please refer to Note 15 for collateral on bank borrowing.

   d) The agreement was fully redeemed on December 25, 2015.

4) CTBC Bank Co., Ltd. Syndicated Loan (IV)

   a) On July 7, 2014, the Company entered into a syndicated loan, with a group of financial institutions to procure equipment for 12-inch Fab and fund the borrowing payments, credit line was divided into part A and B, which amounted to $6.5 billion and $2.5 billion, respectively; the total line of credit $9 billion.

   b) Part A will be repaid every six months from November 27, 2017 until maturity, part B will be repaid every six months from November 27, 2016 until maturity.

   c) Please refer to Note 15 for collateral on bank borrowing.

5) The collateral on the Bank of Taiwan secured medium-term loan are the land and building of the Company in Zhubei, please referred to Note 15. The principal will be repaid every six months from June 29, 2017 until maturity.

6) The Company is required to maintain certain financial covenants, including current ratio, debt ratio and tangible net equity, on June 30 and December 31 during the tenors of the loans. Additionally, the principal and interest coverage should be also maintained on June 30 and December 31 during the tenors of the loans except for the Bank of Taiwan secured medium - term loan. The computations of financial ratios mentioned above are done based on the audited consolidated financial statements.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amount included in the balance sheet in respect of the Company's obligation on its defined benefit plan was as follows:

	December 31	
	2015	2014
Present value of the defined benefit obligation	$ 1,013,847	$ 984,184
Fair value of the plan assets	(489,800)	(502,500)
Net defined benefit liabilities, non-current	$ 524,047	$ 481,684

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2015	$ 984,184	$ (502,500)	$ 481,684
Service cost			
Current service cost	14,900	-	14,900
Net interest expense (income)	20,965	(10,764)	10,201
Recognized in profit or loss	35,865	(10,764)	25,101

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Remeasurement			
Return on plan assets	$ -	$ (2,501)	$ (2,501)
Actuarial loss - changes in financial assumptions	37,933	-	37,933
Actuarial gain - experience adjustments	(3,914)	-	(3,914)
Recognized in other comprehensive income	34,019	(2,501)	31,518
Contributions from the employer	-	(14,256)	(14,256)
Benefits paid	(40,221)	40,221	-
Balance at December 31, 2015	$ 1,013,847	$ (489,800)	$ 524,047
Balance at January 1, 2014	$ 955,348	$ (494,437)	$ 460,911
Service cost			
Current service cost	16,208	-	16,208
Net interest expense (income)	21,451	(6,244)	15,207
Recognized in profit or loss	37,659	(6,244)	31,415
Remeasurement			
Return on plan assets	-	(5,293)	(5,293)
Actuarial loss - changes in financial assumptions	9,621	-	9,621
Actuarial gain - experience adjustments	(1,044)	-	(1,044)
Recognized in other comprehensive income	8,577	(5,293)	3,284
Contributions from the employer	-	(13,926)	(13,926)
Benefits paid	(17,400)	17,400	-
Balance at December 31, 2014	$ 984,184	$ (502,500)	$ 481,684

(Concluded)

Amounts recognized in profit or loss in respect of these defined benefit plans analyzed by function were as follows:

	For the Year Ended December 31	
	2015	2014
Operating cost	$ 14,014	$ 17,827
Selling expenses	1,890	2,611
General and administrative expenses	2,805	3,406
Research and development expenses	6,392	7,571
	$ 25,101	$ 31,415

The fair value of the plan assets was as follows:

	December 31	
	2015	2014
Cash and cash equivalents	$ 489,800	$ 502,500

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	**2014**
Discount rate	1.75%	2.15%
Expected rate of salary increase	3.00%	3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2015	**2014**
Discount rate		
0.5% increase	$ (47,080)	$ (46,724)
0.5% decrease	$ 50,642	$ 50,310
Expected rate of salary increase		
0.5% increase	$ 49,781	$ 49,656
0.5% decrease	$ (46,769)	$ (46,591)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	**2014**
The expected contribution to the plan for the next year	$ 6,630	$ 14,520
The average duration of defined benefit obligation	9.70 years	9.96 years

19. EQUITY

a. Common stock

	December 31 2015	December 31 2014
Number of shares authorized (in thousands)	6,700,000	6,700,000
Share authorized	$ 67,000,000	$ 67,000,000
Number of shares issued and fully paid (in thousands)	3,580,000	3,694,982
Share issued	$ 35,800,002	$ 36,949,822

Reconciliation of outstanding share:

	Shares (In Thousands)	Capital
January 1, 2015	3,694,982	$ 36,949,822
Retirement of treasury stock	(114,982)	(1,149,820)
December 31, 2015	3,580,000	$ 35,800,002
January 1, 2014	3,694,023	$ 36,940,232
Employee executed the stock options	959	9,590
December 31, 2014	3,694,982	$ 36,949,822

As of December 31, 2014, the balance of the Company's capital account amount to $36,949,822 thousand, divided into 3,694,982 thousand shares at par NT$10.00 per share. As of December 31, 2015, the balance of the Company's capital account amount to $35,800,002 thousand, divided into 3,580,000 thousand shares at par NT$10.00 per share.

b. Retained earnings and dividend policy

According to the unrevised Company Law of the ROC and the Company's Articles of Incorporation, if the Company has surplus earnings at the end of a fiscal year, after covering all losses incurred in prior years and paying all taxes, the Company shall set aside 10% 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 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 amount (if not otherwise set aside as special reserve and reserved based on business needs) in the following order:

a. 1% to 2% as remuneration to directors and supervisors;

b. 10% to 15% as bonus to employees;

c. The remaining amount as bonus to shareholders. Not less than 10% of the total shareholders bonus shall be distributed in form of cash.

"Employees" referred to in item b of the preceding paragraph, when distributing the stock bonus, include the employees of subsidiaries of the Company meeting certain criteria. The board of directors is authorized to determine the above "certain criteria" or the board of directors may authorize the Chairman to ratify the above "certain criteria".

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on January 29, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 16, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 20 employee benefits expense.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Pursuant to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity, such as the accumulated balance of foreign currency translation reserve, unrealized valuation gain/loss from available-for-sale financial assets, net amounts of fair value below the cost of the Company's common shares held by subsidiaries, etc. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2015 are not subjected.

The Company's results were loss for the years ended December 31, 2014 and 2013, so the stockholders' meetings on June 18, 2015 and June 17, 2014 did not include appropriations of earnings. The relevant information about the Company is available on MOPS. The Company had accumulated deficits in the years 2014; thus it did not estimate bonus to employees, directors and supervisors.

c. Capital surplus

	December 31	
	2015	**2014**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from treasury share transactions	$ 2,298,761	$ 1,971,862
Arising from conversion of bonds	136,352	136,352
May be used to offset a deficit only		
Arising from changes in percentage of ownership interest in subsidiaries	6,042	6,042
May not be used for any purpose		
Arising from share of changes in capital surplus of associates	29,137	29,137
	$ 2,470,292	$ 2,143,393

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

d. Other equity items

Exchange differences on translation of foreign financial statements are the exchange differences on net assets of foreign operations translated into the Company's functional currency (New Taiwan dollar), which are recognized directly in other comprehensive income. For the years ended December 31, 2015 and 2014, the Company recognized gain of $65,506 thousand and gain of $82,832 thousand in other comprehensive income, respectively.

Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2015	2014
Balance, beginning of year	$ 292,835	$ 79,055
Unrealized (loss) gain arising on revaluation of available-for-sale financial assets	(984,703)	117,728
Share of unrealized (loss) gain on revaluation of available-for-sale financial assets of subsidiaries and associates accounted for using equity method	(744,899)	96,052
Balance, end of year	$ (1,436,767)	$ 292,835

e. Treasury stock

On July 31 and October 1, 2015, the Company's board of directors passed a resolution to buy back the Company's common shares from the open market. The repurchase price ranged from NT$6.5 to NT$8.5 per share. The Company bought back 114,982,000 shares for NT$822,921 thousand. On October 31, the Company resolved to retire the 114,982,000 treasury shares.

1) Treasury stock transactions for the year of 2015, were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2015	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2015
Maintain the Company's credibility and shareholders' equity	-	114,982,000	(114,982,000)	-
Common shares held by subsidiaries	7,518,364	-	-	7,518,364
	7,518,364	114,982,000	(114,982,000)	7,518,364

2) Treasury stock transactions for the year of 2014 were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2014	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2014
Common shares held by subsidiaries	7,518,364	-	-	7,518,364

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	Number of Shares Held	Carrying Value	Market Value
December 31, 2015			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 59,320
December 31, 2014			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 81,574

Based on the Securities and Exchange Act of the ROC, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

The purpose of holding the shares is to maintain Stockholders' equity. The Company's shares held by subsidiaries were treated as treasury stock, and the holders are entitled to the rights of stockholders, except for the right to participate in the Company's share issuance for cash and vote in stockholders' meeting when the subsidiary held more than 50%. Other rights are the same as common stock.

20. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION, AND AMORTIZATION

	For the Year Ended December 31, 2015			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits				
Salary	$ 1,595,909	$ 1,297,193	$ -	$ 2,893,102
Insurance	$ 116,780	$ 74,134	$ -	$ 190,914
Post-employment benefits				
Pension	$ 83,780	$ 61,692	$ -	$ 145,472
Depreciation	$ 5,305,178	$ 284,007	$ -	$ 5,589,185
Amortization	$ -	$ -	$ 21,591	$ 21,591

	For the Year Ended December 31, 2014			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits				
Salary	$ 1,532,129	$ 1,103,014	$ -	$ 2,635,143
Insurance	$ 109,933	$ 65,361	$ -	$ 175,294
Post-employment benefits				
Pension	$ 82,975	$ 50,254	$ -	$ 133,229
Depreciation	$ 4,455,407	$ 144,800	$ -	$ 4,600,207
Amortization	$ -	$ -	$ 20,731	$ 20,731

There were 2,321 and 2,217 employees in the Company as of December 31, 2015 and 2014, respectively.

The Company had accumulated deficits in 2014; thus it did not estimate bonus to employees, directors and supervisors. To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1% of net profit before income tax, respectively. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were $28,475 thousand and $28,475 thousand, respectively, representing 1% and 1%, respectively, of the base net profit (offset a deficit included). Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The relevant information about the Company is available on MOPS.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	$ 597,000	$ 567,000
Deferred tax		
In respect of the current year	22,000	29,000
Income tax expense recognized in profit or loss	$ 619,000	$ 596,000

Reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2015	2014
Profit before tax from continuing operations	$ 665,000	$ 624,000
Permanent difference	(68,000)	(57,000)
Current income tax expenses	597,000	567,000
Temporary difference	22,000	29,000
Income tax expense recognized in profit or loss	$ 619,000	$ 596,000

The applicable tax rate used by the Company is 17%.

b. Current tax assets and liabilities

	December 31	
	2015	2014
Current income tax assets		
Tax refund receivable (recorded as "other receivables")	$ 7,195	$ 6,311

c. As of December 31, 2015 and 2014, deferred tax assets of $2,527,000 thousand and $3,146,000 thousand, respectively, were mainly net operating loss carryforwards.

d. Information about the Company's operating loss carryforwards as of December 31, 2015 was as follows:

Operating loss carryforwards as of December 31, 2015, comprised of:

Operating Loss Carryforwards	Expiry Year
$ 2,502,000	2017-2019
475,000	2022
$ 2,977,000	

e. The information on the integrated income tax was as follows:

	December 31	
	2015	2014
Balance of imputation credit account	$ 381,823	$ 339,974
Undistributed earnings for the years of 1997 and before	$ -	$ -
Undistributed earnings (accumulated deficits) for the years of 1998 and thereafter	$ 2,086,060	$ (1,119,684)

f. The tax returns through 2012 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	For the Year Ended December 31, 2015				
	Amounts (Numerator)		Shares	Earnings Per Share (NT$)	
	Before Tax	After Tax	(Denominator) (In Thousands)	Before Tax	After Tax
Basic earnings per share					
Net income attributed to common shareholders	$ 3,910,251	$ 3,291,251	3,648,377	$ 1.07	$ 0.90
Diluted earnings per share					
Net income attributed to common shareholders	$ 3,910,251	$ 3,291,251	3,648,377	$ 1.07	$ 0.90

	For the Year Ended December 31, 2014				
	Amounts (Numerator)		Shares	Earnings Per Share (NT$)	
	Before Tax	After Tax	(Denominator) (In Thousands)	Before Tax	After Tax
Basic earnings per share					
Net income attributed to common shareholders	$ 3,671,969	$ 3,075,969	3,687,217	$ 1.00	$ 0.83
Diluted earnings per share					
Net income attributed to common shareholders	$ 3,671,969	$ 3,075,969	3,687,217	$ 1.00	$ 0.83

23. SHARE-BASED PAYMENT ARRANGEMENT

Employee Stock Option

In 2008 and 2009, the Company granted employee stock options in the quantity of 45,764 thousand and 1,585 thousand units, respectively. Each individual employee stock options is granted the right to purchase the Company's new issued one common share. The stock options were granted to qualified employees of the Company and its subsidiaries. The stock options granted are valid for 5 years and exercisable at certain percentages after the second anniversary year from the grant date. The stock options were granted at an exercise price equal to the closing price of the Company's common shares listed on the Taiwan Stock Exchange on the grant date. For any subsequent changes in the Company's capital surplus, the exercise price and the number of options are adjusted accordingly.

As of December 31, 2015, there is no outstanding stock options.

In 2014, employee stock options were summarized as follows:

	For the Year Ended December 31, 2014	
Employee Stock Options	Number of Options (In Thousands)	Weighted Average Exercise Price (NT$)
Outstanding balance, beginning of year	959	$ 5.08
Options exercised	(959)	5.08
Outstanding balance, end of year	-	-
Options exercisable, end of year	-	-

24. NON-CASH TRANSACTIONS

	For the Year Ended December 31	
	2015	2014
Non-cash investing and financing activities		
Current portion of long-term borrowings	$ 4,352,267	$ 5,879,760
Exchange differences on translation of foreign financial statements	$ 65,506	$ 82,832
Unrealized (loss) gain on available-for-sale financial assets	$ (1,729,602)	$ 213,780
Change in equity of subsidiaries and associates accounted for using equity method	$ -	$ (252)
Acquisitions of available-for-sale financial assets by offset with accounts receivable	$ -	$ 902
Property, plant and equipment was reclassified to finance lease receivable	$ -	$ 169,429

25. OPERATING LEASE ARRANGEMENTS

The Company as Lessee

a. Lease arrangements

The Company leased land from Science Park Administration until 2023, and the lease term can extended after the expiration of the lease period. The Company leased some of the offices, and the lease terms will expire between 2016 and 2022 which can be extended after the expiration of the lease periods.

As of December 31, 2015 and 2014, deposits paid under operating leases amounted to $14,160 thousand and $7,851 thousand, respectively (recorded as "other non-current assets").

b. Lease expense

	For the Year Ended December 31	
	2015	2014
Lease expenditure	$ 67,649	$ 64,099

26. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, debt repayments and dividends payments.

27. RELATED PARTY TRANSACTIONS

a. The names and relationships of related parties are as follows:

Related Party	Relationship with the Company
Walsin Lihwa Corporation	Investor that exercises significant influence over the Company
Winbond Electronics (H.K.) Limited	Subsidiary
Mobile Magic Design Corporation	Subsidiary
Winbond Electronics (Suzhou) Limited	Subsidiary
Winbond Electronics Corporation America	Subsidiary
Winbond Electronics Corporation Japan	Subsidiary
Winbond Technology Ltd.	Subsidiary
Nuvoton Technology Corporation	Subsidiary
Techdesign Corporation	Subsidiary
Global Brands Manufacture Ltd.	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Global Brands Manufacture (Dongguan) Ltd.	Related party in substance
Walton Advanced Engineering (Suzhou) Inc.	Related party in substance
HannStar Display Corporation	Related party in substance
HannStar Board Corporation	Related party in substance
Walsin Technology Corporation	Related party in substance
Harbinger III Venture Capital Corp.	Related party in substance

b. Operating activities

	For the Year Ended December 31	
	2015	2014
1) Operating revenue		
Subsidiaries	$ 11,026,137	$ 8,931,063
Related party in substance	-	8,055
	$ 11,026,137	$ 8,939,118
2) Manufacturing expenses		
Related party in substance	$ 2,842,432	$ 2,667,828
3) Selling expenses		
Subsidiaries	$ 152,566	$ 136,207
4) General and administrative expenses		
Investor that exercises significant influence over the Company	$ 8,566	$ 8,450
Related party in substance	1,537	-
	$ 10,103	$ 8,450
5) Research and development expenses		
Subsidiaries	$ 804,772	$ 770,082
6) Other income		
Subsidiaries	$ 2,111	$ 1,954
Related party in substance	663	99
	$ 2,774	$ 2,053
7) Dividend income		
Related party in substance	$ 24,021	$ 22,405

	December 31	
	2015	2014
8) Accounts receivable due from related parties		
Subsidiaries	$ 1,320,712	$ 983,807
9) Accounts payable to related parties		
Related party in substance	$ 707,064	$ 642,308

	December 31	
	2015	2014
10) Other receivables and other current assets		
Subsidiaries	$ 52	$ 99
Investor that exercises significant influence over the Company	277	3
	$ 329	$ 102
11) Other payables		
Subsidiaries	$ 237,184	$ 240,950
Related party in substance	33,423	13,133
Investor that exercises significant influence over the Company	1,545	38
	$ 272,152	$ 254,121
12) Refundable deposits (recorded as "other non-current assets")		
Subsidiaries	$ 545	$ 545
Investor that exercises significant influence over the Company	203	203
	$ 748	$ 748

The related party transactions were conducted under normal terms.

c. Compensation of key management personnel

	For the Year Ended December 31	
	2015	2014
Short-term employment benefits	$ 95,935	$ 74,916
Post-employment benefits	19,953	338
Share - based payments	-	1,980
	$ 115,888	$ 77,234

The remuneration of directors and key management personnel was determined by the remuneration committee having regard to the performance of individuals and market trends. And the remuneration was resolved by the board of directors.

