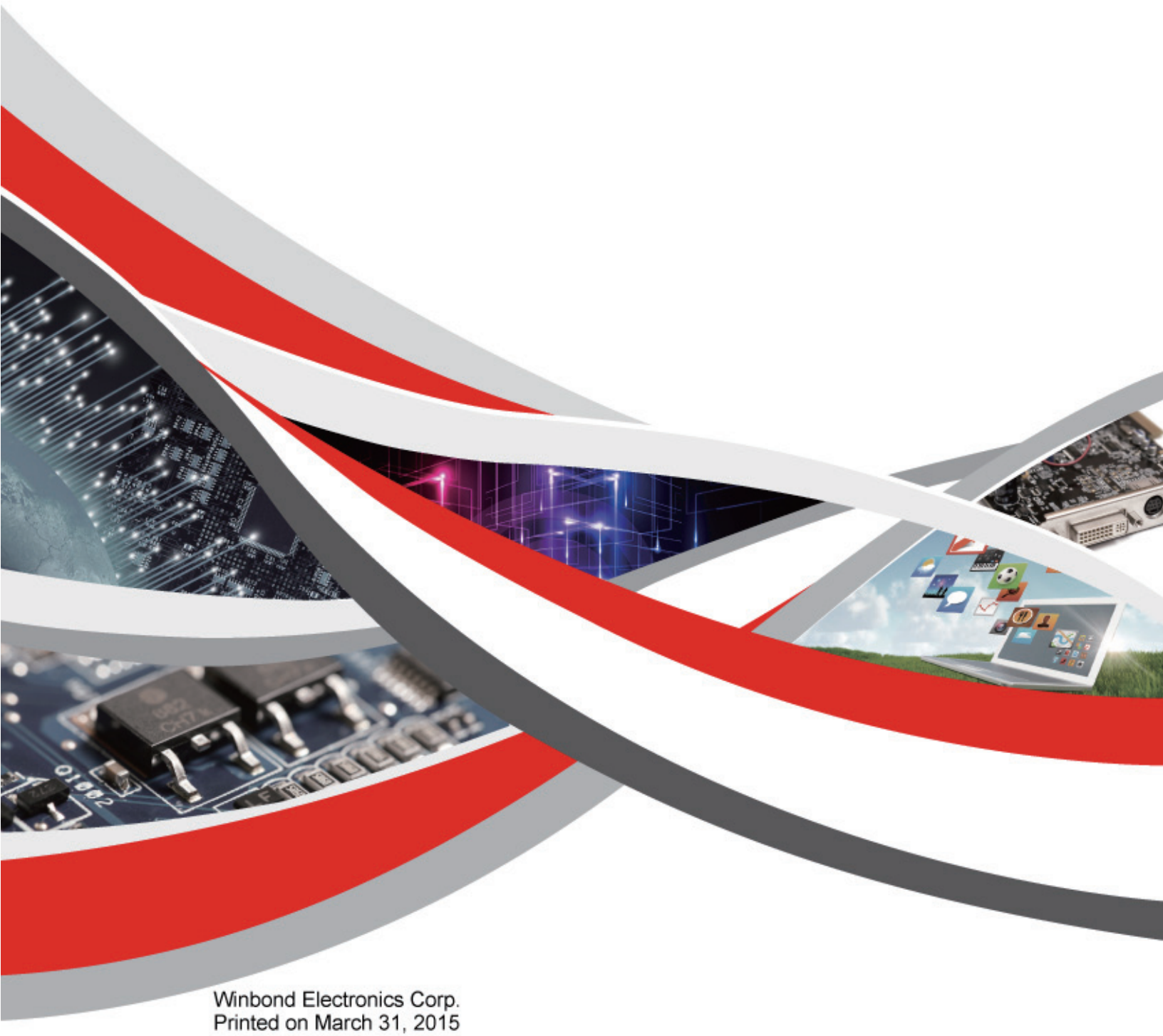
TSE 2344

winbond

We Deliver



Winbond Electronics Corp.
Printed on March 31, 2015

For related information, please visit :
1. Taiwan Stock Exchange Market Observation Post System : http://mops.twse.com.tw
2. Winbond Website : http://www.winbond.com

Winbond Electronics Corp.
2014 Annual Report

Notice to readers

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

1. Spokesperson

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2. Deputy Spokesperson

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Executive Vice President, Memory IC Manufacturing Business Group
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Vice President, Sales Center
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3. Company Address and Telephone

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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.
Tel：886-2-2790-5885
Website：http://stock.walsin.com

5. Auditor

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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

The global economy marked 2014 a year of relative stability. U.S. economic indicators showed gradual improvement, while the European Central Bank maintained accommodative monetary policy. At the same time, the Greek debt crisis appeared to turnaround, and Japan and Asia reported modest growth. As for 2015, we hold a positive view for the market. One reason is that rapidly evolving mobile technologies have driven the demand for memory products. Moreover, maturing concepts like Internet of Things (IoT), wearable devices, and cloud computing have brought a wave of new electronic products. While continuing to stay abreast of market developments, Winbond expects to maintain stable growth by providing our clients with state-of-the-art know-how, high quality services, and a full range of memory solutions.

Financial Performance

The consolidated revenue, including that of Nuvoton Technology Corp and other subsidiaries, amounted to NT$37,990 million in 2014, up 14.6% from last year. We recorded a net earnings of NT$3,211 million, or NT$0.83 per share in 2014, an increase of NT$0.77 per share from 2013.

Operating Results

Winbond engages in designing, manufacturing and sales of Specialty DRAM and Code Storage Flash. Our operating performance in 2014 summarized as follows:

We have optimized our product mix to reflect consumer trends and market demand. Communication products made up 34% of the revenue in 2014, computer and peripheral products accounted for 31%, and consumer products stayed at 28% of total revenue. In addition, the revenue from automotive and industrial electronics grew from 5% in 2013 to 7% in 2014, indicating that our long-standing efforts have gained the recognition of worldwide tier-1 clientele.

Winbond is the fifth largest DRAM supplier in the world, and our DRAM products accounted for 65% of revenue in 2014. We endeavor to boost the profit margin by increasing the shipment of 46nm process technology. Flash memory products contributed 35% of revenue in 2014. Despite price competition in this market, we are capable of maintaining steady profits of Flash by increasing output for 58nm products and optimizing our product mix. We have also finished developing the 46nm Flash process development and successfully introduced 1Gb and 2Gb products to our clients, creating a more comprehensive Code Storage Flash product line.

Corporate Development

Our capital expenditure of NT$13 billion in 2014 was primarily for the expansion of advanced process technology that boosted the monthly output of 12-inch wafers from 38,000 to 44,000 per month. Furthermore, we continue to develop our own 38nm DRAM process and expand our high-density product mix to increase our competitive advantage. With respect to Flash products, we define our target market to be Code Storage Flash, and continue to develop low-power and high-performance Flash products. In the meantime, we also dedicate ourselves to develop 32nm Flash process technology and other high-quality, high-density products to satisfy our clients' needs.

Future Outlook

As the new wave of automotive electronics drives growth in electronics, Winbond believes that our ability to deliver stable and high-quality products will ensure our continued prominence as a top-notch company. Under the worldwide trend of Internet of Things (IoT), the demand for end-user products is expected to increase, bringing various applications for our low to medium density specialty products. With innovative corporate culture, outstanding R&D, comprehensive product mix and excellent services, Winbond aspires to become an indispensable partner to our clients, and also create maximum value for our customers 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 Electronics Corp. 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.

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

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 develop high-density Flash memory products to meet client demands for code storage. With considerable market share in computer peripheral markets, we also actively develop code storage Flash products for mobile devices, consumer electronics, and the IoT.

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.

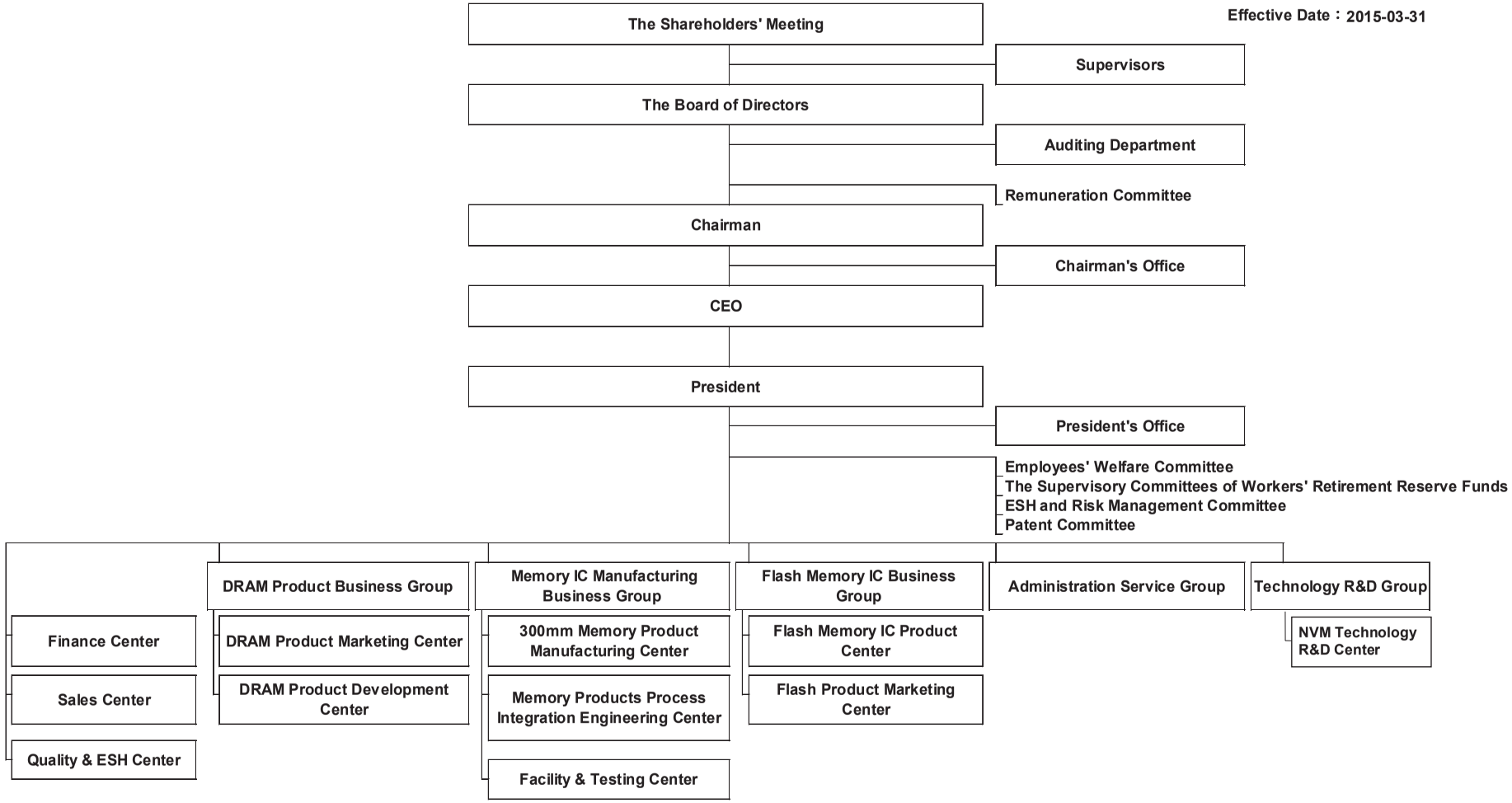
1.2 Investment in affiliates in the past year and up to the date of report

For information on Company's investment in affiliates, please see p. 162 of this report.

2. Corporate governance report

2.1 Organizational structure and major business units

2.1.1 Organizational structure



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.
Finance 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.
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 the 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. 8. Planning and management of subsidiaries' R&D personnel.
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 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.
Administration Service Group		1. Providing a safe and comfortable working environment in a most cost effective manner and assisting other business units to achieve the overall business goals of the company. 2. Establishing and maintaining the supplier system to assist the attainment of profit targets for business groups and the company as a whole. 3. In charge of production control and outsourcing operations. 4. Setup and execution of knowledge and information management structure to strengthen the operations of functional units and enhance operational performance.
Technology R&D Group	NVM Technology R&D Center	1. Development of NAND and NOR flash memory technology. 2. Development of RRAM and embedded RRAM technology. 3. Design and development of memory cell and peripheral components. 4. Ensuring attainment of product yield and reliability targets and transferring to volume production. 5. Supporting company-wide SPICE model parameter extraction and ESD/LU design and product analysis. 6. Supporting business units to resolve NVM process related problems.

2.2 Profile of directors, supervisors and management

2.2.1 Directors and supervisors (1)

March 31, 2015

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 minor children		Shares held in the name of others		Education/work experience	Other positions	Other officer, director or supervisor who is the spouse or a relative within second degree		
						Shares	Shares % (Note1)	Shares	Shares % (Note2)	Shares	Shares % (Note2)	Shares	Shares % (Note2)			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	1.58%	16,020,978	0.43%	-	-	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 9	Director and Chief Administrative Officer	Yung Chin	Spouse
Director	ROC	Ching-Chu Chang	2014.06.17	3 years	1993.03.25	10,067,591	0.27%	10,067,591	0.27%	53,058	0.00%	-	-	Ph.D. in Electrical Engineering, Princeton Univ. Master in Business Management of Graduate School of Stanford Univ. General Director of Electronic Research and Service Organization of the International Technology Research Institute Vice Chairman of Winbond Electronics Corp. Chairman of Vanguard International Semiconductor Corp. (incumbent)	Note 10	None.	None.	None.
Director	USA	Matthew Feng-Chiang Miau	2014.06.17	3 years	Note 4	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 11	None.	None.	None.
Director	ROC	Yung Chin	2014.06.17	3 years	1996.04.09	10,720,537	0.29%	10,720,537	0.29%	63,565,396	1.72%	-	-	Master in Applied Mathematics, Washington Univ. Chief Auditor of Walsin Lihwa Corp. Vice President of Winbond Electronics Corp. Chief Administrative Officer of Winbond Electronics Corp. (incumbent)	Note 12	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%	819,841,531	22.19%	-	-	-	-	-	Note 13	-	-	-
Director – 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 Holdings Co., Limited. CFO at HTC Corporation Director and President of Walsin Lihwa Corporation (incumbent)	Note 14	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 15	None.	None.	None.
Independent director	ROC	Francis Tsai	2014.06.17	3 years	2014.06.17	-	-	-	-	-	-	-	-	Department of Computer and Control Engineering, National Chiaotung University Chairman and CEO of Waffer Technology Corp. (incumbent) Convenor of Compensation Committee of Winbond Electronics Corp. (incumbent)	Note 16	None.	None.	None.
Independent director	ROC	Allen Hsu	2014.06.17	3 years	2014.06.17	-	-	-	-	-	-	-	-	M.B. A. of National Chengchi University and advanced courses at Wharton School in the U.S. Chairman of Altek Corporation Chairman of Taiwan Mask Corporation Chairman of Myson Century Inc. Chairman of Hastia Power Technology Inc. (incumbent) Compensation Committee member of Winbond Electronics (incumbent)	Note 17	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 minor children		Shares held in the name of others		Education/work experience	Other positions	Other officer, director or supervisor who is the spouse or a relative within second degree		
							Shares	Shares % (Note1)	Shares	Shares % (Note2)	Shares	Shares % (Note2)	Shares	Shares % (Note2)			Title	Name	Relationship
Independent director		ROC	Jie-Li Hsu	2014.06.17	3 years	2014.06.17	-	-	-	-	-	-	-	-	International Management, Waseda University Compensation Committee member of Winbond Electronics Corp. (incumbent)	Note 18	None.	None.	None.
Supervisorz	Corporation	ROC	Chin Xin Investment Corp.	2014.06.17	3 years	2014.06.17	145,047,000	3.93%	145,047,000	3.93%	-	-	-	-	-	Note 19	-	-	-
	Representative	ROC	Wang-Tsai Lin	2014.06.17	3 years	Note 5	-	-	-	-	-	-	-	-	Advisor to CEO Office of Walsin Lihwa Corporation (incumbent)	Note 20	None.	None.	None.
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 GBM Corporation (incumbent)	Note 21	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 22	None.	None.	None.
Director		ROC	Lu Pao Hsu	Note 3	-	Note 6	8,000	0.00%	8,000	0.00%	3,316	0.00%	-	-	Master in Physics, National Cheng Kung University and Researcher of High-Level Management Course of Harvard Business School Associate Professor of National Chiao Tung Univ. Administrative Vice-Executive of Koninklijke Philips Electronics N.V., Managing Director of Walsin Lihwa Corp.	-	-	-	-
Director		ROC	Robert I.S. Hsu	Note 3	-	Note 7	1,510,524	0.04%	764,524	0.02%	99,038	0.00%	-	-	Ph.D. in Electrical Engineering, University of Southern California President of Winbond Electronics Corp. Vice President of Nuvoton Technology Co. (incumbent)	-	-	-	-
Supervisor		ROC	Yu-Chi Chiao	Note 3	-	Note 8	22,859,166	0.62%	22,859,166	0.62%	4,661,776	0.13%	-	-	Master in Public Administration, San Francisco State University President of Walsin Lihwa Corp. Chairman of HannStar Color Co. (incumbent) Chairman of HannsTouch Solution (incumbent)	-	-	-	-

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 3,694,982,193 shares as of March 31, 2015.