28. PLEDGED AND COLLATERALIZED ASSETS

Please refer to Note 6, Note 11, Note 15 and Note 17.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Amounts available under unused letters of credit as of December 31, 2015 were approximately US$8,264 thousand, JPY31,040 thousand and EUR46 thousand.

b. Signed construction contract

	Total Contract Price	Payment as of December 31, 2015
TASA Construction Corporation	$ 1,140,000	$ 513,821

30. FINANCIAL INSTRUMENT

a. Fair value of financial instruments

1) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes publicly traded stocks, mutual funds and convertible bonds).
- Forward exchange contracts and cross currency swap contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3) Fair value of financial instruments that are not measured at fair value

Fair value hierarchy as at December 31, 2015

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Held-to-maturity investments					
Domestic listed securities					
Financial bonds	$ 99,900	$ 99,565	$ -	$ -	$ 99,565

Fair value hierarchy as at December 31, 2014

	Carrying Amount	Fair Value Level 1	Level 2	Level 3	Total
Held-to-maturity investments					
Domestic listed securities					
Financial bonds	$ 101,840	$ 101,842	$ -	$ -	$ 101,842

2) Fair value of financial instruments that are measured at fair value

Fair value hierarchy as at December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed securities				
Equity securities	$ 2,441,832	$ -	$ -	$ 2,441,832
Financial liabilities at FVTPL				
Derivative financial liabilities (not under hedge accounting)	$ -	$ 21,048	$ -	$ 21,048

Fair value hierarchy as at December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed securities				
Equity securities	$ 2,826,103	$ -	$ -	$ 2,826,103
Financial liabilities at FVTPL				
Derivative financial liabilities (not under hedge accounting)	$ -	$ 11,253	$ -	$ 11,253

There were no transfers between the levels in 2015 and 2014, respectively.

b. Categories of financial instruments

Fair values of financial instruments were summarized as follows:

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 3,634,615	$ 3,634,615	$ 4,146,238	$ 4,146,238
Notes and accounts receivable (included related parties)	4,122,822	4,122,822	4,518,897	4,518,897
Other receivables	514,417	514,417	250,428	250,428
Refundable deposits (recorded in other non-current assets)	90,964	90,964	77,453	77,453
Finance lease receivable (recorded in other non-current assets)	76,732	76,732	528,789	528,789

(Continued)

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Available-for-sale financial assets	$ 2,441,832	$ 2,441,832	$ 2,826,103	$ 2,826,103
Held-to-maturity financial assets	99,900	99,565	101,840	101,842
Financial assets measured at cost	80,161	80,161	40,161	40,161
Financial liabilities				
Measured at amortized cost				
Short-term borrowings	-	-	390,213	390,213
Notes and accounts payable (included related parties)	3,903,706	3,903,706	3,924,847	3,924,847
Payable on equipment and other payables	2,521,296	2,521,296	2,916,759	2,916,759
Long-term borrowings (included current portion)	13,136,527	13,136,527	15,693,790	15,693,790
Financial liabilities at FVTPL	21,048	21,048	11,253	11,253

(Concluded)

c. Financial risk management objectives and policies

The Company's major financial instruments included equity and debt investments, borrowings, accounts receivable and accounts payable. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The use of financial derivatives was governed by the Company's policies approved by the board of directors, which provided written principles on foreign exchange risk, and use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company uses forward foreign exchange contracts to hedge the exchange rate risk on export.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company uses forward foreign exchange contracts to hedge the exchange rate risk within approved policy parameters utilizing forward foreign exchange contracts.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against U.S. dollars, there would be impact on net income in the amounts of $28,964 thousand and $19,400 thousand increase for the years ended December 31, 2015 and 2014.

b) Interest rate risk

The Company's interest rate risk arises primarily from floating rate deposits and borrowings.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2015	2014
Cash flow interest rate risk		
Financial assets	$ 493	$ 493
Financial liabilities	13,136,527	16,076,913

The sensitivity analyses below were determined based on the Company's exposure to interest rates for fair value of variable-rate derivatives instruments at the end of the reporting period. If interest rates had been higher by one percentage point, the Company's cash flows for the years ended December 31, 2015 and 2014 would increase by $131,360 thousand and $160,764 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In order to minimize credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual accounts receivable at the end of the reporting period to ensure that adequate impairment losses are recognized for irrecoverable amounts. In this regard, the directors of the Company consider that the Company's credit risk was significantly reduced.

3) Liquidity risk

The Company has enough operating capital to comply with loan covenants; liquidity risk is low.

The Company's non-derivative financial liabilities and their agreed repayment period were as follows:

	December 31, 2015			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 6,425,002	$ -	$ -	$ 6,425,002
Variable interest rate liabilities	4,352,267	3,090,180	5,694,080	13,136,527
	$ 10,777,269	$ 3,090,180	$ 5,694,080	$ 19,561,529

	December 31, 2014			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 6,841,606	$ -	$ -	$ 6,841,606
Variable interest rate liabilities	6,262,883	4,029,770	5,784,260	16,076,913
Fixed interest rate liabilities	7,090	-	-	7,090
	$ 13,111,579	$ 4,029,770	$ 5,784,260	$ 22,925,609

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31					
	2015			2014		
	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)
Financial assets						
Monetary items						
USD	$ 158,458	32.825	$ 5,201,376	$ 158,037	31.65	$ 5,001,876
EUR	1,668	35.88	59,848	1,779	38.47	68,432
JPY	1,103,491	0.2727	300,922	2,463,986	0.2646	651,971
RMB	70,992	4.995	354,605	62,863	5.092	320,096
Non-monetary items						
ILS	3,774	8.4085	31,730	3,189	8.1478	25,983
Financial liabilities						
Monetary items						
USD	70,220	32.825	2,304,985	96,740	31.65	3,061,835
EUR	1,871	35.88	67,146	2,289	38.47	88,067
JPY	955,934	0.2727	260,683	2,659,832	0.2646	703,792

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31	
Foreign Currencies	2015	2014
USD	$ 144,843	$ 153,487
JPY	2,703	25,446
RMB	(11,525)	16,764
	$ 136,021	$ 195,697

Financial Position, Financial Performance and Risk Analysis

1. Financial position

Unit: NT$1,000

Item\Year	2015 Consolidated Financial Statements	2014 Consolidated Financial Statements	Increase (decrease) amount	Change (%)
Current assets	24,712,757	22,976,738	1,736,019	8
Property, plant and equipment	31,915,030	33,986,751	(2,071,721)	(6)
Intangible assets	270,926	311,616	(40,690)	(13)
Other assets	5,699,054	7,565,912	(1,866,858)	(25)
Total Assets	62,597,767	64,841,017	(2,243,250)	(3)
Current liabilities	12,333,195	14,451,378	(2,118,183)	(15)
Non-current liabilities	10,166,033	11,089,548	(923,515)	(8)
Total liabilities	22,499,228	25,540,926	(3,041,698)	(12)
Equity attributable to owners of parent	38,901,971	38,183,244	718,727	2
Capital	35,800,002	36,949,822	(1,149,820)	(3)
Capital surplus	2,470,292	2,143,393	326,899	15
Accumulated profit (loss)	2,086,060	(1,119,684)	3,205,744	286
Other interests	(1,347,996)	316,100	(1,664,096)	(526)
Treasury stock	(106,387)	(106,387)	-	-
Non-controlling interests	1,196,568	1,116,847	79,721	7
Total equity	40,098,539	39,300,091	798,448	2

Reasons for changes exceeding 20%:

1.Decrease in other assets: was mainly due to increase in unrealized valuation loss on available-for-sale financial assets held by investees accounted for using equity method.