Note 3: Re-election of the Company's 10th-term directors and supervisors was held on June 17, 2014. The information of 9th-term directors Mr. Lu Pao Hsu and Mr. Robert I.S. Hsu and supervisor Mr. Yu-Chi Chiao is disclosed up to the date their term of office as Winbond's director or supervisor ends.

Note 4: Mr. Matthew Feng-Chiang Miau has been a director of Winbond since May 6, 2003. He also served as a director from March 25, 1993 to Feb. 21, 1994 and from Mar. 30, 1994 to Jan. 29, 2003.

Note 5: Mr. Wang-Tsai Lin has been a supervisor of Winbond from September 4, 1987 to March 25, 1993, and from June 10, 2005 until now.

Note 6: Mr. Lu Pao Hsu was a director of Winbond from March 1, 2000 to June 16, 2014. His "Percentage" of "Shares held when elected" is based on 3,672,539,193 shares issued and outstanding when he was elected as a 9th-term director.

Note 7: Mr. Robert I.S. Hsu was a director of Winbond from May 17, 2002 to June 16, 2014. The basis for his "Percentage" of "Shares held when elected" is the same as described in Note 6.

Note 8: Mr. Yu-Chi Chiao was a supervisor of Winbond from April 9, 1996 to February 28, 2000 and from April 30, 2008 and June 16, 2014. The basis for his "Percentage" of "Shares held when elected" is the same as described in Note 6.

Note 9: 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 Biomedical, Inc. Asia, Kolin Cons. & Development Co., Ltd., Walsin Lihwa Holdings Co., Walsin Specialty Steel Corporation Landmark Group Holdings Ltd., Peaceful River Corp., Winbond International Corporation, 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 convenor of Taiwan Cement and Independent Director and Compensation Committee member of Synnex Technology International.

Note 10: Mr. Ching-Chu Chang serves concurrently as the supervisor of Fine Art Technology Co., Ltd.,

Note 11: Mr. Matthew Feng-Chiang Miau serves concurrently as Chairman of Lienhwa Industrial Corporation, Synnex Technology International Corporation, MiTac Inc., Union Venture Capital Corp. and Union Technology Corp.; and Director of Getac Technology Corp. and Lienhwa Industrial Gases Corp.

Note 12: Ms. Yung Chin serves concurrently as Chairman of Winbond (H.K.) and Winbond Electronics (HK) Ltd.; and Director of Nuvoton Technology Co., Peaceful River Corp., Winbond Electronics Corporation, America, Director of Newfound Asian Corp., and Nuvoton Electronics Technology (H.K.) Ltd.; 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 13: 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., and Zhong Tai Technology Development Engineering Co.; and Supervisor of Min Maw Precision Industry Corp. and Taiwan High Speed Rail Corp.

Note 14: Mr. Hui-Ming Cheng serves concurrently as Director of ACME Electronics Corporation, Da Shen Venture Capital Co., and Da Shen Yi Yi Venture Capital.
Note 15: 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.; Director of Baystar Holdings Ltd.; and CEO of Mobile Magic Design Corp.
Note 16: Mr. Francis Tsai serves concurrently as Chairman of NAFCO and Vice Chairman of Getac Technology Corporation.
Note 17: Mr. Allen Hsu serves concurrently as Chairman of Advagene Biotechnology 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 PARPRO, Innodisk Corporation, ACME Electronics Corporation, and Anderson Industrial Corp.
Note 18: Mr. Jeili Hsu serves concurrently as Director of Kinpo Electronics, Inc., PCHome Store, Baotek Inc., Breeze Development Co., New Kinpo Group, Kun Ji Venture Capital Inc., and Prudence Venture Investment Corp.; and Supervisor of Fu Bao Investment Inc.
Note 19: Chin Xin Investment serves concurrently as Director of HannStar Board Corporation and Global Investment Holdings; and Supervisor of Nuvoton Technology Co.
Note 20: Mr. Wang-Tsai Lin serves concurrently as Vice Chairman of Walsin Info-Electric Co.; and Receiver of Concord Venture Capital Group.
Note 21: Mr. Peter Chu serves concurrently as Director of Walsin Technology Corporation and HannStar Board Corporation; and Supervisor of Walsin Lihwa Corp. Compensation Committee member of Winbond from March 20, 2011 to March 19, 2014.
Note 22: 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 23: Major shareholders of institutional shareholders

March 31, 2015

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 (4.50%), Chin Xin Investment Corp. (2.86%), Winbond Electronics Corporation (2.80%), Vanguard Emerging Markets Stock Index Fund under the trust of Standard Charter (1.78%), Chiao Yu-Heng (1.64%), Chiao Yu-Hui (1.47%), Yu-Chi Chiao (1.45%), Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan) (1.43%), Hong Pai-Yung (1.41%), Walsin Lihwa Employee Welfare Committee (1.34%)
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%), Chiao Yu-Lon (3.14%), Chiao Yu-Heng (3.14%), Yu-Chi Chiao (3.14%), Yu Shiang Investment (2.81%), Walsin Technology Corporation (1.86%), HannStar Board Corporation (1.34%).

Note 24: Major shareholders in Note 23 who are institutional investor and their major shareholders

March 31, 2015

Name of institutional shareholder	Major shareholders of institutional shareholders
Chin Xin Investment Corp.	Same as Note 23
Winbond Electronics Corporation	Walsin Lihwa Corporation (22.19%), Chin Xin Investment Corp. (3.93%), Arthur Yu-Cheng Chiao (1.58%), Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan) (1.45%), Hong Pai-Yung (0.87%), ABP Retirement Fund Investment Account under the trust of JPMorgan Chase Bank N.A. Taipei Branch (0.83%), Profit Trends International Corp. Investment Fund under the custody of Deutsche Bank A. G. Taipei Branch (0.83%), Chiao Yu-Lon (0.80%), Norges Bank Investment Account under the trust of JPMorgan Chase Bank N.A. Taipei Branch (0.80%), Chiao Yu-Heng (0.79%)
Walsin Lihwa Corporation	Same as Note 23
Oriental Consortium Investment Limited	HannStar Display Corporation (100%)
Yau Cheung Investment Limited	-
Walsin Technology Corporation	Walsin Lihwa Corporation (18.30%), HannStar Board Corporation (5.82%), Walton Advanced Engineering (2.75%), Chiao Yu-Heng (2.32%), Kim Eng Securities Investment Account under the trust of HSBC Bank (2.08%), Winbond Electronics Corporation (1.88%) HannStar Color Co., Ltd (1.68%), Checa Investment Limited (1.37%), Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan) (1.31%), HSBC (Shanghai) - Customer Account under the trust of HSB Bank (1.11%)
HannStar Board Corporation	Walsin Technology Corporation (20.08%), Walsin Lihwa Corporation (13.55%), Chin Xin Investment Corp. (3.80%), Hong Pai-Yung (1.82%), BNP Paribas Wealth Management Bank Singapore Branch Account under the trust of HSBC Bank (1.60%), HannStar Color Co., Ltd . (1.28%) Dimension Emerging Market Evaluation Fund under the trust of Citibank (Taiwan) (1.11%), Chiao Yu-Heng (0.90%), UBS Account under the trust of HSBC Bank (0.85%), Labor Pension Fund (New Scheme) (0.82%)

Directors and supervisors (2)

March 31, 2015

Name \ Criteria	Has at least 5 years of work experience and meet one of the following professional qualifications			Meet the independence criteria (Note)										Number of other public companies in which the director also serves as an independent director
	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, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate therefor	Has 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	9	10	
Arthur Yu-Cheng Chiao			V							V		V	V	2
Ching-Chu Chang			V	V	V		V	V	V	V	V	V	V	-
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
Jie-Li Hsu			V	V	V	V	V	V	V	V	V	V	V	-
Wang-Tsai Lin (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 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 fifth degree of kinship of any of the persons in the preceding three paragraphs.

(5) Not a director, supervisor or employee of a juristic-person 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. excluding members of compensation committee who exercise power in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

(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, 2015

Title	Nationality	Name	Date appointed	Shares held		Shares held by spouse and children		Shares held in the name of others		Education/work experience	Other positions	Other officer, director or supervisor who is the spouse or a relative within second degree		
				Shares	% (Note2)	Shares	% (Note2)	Shares	% (Note2)			Title	Name	Relationship
CEO	ROC	Arthur Yu-Cheng Chiao	2005.08.01	58,264,955	1.58%	16,020,978	0.43%	-	-	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 and Chief Financial Officer	ROC	James Wen (Note 5)	2004.03.16	320,000	0.01%	-	-	-	-	MBA, Wharton School in University of Pennsylvania President of Cathay Securities Investment Trust Co., Ltd.	Director of Walton Cultural and Educational Foundation Independent Director of Ta-Ho Maritime Corporation	None.	None.	None.
Vice President	ROC	Yuan-Mow Su	2005.02.01	1,699,859	0.05%	-	-	-	-	MSEE, University of Southern California	Chairman of Winbond Electronics Corporation America President of Mobile Magic Design Corp. Director of Winbond Electronics (Suzhou) Ltd.	None.	None.	None.
Vice President	ROC	Chen-Hsi Lin	2005.02.01	53,000	0.00%	-	-	-	-	Ph.D. Applied Physics, Harvard University, USA Deputy Divisional Director of Corporate Marketing and Central R&D, UMC	None.	None.	None.	None.
Vice President	ROC	Pei-Ming Chen	2005.10.01	361	0.00%	-	-	-	-	MS of E.E., University of Detroit, USA	Director and Marketing Executive of Mobile Magic Design Corp. Director of Winbond Electronics (Suzhou) Ltd. President of Winbond Electronics (HK) 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. Pine Capital Investment Ltd.	None.	None.	None.
Vice President	ROC	Chin-Fen Tsai	2011.11.01	-	-	-	-	-	-	Ph.D. 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	-	-	30,000	0.00%	-	-	PhD. in Electrical Engineering, U.C. Berkeley Master in Management Science, Stanford University 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	None.	None.	None.
Vice President, Chief Financial Officer and Chief Accounting Officer	ROC	Chiu-Yi Huang (Note 6)	2006.07.12	473,949	0.01%	-	-	-	-	MBA, Indiana University Chief Auditor of Winbond Electronics Corp. Vice President, Citibank	Note 6	None.	None.	None.
Chief Business Officer	USA	Eungjoon Park	2008.08.04	250,000	0.01%	-	-	-	-	PhD. in Electrical Engineering, U.C. Berkeley Master in Management Science, Stanford University 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	President of Winbond Electronics Corporation America	None.	None.	None.

Title	Nationality	Name	Date appointed	Shares held		Shares held by spouse and children		Shares held in the name of others		Education/work experience	Other positions	Other officer, director or supervisor who is the spouse or a relative within second degree		
				Shares	% (Note2)	Shares	% (Note2)	Shares	% (Note2)			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	0.04%	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	None.	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	Liao Hsiu-Han	2014.10.01	100,000	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	Chi-Lung Chou	Note 7	240,040	0.01%	-	-	-	-	Bachelor, Control Engineering, National Chiao Tung University Director of Memory Testing Division, Winbond Electronics Director of Flash Memory and Testing Engineering Division, Winbond Electronics Assistant Manager of United Microelectronics Manager of Mosel Vitelic Inc.	None.	None.	None.	None.
Deputy Department Head and Accounting Chief	ROC	Wen-Ying Liang	Note 8	95,000	0.00%	-	-	-	-	Master in Management Research Institute, Fu Jen Catholic University	None.	None.	None.	None.
Manager and Chief Accounting Officer	ROC	Ching-Hao Wu	Note 9	15,000	0.00%	2,000	0.00%	-	-	M.A. in accounting, Chung Yuan Christian University	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 3,694, 982,193 shares as of March 31, 2015.

Note 3: Refer to Note 9 under Profile of Directors and Supervisors (1).

Note 4: Refer to Note 15 under Profile of Directors and Supervisors (1).

Note 5: VP James Wen ceased being Chief Financial Officer starting April 1, 2015.

Note 6: Japan, Winbond Technology Ltd., Winbond Electronics Corporation America, Winbond Electronics (Suzhou) Ltd. and Nuvoton Investment Holding Ltd.; Supervisor of Search Marketing Co., Harbinger Venture III Capital Corp and Mobile Magic Design Corp.; and managerial officer of Goldbond LLC.

Note 7: Mr. Chi-Lung Chou was an assistant VP at Winbond from July 1, 2008 to November 2, 2014. The above table discloses his information up to the date his service as a managerial officer of the Company ends.

Note 8: Ms. Wen-Ying Liang was the Chief Accounting Officer at Winbond from August 18, 2008 to September 30, 2014. The above table discloses her information up to the date her 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.

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

2.2.3.1 Remuneration to directors

December 31, 2014;Unit: NT$1,000; 1,000 shares

Title	Name	Director's remuneration								Ratio of total (A), (B), (C), and (D) to after-tax income (%) (Note 10)		Pay received as an employee										Ratio of total (A), (B), (C), (D), (E), (F) and (G) to after-tax income (%) (Note 10)		Remuneration received from Investees other than subsidiaries (Note 11)
		Remuneration (A) (Note 1)		Pension (B) (Note 2)		Profit sharing (C) (Note 3)		Business expense (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Pension (F) (Note 2)		Profit sharing & bonus (G) (Note 6)				Shares subscribable under employee stock options (H) (Note 7)		Shares obtained through restricted stock award (I) (Note 8)				
																Winbond		All companies in consolidated statements (Note 13)								
		Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	Cash bonus	Stock bonus	Cash bonus	Stock bonus	Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	Winbond	All companies in consolidated statements (Note 9)	
Chairman	Arthur Yu-Cheng Chiao	1,300	1,420	-	-	-	766	3,240	3,617	0.15	0.19	26,412	32,853	95	307	-	-	448	-	-	-	-	-	1.01	1.28	28,787
Director	Ching-Chu Chang																									
Director	Matthew Feng Chiang Miau																									
Director	Yung Chin																									
Director (Corporation)	Walsin Lihwa Corporation (Note 12)																									
Director (Representative)	Hui-Ming Cheng (Note 13)																									
Director	Tung-Yi Chan																									
Independent director	Francis Tsai																									
Independent director	Allen Hsu																									
Independent director	Jie-Li Hsu																									
Director representative	Representative of Walsin Lihwa Corp.: Peter Chu (Note 14)																									
Director	Hong-Chi Yu (Note 15)																									
Director	Lu Pao Hsu (Note 16)																									
Director	Robert I.S. Hsu (Note 17)																									

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 retirement reserve fund supervisory 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 amount is the proposed remuneration to directors according to the most recent earnings distribution that has been approved by the Board of Directors but has not been submitted 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: For directors also working as an employee (including the position of president, vice president, other managerial officer and staff), the amount of the proposed profit sharing and bonus according to the most recent earnings distribution that has been approved by the Board of Directors but has not been submitted to the shareholders' meeting.

Note 7: 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, 2015) (excluding shares already exercised).
Note 8: 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, 2015).
Note 9: The total pay to the director from all companies in the consolidated statements (including the Company).
Note 10: Computed based on 2014 stand-alone net income of NT$3,075,969,000 of the Company.
Note 11: 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, remuneration, employee bonus and business expense received by the director serving as a director, supervisor or manager of an investee of the Company other than subsidiaries.
Note 12: Walsin Lihwa Corporation as an institutional director did not receive any director's remuneration.
Note 13: Mr. Hui-Ming Cheng changed from being a supervisor to the representative of an institutional director after the re-election of the Company's 10th-term directors and supervisors on June 17 2014.
Note 14: Mr. Peter Chu changed from being the representative of an institutional director to supervisor after the re-election of the Company's 10th-term directors and supervisors on June 17 2014. The above table discloses his information up to the date his term of office as Winbond's director ends.
Note 15: Mr. Hong-Chi Yu changed from being a director to supervisor after the re-election of the Company's 10th-term directors and supervisors on June 17 2014. The above table discloses his information up to the date his term of office as Winbond's director ends.
Note 16: Mr. Lu Pao Hsu served as a director of the Company up to June 16, 2014. The above table discloses his information up to the date his term of office as Winbond's director ends.
Note 17: Mr. Robert I.S. Hsu served as a director of the Company up to June 16, 2014. 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)
<NT$2,000,000	Arthur Yu-Cheng Chiao, Ching-Chu Chang, Matthew Feng-Chiang Miau, Yung Chin, Hui-Ming Cheng (representatives of Walsin Lihwa Corporation), Tung-Yi Chan, Francis Tsai, Allen Hsu, Jie-Li Hsu , representatives of Walsin Lihwa Corporation: Peter Chu, Hong-Chi Yu , Lu Pao Hsu , Robert I.S. Hsu	Arthur Yu-Cheng Chiao, Ching-Chu Chang, Matthew Feng-Chiang Miau, Yung Chin, Hui-Ming Cheng (representatives of Walsin Lihwa Corporation), Tung-Yi Chan, Francis Tsai, Allen Hsu, Jie-Li Hsu , representatives of Walsin Lihwa Corporation: Peter Chu, Hong-Chi Yu , Lu Pao Hsu , Robert I.S. Hsu	Ching-Chu Chang, Matthew Feng-Chiang Miau, Hui-Ming Cheng (representatives of Walsin Lihwa Corporation), Francis Tsai, Allen Hsu, Jie-Li Hsu , representatives of Walsin Lihwa Corporation: Peter Chu, Hong-Chi Yu , Lu Pao Hsu , Robert I.S. Hsu	Ching-Chu Chang, Matthew Feng-Chiang Miau, Francis Tsai, Allen Hsu, Jie-Li Hsu , representatives of Walsin Lihwa Corporation: Peter Chu, Lu Pao Hsu
NT$2,000,000 (inclusive)～NT$5,000,000 (exclusive)				Hong-Chi Yu
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)			Arthur Yu-Cheng Chiao, Yung Chin	Yung Chin, Robert I.S. Hsu
NT$10,000,000 (inclusive)～NT$15,000,000 (exclusive)			Tung-Yi Chan	Arthur Yu-Cheng Chiao, Walsin Lihwa Corporation, Hui-Ming Cheng (representatives of Walsin Lihwa Corporation), Tung-Yi Chan
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)～NT$100,000,000 (exclusive)				
> NT$100,000,000				
Total	13 people	13 people	13 people	14 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

December 31, 2014;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)		Profit sharing (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 7)	Winbond	All companies in consolidated statements (Note 4)	
Supervisor	Corporation	Chin Xin Investment Corp. (Note 7)	-	-	-	192	1,080	1,080	0.04	0.04	19,252
	Representative	Wang-Tsai Lin (Note 8)									
Supervisor		Peter Chu									
Supervisor		Hong-Chi Yu									
Supervisor		Yu-Chi Chiao (Note 9)									
Supervisor		Hui-Ming Cheng (Note 10)									

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

Note 2: The amount is the proposed remuneration to supervisors according to the most recent earnings distribution approved by the Board of Directors, but this figure has not yet been submitted 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 2014 stand-alone net income of NT$3,075,969,000 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, remuneration, employee bonus 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. as an institutional supervisor did not receive any supervisor's remuneration.

Note 8: Mr. Wang-Tsai Lin changed from being a supervisor to the representative of an institutional supervisor after the re-election of the Company's 10th-term directors and supervisors on June 17 2014.

Note 9: Mr. Yu-Chi Chiao served as a supervisor of the Company up to June 16, 2014. The above table discloses his information up to the date his term of office as Winbond's supervisor ends.

Note 10: Mr. Hui-Ming Cheng changed from being a supervisor to the representative of an institutional director after the re-election of the Company's 10th-term directors and supervisors on June 17 2014. The above table discloses his information up to the date his term of office as Winbond's supervisor ends.

Range of remuneration paid to each supervisor	Names of supervisors	
	Total of (A+B+C)	
	Winbond	All investees (Note)
<NT$2,000,000	Wang-Tsai Lin (representatives of Chin Xin Investment Corp), Peter Chu, Hong-Chi Yu , Yu-Chi Chiao, Hui-Ming Cheng	Chin Xin Investment Corp., Wang-Tsai Lin (representatives of Chin Xin Investment Corp), Peter Chu
NT$2,000,000 (inclusive)～NT$5,000,000 (exclusive)		Hong-Chi Yu
NT$5,000,000 (inclusive)～NT$10,000,000 (exclusive)		Yu-Chi Chiao, Hui-Ming Cheng
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)～NT$100,000,000 (exclusive)		
> NT$100,000,000		
Total	5 people	6 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

December 31, 2014; Unit: NT$1,000; 1,000 shares

Title	Name	Salary (A) (Note 1)		Pension (B) (Note 2)		Bonus and special allowance (C) (Note 3)		Employee bonus (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)		Shares obtained through restricted stock award (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)	Cash bonus	Stock bonus	Cash bonus	Stock bonus	Winbond	All companies in consolidated statements (Note 7)	Winbond	All companies in consolidated statements (Note 7)	Winbond	All companies in consolidated statements (Note 7)	
CEO	Arthur Yu-Cheng Chiao	41,531	49,077	243	503	21,224	21,224	-	-	-	-	2.05	2.30	-	-	-	-	2,235
President	Tung-Yi Chan																	
Executive Vice President	Wilson Wen																	
Vice President	James Wen																	
Vice President	Yuan-Mow Su																	
Vice President	Chen-Hsi Lin																	
Vice President	Pei-Ming Chen																	
Vice President	Cheng- Kung Lin																	
Vice President	Chin-Fen Tsai																	
Vice President	Pei-Lin Pai (Note 10)																	

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 amount is the employee bonus (including stock bonus and cash bonus) to the president and vice presidents according to the most recent earnings distribution that has been approved by the Board of Directors but has not been submitted 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, 2015) (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, 2015).

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 2014 stand-alone net income of NT$3,075,969,000 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, remuneration, employee bonus 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. Pei-Lin Pai is appointed VP starting October 1, 2014.

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

(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 (%)			
	2014		2013	
	Winbond	All companies in consolidated statements	Winbond	All companies in consolidated statements
Director	1.01%	1.28%	12.85%	16.90%
Supervisor	0.04%	0.04%	0.52%	0.52%
President and Vice President	2.05%	2.30%	27.36%	31.04%

(2) Starting December 2011, the remuneration of directors and supervisors will be decided according to the resolution passed by the Compensation Committee and the Board of Directors pursuant to the internal Rules for Remuneration and Performance Evaluation of Directors and Supervisors.

(3) Starting December 2011, the remuneration of managerial officers will be decided according to the resolution passed by the Compensation 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 9 (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 rate (%)【B/A】	Notes
Chairman	Arthur Yu-Cheng Chiao	9	0	100	Re-elected
Director	Ching-Chu Chang	8	1	89	Re-elected
Director	Matthew Feng-Chiang Miau	5	4	56	Re-elected
Director	Yung Chin	6	3	67	Re-elected
Director	Hui-Ming Cheng (representative of Walsin Lihwa Corporation)	4	1	80	Changed from being a supervisor to the representative of an institutional director in the re-election held on June 17, 2014.
Director	Tung-Yi Chan	9	0	100	Re-elected
Independent director	Francis Tsai	4	1	80	Newly elected
Independent director	Allen Hsu	5	5	100	Newly elected
Independent director	Jie-Li Hsu	5	5	100	Newly elected
Director	Lu Pao Hsu	4	0	100	Previous term of office ended on June 16, 2014
Director	Robert I.S. Hsu	4	0	100	Previous term of office ended on June 16, 2014
Director	Walsin Lihwa Corporation (Representative: Peter Chu)	4	0	100	Previous term of office ended on June 16, 2014 (Changed from being the representative of an institutional investor to supervisor in the re-election held on June 17, 2014.)
Director	Hong-Chi Yu	4	0	100	Previous term of office ended on June 16, 2014 (Changed from being a director to supervisor in the re-election held on June 17, 2014.)

Note: The Company held the 10th-term re-election of directors and supervisors on June 17, 2014.

(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 Tung-Yi Chan	2014 pay and remuneration for managerial officers	The director has an interest in the matter	Did not participate in voting	22nd meeting of 9th-term Board
Francis Tsai Allen Hsu Jie-Li Hsu	Serves as the Company's 2nd-term Compensation Committee members	The director has an interest in the matter	Did not participate in voting	1st meeting of 10th-term Board
Allen Hsu	Proposal to remove non-compete clause for directors	The director has an interest in the matter	Did not participate in voting	4th 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 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 holds strategy review meeting every quarter before the scheduled board meeting, at which directors, supervisors and members of the Compensation Meeting are present to understand Company's finance and business conditions as well as the execution of major business plans. The Company endeavors to enhance the transparency of corporate information. Aside from holding investors conference every quarter to discuss the Company's business and financial conditions after the board meeting, the Company also posts related information on the Market Observation Post System and Company website.
3. The Company established a board of directors performance evaluation system in 2011. The Company's directors and supervisors perform self-assessment in December every year with respect to board operation, personal participation, and continuing education in accordance with the Rules for Remuneration and Performance Evaluation of Directors and Supervisors. The staff in charge of board meeting affairs will compile the self-assessment results and submit the results to the Compensation Committee and the Board of Directors to measure the board's operations in guiding the strategic direction of the Company and overseeing the Company's operations and management, which should help increase the long-term shareholder value.
4. The Company attaches great importance to corporate governance and amended the Articles of Incorporation in 2013 to switch the election of directors and supervisors entirely to candidate nomination system. The new election system was in place in the 2014 re-election of directors and supervisors.

2.3.2 Attendance of supervisors in board meetings

A total of 9 (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	Wang-Tsai Lin (representative of Chin Xin Investment Corp.)	2	40%	In the re-election held on June 17, 2014, Mr. Wang-Tsai Lin changed from being a supervisor to the representative of an institutional supervisor.
Supervisor	Peter Chu	4	80%	In the re-election held on June 17, 2014, Mr. Peter Chu changed from being the representative of an institutional director to a supervisor.
Supervisor	Hong-Chi Yu	3	60%	In the re-election held on June 17, 2014, Mr. Hong-Chi Yu changed from being a director to a supervisor.
Supervisor	Yu-Chi Chiao	1	25%	Previous term of office ended on June 16, 2014
Supervisor	Wang-Tsai Lin	4	100%	Previous term supervisor; term of office ended on June 16, 2014 (in the re-election held on June 17, 2014, changed from being a supervisor to the representative of an institutional supervisor)
Supervisor	Hui-Ming Cheng	4	100%	Previous term supervisor; term of office ended on June 16, 2014 (in the re-election held on June 17, 2014, changed from being a supervisor to the representative of an institutional director)
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. 2. 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 Company established a compensation committee in 2011 in accordance with applicable regulations. The 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 Compensation 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, accountant, or other professional or technical specialist related to the needs of the Company who has passed a national examination and received a certificate therefor	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	Jie-Li Hsu			V	V	V	V	V	V	V	V	V	-	Note 2
Director	Peter Chu			-	-	-	-	-	-	-	-	-	-	Note 2

Note 1: 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" 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.

Note 2: Mr. Peter Chu served as a member of the first-term Compensation Committee in accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter until March 19, 2014 in compliance with Paragraph 5, Article 6 of the aforementioned Regulations. After that, the Company appointed Mr. Jie-Li Hsu to serve the remaining term of the first-term Compensation Committee.

(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 3 (A) meetings of the Compensation 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
Convenor	Francis Tsai	3	-	100%	Re-elected
Member	Allen Hsu	3	-	100%	Re-elected
Member	Jie-Li Hsu	3	-	100%	Re-elected
Member	Peter Chu	-	-	-	Previous-term member, term of office ended on March 19, 2014.

Other matters that require reporting:

1. If the Board of Directors does not accept a salary or the Compensation Committee proposes an amendment, the date of the Board Meeting, period, content, the decision of the Board, and the handling recommendations as proposed by the Compensation Committee must be reported: Not applicable.
2. Compensation Committee Matters: If a member of the Compensation Committee objects to or expresses one's opinion and requires a record or written statement, the date of the Compensation Committee Meeting, period, content, the opinions of all the other members and related matters must be reported: Not applicable.

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	
1. 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 (under the Finance Center) 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 several functional committees, including Compensation Committee, Employee Pension Supervision Committee, 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 evaluate the board operations, personal participation and continuing education in December every year.	None.
(4)Does the company regularly evaluate the independence of CPAs?	V		(4) The Company's Board of Directors 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.	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 simultaneously 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 implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	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/corporate-governance/?__locale=zh_TW 2. Continuing education of directors and supervisors: To enhance the functions of the Board of 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.	None.

Assessed areas:	Implementation status			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			3. Attendance records of directors and supervisors: Please see p. 15 and p. 16 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 courses taken by directors and supervisors in 2014 (arrange in sequence by date of course):

Title	Name	Date	Organizer	Course	Hours
Director representative	Peter Chu	2014/05/13	Taiwan Corporate Governance Association	Strengthening the Blueprint for Corporate Governance and Enhancing the CSR Vision	3.0
Director representative	Peter Chu	2014/05/30	Taiwan Corporate Governance Association	Obligations of Companies, Directors and Supervisors under the Securities & Exchange Act and Case Analysis	3.0
Independent director	Jie-Li Hsu	2014/07/01	Taiwan Corporate Governance Association	Market Competition under Globalization, How Do Businesses Continue to Create Business Plateau and Sustainable Operations	3.0
Independent director	Allen Hsu	2014/07/29	Securities & Futures Institute	How Functional Committees under the Board of Directors Bring Their Positive Functions into Play	3.0
Chairman Director representative Supervisor	Arthur Yu-Cheng Chiao Hui-Ming Cheng Peter Chu	2014/08/13	Taiwan Corporate Governance Association	Functions and Performance Evaluation of Board of Directors	3.0
Independent director	Francis Tsai	2014/08/25	Securities & Futures Institute	Forum on Ethical Management and Corporate Social Responsibility of Listed Companies	3.0
Supervisor	Peter Chu	2014/09/30	Securities & Futures Institute	How Functional Committees under the Board of Directors Bring Their Positive Functions into Play	3.0
Chairman	Arthur Yu-Cheng Chiao	2014/10/23	Accounting Research and Development Foundation	Legal Responsibility of Business Involved in "Influence Peddling or Illegal Lobbying"	6.0
Chairman Director Representative of institutional supervisor Supervisor	Arthur Yu-Cheng Chiao Yung Chin Wang-Tsai Lin Peter Chu	2014/11/21	Taiwan Corporate Governance Association	2015 Economic Outlook	3.0
Director	Ching-Chu Chang	2014/12/02	Taiwan Corporate Governance Association	Examining the Effectiveness of Corporate Board of Directors in Taiwan from the Book "The Effective Board"	3.0
Director Supervisor	Tung-Yi Chan Hong-Chi Yu	2014/12/02	Securities & Futures Institute	Legal Responsibility of Directors and Supervisors Associated with False Financial Reporting and Risk Management - Real Case Analysis	3.0

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.	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 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.	None.
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	None.

Assessed areas:	Implementation status			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary	
			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.	
(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) Before doing business with a supplier, the Company will conduct CSR investigation of the supplier to evaluate whether it has any prior record of causing negative impact on the environment and society, and require that the supplier meets the Company's CSR requirements before putting the supplier on the approved vendor list.	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) When doing business with a supplier, the Company requires the supplier 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 the contract entered 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 the Company website: http://www.winbond.com/hq/about-winbond/csr/corporate-governance/?__locale=zh_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 and counseling, and through continuous improvement, promoting personnel safety and environmental protection, and reducing risk to assets. 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 Ongoing 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. Aside from actively participating in academic seminars and technical forums, the Company also fosters academia- industry collaboration by sponsoring events such as "International Symposia on VLSI Technology, Systems and Applications (VLSI-TSA) & VLSI Design, Automation and Test (VLSI-DAT)" and CSMOT. 4. The Company is an avid participant in social services. Both the Company and public interest groups organized by employees actively participate in all kinds of public interest activities, activities that support disadvantaged groups and orphanage children. Company employees also participate in remote area campus projects and make donations to charity organizations to outreach to every corner of the society. 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. The Company participates in the used computer donation project to join the efforts of narrowing rural-urban digital divide and raising awareness to environmental protection and recycling. The Company has been working with a foundation for many years, funding nutritious meals for school children in remote areas, and providing them				

Assessed areas:	Implementation status			Departure from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Yes	No	Summary	
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.				
7. If the corporate social responsibility reports have received assurance from external institutions, they should state so below: N/A.				