2.Increase in accumulated profit was due to increase in net profit in 2015.

3.Decrease in other interests: was mainly due to increase in unrealized valuation loss on available-for-sale financial assets.

2. Financial performance

Unit: NT$1,000

Item\Year	2015 Consolidated Financial Statements	2014 Consolidated Financial Statements	Increase (decrease) amount	Change (%)
Net revenue	38,350,315	37,989,660	360,655	1
Operating cost	26,528,662	27,199,199	(670,537)	(2)
Gross profit	11,821,653	10,790,461	1,031,192	10
Operating expenses	7,712,727	7,132,038	580,689	8
Operating profits	4,108,926	3,658,423	450,503	12
Non-operating income and expense	139,258	282,615	(143,357)	(51)
Net income (loss) before tax	4,248,184	3,941,038	307,146	8
Income tax expense	775,311	730,494	44,817	6
Current period net profit	3,472,873	3,210,544	262,329	8
Other comprehensive income	(1,754,383)	294,103	(2,048,486)	(697)
Total comprehensive income	1,718,490	3,504,647	(1,786,157)	(51)

Reasons for changes exceeding 20%:

1.Decrease in net non-operating income: was mainly due to decrease in exchange gain and increase in interest expenses.

2.Decrease in other comprehensive income: was mainly due to increase in unrealized valuation loss on available-for-sale financial assets.

Sales forecast for the coming year and main reasons for the forecast of growth in sales:

Based on current market performance, future market demands and the Company's capacity, we project that the outputs of 12-inch wafer (equivalent) could reach 510,000 units in 2016.

3. Cash flow analysis

3.1 Cash flow analysis of 2015 consolidated financial statements

Unit: NT$1m

Cash balance, beginning (December 31, 2014)	Cash flow from operating activities (2015)	Cash outflow due to investing and financing activities (2015)	Cash surplus (December 31, 2015)	Remedial measures for cash deficit	
				Investment plan	Financial plan
6,976	7,658	(8,237)	6,397	-	-

1.Analysis on the cash flow changes in 2015 consolidated financial statements:

(1)Operating activities: Operating activities produced a net cash inflow of NT$7.7 billion.

(2)Investing activities: Purchase of production equipment produced a cash outflow of NT$4.1 billion. In addition, equity investment and others produced a cash outflow of NT$300 million.

(3)Financing activities: Net cash outflow of NT$2.9 billion primarily resulted from repayment of long- and short-term borrowing and NT$900 million from buyback of treasury stocks and other cash outflows.

2.Remedial action for cash deficit and liquidity analysis: N/A.

3.2 Analysis on consolidated cash flow for the coming year

Net cash inflow from operating activities of the Company and subsidiaries for the coming year is estimated at NT$8.4 billion, and net cash outflow due to investing and financing activities, to be used mainly on capital spending and equity investment, is estimated at NT$8.7 billion.

4. Effect of major capital spending on financial position and business operation

4.1 Utilization of fund on major capital spending and sources of funds

Unit: NT$1m

Project	Actual or expected source of funds	Actual or estimated completion date	Total funding need	Actual or expected status of spending		
				2014	2015	2016
Expansion of Fab facilities and capacity and process upgrade	Bank loan, capitalization of retained earnings or operating profit	2017	20,768	11,402	3,115	6,251

4.2 Anticipated benefit

Expansion of plant facilities and capacity, accelerated upgrade of process technology, and sustained market share.

5. Industry-specific key performance indicator

Performance indicator	2015
Output of 12-inch wafer	501,000 pcs
Average in-line yield	98.89%

6. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year

(1) Investment policy: The Company makes investment in the hope to boost business performance in principle.

(2) Investment profit or loss in recent years: The Company recognized NT$448 million of gain on equity method investments in 2015 (NT$22 million of gain on equity method investments in consolidated statements).

(3) Investment plan for the next year: The Company will formulate investment plan in view of operating needs of the Company and invested enterprises.

7. Risk management and evaluation

7.1 Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures

(1) Interest rate change

The Company's interest expenses arise mainly from long-term borrowing to meet the operational needs of process upgrade or capacity expansion. The consolidated interest expense in 2015 amounted to NT$90,290,000, accounting for 0.24% of the year's consolidated revenue and 2.13% of the year's consolidated net income before tax. As interest rates are still at low level, rate changes are not expected to produce much impact on Company operations. However the Company will take the following response actions in view of actual needs:

A.Short-term financing: The Company periodically tracks the interest rates on short-term loans offered by banks to stay constantly aware of average market rate, and keeps close contact with banks to vie for their best loan rates. In addition, more precise calculation of cash flows could keep the number of days of short-term borrowing at the minimum, which could help reduce interest expense.

B.Long-term financing: The Company has negotiated better rates from banks for its three existing long-term loans, and will evaluate its cash flow status and repay loans early to reduce the interest expense if feasible.

Based on the conservatism principle, the Company will continue to improve its financial structure and effectively control the cost of funds. The Company maintains good rapport with correspondent banks and will monitor interest rate movements closely to vie for the best interest rates from banks.

The Company currently has both variable-rate and fixed-rate long-term loans. The Company keeps constant watch of and analyzes the impact of interests rate fluctuation in the financial markets on cash flows associated with the Company's loans and would take response actions in view of actual needs.

(2) Exchange rate change

The Company's exchange gain (loss) arises mainly from the foreign currency positions associated with its import/export business. The income/loss from foreign exchange transactions (including financial derivatives transactions) in 2015 amounted to NT$41,538,000, representing 0.11% of the years' consolidated revenue and 0.98% of the year's consolidated net income before tax. The Company would hedge the exchange rate risk associated with the net position of its foreign-currency assets/liabilities in view of the exchange rate fluctuation. As of year-end 2015, the Company held USD 99,000,000 of financial derivatives assets which are subject to exchange rate risk. The unrealized loss on those assets valued by fair value amounted to NT$22,427,000, which is within controllable range. The Company will continue to adopt the following response actions for exchange rate risk:

(1)Engage in financial derivatives transactions for the main purpose of hedging exchange rate risks, and choose financial derivative products to primarily hedge the risks associated with the Company's business operations. In the selection of trading counterparty, give primary consideration to credit risk to avoid loss arising from counterparty's failure to perform its contractual obligation. In addition, financial institutions with low credit risk and good relationship with the Company, and having the capability to provide the Company with professional information will be chosen as trading counterparties.

(2)The Company keeps abreast of financial market information, predicts market trends, gets familiar with financial products and related regulations and trading techniques, and provides full and timely information to the management and relevant departments for reference.

(3)The Company sets the limit of unrealized loss on all financial derivatives contracts to 30% of the contract values or 3% of shareholders' equity, whichever is lower. The Company's finance unit evaluates the Company's position on financial derivatives every month and produces a report therefor, which is submitted to the head of finance and senior management authorized by the Board of Directors for review in the hope to predict the risk of each every transaction and potential loss.

(3) Inflation

The inflation problem has not been serious in recent years and hence has had limited impact on Company's profit.

7.2 Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures

1.The Company does not engage in any high-risk, high-leverage investment. The Company's derivatives trading policy aims to minimize the risk of fair value fluctuation for assets and liabilities actually owned by the Company under the objective of economic hedge. Under this principle, all derivatives trading undertaken by the Company correspond to the real positions held by the Company. Any gain or loss resulting from derivative transactions and hedged positions during the period arises from difference in time of disposing a real position and the time a gain or loss on a derivative trading is realized. Such gain or loss is insignificant. Other than those derivatives transactions described above, the Company does not engage in other high-risk derivatives transactions and will continue to observe the principle of hedging only positions actually owned by the Company.
2.The Company does not extend loans to other companies or individuals.
3.The Company does not make endorsement/guarantee for other companies or individuals.

7.3 Future R&D projects and estimated R&D expenditure

The Company's subsidiaries including Nuvoton Technology are expected to spend NT$6.23 billion on R&D in the following directions in 2016:

For DRAM products, we will focus on developing advanced process technologies, cutting unit costs, rigorously developing new specialty DRAM and Mobile DRAM, and developing new applications and new clients to expand revenue streams and boost revenue growth.

For flash memory products, we employ advanced process technologies to produce high-performance and low power products, providing a complete Code Storage Flash product line to meet the requirements of the following applications: Internet of things (IoT), M2M, wearable devices, mobile devices and peripheral modules, computer and peripheral modules, consumer electronics, automotive electronics and industrial control products. We also develop advanced 3xnm flash process and high-performance, low power triple gate oxide process to meet customer demands for specialty products.