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" established, 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 Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies or within its scope of business?	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 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.	None.
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) Before engaging in business dealings, the Company would give careful consideration to the legality of counterparty and whether the counterparty has prior record of unethical conduct. The Company requires all suppliers to sign a letter of undertaking of integrity to prevent the occurrence of unethical conduct.	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 corporate 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.
(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 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.

Assessed areas:	Implementation status			Departure from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
(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.	None.
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 V		(1) The Company has a variety of reporting and complaint channels in place, including e-mail, suggestion box and other communication channels, makes sure employees are aware of such 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?			(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: February 3, 2015

In 2014 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. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. The internal control system of the Company features a self-monitoring mechanism. Once identified, any deficiency will be rectified immediately.

3. The Company determines the effectiveness of the internal control system in design and implementation in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations").The Regulations provides measures for judging the effectiveness of the internal control system. There are five components of an internal control system as specified in the Regulations which are broken down based on the management control process, namely: (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. Refer to the 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, 2014 (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 February 3, 2015 in the presence of 9 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

2.3.12.1 Report on the execution of resolutions adopted at the 2014 General Shareholders' Meeting

1. Motion: Ratify 2013 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 2013 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 amended internal rules.
   Resolution: Passed as proposed.(For details of the resolution, please visit Market Observation Post System)
   Implementation status: According to rules and disclosed on Company website.
4. Election: Election of 10th-term directors and supervisors.
   Directors elected: Arthur Yu-Cheng Chiao, Ching-Chu Chang, Matthew Feng-Chiang Miau, Yung Chin, Hui-Ming Cheng (representative of Walsin Lihwa Corporation), Tung-Yi Chan
   Independent directors elected: Francis Tsai, Allen Hsu, Jie-Li Hsu
   Supervisors elected: Wang-Tsai Lin (representative of Chin Xin Investment Corp.), Peter Chu, Hong-Chi Yu
   Implementation status: The Company held the first 10th-term Board of Directors meeting immediately after the 2014 general shareholders' meeting, in which Mr. Arthur Yu-Cheng Chiao was re-elected as chairman. The Company has completed the registration of change of directors and supervisors with the Central Taiwan Science Park Administration, Ministry of Science and Technology per approval letter No. Zhong-Shang-Zi-1030015490 dated July 4, 2014.
5. Motion: Discuss the proposal to remove non-compete clause for 10th-term 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 2014 and up to March 31, 2015:

Meeting date	Summary of resolution
January 24, 2014	1. Passed the 2013 Statement on Internal Control. 2. Passed the 2014 business plan and budget. 3. Passed the proposed increase in budget for capital expenditure. 4. Passed the annual remuneration paid to accounting firm Deloitte & Touche. 5. Passed the corporate social responsibility policy. 6. Passed the proposed record date for issuance of new shares associated with employee stock option plan. 7. Passed the appointment of Mr. Jie-Li Hsu to the first-term compensation committee. 8. Passed the financial derivative transactions undertaken by the Company. 9. Passed the short-term line of credit obtained from financial institutions.
March 28, 2014	1. Passed the 2013 parent company financial report and consolidated financial report and business report. 2. Passed the 2013 consolidated business report, consolidated statements and affiliation report covering affiliated enterprises. 3. Passed the proposed increase in budget for capital expenditure. 4. Passed the proposed calling of 2014 general shareholders' meeting. 5. Passed the 2013 loss appropriation plan. 6. Passed the procedure for election of directors (including independent directors) and supervisors in accordance with Article 13 of the Articles of Incorporation. 7. Passed the candidate list for 10th-term directors (including independent directors) and supervisors nominated by the Board of Directors. 8. Passed the removal of non-compete clause for 10th-term directors (independent directors included). 9. Passed the amended Procedure for Acquisition and Disposal of Assets. 10. Passed the amended Procedure for Engaging in Financial Derivative Transactions. 11. Passed the amended Internal Control System for Shareholder Service Unit. 12. Passed the financial derivative transactions undertaken by the Company.
April 25, 2014	1. Passed the review of candidate list for 10th-term directors (including independent directors) and supervisors nominated by the Board of Directors. 2. Passed the application for syndicated loan from banks. 3. Passed the proposed record date for issuance of new shares associated with employee stock option plan.

Meeting date	Summary of resolution
	4. Passed the financial derivative transactions undertaken by the Company. 5. Passed the short-term line of credit obtained from financial institutions. 6. Passed the 2014 remuneration to individual 9th-term directors and supervisors. 7. Passed the 2014 compensation for individual managerial officers of the Company. 8. Passed the amended "Rules for Remuneration and Performance Evaluation of Managerial Officers."
May 20, 2014	1. Passed the proposed increase in maximum line of credit for syndicated loan applied to banks from NT$7 billion to NT$9 billion. 2.Passed the financial derivative transactions undertaken by the Company. 3.Passed the short-term line of credit obtained from financial institutions.
June 17, 2014	1. Elected Mr. Arthur Yu-Cheng Chiao as the 10th-term board chairman. 2. Passed the appointment of Mr. Francis Tsai, Mr. Allen Hsu and Mr. Jie-Li Hsu to the 2nd-term compensation committee. 3. Passed the Company's Rules for the Responsibility of Independent Directors.
August 1, 2014	1. Passed the proposed increase in budget for capital expenditure. 2. Passed the proposed bid to acquire Bid 1, Bid 2, Bid 3 and Bid 4 real estate at the "High Speed Rail Hsinchu Station Specific Area Landmark Square Community." 3. Passed the proposed record date for issuance of new shares associated with employee stock option plan. 4. Passed the financial derivative transactions undertaken by the Company. 5. Passed the short-term line of credit obtained from financial institutions. 6. Passed the amended "Rules for Remuneration and Performance Evaluation of Directors and Supervisors." 7. Passed the 2014 remuneration to individual 10th-term directors and supervisors.
September 5, 2014	1. Passed the appointment of Mr. Pei-Lin Pai as vice president of the Company. 2. Passed the promotion of Mr. Shiu-Han Liao to assistant VP of the Company. 3. Passed the appointment of Ms. Ching-Hao Wu as chief accounting officer of the Company. 4. Passed the financial derivative transactions undertaken by the Company.
October 24, 2014	1. Passed the application for medium-term capital spending loan from Bank of Taiwan. 2. Passed the proposed record date for issuance of new shares associated with employee stock option plan. 3. Passed the amended "Internal Control Systems", "Instruction for Self-Evaluation of Internal Control Systems", and "Internal Audit Rules." 4. Passed the proposed 2015 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.
December 18, 2014	1. Passed the proposed increase in budget for capital expenditure. 2. Passed the amended 2015 audit plan. 3. Passed the Company's Corporate Governance Principles. 4. Passed the Company's Ethical Corporate Management Principles. 5. Passed the Company's Corporate Social Responsibility Principles. 6. Passed the Company's Code of Conduct for Directors and Supervisors. 7.Passed the financial derivative transactions undertaken by the Company.
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 proposed removal of non-compete clause for Chairman Mr. Arthur Yu-Cheng Chiao. 3. Passed the proposed removal of non-compete clause for representative of institutional director Mr. Hui-Ming Cheng. 4. Passed the proposed removal of non-compete clause for managerial officer Mr. Arthur Yu-Cheng Chiao. 5. Passed the proposed calling of 2015 general shareholders' meeting. 6. Passed the change of chief auditor. 7. Passed the amended Code of Conduct for Directors and Supervisors. 8. Passed the financial derivative transactions undertaken by the Company. 9. Passed the 2015 remuneration to individual 10th-term directors and supervisors. 10. Passed the discharge of VP James Wen as a managerial officer and chief financial officer. 11. Passed the promotion of Ms. Chiu-Yi Huang as VP and serving concurrently as chief financial officer and chief accounting officer. 12. Passed the promotion of Mr. Yu-Song Cheng to assistant VP. 13. Passed the 2015 compensation for individual managerial officers of the Company.

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.

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, 2015

TITLE	NAME	DATE OF APPOINTMENT	DATE OF DISMISSAL	REASON FOR RESIGNATION OR DISMISSAL
Chief accounting officer	Wen-Ying Liang	2008.08.18	2014.09.30	Resign due to personal career planning
Chief accounting officer	Ching-Hao Wu	2014.10.01	2015.04.01	Position adjustment
Chief financial officer	James Wen	2004.03.16	2015.04.01(Note)	Retirement
Chief internal auditor	Kun-Lung Chen	2003.01.29	2015.04.01(Note)	Position adjustment

Note: Please see important resolutions adopted by 2015.03.27 Board of Directors meeting on p. 26.

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 insider trading regulations.

2.4 Information on fees to CPA:

1. Fees paid to certifying accounts and accounting firm in 2014 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	2014.01.01~2014.12.31	

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		
5	NT$8,000,000 ~ NT$10,000,000			V
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 2014.

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: shares

Title		Name	2014		until March 31, 2015	
			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		Ching-Chu Chang	-	-	-	-
Director		Matthew Feng-Chiang Miau	-	-	-	-
Director		Yung Chin	-	-	-	-
Director	Institutional and major shareholder	Walsin Lihwa Corporation	(10,000,000)	-	(28,250,000)	-
	representative	Hui-Ming Cheng (Note 3)	-	-	-	-
Director and President		Tung-Yi Chan	400,000	-	-	-
Independent director		Francis Tsai (Note 4)	-	-	-	-
Independent director		Allen Hsu (Note 5)	-	-	-	-
Independent director		Jie-Li Hsu (Note 6)	-	-	-	-
Supervisor	Corporation	Chin Xin Investment Corp. (Note 7)	-	-	-	-
	Representative	Wang-Tsai Lin (Note 7)	-	-	-	-
Supervisor		Peter Chu (Note 8)	-	-	-	-
Supervisor		Hong-Chi Yu (Note 9)	-	-	-	-
Director		Lu Pao Hsu (Note 10)	-	-	-	-
Director		Robert I.S. Hsu (Note 11)	(206,000)	-	-	-
Supervisor		Yu-Chi Chiao (Note 12)	-	-	-	-
Executive Vice President		Wilson Wen	-	-	-	-
Vice President and Chief Financial Officer		James Wen (Note 13)	-	-	-	-
Vice President		Yuan-Mow Su	-	-	-	-
Vice President		Chen-Hsi Lin	(270,000)	-	(18,000)	-
Vice President		Pei-Ming Chen	-	-	-	-
Vice President		Cheng- Kung Lin	-	-	-	-
Vice President		Chin-Fen Tsai	-	-	-	-
Vice President		Pei-Lin Pai (Note 14)	-	-	-	-
Vice President, Chief Financial Officer and Chief Accounting Officer		Chiu-Yi Huang (Note 15)	-	-	-	-
Chief Business Officer		Eungjoon Park	-	-	-	-
Assistant Vice President		Shi-Yuan Wang	-	-	-	-
Assistant Vice President		Yi-Dar Chang	-	-	-	-
Assistant Vice President		Wen-Hua Lu	(100,647)	-	-	-
Assistant Vice President		Wen-Chang Hong	80,000	-	(115,000)	-
Assistant Vice President		Mao-Hsiang Yen	-	-	-	-
Assistant Vice President		Shiu-Han Liao (Note 16)	-	-	-	-
Assistant Vice President		Chi-Lung Chou (Note 17)	-	-	-	-
Deputy Department Head and Accounting Chief		Wen-Ying Liang (Note 18)	10,000	-	-	-
Manager and Chief Accounting Officer		Ching-Hao Wu(Note 19)	-	-	-	-

Note 1: The information above is based on actual shares held.
Note 2: Share transfer to non-related parties, not pledged.
Note 3: Re-election of the Company's 10th-term directors and supervisors was held on June 17, 2014, in which, Mr. Hui-Ming Cheng changed from being a supervisor to the representative of an institutional director.
Note 4: Mr. Francis Tsai serves as an independent director of the Company starting June 17, 2014.
Note 5: Mr. Allen Hsu serves as an independent director of the Company starting June 17, 2014.
Note 6: Mr. Jie-Li Hsu serves as an independent director of the Company starting June 17, 2014.
Note 7: Re-election of the Company's 10th-term directors and supervisors was held on June 17, 2014, in which, Mr. Wang-Tsai Lin changed from being a supervisor to the representative of an institutional supervisor.
Note 8: Re-election of the Company's 10th-term directors and supervisors was held on June 17, 2014, in which, Mr. Peter Chu changed from being the representative of an institutional director to a supervisor.
Note 9: Re-election of the Company's 10th-term directors and supervisors was held on June 17, 2014, in which, Mr. P Hong-Chi Yu changed from being a director to a supervisor.
Note 10: Mr. Lu Pao Hsu served as a director until June 16, 2014. The information above discloses his information up to the date his term of office as Winbond's director ends..
Note 11: Mr. Robert I.S. Hsu served as a director until June 16, 2014. The information above discloses his information up to the date his term of office as Winbond's director ends.
Note 12: Mr. Yu-Chi Chiao served as a supervisor until June 16, 2014. The information above discloses his information up to the date his term of office as Winbond's supervisor ends.
Note 13: Mr. James Wen ceased being the chief financial officer starting April 1, 2015.
Note 14: Mr. Pei-Lin Pai is promoted to VP of the Company starting October 1, 2014.
Note 15: Ms. Chiu-Yi Huang is promoted to VP and serving concurrently as chief financial officer and chief accounting officer starting April 1, 2015.
Note 16: Mr. Shiu-Han Liao is promoted to assistant vice president starting October 1, 2014.
Note 17: Mr. Chi-Lung Chou served as an assistant vice president from July 1, 2008 to November 2, 2014. The information above discloses his information up to the date his appointment as Winbond's managerial officer ends.
Note 18: Ms. Wen-Ying Liang served as the chief accounting officer from August 18, 2008 to September 30, 2014. The information above discloses her information up to the date her appointment as Winbond's managerial officer ends.
Note 19: Ms. Ching-Hao Wu served as the chief accounting officer from October 1, 2014 to March 31, 2015. The information above discloses her information up to the date her appointment as Winbond's managerial officer ends.

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

March 31, 2015;Unit: shares

NAME	SHAREHOLDING		SHARES HELD BY SPOUSE AND CHILDREN		TOTAL SHAREHOLDING BY NOMINEE ARRANGEMENT		TITLES, NAMES AND RELATIONSHIPS BETWEEN TOP 10 SHAREHOLDERS (RELATED PARTY, SPOUSE, OR KINSHIP WITHIN THE SECOND DEGREE)		NOTES
	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	TITLE (OR NAME)	RELATIONSHIP	
Walsin Lihwa Corporation	819,841,531	22.19%	-	-	-	-	Arthur Yu-Cheng Chiao Hong Pai-Yung Chiao Yu-Lon Chiao Yu-Heng 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 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.: Chiao Yu-Lon	29,694,984	0.80%	2,027,199	0.05%	-	-	Arthur Yu-Cheng Chiao Hong Pai-Yung Chiao Yu-Heng Chin Xin Investment Corp.	The two have second degree of kinship The two 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.	145,047,000	3.93%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Hong Pai-Yung Chiao Yu-Lon Chiao Yu-Heng	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	1.58%	16,020,978	0.43%	-	-	Walsin Lihwa Corporation Hong Pai-Yung Chiao Yu-Lon Chiao Yu-Heng	A relative within second degree of kinship with the chairman of the institutional shareholder The two 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	1.58%	16,020,978	0.43%	-	-	Walsin Lihwa Corporation Hong Pai-Yung Chiao Yu-Lon Chiao Yu-Heng 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)	53,714,885	1.45%	-	-	-	-	-	-	NOTE 2
Hong Pai-Yung	32,114,000	0.87%	-	-	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Chiao Yu-Lon Chiao Yu-Heng	A relative within first degree of kinship with the chairman of the institutional shareholder The two persons have first degree of kinship The two persons have first degree of kinship The two persons have first degree of kinship	

NAME	SHAREHOLDING		SHARES HELD BY SPOUSE AND CHILDREN		TOTAL SHAREHOLDING BY NOMI NEE ARRANGEMENT		TITLES, NAMES AND RELATIONSHIPS BETWEEN TOP 10 SHAREHOLDERS (RELATED PARTY, SPOUSE, OR KINSHIP WITHIN THE SECOND DEGREE)		NOTES
	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	SHARES	PERCENTAGE (%) (NOTE 1)	TITLE (OR NAME)	RELATIONSHIP	
							Chin Xin Investment Corp.	A relative within first degree of kinship with the chairman of the institutional shareholder	
ABP Retirement Fund Investment Account under the custody of J.P. Morgan Taipei Branch	30,818,000	0.83%	-	-	-	-	-	-	NOTE 2
Profit Trends International Corp. Investment Fund under the custody of Deutsche Bank A. G. Taipei Branch	30,800,000	0.83%	-	-	-	-	-	-	NOTE 2
Chiao Yu-Lon	29,694,984	0.80%	2,027,199	0.05%	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Hong Pai-Yung Chiao Yu-Heng 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	
Norges Bank Investment Account under the trust of JPMorgan Chase Bank N.A. Taipei Branch	29,459,586	0.80%	-	-	-	-	-	-	NOTE 2
Chiao Yu-Heng	29,364,031	0.79%	4,749,490	0.13%	-	-	Walsin Lihwa Corporation Arthur Yu-Cheng Chiao Hong Pai-Yung Chiao Yu-Lon 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	

Note 1: "Percentage" under "Shares currently held" was based on then issued and outstanding common shares of 3,694,982,193 shares as of March 31, 2015.