The future R&D undertaking of subsidiary Nuvoton Technology will focus on the research of more advanced process platform, low-voltage, low-power and high-speed CPU, and special IP technology geared at enhancing the anti-noise capability, low-temperature works, heat resistance and anti-static capability. The goal is to make gradual headway into energy efficient solutions and automotive electronics markets and achieve a technological level on a par with MCU suppliers in Europe, U.S. and Japan as soon as possible while continuing to expand client base and fields of applications to be prepared for the constantly changing industry environment. Nuvoton Technology will also carry out the R&D of cloud computing, smart handheld devices and logic IC for PC, and moves in the directions of security management, energy saving, and better user experience to expand production lines and applications based on the solid foundation of existing operations.

7.4 Major changes in government policies and laws at home and broad and the impact on Company finance and business

The Company finance and business are not affected by major changes in government policies and laws at home and abroad in 2015.

7.5 Impact of recent technological and market changes on the Company's finance and business, and response measures

The Company watches closely technological and market changes, and will, in view of the circumstances, assign staff or a project team to study and evaluate the impact of those changes on the Company's development, finance and business in the future as well as response measures. As of the date of report, there have not been significant technological changes that may produce material impact on the Company's finance and business.

7.6 Impact of corporate image change on risk management and response measures

Winbond believes in honesty and integrity in business practice. We emphasize honest dealing with customers and rigorously demand self-discipline and compliance with internal rules from employees. We are committed to information disclosure and financial transparency, and utilize all kinds of communication channels to help shareholders, institutional investors and the general public know more about Winbond and win their recognition and support for our management philosophy and directions. In addition, we have departments set up to take charge of investor relations, employee relationship, internal audit, risk management, quality management, and customer service. Those departments work closely with related business units to unite the resources and strength throughout the company. In case of any contingency, the Company's senior officer will act as the convenor and promptly set up a crisis response team to quickly address the crisis, and prepare readiness plans to prevent and control all kinds of latent risks. As of the date of report, the Company is free of corporate image change event that calls for prompt actions in crisis management.

7.7 Expected benefits and potential risks of merger and acquisition

The Company does not any merger and acquisition plan in the last year and up to the date of report.

7.8 Expected benefits and potential risks of capacity expansion

All undertakings of expansion and construction of new-generation fab have had feasibility evaluation done by relevant professional teams before the project is proceeded. The purpose of fab expansion is to enhance the process technology and reduce production costs so as to fend off market competition and make headway into end-market applications. In light of the high market volatility of the memory industry, we will watch closely the market movement and supply-demand situation. We will take a prudent approach to capacity allocation, and opt for a diversity of optimal product mixes to keep our production plans flexible. We will also adopt advanced process to optimize the cost structure in the efforts to minimize the risk associated with market volatility. Financially, we will plan our future expansion and the necessary capital expenditure and funds in a prudent manner. We will also draw up sound business plans to lower the risk of incurring heavy debt. We believe we will have sufficient profit and cash flows to meet the additional investment needs and repayment obligations. Our technical team consists of wafer fabrication experts and IC design experts with dozens of years of experience in related fields. We also bring in advanced processes from abroad and embark on R&D with our own technology. The switch to high-end process is expected to improve our cost control capacity and augment the possibility of product expansion. To sum up, Winbond will endeavor in fending off the risk of market volatility from the aspects of product, finance and technology, and in the process, maximize our profitability.

7.9 Risks associated with over-concentration in purchase or sale and response measures

Purchasing from a sole supplier carries the risk of over-concentration that the Company may not receive timely delivery when the supplier's plant has an accident or the supplier has financial or quality problems. The Company has multiple sources and qualified suppliers for all of its main materials to ensure supply stability.

Concentration in sales was a result of adjustment of customer structure and long-term strategic cooperation. The Company has credit management and internal control and audit systems in place, and adopts computerized operations for sales, and hence does not run the risk of over-concentration in sales.

7.10 Impact of mass transfer of equity by or change of directors, supervisors, or shareholders holding more than 10% interests on the Company, associated risks and response measures

Transfer of equity by directors, supervisors or shareholders holding more than 10% interests on the Company in the last year and up to the date of report did not have any impact on the Company.

7.11 Impact of change of management rights on the Company, associated risk and response measures

The Company is free of the aforementioned situation in recent years up to the date of report.

7.12 Material litigious or non-litigious events

7.12.1 Concluded or pending litigious, non-litigious or administrative litigation event as of the date of report:

The Company and its U.S. subsidiary are accused of violating the U.S. antitrust law on price-fixing involving Winbond's DRAM products sold in the U.S. and are named as co-defendants in a class action suit in the U.S. federal court. Currently only the class action suit with the state attorney generals and the indirect purchasers is in process, and the suit has reached settlement. The settlement has been approved by The United States District Court for the Northern District of California with the amount of allocation among the plaintiffs pending decision of the appeal court.

7.12.2 The outcome of concluded or pending litigious, non-litigious, or administrative litigation events involving the director, supervisor, president, de facto responsible person, major shareholders holding more than 10% interest, or subsidiary of the Company

(1)With respect to pending litigious events as of the date of report, Winbond Chairman Arthur Chiao has made a reply to the Company as follows:

A.I am involved in only one pending lawsuit as of the date of your company's annual report.

B.Description of the lawsuit:

(a)Facts, amount of claim, lawsuit start date, main parties concerned:

The Securities and Futures Investor Protection Center (“SFIPC”) filed a lawsuit with Taiwan Taipei District Court on April 27, 2005 over misrepresentation of the financial statements of Pacific Electric Wire & Cable Co., Ltd. (“Pacific Electric”). The lawsuit names myself and others (including other directors, supervisors and accounting firm) as co-defendants on grounds that I acted as a director of Pacific Electric between 1999 and 2001 and SFIPC requests compensation for damages from the co-defendants (Case No.: Taiwan Taipei District Court (referred to as "Taipei District Court" hereunder) 94-Jing-Zi-#22).

When SFIPC first initiated the action on April 27, 2005, it sought compensation in the amount of NT$7,910,422,313 from 277 defendants. SFIPC later added Fubon Life Insurance and Hsing Yo Investment to the list of defendants on June 21, 2005 that brought the number of defendants to 279.

SFIPC subsequently made several expansions and reductions of claim due to increase in the number of people who appoint SFIPC as their representative in the class action suit and settlement reached with several defendants. So far, SFIPC has reached settlement with 248 defendants involving total settlement amount of NT$196,100,000. Following several changes to the method of calculation and expansion and reductions of claim, the amount requested is NT$7,836,447,750 according to the civil brief submitted by SFIPC on May 21, 2014. The court has scheduled another session of oral argument on April 13, 2016 and there is no knowing at the present time how many more sessions of oral argument will be held after that.

(b)Current status:

This case is currently in the first stance proceedings in Taipei District Court.

(c)My and my attorney’s views and action plan on the case:

The case is still in first instance proceedings. The oral argument phase has started, but not yet concluded. Thus my appointed attorney and I are not in the position to assess the results of the trial at the present time.

(d)Possible maximum loss and possible amount of indemnification received from the case:

Based on the settlement information provided by SFIPC, the amount of settlement reached between SFIPC and individual director or supervisor of Pacific Electric ranges between NT$12,330,000 and NT$26,000,000. Thus even if I am later found to be liable for damages as a director of Pacific Electric at one time, my liability should not be too far off the amounts of settlement described above.

C.I am not financially strapped or losing my good credit standing as of the date of this reply.

An evaluation of the aforementioned lawsuit by the Company concludes that because the lawsuit is a personal affair of the director and does not involve the Company's finance or business, it is not expected to have any material impact on the interests of the Company's shareholders or stock price.

(2)With respect to pending litigious events as of the date of report, Winbond Director Yung Chin has made a reply to the Company as follows:

A.I am involved in only one pending lawsuit as of the date of your company's annual report.

B.Description of the lawsuit:

(a)Facts, amount of claim, lawsuit start date, main parties concerned:

The Securities and Futures Investor Protection Center ("SFIPC") filed a lawsuit with Taiwan Taipei District Court on April 27, 2005 over misrepresentation of the financial statements of Pacific Electric Wire & Cable Co., Ltd. ("Pacific Electric"). The lawsuit names myself and others (including other directors, supervisors and accounting firm) as co-defendants on grounds that I acted as a supervisor of Pacific Electric from 1999 to September 24, 2001 and SFIPC requests compensation for damages from the co-defendants (Case No.: Taiwan Taipei District Court (referred to as "Taipei District Court" hereunder) 94-Jing-Zi-#22).