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

December 31, 2014;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.	9,523,000	100	-	-	9,523,000	100
Mobile Magic Design Corp.	5,000,000	100	-	-	5,000,000	100
Newfound Asian Corporation	6,555,000	100	-	-	6,555,000	100
Winbond Electronics (H.K.) Ltd.	500,000	100	-	-	500,000	100
Winbond International Corporation	104,310,000	100	-	-	104,310,000	100
Pine Capital Investment Ltd.	70,590,000	100	-	-	70,590,000	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, 2015; Unit: shares; NTD

Year/ month	Issue price	Authorized capital		Paid-in capital		Notes		
		Shares	Amount	Shares	Amount	Source of capital (Note 1)	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 2/19/2014
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 5/14/2014
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 9/18/2014
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 11/20/2014

Note 1: The 5th issue of 50,000,000 units of employee stock options took effect on September 5, 2008 pursuant to Jin-Guan-Zhen (1) - 0970045576 dated September 8, 2008. The recipients may subscribe 1 common share for each unit and new shares were issued for the exercise of employee stock options. For details on actual issue and exercise, please refer to page 34.

March 31, 2015; Unit: shares

Type of stock	Authorized capital			Notes
	Shares issued and outstanding	Unissued shares	Total	
Common shares	3,694,982,193	3,005,017,807	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, 2015

Quantity\ shareholder structure	Government agencies	Financial institutions	Other juristic persons	Individual investors	Foreign institutions and foreigners	Chinese investors (Note)	Total
Number	2	77	175	203,279	284	3	203,820
Shares held	26,096,455	20,299,008	1,039,027,514	2,033,800,023	575,758,818	375	3,694,982,193
Shareholding	0.71%	0.55%	28.12%	55.04%	15.58%	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, 2015; par value of NT$10 per share

Shares	Number of shareholders	Shares held	Shareholding (%)
1 ~ 999	57,979	19,759,742	0.53
1,000 ~ 5,000	93,062	224,225,061	6.07
5,001 ~ 10,000	25,028	205,658,515	5.57
10,001 ~ 15,000	7,551	96,469,387	2.61
15,001 ~ 20,000	6,216	117,794,887	3.19
20,001 ~ 30,000	4,795	125,352,384	3.39
30,001 ~ 50,000	4,043	165,902,877	4.49
50,001 ~ 100,000	2,865	210,995,468	5.71
100,001 ~ 200,000	1,252	178,475,493	4.83
200,001 ~ 400,000	518	147,701,401	4.00
400,001 ~ 600,000	189	93,399,403	2.53
600,001 ~ 800,000	66	46,701,150	1.26
800,001 ~ 1,000,000	48	43,920,205	1.19
>1,000,001	208	2,018,626,220	54.63
Total	203,820	3,694,982,193	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, 2015

Name\shareholding of major shareholder	Shares held	Shareholding
Walsin Lihwa Corporation	819,841,531 shares	22.19%

2. For names, shares and percentage of shareholding of top ten shareholders, please refer to page 29-30.

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

Unit: NT$

Item\Year			2013	2014	until March 31, 2015
Stock price (Note 1)	High		10.10	12.75	11.40
	Low		4.91	7.35	9.81
	Average		7.73	9.94	10.62
Net worth per share (Note 2)	Basic		9.44	10.35	-
	Diluted		(Note 6)	(Note 6)	-
Earnings per share	Weighted average shares (1,000 shares)		3,682,410	3,687,217	-
	Earnings per share		0.06	0.83	-
Dividends per share	Cash dividend		(Note 6)	(Note 6)	-
	Stock dividend	Earnings	(Note 6)	(Note 6)	-
		Capital surplus	(Note 6)	(Note 6)	-
	Accumulated unpaid dividend		(Note 6)	(Note 6)	-
Return analysis	Price-earnings ratio (Note 3)		128.83	11.98	-
	Price-dividend ratio (Note 4)		(Note 6)	(Note 6)	-
	Cash dividend yield (Note 5)		(Note 6)	(Note 6)	-

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 2013 and 2014 and does not plan to distribute dividends for fiscal year 2014

3.6 Dividend policy and implementation status

1. Dividend policy

The Company's dividend policy declared in the Articles of Incorporation is as follows:

Article 22 of the Articles of Incorporation

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:

Our 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.

(2) Dividend distribution to be proposed to the shareholders' meeting: The Company does not plan to distribute dividends for 2014.

3.7 Effect of the proposed stock dividends (to be adopted by the Shareholders' Meeting) on the operating performance and earnings per share:

Not applicable for the Company does not plan to distribute earnings for 2014.

3.8 Employee bonus and remuneration to directors and supervisors

1. Basis for estimating the amount of employee bonuses and remuneration to directors/supervisors, basis for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
   The Company posted accumulated loss in 2014 and does not plan to distribute earnings for the year. Hence employee bonus and remuneration to directors/supervisors were not estimated.
2. Information on planned employee bonus as approved by the Board of Directors
   Not applicable for the Company posts accumulated loss for 2014 and does not plan to distribute earnings for the year.
3. Information on actual distribution of employee bonus and remuneration to directors and supervisors in the previous year
   Not applicable for the Company posts accumulated loss in 2013 and does not plan to distribute earnings for the year.

3.9 Stock buyback

The Company did not buy back stocks in the past year and up to the date of report.

4. Issuance of corporate bonds: None.

5. Issuance of preferred stocks: None.

6. Issuance of global depositary receipts (GDR)

March 31, 2015

Date of issue			February 5, 1999	
Place of issue and trading			Luxemburg	
Total amount			US$333,502,000	
Offer price per unit			February 5, 1999 - initial issue US$11.45	November 18, 1999 - additional issue US$16.70
Total units issued			30,336,980	
			February 5, 1999 - initial issue	14,600,000
			November 18, 1999 - additional issue	9,960,000
			July 7, 2000 - additional issue for the distribution of free stock dividends	2,108,252
			June 1, 2001 additional issue for the distribution of free stock dividends	3,668,728
Source of underlying security			Issuance of new shares for cash capital increase	
Underlying security			10 common shares of Winbond	
Rights and obligations of GDR holder			Dividends, interest distribution and relevant taxes of the underlying shares represented by the GDRs shall be governed by the laws of the Republic of China, the Depository Agreement and the Custodial Agreement.	
Trustee			None.	
Depository bank			Bank of New York Mellon Corp.	
Custodial bank			Bank International Commercial Bank	
Balance outstanding (units)			13,354	
Fees incurred in issuance and the outstanding period of the GDRs			Borne by Winbond Electronics Corp.	
Covenants of depository agreement and custodial agreement			The deposit, redemption and delivery of the underlying shares represented by the GDRs and the re-issuance of the GDRs shall be governed by the laws of the Republic of China, Depository Agreement and the Custodial Agreement.	
Unit price (US$)	2014	High	4.22	
		Low	2.44	
		Average	3.13	
	2015 up to March 31	High	3.52	
		Low	3.16	
		Average	3.33	

7. Exercise of employee stock option plan (ESOP)

(1) Employee stock options outstanding and impact on the stockholders' equity

March 31, 2015

Tranche of ESOP	Second issue of Tranche 5	Third issue of Tranche 5	Fourth issue of Tranche 5
Date of approval by competent authorities	September 5, 2008	September 5, 2008	September 5, 2008
Date of issue	February 9, 2009	April 29, 2009	August 5, 2009
Units granted	614,000	77,000	894,000
Units granted to total shares issued and outstanding (%) (Note)	0.02%	0.00%	0.02%
Duration	February 8, 2014	April 28, 2014	August 4, 2014
Exercise	Issue new shares	Issue new shares	Issue new shares
Vesting schedule and quota (%)	February 9, 2011: 50% February 9, 2012: 100%	April 29, 2011: 50% April 29, 2012: 100%	August 5, 2011: 50% August 5, 2012: 100%
Units exercised (shares)	607,000	32,000	667,000
Amount exercised (NT$)	$1,936,330	$178,240	$4,308,820
Units unexercised (shares)	0	0	0
Exercise price for unexercised units (NTD)	$3.19	$5.57	$6.46
Units unexercised to total outstanding shares (%)	0.00%	0.00%	0. 00%
Impact on shareholders	Give employees the incentive to stay on and build employee loyalty to work towards the best interest of the Company and shareholders.		

Note: "Total shares issued and outstanding" are based on 3,694, 982,193 common shares of the Company issued as of March 31, 2015.

(2) Names of managerial officers receiving ESO and names of top ten employees receiving ESO, their exercise and subscription

March 31, 2015

	Title	Name	Units vested	Units vested as a percentage of total shares issued and outstanding (Note 1)	Exercised				Unexercised			
					Units	Exercise price	Exercise amount (NTD)	Units exercised as a percentage of total shares issued and outstanding (Note 1)	Units	Exercise price	Exercise amount (NTD)	Units exercised as a percentage of total shares issued and outstanding (Note 1)
Managerial officer	President	Tung-Yi Chan	490,000	0.01%	490,000	3.19~6.46	1,857,400	0.01%	0	0	0	0.00%
	Assistant Vice President	Wen-Chang Hong										
	Deputy Department Head and Accounting Chief	Wen-Ying Liang (Note 3)										
Staff (Note 2)	Deputy Technical Director	Che-Hsiu Pu	655,000	0.02%	655,000	3.19~6.46	3,577,300	0.02%	0	0	0	0.00%
	Division Director	Chi-Ching Lai										
	Division Director	Ren-Lin Yeh										
	Division Director	Yi-Tsai Hsu										
	Manager	Wei-Chong Lai										
	Manager	Ming-Tsan Yeh										
	Manager	Te-Hui Lin										
	Technology Manager	Ren-Ju Chang										
	Technology Manager	Hsiang-Mou Lee										
	Senior engineer	Chi-Jie Huang										

Note 1: "Total shares issued and outstanding" are based on 3,694, 982,193 common shares of the Company issued as of March 31, 2015.
Note 2: "Staff" refers to employees other than managerial officers.
Note 3:Deputy Division Director Wen-Ying Liang has departed on October 1, 2014.

(3) Restricted stock awards: None. None.

8. Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies

(1) Resolutions adopted by the Board of Directors in the past year and up to the date of report approving a merger, acquisition, or issuance of new shares due to acquisition of shares of other companies: None.
(2) Mergers, acquisitions or issuance of new shares due to acquisition of shares of other companies that have been completed in the past year and up to the date of report: None.

9. 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. 2014 revenue breakdown by product (as percentages of consolidated sales revenue):

Unit: NT$1,000

Product	Sales revenue	%
DRAM product income	20,098,806	52.91
Flash memory product income	11,106,342	29.24
Logic IC revenue	6,780,631	17.85
Other	3,881	0.00
Sales revenue - Consolidated financial statements	37,989,660	100.00

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, including 16Mb to 4Gb specialty DRAM and KGD (Known Good Die).

- Mobile DRAM

  Mobile DRAM products include 32Mb to 256Mb pseudo SRAM and 128Mb to 2Gb low-power DRAM. They are chiefly used in cell phones, tablets, low power mobile handhelda, wearable devices, consumer electronics products, and network products.

3.2 Code Storage Flash Memory products

The Company's Code Storage Flash Memory is widely used in PCs 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-8Gb. 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 the world's largest serial flash vendor.

3.3 Logic ICs

Nuvoton Technology, our subsidiary, makes the following logic IC products: microcontrollers (MCU), microprocessors (MPU), audio ICs, and computer/cloud application ICs.

MCU and MPU applications in the market are diverse, of which the 32-bit MCU target markets include industrial applications, consumer electronics, IoT applications, motor control, health care electronic products, wearable devices, household water/heat/gas meters, etc.; 8-bit MCU applications include small home appliances, information and electronic products, industrial electronics, etc. MPUs are mainly deployed on Linux platforms and in areas such as human-machine control interfaces, security surveillance, wireless audio transmission, multimedia transmission/reception, network management, and data exchange applications.

Audio ICs are used in smart interactive toys and various types of voice products, with high-performance ARM® Cortex®-M0 and 4-bit/8-bit MCUs as the core component in a complete line of products with different performance characteristics. We also provide highly integrated audio ICs used in automotive audio products and playback applications in medical and industrial markets, as well as audio IC products 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, keyboard 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 high, medium, and low density specialty DRAM products deployed mainly 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 medium to low density procusts with low power consumption used principally in cell phones, portable data cards, tablets, MP3/PMP, portable industrial electronic products, automotive electronics, and portable medical electronic equipment.
Flash memory products	For Flash memory products, we employ advanced process technologies to produce high, medium, and low diensity products with safety, high-performance, and low power consumption, 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.
Logic ICs	In terms of MCU products, we developed a full range of Cortex®-M0/M4 32-bit NuMicro products and plan to develop low power comsumption MCU products with high-end processing technologies to satisfy battery-powered applications for IOT, health care, etc. For high-end industrial control applications, motor control is the primary objective.
	We are currently developing highly cost-effective interactive audio ICs with a focus on voice recognition. These ICs combine many multimedia functions, integrating tablets and smart phones into a single platform. For system-on-chip products, we provide Class-D power amplifiers with built-in integrated audio processors and high-performance, achieving excellent performance-to-price ratios in order to meet expanding customer demand for security control system panel controllers, portable medical systems, and automotive audio systems.
	With regard to cloud computing products, we have focused on accommodating markets and customers' new application requirements for 2015 to 2016 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:

In 2015, Specialty DRAM growth will be driven mainly by smart device trends and increases in content per box. With regard to consumer electronics, smart TV penetration will continue to rise, 4K2K will gradually come standard with TVs, and since smart functions as well as resolution will increase, DRAM content will increase substantially. At the same time, set-top boxes will be smarter and use Android, iOS, Windows; thus, DRAM content will also increase substantially. Moreover, due to drivers like Big Data and IoT trends, storage devices, networking and telecom equipment demand will increase; thus, application related DRAM content will also increase significantly. With regard to automotive applications, due to safety, smart applications, and IoT trends, the average DRAM usage per car will continue to increase.

• Supply perspective:

In 2015, Samsung and Hynix will continue to mass production with newly added capacity and each DRAM manufacturer will actively migrate to the advanced 2x/2ynm process. In 2015, the global DRAM bit growth of supply is estimated at 23%, which will be slightly higher than the bit growth of demand. Due to the tablets substitution effect of PCs, standard DRAM demand will be affected. Thus, standard DRAM price will undergo a certain magnitude of correction. DRAM foundry fabs will actively provide the advanced 3xnm process to DRAM design companies and increase the output of specialty DRAM to decrease the proportion of standard DRAM. The supply increase of specialty DRAM will lead to price competition, but the price correction magnitude of specialty DRAM will be lower than that of standard DRAM. Thus, 2015 will still be a relatively good year for specialty DRAM manufacturers.

(2)Mobile DRAM

• Demand perspective:

In 2014, the Chinese government required telecom operators to reduce cell phone subsidies; thus, the number of cell phones sold in China fell 22% to 452 million units. Global smart phone units only grew by 13% in 2014, so that the proportion of mobile DRAM accounted for a mere 2% increase to 32% of DRAM (30%→32%), which is far less than the 9% increase in 2013 (21%→30%). In 2015, the effect of China reducing cell phone subsidies coupled with the soft landing of China's economy, global smart phones will grow by only 13% to 1.43 billion phones (brand + white label + OEM). In addition, due to new large smart phones and tablet designs that lack of clear differentiation and new features, the 2014 global tablet annual growth rate wasonly 7.2% to 259 million units (brand + white label + OEM), is far below expectations. In 2015, as many consumers are waiting for new product launches, the demand for tablet PCs will be deferred to the second half of 2015 and China's white label market will decrease; thus, the 2015 global tablet growth rate may be reduced to 0%. Since the market expects the new 12.9-inch iPad Plus to be significantly different in size, design, and PC integration compared to its predecessors, replacement demand will be evoked. Moreover, iPad Plus will replace part of the PC, and many PC OEM manufacturers will replicate similar products; therefore, global tablet sales will have the

opportunity to resume growth in 2016. In addition to tablets and smart phones, in 2015 emerging applications of the Apple Watch will have the opportunity to sell 25 million units and bring new demand for RAM. In terms of DRAM content, new iPhones and iPads released by Apple will grow in multiples, Samsung's Galaxy and Note will grow by 50% and 25% respectively, and MediaTek's new two-in-one smart chip MT6735 and MT6753 launched this year will also boost the smart phone DRAM demand. The multiplier effect of the growth of smart phone and content per box will continue to boost the demand for mobile DRAM. In 2015, the percentage of mobile DRAM among the overall DRAM market will have the opportunity to increase by 5% to 37%. The increase in the percentage of mobile DRAM will contribute to the sound development of the supply and demand balance of the 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 long-term state of balance. Consequently, in 2015, mobile DRAM prices will decline less than those of standard DRAM. Thus, 2015 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, divided into NOR and NAND product lines with parallel and serial interfaces. Our products satisfy the Code Storage requirements of application areas such as PC and peripherals, networking products, consumer electronics, mobile handheld devices, industrial electronics, automotive electronics, and medical electronics. We have been the world's leading Serial Flash vendor since 2012. Winbond's Serial Flash achieved 34% market share worldwide in 2014. Looking ahead to 2015, growth momentum will come from increased product functions, the introduction of new platforms, and rapid growth of IoT and automotive electronics. Apart from demand from increasing flash memory density, large amounts of 1.8V Serial Flash will be used in wearable devices, mobile handheld devices and peripheral modules. The newly added 3V/1.8V 1Gb to 4Gb high-density products will be a major source of earnings and profit growth in 2015.

1.3 Current trends and future outlook for the Logic IC industry

With respect to MCU applications, 32-bit ARM® Cortex®-M0/M4, due to its low-power consumption and high-performance advantages, remains the principal architecture the market is focused on. 8-bit MCUs had many limitations in their core architectures, and as a result their performance could not satisfy the requirements of product designers. Therefore 32-bit microcontrollers (MCUs) have become the core processors of choice for wearable devices. Applications with higher growth potential include wearable devices, health monitoring devices, IOT, wireless charging, electrical control, and fingerprint identification. IC Insights points out that 4 or 8-bit MCU sales will fall to US$3.7 billion (CAGR of -1.3%) in 2018, while the 16-bit MCU will only have a 0.3% CAGR (compound annual growth rate). The 2013 to 2018 CAGR forecast is 9.5% for 32-bit MCUs; in 2018, the market will reach US$11 billion in size.

Cloud platforms and applications have become one of the fastest growing markets in recent years. The market's high creativity, flexibility, and expansion are popular with users and companies. The rise of smart phones, wearable devices, smart homes, big data, and cloud integration services indicates this industry is very sustainable with room for continuous growth. Growth will be especially significant in China by benefiting from policy implications and regional needs. Looking at the products, apart from steady growth momentum in directly related data centers, servers, various smart devices, and application software, network communications equipment and related industrial computer industries will also benefit and expand their influence.

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 manufacturing 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 after completing the early-stage wafer process, deliver the wafers to downstream packaging and testing suppliers for backend packaging and testing.

Downstream packaging and testing suppliers are responsible for testing the wafers produced in the preceding stage. After cutting, grinding, packaging, and completing the final tests, the downstream suppliers will deliver the finished product to the memory manufacturers. Memory manufacturers then sell the finished product to end-product system manufacturers, component manufacturers, or distributors who will then apply the memory to related products 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, ODDs, printers, monitors, LCD TVs, set-top boxes, networking, tablets, smart phones, automotive, industrial, IoT, and wearables.

3. Product trends and competition

3.1 DRAM

In the area of Specialty DRAM, we began outsourcing the test production of 3xnm 4Gb DDR3 products in 2014 and will extend our Fab-Lite strategy in 2015 by outsourcing more production. We are relying on advanced process technology at DRAM fabs to develop medium and high density products, which will increase the depth and breadth of our product lines.

In Mobile DRAM, we began mass production of 4xnm 1Gb LP DDR and 1Gb LP DDR2 in 2014 and delivered the products to major customers.

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 Flash (32Mb to 1Gb). In 2012, we completed migration to advanced 58nm process, began mass production, successfully introducing it at the customer side and became the world's largest serial flash supplier. In 2013, the Company's global market share reached 33%. In 2014, the Company maintained the world's largest market share of 34%. Products development focused on offering additional features, more security, higher speed, higher density, encryption, and low-voltage Code Storage Flash. In 2015, we will continue to develop and introduce better optimized and value-added serial flash as well as high-density products. 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 an all-new series of wide voltage (1.8V to 5.5V) and low power consumption MCU product lines for different application markets in order to meet the demand for diverse applications. We are committed to producing increasingly specialized products to our customers with optimized MCUs with the best price-performance ratios. MPU products will be widely deployed in network cameras, HMI products, and industrial control. Future development will move in the direction of system-on-chip architectures with low-voltage and improved performance used in high-end applications such as industrial control and display of HMI.

In recent years, a variety of cloud platforms and services have flourished, prompting the aggressive growth of data centers and network storage equipment. The equipment architecture defined by traditional servers is having a hard time keeping up with market demand. In addition, the various types of cloud applications entered commercial and financial fields from traditional personal entertainment and daily management. The development focus of cloud computing is moving towards more secure infrastructures, more flexible equipment management capabilities, and lower energy consumption. The Company is following this trend in researching and developing designs for cloud computing ICs.

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: NT$1,000

Item	2014	until March 31, 2015
R&D Expenses	4,892,159	1,298,654

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 •4Gb 3xnm Specialty DRAM	•Outsource the 3xnm process, developed Specialty and Mobile DRAM products •Develop 3xnm process technology and Specialty/Mobile DRAM products
Flash memory products	•Optimized volume production for 90nm process for 3V/1.8V Serial Flash, 58nm 3V 256Mb to 1Gb Parallel Flash, 1.8V 128Mb to 256Mb Serial Flash •More value-added functions; secure, high speed, low power, encryption, and low voltage products •46nm 1Gb to 4Gb Code Storage Flash	•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 Flash products •Develop 3xnm and Code Storage Flash products
Logic ICs	•32-bit ARM® Cortex®-M4 industrial control and consumer electronics MCU •32-bit ARM® Cortex®-M0 industrial control and automotive electronics control MCU •Signal converter IC's used in cloud servers, desktop workstations, and data centers •Designed hardware monitoring ICs for the new Intel® platform •TPM 1.2/2.0 chip	•Continuing to promote the 32-bit NuMicro series •Comprehensive high-performance audio and voice solutions. •In addition to industrial control, expand MPU imaging applications

2.2 Development of manufacturing processes

In 2015, the Company's Specialty DRAM and Mobile DRAM will employ advanced 3xnm process technology at foundry fabs to develop new products. We are committed to developing our own 3xnm process technology to meet customers Specialty DRAM requirements.

In 2015, apart from some low-density products which will continue to be made using 90nm process technology, mass production of our medium-to-high density NOR Flash Memory products will shift to 58nm process technology. We will continue to be the world's leading Serial Flash producer, while also developing even more advanced 3xnm Flash process technology, and new1Gb-4Gb Code Storage Flash products.

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 close cooperation with foundry partners, use advanced 38nm process technology at foundry fabs to develop Specialty and Mobile DRAM, and by following a win-win strategy, use foundry capacity to develop new products and actively enter new application areas and develop new customers to increase our Specialty and Mobile memory market coverage.
   (2) Slightly increase internal capacity to meet customer demand.
   (3) 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.

2. Flash memory
   (1) Continue to increase market share in applications such as PC 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) Continue to use the price-performance and local service advantages of our 32-bit ARM® Cortex®-M0 and Cortex®-M4 NuMicro series MCUs to actively enter the 8, 16, and 32-bit Asia MCU market originally held by Europe, the U.S., and Japan.
   (2) Continue to promote the 8051 low-pin and standard 8-bit MCU series. Actively enter capacitive touch control applications with the low-pin series.
   (3) Expand into imaging applications in addition to industrial control with MPUs.

- Long-term business plan

1. DRAM
   (1) Continued the development of advanced processes to maintain the product competitiveness.
   (2) Develop new Mobile DRAM and actively expand into Mobile memory applications to increase revenue and market share.
   (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.

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, wide range, and heightened security levels.
   (3) Increase production capacity to meet growing customer and application demand.

3. Logic ICs
   (1) Continue to invest in the development of the 32-bit ARM® Cortex®-M0/M4 NuMicro series, and through product innovation and process technology evolution, introduce applications for specific fields.
   (2) For our audio products, we will focus on high-performance 32-bit ICs and integrate with audio processing components to provide customers with high-quality and integrated audio processing ICs.
   (3) For increasing server and data center demand of 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 2014:

Unit: NT$1,000

Region	Sales	Percentage
Asia	34,713,971	91.38%
Americas	1,411,079	3.71%
Europe	1,526,874	4.02%
Other	337,736	0.89%
Total	37,989,660	100.00%

2. Market share and growth potential

2.1 DRAM

In 2014, Winbond's DRAM market share reached 1.3%. In 2015, we plan to accelerate development of 3xnm products and actively enter mobile handheld devices, wearable devices, automotive electronics equipment, industrial electronics equipment, medical electronics equipment, and emerging big data 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 2015, 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 expand our medium-to- high density Mobile DRAM customer base and applications market in 2015, 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 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. In keeping with trends of the last few years, Winbond expanded its 12" 90nm serial flash capacity in 2010, and shipped more than 1 billion units for the first time, achieving 35% global market share. The Company became the world's leading producer of serial flash memory in the fourth quarter of 2010. Winbond further expanded its Parallel Flash product line in 2011 and completed the development of the 58nm process in fourth quarter. With mass production migrating to the 58nm process in 2012, the Company continued to maintain the leading market position as the world's largest serial flash memory supplier. 2014 Serial Flash Memory sales remained the world's first while NOR Flash Memory ranked fourth globally.

The Company has positioned itself as 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 - 4Gb), higher speed, and minimum form sectors in order to satisfy the rapidly growing wearable device, mobile device, peripheral module, Internet of Things (IoT), automotive electronics and industrial control markets.

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. In 2010 we began to develop 32-bit Cortex®-M0 MCUs, and thus far we have introduced over 200 models. Mass production of the new generation Cortex®-M4 MCU products began in 2014.

With regard to computer/cloud applications, market share of our subsidiary Nuvoton Technology's motherboard Super I/O, notebook EC, and TPM (Trusted Platform Module) ranked in the top three worldwide in 2014. 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 response strategy

3.1 DRAM

(1) Competitive niches

We are a leading manufacturer of niche memory. In 2015, the Company will use the 3xnm process technology of foundry fabs to develop DRAM products that are even more competitive. We will further optimize our applications lineup and accelerate the development of our own 3xnm process to build our core competitiveness.

(2) Favorable and unfavorable factors affecting our development vision

Favorable factors:
- DRAM density of smart phones, tablets, TVs, set-top boxes, networking, and storage devices will increase DRAM demand
- In 2015, Mobile DRAM as a percentage of overall DRAM will continue to increase. In the long run, the development of the industry's supply and demand structure will be sound
- Big data and IoT trends will boost demand for legacy applications and create new applications and new demand
- Apple Watch will create new demand

Unfavorable factors:
- China's economy is heading toward a soft landing and as economic risks rise, anti-corruption policies have resulted in the Paradox of Thrift. End product requirements may be depressed. On top of that, Europe's economy is weak while the U.S. recovery is slowing. Uncertainty of the global economy is rising for 2015.
- Samsung and Hynix's Line17 and M14 will be gradually put into mass production, DRAM supply will increase, which may be risky for prices
- DRAM plants will continue to implement the 2x/2ynm process, thereby increasing DRAM supply
- The 12.9-inch iPad Plus will replace part of the demand for PCs, standard DRAM demand will be affected, standard DRAM pricing will undergo a substantial correction
- The price correction of standard DRAM will directly affect the price of Specialty DRAM

(3) Response measures

- Actively enter the mobile handheld device, automotive electronics, industrial electronics, medical electronics, big data, and IoT application markets, and further optimize our applications lineup
- Continue adoption of advanced processes and development of DRAM products
- 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 plants and both Flash (NOR/NAND) and DRAM (DRAM/LP DRAM) product lines, and can provide total solutions for MCP. We offer a complete Serial Flash product series (512Kb to 1Gb). Since 2011, we have introduced the 58nm process and further developed high-density Flash products. In 2014 the Company introduced 46nm process 1Gb 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 34% share of the global Serial Flash market (HIS 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.

(2) Favorable and unfavorable factors affecting our development vision

Favorable factors:
- Winbond shifted its whole product line to its 12" plant in 2010. Serial Flash shipments approached 2 billion in 2014, 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, and are continuing mass production of 3V high speed Quad I/O Serial Flash, 2.5V/1.8V low-voltage Serial Flash and MCP products, 3V high-performance high-density Parallel Flash, and 58nm process products. We have also introduced the even faster QPI and Double Transfer Rate serial Flash products.
- In 2014 we will employ 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.
- 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 Flash.
- Our 12" wafer plant 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:
- The industry's excess production capacity needs to be gradually digested

(3) Response measures

- Develop high value-added, secure, high speed, 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, for which we will begin to release more units. In addition, with MCU as the core product and combining the Company's many years of experience in the voice and audio processing market, we will further provide our customers with a diverse selection of products and ideal economic solutions, such as speech recognition and remote control capabilities for handheld devices and smart home appliances.

In the field of computer/cloud products, apart from existing main product lines, we will also look to supply customers with USB chargers, power switches, and thermal sensors for IP Integration applications and also customized IC products and expansion into non-computer application domains.

(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 computer/cloud product market. EC products are the first in the industry to integrate MCU related technologies. It is expected that our products will be deployed in additional notebook products, thereby increasing the penetration rate of EC in notebook products.
- 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.

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, more partnership opportunities with international brand names are expected.
- 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.

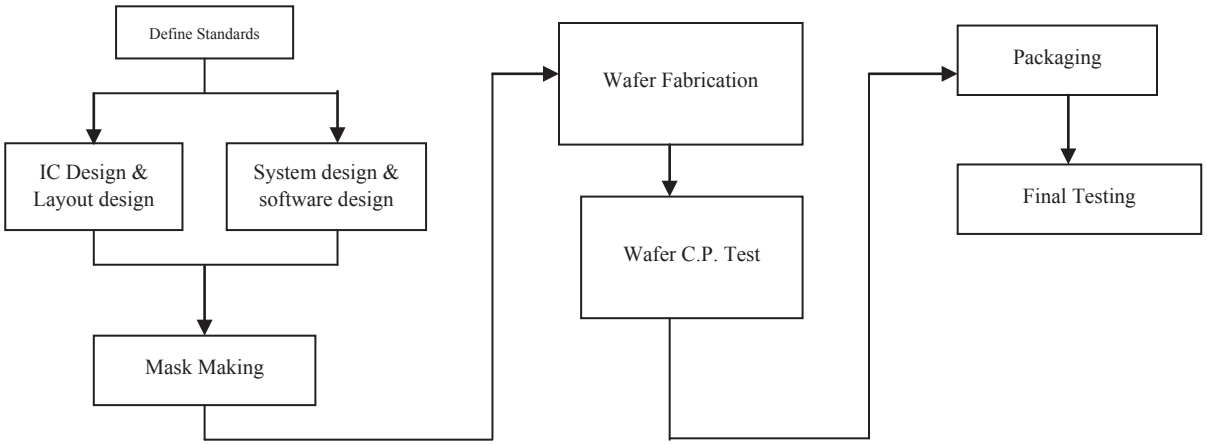
b. Major product manufacturing processes

1. Major applications of core products

Products		Description
DRAM	1. Mid, low-density SDR/DDR/DDR2/DDR3 Specialty DRAM 2.Pseudo SRAM, Low-Power DRAM	1. Used in computer peripherals and consumer electronic products 2. Used in handheld mobile devices and consumer electronic products
Flash memory products	Comprehensive Code Flash products (Total Solution)	Used in terminal products including computers and peripherals, consumer electronics, mobile handheld devices, peripheral module products, automotive electronics, medical electronics, wearable devices, and M2M.
Logic ICs	Microcontrollers (MCU) Microprocessors (MPU) Audio ICs Computer/cloud computing ICs	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, photoresist fluid, special gases, and targets, etc. The suppliers of these materials are located in the US, Japan, Germany, Korea, Malaysia, and Taiwan. All items have approved alternative suppliers, ensuring source, price, supply, and quality. Outsourced items include testing and packaging; we have at least five different approved suppliers for each item, which gives us considerable leeway for adjusting engineering capabilities, service quality, and product line.