When SFIPC first initiated the action on April 27, 2005, it sought compensation in the amount of NT$7,910,422,313 from 277 defendants. SFIPC later added Fubon Life Insurance and Hsing Yo Investment to

the list of defendants on June 21, 2005 that brought the number of defendants to 279.
SFIPC subsequently made several expansions and reductions of claim due to increase in the number of people who appoint SFIPC as their representative in the class action suit and settlement reached with several defendants. So far, SFIPC has reached settlement with 248 defendants involving total settlement amount of NT$196,100,000. Following several changes to the method of calculation and expansion and reductions of claim, the amount requested is NT$7,836,447,750 according to the civil brief submitted by SFIPC on May 21, 2014. The court has scheduled another session of oral argument on April 13, 2016 and there is no knowing at the present time how many more sessions of oral argument will be held after that.

(b)Current status:
This case is currently in the first stance proceedings in Taipei District Court.

(C)My and my attorney's views and action plan on the case:
The case is still in first instance proceedings. The oral argument phase has started, but not yet concluded. Thus my appointed attorney and I are not in the position to assess the results of the trial at the present time.

(d)Possible maximum loss and possible amount of indemnification received from the case:
Based on the settlement information provided by SFIPC, the amount of settlement reached between SFIPC and individual director or supervisor of Pacific Electric ranges between NT$12,330,000 and NT$26,000,000. Thus even if I am later found to be liable for damages for I was once a director of Pacific Electric, my liability should not be too far off the amounts of settlement described above.

C.I am not financially strapped or losing my good credit standing as of the date of this reply.

An evaluation of the aforementioned lawsuit by the Company concludes that because the lawsuit is a personal affair of the director and does not involve the Company's finance or business, it is not expected to have any material impact on the interests of the Company's shareholders or stock price.

7.13 Risk management organization framework

The Company's risk management tasks are dispersed among different functions inside the Company. The Company has established sound internal management guidelines and operating procedures, and has developed comprehensive plans and processes for risk aversion, loss prevention and crisis management. In addition, the Company's management keeps continuous watch over changes in the macroeconomic environment that might affect the Company business and operations, and has assigned staff to make planning and formulate response actions against all kinds of contingencies to reduce operational uncertainties to the minimum.

7.14 Other significant risks and response measures: None

8. Other important events: None

Important Notice

I. Profiles on affiliates and subsidiaries

A. Consolidated business report

1. Corporate affiliation chart

December 31, 2015

- 華邦電子股份有限公司 (股票代號:2344) Winbond Electronics Corporation
  - 100% Landmark Group Holdings Ltd.
    - 100% Winbond Electronics Corporation Japan
    - 100% Peaceful River Corporation
  - 100% Winbond International Corporation 華邦國際公司
    - 100% Winbond Electronics Corporation America
  - 100% 微安科技股份有限公司 Mobile Magic Design Corporation
  - 100% 華邦電子(香港)有限公司 Winbond Electronics (H.K.) Ltd.
  - 100% 松智控股有限公司 Pine Capital Investment Ltd.
    - 100% 華邦集成電路(蘇州)有限公司 Winbond Electronics (Suzhou) Ltd.
  - 100% Winbond Technology LTD
  - 61% 新唐科技股份有限公司 (股票代號:4919) Nuvoton Technology Corporation
    - 100% Marketplace Management Ltd.
      - 100% Goldbond LLC
        - 100% 芯唐電子科技(上海)有限公司 Nuvoton Electronics Technology (Shanghai) Ltd.
        - 100% 華邦科技 (南京) 有限公司 Winbond Electronics (Nanjing) Ltd.
    - 100% Pigeon Creek Holding Co., Ltd.
      - 100% Nuvoton Technology Corporation America
    - 100% 芯唐電子科技(香港)有限公司 Nuvoton Electronics Technology (H.K.) Ltd.
      - 100% 芯唐電子科技(深圳)有限公司 Nuvoton Electronics Technology (ShenZhen) Ltd.
    - 100% Nuvoton Investment Holding Ltd.
      - 100% Nuvoton Technology Israel Ltd.
    - 100% 松勇投資股份有限公司 Song Yong Investment Corporation
    - 100% Nuvoton Technology India Private Limited
    - 100% 妙網連新股份有限公司 Techdesign Corporation
  - 100% Newfound Asian Corporation
    - 100% Baystar Holdings Ltd.

2. Profile of individual affiliates

Dec. 31, 2015; Unit: NT$1,000

Name of enterprise	Date of establishment	Address	Paid-in capital	Principal business or core products
Winbond Electronics Corporation	1987.09.29	No. 8, Keya 1st Rd.,Daya Dist., Taichung City 428, Taiwan, R.O.C.	NT$36,800,002	Research, development,production, and sale of semiconductor parts and components used in integrated circuits and other system products
Landmark Group Holdings Ltd.	2005.07.25	Palm Grove House, P.O.Box 438, Road Town, Tortola, British Virgin Islands	US$5,893	Investments
Winbond Electronics Corporation Japan	2001.01.05	Shin-Yokohama Square Bldg. 9F, 2-3-12 Shin-Yokohama, Kouhoku-ku, Yokohama, Kanagawa 222-0033, Japan	JPY 148,500	Research, development and sales of semiconductor parts and components, and after-sale service
Peaceful River Corporation	1997.03.12	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$6,260	Investments
Winbond International Corporation	1995.08.28	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$104,410	Investments
Winbond Electronics Corporation America	1998.07.01	32 Loockerman Square, suite L-100, Dover, Kent 19904, Delaware	US$58,917	Design, sales and service of semiconductor parts and components
Mobile Magic Design Corporation	2003.07.25	2F, No. 40, Industrial East 4th Road, Hsinchu Science-Based Industrial Park	NT$50,000	Research, development, design, manufacturing and sales of Pseudo RAM and Low-Power SDRAM
Winbond Electronics (H.K.) Ltd.	2008.06.13	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 500	Sales and service of semiconductor parts and components
Pine Capital Investment Ltd.	2011.01.12	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 70,980	Investments
Winbond Electronics (Suzhou) Ltd.	2011.06.21	Rm.515, No.2, Xu Gong Qiao Road, Huaqiao Town, Kunshan City, Jiangsu Province, China	US$9,000	Research, design, development and sales of integrated circuit and equipments, and after-sale service
Winbond Technology LTD	2013.07.31	1 Abba Eban Ave, Building B, First Floor Herzliya: 4672519, Israel	ILS 1	Design, sales and service of semiconductor parts and components
Nuvoton Technology Corp	2008.04.09	No. 4, Yan Hsing 3rd Road, Hsinchu Science-Based Industrial Park	NT$2,075,544	Research, design, development, manufacturing and sales of logic IC, 6" fab production, testing, and OEM
Marketplace Management Limited	2000.07.28	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	US$8,728	Investments
Goldbond LLC	2000.09.22	1912 Capitol Ave, Cheyenne, WY 82001	US$44,690	Investments
Nuvoton Electronics Technology (Shanghai) Ltd.	2001.03.30	27F, No. 2299, Yen An W. Road, Shanghai	RMB 16,555	Repair and maintenance, testing and technology consultation service on IC, system and related software
Winbond Technology (Nanjing) Ltd.	2005.09.21	Suite 413-40, Gao Xing Technology Industrial Development Zone Office Building, Nanjing	RMB 4,046	Computer software services (except for IC design)
Pigeon Creek Holding Co., Ltd.	1997.03.12	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$13,868	Investments
Nuvoton Technology Corporation America	2008.05.01	2711 Centerville Road, Suite 400, Wilmington, DE 19808, Delaware	US$6,050	Design, sales and service of semiconductor parts and components
Nuvoton Electronics Technology (H.K.) Ltd.	1989.04.04	Unit 9-11, 22F, Millennium City 2, No 378 Kwun Tong Road, Kowloon, Hong Kong	HKD 107,400	Sales and service of semiconductor parts and components
Nuvoton Electronics Technology (Shenzhen) Ltd.	2007.02.16	8F Microprofit Building, Gaoxinnan 6 Road, High-Tech Industrial Park, Nanshan Dist. Shenzhen, P.R. China	RMB 46,434	Computer software services (except for IC design), computer and peripheral equipment, and wholesale of software
Nuvoton Investment Holding Ltd.	2005.03.21	3rd Floor, Omar Hodge Building, Wickhams Cay I, PO Box 362, Road Town, Tortola, British Virgin Islands	US$19,720	Investments
Nuvoton Technology Israel Ltd.	2005.03.22	8 Hasadnaot Street, Herzlia B, 4672835 Israel	ILS 1	Design, sales and service of semiconductor parts and components
Song Yong Investment Corporation	2014.04.09	3F., No.192, Jingye 1st Rd., Zhongshan Dist., Taipei City 104, Taiwan	NT$38,500	Investments
Nuvoton Technology India Private Limited	2014.9.26	Suite #2, Tech Park Business Centre, Ground Floor, Innovator Building, International Tech Park, Whitefield, Bangalore 560066.	INR 60,000	Design, sales and service of semiconductor parts and components
Techdesign Corporation	2015.03.03	3F., No.192, Jingye 1st Rd., Zhongshan Dist., Taipei City 104, Taiwan	NT$50,000	E-commerce and product sales
Newfound Asian Corporation	1997.03.12	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$6,595	Investments
Baystar Holdings Ltd.	1998.08.18	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$22,630	Investments