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 2013 and 2014, 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 2013 and 2014, 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: NT$1,000

Year	2014				2013			
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 410	0.5	990,228	14,163,805	12-inch wafers 382	-	809,659	12,608,576
Flash		0.7	1,959,656	8,071,004		1	1,960,777	8,436,944
Logic ICs	6-inch wafers 480	296	606,017	3,807,569	6-inch wafers 480	292	614,313	3,855,099
Total		297.2	3,555,901	26,042,378		293	3,384,749	24,900,619

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.

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

Unit: NT$1,000

Year		2014						2013					
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	12-inch wafers	-	282,525	5,802,344	-	691,536	14,296,462	-	210,996	3,865,849	-	600,182	11,778,737
Flash Products		-	228,645	1,411,098	1	1,757,557	9,695,244	-	343,611	2,031,205	1	1,580,957	8,681,060
Logic Products	6-inch wafers	209	197,251	2,287,358	88	399,443	4,493,273	209	219,963	2,520,702	83	393,226	4,256,224
Other		-	-	3,166	-	-	715	-	-	-	-	-	1,671
Total		209	708,421	9,503,966	89	2,848,536	28,485,694	209	774,570	8,417,756	84	2,574,365	24,717,692

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

3. Employees

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

Year		2013	2014	until March 31, 2015
Number of employees	Technical personnel (engineers)	2,191	2,298	2,324
	Administration and sales staff	791	826	826
	Assistant to technicians	713	729	743
	Total	3,695	3,853	3,893
Average age		38.03	38.52	38.56
Average years of service		8.83	9.17	9.24
Education background (%)	Ph.D.	0.99	1.36	1.34
	Master's	33.63	34.30	34.5
	University/College	48.83	48.17	47.83
	High school	15.88	15.53	15.71
	Below high school	0.67	0.64	0.62

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: None.

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 329 training classes were held in 2014, and were attended for a total of 20,077 person-hours. Employees took part in training a total of 10,726 person-times, training expenditures totaled NT$10.08 million, and the average training cost per employee was NT$4,500. 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; 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 person.
International certified information systems auditor (CISA): 1 person.

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: None.

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	Licensing of 75nm and 58nm DRAM technology and reserving specific capacity (Note 1)	None.
Technical cooperation	Qimonda AG of Germany	2008.04-2015.12	Licensing of 65nm DRAM technology and reserving specific capacity (Note 1)	None.
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	None.
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	None.
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	None.
Syndicated loan	17 banks in the consortium, including Bank of Taiwan	2011.09-2016.09	NT$7 billion syndicated loan: 12-inch fab equipment	None.
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	None.
Purchase of machinery	Powerchip Semiconductor Corp.	2012.12- permanent	Acquisition of machinery and equipment needed for operations.	None.
Equipment leasing	Powerchip Semiconductor Corp.	2013.12 - 2016. 12	The Company acquired foundry service production capacity (both parties entered into separate service agreements.)	None.
Purchase and sale of real estate	Bureau of High Speed Rail, MOTC	2014.9 - 2014.12	Addition of office space	None.
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	None.
Medium-term credit	Bank of Taiwan	2014.12 - 2021.12	NT$617.6 million: Zhubei landmark land and other buildings	None.

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: None.

Financial Overview

1. Condensed balance sheets, statements of income, names of auditors, and audit opinions (2010-2014)

1.1 Condensed consolidated balance sheet and statements of income

1.1.1 Condensed consolidated balance sheet (2010 - 2014)

Unit: NT$1,000

Item\Year		Based on Financial Accounting Standards in Taiwan			Based on International Financial Accounting Standards (IFRSs) (Note 1)		
		2010	2011	2012	2012	2013	2014
Current assets		19,951,177	19,214,023	20,287,621	20,065,265	22,408,255	22,976,738
Funds and long-term investments	Financial assets available for sale	218,251	353,997	64,530	64,530	281,070	-
	Held-to-maturity investment	-	-	-	-	97,770	101,840
	Financial assets carried at cost	1,364,104	1,245,403	604,185	678,588	656,676	719,378
	Investment accounted for using equity method	86,346	65,092	1,727,128	1,726,533	2,407,094	2,416,386
Property, plant and equipment (fixed assets)		39,417,222	35,149,539	29,021,114	29,021,114	24,804,025	33,986,751
Intangible assets		1,128,628	639,191	183,310	183,310	193,947	311,616
Other assets	Other non-current assets	4,409,922	4,257,404	4,331,249	4,536,698	4,829,841	4,378,999
Total Assets		66,575,650	60,924,649	56,219,137	56,276,038	55,678,678	64,891,708
Current liabilities	Basic	17,396,527	15,970,810	14,373,014	14,443,119	12,501,610	14,451,378
	Diluted	17,396,527	15,970,810	14,373,014	14,443,119	12,501,610	14,451,378
Non-current liabilities	Long-term liabilities	10,124,990	7,966,663	6,550,000	6,550,000	6,076,193	9,814,030
	Other liabilities	487,459	562,093	638,157	1,167,384	1,212,773	1,326,209
Total liabilities	Basic	28,008,976	24,499,566	21,561,171	22,160,503	19,790,576	25,591,617
	Diluted	28,008,976	24,499,566	21,561,171	22,160,503	19,790,576	25,591,617
Equity attributable to owners of parent		37,441,137	35,355,500	33,472,439	33,006,052	34,813,920	38,183,244
Paid-in capital		36,693,502	36,802,302	36,856,012	36,856,012	36,940,232	36,949,822
Capital surplus		2,303,944	2,232,519	2,199,126	2,177,342	2,148,359	2,143,393
Accumulated loss	Basic	(1,640,149)	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)
	Diluted	(1,640,149)	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)
Other interests	Unrealized gain (loss) on financial instruments	(51,936)	(1,449,394)	(1,408,417)	(1,408,417)	79,055	292,835
	Exchange differences arising on translation of foreign currency financial statements (cumulative translation adjustment)	242,163	359,900	268,081	(81,748)	(59,567)	23,265
Treasury stock		(106,387)	(106,387)	(106,387)	(106,387)	(106,387)	(106,387)
Non-controlling interests (minority interests)		1,125,537	1,069,583	1,185,527	1,109,483	1,074,182	1,116,847
Total equity (total stockholders' equity)	Basic	38,566,674	36,425,083	34,657,966	34,115,535	35,888,102	39,300,091
	Diluted	38,566,674	36,425,083	34,657,966	34,115,535	35,888,102	39,300,091

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

Note 2: The financial information for FY 2010 to FY 2014 was audited and certified by accountants. The 2014 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 (2010-2014)

Unit: NT$1,000

Item\Year	Based on Financial Accounting Standards in Taiwan			Based on International Financial Accounting Standards (IFRSs) (Note 1)		
	2010	2011	2012	2012	2013	2014
Sales revenue	39,934,358	34,696,850	32,965,283	32,965,283	33,135,448	37,989,660
Gross profit	9,788,666	6,056,701	5,160,284	5,162,985	6,908,932	10,790,461
Operating income (loss)	3,707,282	(173,335)	(1,279,475)	(1,281,362)	765,198	3,658,423
Non-operating income and expense	192,893	(353,270)	(160,596)	(168,158)	(206,544)	282,615
Net income (loss) before tax	3,900,175	(526,605)	(1,440,071)	(1,449,520)	558,654	3,941,038
Less: Income tax expense	123,509	152,363	175,037	175,037	271,288	730,494
Net income (loss)	3,776,666	(678,968)	(1,615,108)	(1,624,557)	287,366	3,210,544
Other comprehensive income				(227,705)	1,567,420	294,103
Total comprehensive income				(1,852,262)	1,854,786	3,504,647
Earnings (loss) per share (NT$)	0.97	(0.23)	(0.50)	(0.51)	0.06	0.83
Net income (loss) attributable to:						
Owners of parent				(1,862,883)	206,564	3,075,969
Non-controlling interests				238,326	80,802	134,575
Net income (loss)				(1,624,557)	287,366	3,210,544
Total comprehensive income attributable to:						
Owners of parent				(2,040,687)	1,752,631	3,364,700
Non-controlling interests				188,425	102,155	139,947
Total comprehensive income				(1,852,262)	1,854,786	3,504,647

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

Note 2: The financial information for FY 2008 to FY 2014 was audited and certified by accountants.The 2014 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 (2010 - 2014)

Unit: NT$1,000

Item\Year		Based on Financial Accounting Standards in Taiwan			Based on International Financial Accounting Standards (IFRSs) (Note 1)		
		2010	2011	2012	2012	2013	2014
Current assets		15,092,984	14,750,125	15,811,873	15,664,873	17,675,258	18,128,962
Funds and long-term investments	Financial assets available for sale	-	64,800	64,530	64,530	281,070	-
	Held-to-maturity investm	-	-	-	-	97,770	101,840
	Financial assets carried at cost	71,887	61,855	56,481	56,481	40,161	40,161
	Investment accounted fo using equity method	5,116,679	4,825,200	5,387,887	5,285,053	6,224,488	6,576,196
Property, plant and equipment (fixed assets)		38,633,321	34,395,036	28,396,274	28,396,274	24,132,155	33,304,147
Intangible assets		1,059,078	548,754	38,430	38,430	52,000	52,000
Other assets	Other non-current assets	3,815,609	3,725,602	3,803,504	3,933,597	4,352,813	3,858,275
Total Assets		63,789,558	58,371,372	53,558,979	53,439,238	52,855,715	62,061,581
Current liabilities	Basic	15,885,703	14,668,433	13,009,438	13,055,594	11,125,426	13,194,495
	Diluted	15,885,703	14,668,433	13,009,438	13,055,594	11,125,426	13,194,495
Non-current liabilities	Long-term liabilities	10,124,990	7,966,663	6,550,000	6,550,000	6,076,193	9,814,030
	Other liabilities	337,728	380,776	527,102	827,592	840,176	869,812
Total liabilities	Basic	26,348,421	23,015,872	20,086,540	20,433,186	18,041,795	23,878,337
	Diluted	26,348,421	23,015,872	20,086,540	20,433,186	18,041,795	23,878,337
Paid-in capital		36,693,502	36,802,302	36,856,012	36,856,012	36,940,232	36,949,822
Capital surplus		2,303,944	2,232,519	2,199,126	2,177,342	2,148,359	2,143,393
Accumulated loss	Basic	(1,640,149)	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)
	Diluted	(1,640,149)	(2,483,440)	(4,335,976)	(4,430,750)	(4,187,772)	(1,119,684)
Other interests	Unrealized gain (loss) on fina instruments	(51,936)	(1,449,394)	(1,408,417)	(1,408,417)	79,055	292,835
	Exchange differences arising on translation of foreign currency financial statements (cumulative translation adjustment)	242,163	359,900	268,081	(81,748)	(59,567)	23,265
Treasury stock		(106,387)	(106,387)	(106,387)	(106,387)	(106,387)	(106,387)
Total equity (total stockholders' equity)	Basic	37,441,137	35,355,500	33,472,439	33,006,052	34,813,920	38,183.244
	Diluted	37,441,137	35,355,500	33,472,439	33,006,052	34,813,920	38,183.244

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

Note 2: The financial information for FY 2008 to FY 2014 was audited and certified by accountants.The 2014 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 (2010 - 2014)

Unit: NT$1,000

Item\Year	Based on Financial Accounting Standards in Taiwan			Based on International Financial Accounting Standards (IFRSs) (Note 1)		
	2010	2011	2012	2012	2013	2014
Sales revenue	31,855,462	27,214,454	25,418,819	25,418,819	26,165,961	30,929,689
Gross profit	6,262,200	3,064,955	1,943,103	1,945,491	3,939,796	7,614,128
Operating income (loss)	3,158,724	(625,146)	(2,027,742)	(2,023,662)	344,684	3,224,735
Non-operating income and expense	392,272	(218,145)	175,206	160,779	(138,120)	447,234
Net income (loss) before tax	3,550,996	(843,291)	(1,852,536)	(1,862,883)	206,564	3,671,969
Less: Income tax expense	-	-	-	-	-	596,000
Net income (loss)	3,550,996	(843,291)	(1,852,536)	(1,862,883)	206,564	3,075,969
Other comprehensive income				(177,804)	1,546,067	288,731
Total comprehensive income				(2,040,687)	1,752,631	3,364,700
Earnings (loss) per share (NT$)	0.97	(0.23)	(0.50)	(0.51)	0.06	0.83

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

Note 2: The financial information for FY 2010 to FY 2014 was audited and certified by accountants. The 2014 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 (2010 – 2014)

Year	CPA	Audit opinion
2010	C. C. Lu and M. Y. Chiu	Modified unqualified opinion (Note 1)
2011	K. T. Hong and K. C. Wu	Modified unqualified opinion (Note 1)
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

Note 1: The CPA issued a modified unqualified opinion in their 2010-2011 audit reports because the financial statements of some investee companies accounted for using equity method were audited by other CPA.

2. Financial analysis (2010 - 2014)

2.1 Financial analysis of consolidated financial statements (2010 – 2014)

Item\Year		Based on Financial Accounting Standards in Taiwan			Based on International Financial Accounting Standards (IFRSs) (Note 1)		
		2010	2011	2012	2012	2013	2014
Financial structure	Debt-to-assets ratio (%)	42.07	40.21	38.35	39.37	35.54	39.43
	Long-term fund to property, plant and equipment (fixed assets) ratio (%)	123.52	126.29	141.99	144.14	174.07	148.41
Solvency	Current ratio (%)	114.68	120.30	141.15	138.92	179.24	158.99
	Quick ratio (%)	75.22	72.16	81.57	79.66	118.07	108.72
	Times interest earned	7.54	-	-	-	3.15	23.22
Operating ability	Receivables turnover ratio (times)	9.97	8.05	7.47	7.47	6.86	7.22
	Average days of collection	36	45	48	49	53	51
	Inventory turnover ratio (times)	5.27	4.21	3.61	3.61	3.47	4.09
	Payables turnover ratio (times)	7.25	7.43	6.70	6.70	6.54	6.59
	Average days of sales	69	86	101	101	105	89
	Property, plant and equipment (fixed assets) turnover ratio (times)	0.96	0.93	1.02	1.02	1.23	1.29
	Total assets turnover ratio (times)	0.59	0.54	0.56	0.56	0.59	0.63
Profitability	Return on assets (%)	6.37	(0.50)	(2.24)	(2.25)	0.89	5.56
	Return on equity (shareholder's equity) (%)	10.34	(1.81)	(4.54)	(4.63)	0.82	8.54
	Paid-in capital to operating income (%)	10.10	(0.47)	(3.47)	(3.47)	2.07	9.90
	Paid-in capital to income before tax (%)	10.62	(1.43)	(3.90)	(3.93)	1.51	10.66
	Net profit margin (%)	9.45	(1.95)	(4.89)	(4.92)	0.86	8.45
	Earnings per share (NT$)	0.97	(0.23)	(0.50)	(0.51)	0.06	0.83
Cash flows	Cash flow ratio (%)	66.75	59.98	44.21	44.03	58.05	63.21
	Cash flow adequacy ratio (%)	60.60	86.36	89.06	91.14	149.23	122.44
	Cash reinvestment ratio (%)	10.99	8.48	5.41	5.41	5.83	6.84
Leverage	Operating leverage	5.19	(87.65)	(9.80)	(9.78)	15.35	3.91
	Financial leverage	1.19	0.28	0.77	0.77	1.51	1.05
Reasons for changes in financial ratios exceeding 20%: 1. Increases in return on assets, return on equity, operating income to paid-in capital, income before tax to paid-in capital, net profit margin and earnings per share were due to increase in sales and improvement in gross profit that led to increase in operating income. 2. Decreases in operating leverage and financial leverage were mainly due to rise in operating income in 2014.							