3. Profiles on shareholders deemed to have dominant-subordinate relations: None

4. Profiles of directors, supervisors and presidents of affiliates and subsidiaries

Dec. 31, 2015; Unit: shares

Name of enterprise	Title	Name or Representative	Shares held: Shares	Shares held: %
Winbond Electronics Corporation	Chairman	Arthur Yu-Cheng Chiao	58,264,955	2%
	Director	Matthew Feng-Chiang Miau	100,000	-
	Director	Yung Chin	10,720,537	-
	Director	Hui-Ming Cheng (Representative of Walsin Lihwa Corporation)	811,327,531 (Note 1)	23%
	Director	Tung-Yi Chan	500,000	-
	Independent Director	Francis Tsai	0	-
	Independent Director	Allen Hsu	0	-
	Independent Director	Jerry Hsu	0	-
	Supervisor	Chin Xin Investment Co., Ltd. Representative - James Wen	182,047,000 (Note 1)	5%
	Supervisor	Peter Chu	0	-
	Supervisor	Hong-Chi Yu	0	-
	President	Tung-Yi Chan	500,000	-
Landmark Group Holdings Ltd.	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan	5,893,000	100%
	Director	Winbond Electronics Corp. Representative - Robert I.S. Hsu	(Note 1)	
Winbond Electronics Corporation Japan	Director	Landmark Group Holdings Ltd. Representative-Tatsuo Okamoto		
	Director	Landmark Group Holdings Ltd. Representative - Tung-Yi Chan		
	Director	Landmark Group Holdings Ltd. Representative - Robert I.S. Hsu		
	Director	Landmark Group Holdings Ltd. Representative - Hsiang-Yun Fan	2,970	100%
	Director	Landmark Group Holdings Ltd. Representative - Jessica Huang	(Note 1)	
	Supervisor	Landmark Group Holdings Ltd. Representative - Yung Chin		
	President	Tatsuo Okamoto		
Peaceful River Corporation	Director	Landmark Group Holdings Ltd. Representative - Arthur Yu-Cheng Chiao		
	Director	Landmark Group Holdings Ltd. Representative - Tung-Yi Chan	6,260,000	100%
	Director	Landmark Group Holdings Ltd. Representative - Yung Chin	(Note 1)	
Winbond International Corporation	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan	104,410,000	100%
	Director	Winbond Electronics Corp. Representative - Robert I.S. Hsu	(Note 1)	
Winbond Electronics Corporation America	Chairman	Winbond International CorporationRepresentative – Yuan-Mow Su		
	Director	Winbond International CorporationRepresentative - Arthur Yu-Cheng Chiao		
	Director	Winbond International CorporationRepresentative - Tung-Yi Chan		
	Director	Winbond International CorporationRepresentative - Yung Chin	3,067	100%
	Director	Winbond International CorporationRepresentative - Pei-Ming Chen	(Note 1)	
	Director	Winbond International CorporationRepresentative - Jessica Huang		
	Director	Winbond International CorporationRepresentative- Eung Joon Park		
	President	Eung Joon Park		
Mobile Magic Design Corporation	Chairman	Winbond Electronics Corp. Representative - Wilson Wen		
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Pei-Ming Chen	5,000,000	100%
	Supervisor	Winbond Electronics Corp. Representative – Jessica Huang	(Note 1)	
	President	Pei-Ming Chen		
Winbond Electronics (H.K.) Ltd.	Chairman	Winbond Electronics Corp. Representative - Yung Chin		
	Director	Winbond Electronics Corp. Representative - Yuan-Mou Su		
	Director	Winbond Electronics Corp. Representative – Jessica Huang	500,000	100%
	Director	Winbond Electronics Corp. Representative - Hsiang Yun Fan	(Note 1)	
	President	Yuan-Mow Su		
Pine Capital Investment Ltd.	Chairman	Winbond Electronics Corp. Representative - Yung Chin		
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan	70,980,000	100%
	Director	Winbond Electronics Corp. Representative - Cheng-Kung Lin	(Note 1)	
	President	Jessica Huang		
Winbond Electronics (Suzhou) Ltd.	Chairman	Pine Capital Investment Ltd. Representative - Tung-Yi Chan		
	Director	Pine Capital Investment Ltd. Representative –Pei-Ming Chen		
	Director	Pine Capital Investment Ltd. Representative - Yuan-Mou Su		
	Director	Pine Capital Investment Ltd. Representative – Jessica Huang	(Note 2)	100%
	Director	Pine Capital Investment Ltd. Representative –Eddie Hong		
	Supervisor	Pine Capital Investment Ltd. Representative - Yung Chin		
	President	Cheng-Kung Lin		
Winbond Technology LTD	Chairman	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Por-Yuan Huang	100,000	100%
	Director	Winbond Electronics Corp. Representative - Jessica Huang	(Note 1)	
	President	Por-Yuan Huang		

Name of enterprise	Title	Name or Representative	Shares held	
			Shares	%
Nuvoton Technology Corp	Chairman	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao	126,620,087 (Note 1)	61%
	Director	Winbond Electronics Corp. Representative - Yung Chin		
	Director	Winbond Electronics Corp. Representative - Keh-Shew Lu		
	Director	Robert Hsu	191,328	–
	Director	Chi-Lin Wea	–	–
	Independent Director	Allen Hsu	–	–
	Independent Director	David Shu-Chyuan Tu	–	–
	Independent Director	Yu-Chun Hong	–	–
	Supervisor	Chin Xin Investment Co., Ltd. Representative - Yang-Kun Lai	1,853,185 (Note 1)	1%
	Supervisor	Chao-Ming Meng	–	–
	Supervisor	Lu-Pao Hsu	–	–
	President	Sean Tai	10,000	–
Marketplace Management Limited	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao	8,727,524 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Robert I.S. Hsu		
	Director	Nuvoton Technology Corp. Representative - Tung-Yi Chan		
Goldbond LLC	Manager (Note 3)	Marketplace Management Limited Designee - Arthur Yu-Cheng Chiao	(Note 2)	100%
	Manager (Note 3)	Marketplace Management Limited Designee - Hsiang-Yun Fan		
	Manager (Note 3)	Marketplace Management Limited Designee - Jessica Huang		
Nuvoton Electronics Technology (Shanghai) Ltd.	Chairman	Goldbond LLC Representative - Sean Tai	(Note 2)	100%
	Director	Goldbond LLC Representative - Jen-Lieh Lin		
	Director	Goldbond LLC Representative - Hsiang-Yun Fan		
	Supervisor	Goldbond LLC Representative - Yung Chin		
	President	Patrick Wang		
Winbond Technology (Nanjing) Ltd.	Chairman	Goldbond LLC Representative - Jen-Lieh Lin	(Note 2)	100%
	Director	Goldbond LLC Representative - Sean Tai		
	Director	Goldbond LLC Representative - James Wen		
	President	Mao-Sen Chen		
Pigeon Creek Holding Co., Ltd.	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao	13,867,925 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Robert I.S. Hsu		
	Director	Nuvoton Technology Corp. Representative - Tung-Yi Chan		
Nuvoton Technology Corporation America	Chairman	Pigeon Creek Holding Co., Ltd. Representative: Hsi-Jung Tsai	60,500 (Note 1)	100%
	Director	Pigeon Creek Holding Co., Ltd. Representative - Robert I.S. Hsu		
	Director	Pigeon Creek Holding Co., Ltd. Representative - Sean Tai		
	Director	Pigeon Creek Holding Co., Ltd. Representative - Hsiang-Yun Fan		
	Director	Pigeon Creek Holding Co., Ltd. Representative - Jen-Lieh Lin		
	President	Aditya Raina		
Nuvoton Electronics Technology (H.K.) Ltd.	Chairman	Nuvoton Technology Corp. Representative - Sean Tai	107,400,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Yung Chin		
	Director	Nuvoton Technology Corp. Representative - Hsiang-Yun Fan		
	Director	Nuvoton Technology Corp. Representative - Bosco Chi-Sing Law		
	President	Bosco Chi-Sing Law		
Nuvoton Electronics Technology (Shenzhen) Ltd.	Chairman	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Sean Tai	(Note 2)	100%
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Robert I.S. Hsu		
	Director	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Hsiang-Yun Fan		
	Supervisor	Nuvoton Electronics Tech. (H.K.) Ltd. Representative - Jen-Lieh Lin		
	President	Peng-Chou Peng		
Nuvoton Investment Holding Ltd.	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao	19,720,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Robert I.S. Hsu		
	Director	Nuvoton Technology Corp. Representative - Jessica Huang		
Nuvoton Technology Israel Ltd.	Chairman	Nuvoton Investment Holding Ltd. Representative - Hsin-Lung Yang	1,000 (Note 1)	100%
	Director	Nuvoton Investment Holding Ltd. Representative - Robert I.S. Hsu		
	Director	Nuvoton Investment Holding Ltd. Representative - Hsiang-Yun Fan		
	Director	Nuvoton Investment Holding Ltd. Representative - Sean Tai		
	Director	Nuvoton Investment Holding Ltd. Representative-Biranit Levany		
	Director	Nuvoton Investment Holding Ltd. Representative-Erez Naory		
	President	Biranit Levany		
Song Yong Investment Corporation	Chairman	Nuvoton Technology Corp. Representative - Hsiang-Yun Fan	3,850,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp. Representative - Sean Tai		
	Supervisor	Nuvoton Technology Corp. Representative - Jen-Lieh Lin		
Nuvoton Technology India Private Limited	Chairman	Nuvoton Technology Corp. Representative - Hsiang-Yun Fan	600,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Fu-Yuan Lee		
	Director	Nuvoton Technology Corp. Representative-Jitendra Patil		
Techdesign Corporation	Chairman	Nuvoton Technology Corp. Representative - Fu-Yuan Lee	5,000,000 (Note 1)	100%
	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp. Representative - Hsiang-Yun Fan		
	Director	Nuvoton Technology Corp. Representative - Sean Tai		
	Director	Nuvoton Technology Corp. Representative - Jen-Lieh Lin		
	Supervisor	Nuvoton Technology Corp. Representative - Cheng-Kung Lin		

Name of enterprise	Title	Name or Representative	Shares held	
			Shares	Shares
Newfound Asian Corporation	Director Director Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao Winbond Electronics Corp. Representative - Tung-Yi Chan Winbond Electronics Corp. Representative - Yung Chin	6,595,000 (Note 1)	100%
Baystar Holdings Ltd.	Director Director Director	Newfound Asian CorporationRepresentative - Arthur Yu-Cheng Chiao Newfound Asian CorporationRepresentative - Tung-Yi Chan Newfound Asian CorporationRepresentative - Robert I.S. Hsu	22,630,000 (Note 1)	100%

Note 1: Institutional shareholder.

Note 2: Winbond Electronics (Suzhou) Ltd., Goldbond LLC, Nuvoton Electronics Technology (Shanghai) Ltd, Winbond Technology (Nanjing) Ltd. and Nuvoton Electronics Technology (Shenzhen) Ltd. are not company limited by shares.

Note 3: Goldbond LLC adopts the manager system.

5. Businesses covered by the affiliates' operations overall

Business activities covered by affiliates' operations are primarily research, design, development, production, sale and service of integrated circuits, semiconductor parts and components and other system products. A few affiliates engage in investment business only. Overall, the affiliates support each other through technology, marketing and services to turn Winbond into a highly competitive company with its own product lines.

6. Business overview of affiliates

Dec. 31, 2015; Unit: NT$1,000; net earnings (loss) per share (NTD)

Name of enterprise	Capital	Total Assets	Total liabilities	Book value	Operating revenue	Operating profit (loss)	Net profit (loss)	Net earnings (loss) per share (NTD)
Winbond Electronics Corporation	35,800,002	59,496,272	20,594,301	38,901,971	30,843,606	3,506,698	3,291,251	0.90
Landmark Group Holdings Ltd.	193,438	252,501	2,598	249,903	79,352	70,112	70,112	11.90
Winbond Electronics Corporation Japan	40,496	608,258	357,080	251,178	3,685,890	40,804	25,285	8,513.57
Peaceful River Corporation	205,485	11,893	12,209	(316)	54,244	54,067	54,067	8.64
Winbond International Corporation	3,427,258	1,896,832	31,711	1,865,121	45,796	44,676	44,676	0.43
Winbond Electronics Corporation America	1,933,957	1,482,505	54,959	1,427,546	1,226,639	37,290	45,523	14,842.84
Mobile Magic Design Corporation	50,000	88,356	145,987	(57,631)	176,133	(3,763)	(4,919)	(0.98)
Winbond Electronics (H.K.) Ltd.	2,118	726,117	730,576	(4,459)	5,563,218	11,483	12,044	24.09
Pine Capital Investment Ltd.	300,600	295,176	326	294,850	12,924	12,436	12,436	0.18
Winbond Electronics (Suzhou) Ltd.	295,425	552,825	259,105	293,720	1,406,725	13,641	12,870	(Note 1)
Winbond Technology LTD	8	57,323	25,592	31,731	183,894	7,023	4,778	47.78
Nuvoton Technology Corp	2,075,544	5,247,971	2,126,170	3,121,801	7,022,517	476,886	469,022	2.26
Marketplace Management Limited	286,481	82,894	214	82,680	18	(3,260)	(3,260)	(0.37)
Goldbond LLC	1,466,944	84,990	2,234	82,756	387	(1,927)	(1,927)	(Note 1)
Nuvoton Electronics Technology (Shanghai) Ltd.	82,691	96,122	11,262	84,860	63,790	(5,449)	371	(Note 1)
Winbond Technology (Nanjing) Ltd.	20,207	1,513	3,497	(1,984)	0	0	0	(Note 1)
Pigeon Creek Holding Co., Ltd.	455,215	191,326	13,465	177,861	3,702	3,584	3,584	0.26
Nuvoton Technology Corporation America	198,591	249,961	58,811	191,150	629,665	13,572	3,696	61.09
Nuvoton Electronics Technology (H.K.) Ltd.	454,839	514,520	51,684	462,836	2,823,144	1,828	3,304	0.03
Nuvoton Electronics Technology (Shenzhen) Ltd.	231,938	244,125	23,954	220,171	121,843	(7,487)	1,567	(Note 1)
Nuvoton Investment Holding Ltd.	647,309	290,481	40	290,441	15,683	8,210	8,210	0.42
Nuvoton Technology Israel Ltd.	8	339,409	51,225	288,184	590,146	17,189	13,375	13,375.00
Song Yong Investment Corporation	38,500	27,668	150	27,518	3,768	3,555	3,555	0.92
Nuvoton Technology India Private Limited	29,760	29,642	261	29,381	0	(1,024)	(374)	(0.62)
Techdesign Corporation	50,000	41,845	878	40,967	0	(9,114)	(9,033)	(1.81)
Newfound Asian Corporation	216,481	61,458	40	61,418	11	(242)	(242)	(0.04)
Baystar Holdings Ltd.	742,830	60,395	40	60,355	16	(124)	(124)	(0.01)

Note 1: Not applicable for Winbond Electronics (Suzhou) Ltd., Goldbond LLC, Nuvoton Electronics Technology (Shanghai) Ltd., Winbond Technology (Nanjing) Ltd. and Nuvoton Electronics Technology (Shenzhen) Ltd. are not company limited by shares.

Note 2: Exchange rates used for assets and liabilities items:
1 USD= 32.825 NTD; 1 Japanese Yen = 0.2727NTD; 1 RMB = 4.9950 NTD; 1 ILS=8.4085 NTD.

Note 3: Exchange rates used for profit and loss items:
1 USD= 31.74 NTD; 1 Japanese Yen = 0.2608NTD; 1 RMB = 5.0334 NTD; 1 ILS=8.1679 NTD.

B. Consolidated financial statements: Please see pp. 55 ~ 109

C. Affiliation report: Not applicable for the Company is not a subsidiary of another company.

II. Private placement activities: None

III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report

March 31, 2016

Name of subsidiary	Paid-in capital	Sources of capital	Holding Percentage	Date of acquisition or disposal	Shares and amount of acquisition	Shares and amount of disposal	Investment gain or loss	Shares held and value as of date of report	Pledge	Amount of endorsement/guarantee provided for subsidiary	Loans to subsidiary
Baystar Holdings Ltd.	US$ 22,630,000	Capital	100%	1998.12 ~ 2009.05	-	-	-	7,518,364 shares US$ 3,061,000	N/A	N/A	N/A

IV. Other supplemental information: None

V. Corporate events with material impact on shareholders' equity or stock prices set forth in Subparagraph 2, Paragraph 2, Article 36 of Securities and Exchange Act in the past year and up to the date of report: None.

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