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 are as follows:

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) Times 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) Total assets turnover ratio = net sales / total average assets.
4. Profitability
   (1) Return on assets = [net income + interest expense (1– tax rate)] / average total assets.
   (2) Return on equity (shareholder's equity) = after-tax profit /total average equity.
   (3) Net profit margin = net income / net sales.
   (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 (2009-2013)

Item\Year		Based on Financial Accounting Standards in Taiwan			Based on International Financial Accounting Standards (IFRSs) (Note 1)		
		2010	2011	2012	2012	2013	2014
Financial structure	Debt-to-assets ratio (%)	41.30	39.43	37.50	38.23	34.13	38.47
	Long-term fund to property, plant and equipment (fixed assets) ratio (%)	123.12	125.95	140.94	142.21	172.92	146.72
Solvency	Current ratio (%)	95.00	100.37	121.48	119.98	158.87	137.39
	Quick ratio (%)	58.41	54.34	64.00	62.70	98.50	88.99
	Times interest earned	6.90	-	-	-	1.79	21.73
Operating ability	Receivables turnover ratio (times)	10.45	8.22	7.54	7.54	6.88	7.24
	Average days of collection	35	44	48	48	53	50
	Inventory turnover ratio (times)	5.18	4.07	3.46	3.46	3.36	4.00
	Payables turnover ratio (times)	7.22	7.29	6.61	6.61	6.50	6.52
	Average days of sales	70	89	105	105	109	91
	Property, plant and equipment (fixed assets) turnover ratio (times)	0.78	0.74	0.80	0.80	0.99	1.07
	Total assets turnover ratio (times)	0.49	0.44	0.45	0.45	0.49	0.53
Profitability	Return on assets (%)	6.28	(0.80)	(2.77)	(2.79)	0.79	5.60
	Return on equity (shareholder's equity) (%)	9.96	(2.31)	(5.38)	(5.47)	0.60	8.42
	Paid-in capital to operating income (%)	8.60	(1.69)	(5.46)	(5.49)	0.93	8.72
	Paid-in capital to income before tax (%)	9.67	(2.29)	(5.02)	(5.05)	0.55	9.93
	Net profit margin (%)	11.14	(3.09)	(7.28)	(7.32)	0.78	9.94
	Earnings per share (NT$)	0.97	(0.23)	(0.50)	(0.51)	0.06	0.83
Cash flows	Cash flow ratio (%)	71.32	64.81	43.92	44.24	58.19	64.35
	Cash flow adequacy ratio (%)	64.22	89.78	89.30	91.60	149.53	122.07
	Cash reinvestment ratio (%)	12.83	10.16	5.81	5.88	6.14	7.36
Leverage	Operating leverage	5.07	(19.90)	(4.71)	(4.68)	26.17	3.56
	Financial leverage	1.23	0.59	0.84	0.84	4.02	1.05

Reasons for changes in financial ratios exceeding 20%:
1. Increases in return on assets, return on equity, operating income to paid-in capital, income before tax to paid-in capital, net profit margin and earnings per share were due to increase in sales and improvement in gross profit that led to increase in operating income.
2. Decreases in operating leverage and financial leverage were mainly due to rise in operating income in 2014.

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 are as follows:

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) Times 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) Total assets turnover ratio = net sales / total average assets.
4. Profitability
   (1) Return on assets = [net income + interest expense (1– tax rate)] / average total assets.
   (2) Return on equity (shareholder's equity) = after-tax profit /total average equity.
   (3) Net profit margin = net income / net sales.
   (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 2014 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 L. 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:

2015 General Shareholders' Meeting

Winbond Electronics Corporation

Supervisor: Chin Xin Investment Corp.

Representative:Wang-Tsai Lin

Supervisor: Peter Chu

Supervisor: Hong-Chi Yu

March 27, 2015

WINBOND ELECTRONICS CORPS AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 & 2013
(Independent Auditors' Report Attached)

Winbond Electronics Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 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, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the 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, 2014 and 2013 and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, 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, 2014 and 2013 on which we have issued an unqualified report.

February 3, 2015

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, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 6,975,514	11	$ 7,670,379	14
Available-for-sale financial assets, current (Note 8)	2,902,576	4	1,790,113	3
Notes and accounts receivable, net (Note 9)	5,433,212	8	4,906,167	9
Accounts receivable due from related parties, net (Note 28)	85,234	-	89,754	-
Other receivables (Note 10)	310,447	1	300,116	1
Inventories (Note 11)	6,316,936	10	6,973,887	12
Other current assets	952,819	1	677,839	1
Total current assets	22,976,738	35	22,408,255	40
NON-CURRENT ASSETS				
Available-for-sale financial assets, non-current (Note 8)	-	-	281,070	1
Held-to-maturity financial assets, non-current (Note 12)	101,840	-	97,770	-
Financial assets measured at cost, non-current (Note 13)	719,378	1	656,676	1
Investments accounted for using equity method (Note 14)	2,416,386	4	2,407,094	4
Property, plant and equipment (Note 15)	33,986,751	52	24,804,025	45
Investment properties (Note 16)	78,506	-	80,401	-
Intangible assets (Note 17)	311,616	1	193,947	1
Deferred income tax assets (Note 22)	3,490,222	6	4,088,406	7
Other non-current assets (Notes 6 and 10)	810,271	1	661,034	1
Total non-current assets	41,914,970	65	33,270,423	60
TOTAL	$ 64,891,708	100	$ 55,678,678	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 390,213	1	$ 2,072,708	4
Financial liabilities at fair value through profit or loss, current (Note 7)	16,894	-	16,545	-
Notes and accounts payable	3,823,082	6	3,262,977	6
Accounts payable to related parties (Note 28)	642,564	1	521,618	1
Payable on equipment	1,287,996	2	472,496	1
Other payables	2,290,033	3	2,213,020	4
Current portion of long-term borrowings (Note 18)	5,879,760	9	3,863,097	7
Other current liabilities	120,836	-	79,149	-
Total current liabilities	14,451,378	22	12,501,610	23
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	9,814,030	15	6,076,193	11
Accrued pension liabilities (Note 19)	974,840	1	929,453	2
Other non-current liabilities	351,369	1	283,320	-
Total non-current liabilities	11,140,239	17	7,288,966	13
Total liabilities	25,591,617	39	19,790,576	36
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Common stock (Note 20)	36,949,822	57	36,940,232	66
Capital surplus	2,143,393	3	2,148,359	4
Accumulated deficits	(1,119,684)	(2)	(4,187,772)	(8)
Exchange differences on translation of foreign financial statements	23,265	-	(59,567)	-
Unrealized gains (losses) on available-for-sale financial assets	292,835	1	79,055	-
Treasury stock	(106,387)	-	(106,387)	-
Total equity attributable to owners of the parent	38,183,244	59	34,813,920	62
NON-CONTROLLING INTERESTS	1,116,847	2	1,074,182	2
Total equity	39,300,091	61	35,888,102	64
TOTAL	$ 64,891,708	100	$ 55,678,678	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, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE	$ 37,989,660	100	$ 33,135,448	100
OPERATING COST (Note 11)	27,199,199	72	26,226,516	79
GROSS PROFIT	10,790,461	28	6,908,932	21
OPERATING EXPENSES				
Selling expenses	1,127,300	3	972,433	3
General and administrative expenses	1,112,579	3	980,725	3
Research and development expenses	4,892,159	13	4,190,576	13
Total operating expenses	7,132,038	19	6,143,734	19
PROFIT FROM OPERATIONS	3,658,423	9	765,198	2
NON-OPERATING INCOME AND LOSSES				
Interest income	166,289	-	53,033	-
Dividend income	114,709	-	29,715	-
Gains on doubtful debt recoveries	902	-	6,330	-
Other income	43,045	-	33,742	-
Gains (losses) on disposal of investments	40,657	-	(7,674)	-
Foreign exchange gains	250,790	1	161,934	1
Share of profit or loss of associates accounted for using equity method (Note 14)	14,663	-	(92,057)	-
Interest expense	(177,339)	-	(259,402)	(1)
Other expense	(34,162)	-	(37,652)	-
Losses on disposal of property, plant and equipment	(7,643)	-	(3,807)	-
Losses on financial instruments at fair value through profit or loss	(129,296)	-	(89,923)	-
Impairment loss on financial assets (Note 13)	-	-	(783)	-
Total non-operating income and losses	282,615	1	(206,544)	-
PROFIT BEFORE INCOME TAX	3,941,038	10	558,654	2
INCOME TAX EXPENSE (Note 22)	730,494	2	271,288	1
NET PROFIT	3,210,544	8	287,366	1

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translation of foreign financial statements	$ 90,597	-	$ 43,138	-
Unrealized gains on available-for-sale financial assets	213,780	1	1,487,472	5
Actuarial gains and losses on defined benefit plans	(10,274)	-	36,810	-
Other comprehensive income	294,103	1	1,567,420	5
TOTAL COMPREHENSIVE INCOME	$ 3,504,647	9	$ 1,854,786	6
NET PROFIT ATTRIBUTABLE TO:				
Owner of the parent	$ 3,075,969	8	$ 206,564	1
Non-controlling interests	134,575	-	80,802	-
	$ 3,210,544	8	$ 287,366	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the parent	$ 3,364,700	9	$ 1,752,631	5
Non-controlling interests	139,947	-	102,155	1
	$ 3,504,647	9	$ 1,854,786	6
EARNINGS PER SHARE (Note 23)				
Basic	$0.83		$0.06	
Diluted	$0.83		$0.06	

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

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent								
				Other Equity					
	Common Stock	Capital Surplus	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, 2013	$ 36,856,012	$ 2,177,342	$ (4,430,750)	$ (81,748)	$ (1,408,417)	$ (106,387)	$ 33,006,052	$ 1,109,483	$ 34,115,535
Change in equity of associates accounted for using equity method	-	29,347	-	-	-	-	29,347	133	29,480
Net income for 2013	-	-	206,564	-	-	-	206,564	80,802	287,366
Other comprehensive income for 2013	-	-	36,414	22,181	1,487,472	-	1,546,067	21,353	1,567,420
Total comprehensive income for 2013	-	-	242,978	22,181	1,487,472	-	1,752,631	102,155	1,854,786
Issue of ordinary shares under employee stock options	84,220	(58,330)	-	-	-	-	25,890	-	25,890
Decrease in non-controlling interests	-	-	-	-	-	-	-	(137,589)	(137,589)
BALANCE, DECEMBER 31, 2013	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

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, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 3,941,038	$ 558,654
Adjustments for:		
Depreciation expenses	4,759,388	6,277,692
Amortization expenses	115,818	169,142
Provision for allowance for doubtful accounts	5,285	5,138
Provision for (reversal of) decline in market value and obsolescence and abandonment of inventories	230,527	(177,945)
Net loss on financial assets and liabilities at fair value through profit or loss	349	39,904
Interest expense	177,339	259,402
Interest income	(166,289)	(53,033)
Dividend income	(114,709)	(29,715)
Share of (profit) loss of associates accounted for using equity method	(14,663)	92,057
Impairment loss on financial assets	-	783
Loss on disposal of property, plant and equipment	7,643	3,807
(Gain) loss on disposal of investments	(40,657)	7,674
Realized profit on the transactions with associates	(118)	(137)
Changes in operating assets and liabilities		
Decrease in financial assets at fair value through profit or loss	-	5,529
Increase in notes and accounts receivable	(533,864)	(308,018)
Decrease (increase) in accounts receivable due from related parties	4,520	(43,681)
Decrease in other receivables	26,629	62,983
Decrease in inventories	426,424	1,312,735
Increase in other current assets	(274,980)	(150,998)
Increase in other non-current assets	(83,558)	(5,567)
Increase (decrease) in notes and accounts payable	560,105	(436,803)
Increase (decrease) in accounts payable to related parties	120,946	(12,721)
Increase (decrease) in other payables	123,711	(60,474)
Increase in other current liabilities	41,687	1,320
Increase in other non-current liabilities	58,681	81,803
Cash inflow generated from operations	9,371,252	7,599,531
Interest received	48,770	44,203
Dividend received	122,653	34,530
Interest paid	(272,935)	(298,559)
Income tax paid	(134,535)	(122,104)
Net cash flows generated from operating activities	9,135,205	7,257,601
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(828,260)	(631,036)
Proceeds from disposal of available-for-sale financial assets	148,292	206,111
Acquisition of held-to-maturity financial assets	-	(94,584)

(Continued)

WINBOND ELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Acquisition of financial assets measured at cost	$ -	$ (16,000)
Proceeds from disposal of financial assets measured at cost	-	2,467
Proceeds from capital reduction of financial assets measured at cost	5,368	32,603
Acquisition of investments accounted for using equity method	-	(151,236)
Proceeds from disposal of investments accounted for using equity method	33,872	-
Acquisitions of property, plant and equipment	(13,192,897)	(2,245,724)
Proceeds from disposal of property, plant and equipment	1,351	5,076
Decrease in financial lease receivables	152,728	64,246
Acquisition of intangible assets	(192,673)	(155,663)
Net cash used in investing activities	(13,872,219)	(2,983,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,682,495)	(643,766)
Decrease in short-term bills payable	-	(500,000)
Increase in long-term borrowings	9,617,600	3,510,000
Repayments of long-term borrowings	(3,863,100)	(4,604,040)
Dividend paid to non-controlling interests	(97,121)	(137,588)
Proceeds from exercise of employee stock options	4,876	25,890
Increase in non-controlling interests	7,764	21,352
Net cash generated from (used in) financing activities	3,987,524	(2,328,152)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	54,625	13,757
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(694,865)	1,959,466
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,670,379	5,710,913
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,975,514	$ 7,670,379

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, 2014 and 2013.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on February 3, 2015.

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

a. The Regulations, which has not come into force, Guidelines Governing the Preparation of Financial Reports by Securities Issuers amended on August 13, 2014 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) not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, 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.

New, Amended and Revised Standards and Interpretations (the "IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011

(Continued)

New, Amended and Revised Standards and Interpretations (the "IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

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. In general, the disclosure requirements in IFRS 12 are more extensive than those required in the current standards.

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 currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

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 will retrospectively apply 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 will not result in any impact on the net profit, other comprehensive income, and total comprehensive income for the year.

5) IAS 19 (Revised 2011) "Employee Benefits"

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit plan, and also includes more extensive disclosures.

For the adoption of the revised IAS 19 in 2015, there is not any changes in equity but changes in cumulative employee benefit costs as of December 31, 2013, which resulting from the retrospective adoption. The adoption of the revised IAS 19 will result in $9,627 thousand increase in net profit and $9,627 thousand decrease in other comprehensive income for the year ended December 31, 2014. However, there is no effect on total comprehensive income for the year ended December 31, 2014.

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"	January 1, 2016 (Note 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
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, 2017
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
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: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

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.

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	2014	2013
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. (Israel) ("WECI")	Design, sales and after-sales 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 after-sales service of semiconductor	100	100
NTC	Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	Sales of semiconductor	100	100
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") (Note 1)	Investment holding	100	-
NTC	Nuvoton Technology India Private Limited ("NTIPL")	Design, sales and after-sales service of semiconductor	(Note 2)	-

Note 1: SYI was incorporated in April 2014.

Note 2: In 2012, NTC's board of directors resolved to set up NTIPL. The procedure of set-up NTIPL is still in process and NTC has not injected the capital as of December 31, 2014.

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).

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.

Cash equivalents include time deposits, 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.

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 Accounted for Using Equity Method

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.

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.

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.

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.

Upon disposal of an associate that results in the Group losing joint control over that associate, the Group discontinued the use of proportionate consolidation. 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' 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.

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

Furthermore, on April 29, 2013, the board of directors of the Company determined to change the accounting-basis of estimated useful life of assets and reported the change in the stockholders' meeting on June 19, 2013. Since July 1, 2013, the useful life of facilities (recorded as "buildings") is from 11 years to 15 years, and useful life of machinery and equipment is from 6 years to 8 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.

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.

Retirement Benefit Costs

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

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

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.

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

As described in Note 4, the Group reviews the estimated useful lives and recoverable amount of property, plant and equipment at the end of each reporting period. During 2013, the Group reassessed the useful lives of plant, property, and equipment in view of expected economic benefits. Since July 1, 2013, the useful life of facilities is from 11 years to 15 years, and useful life of machinery and equipment is from 6 years to 8 years.

d. Recognition and measurement of defined benefit retirement plans

Accrued pension liabilities and the resulting pension expense under defined retirement plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. 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	
	2014	2013
Cash on hand	$ 731	$ 751
Checking accounts and demand deposits	6,034,943	6,831,028
Repurchase agreements collateralized by bonds	939,840	838,600
	$ 6,975,514	$ 7,670,379

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	
	2014	2013
Time deposits	$ 136,858	$ 131,547

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	
	2014	2013
Time deposits	$ 1,085	$ 1,041

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Financial liabilities at FVTPL - current		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ 16,894	$ 16,545

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, 2014			
Sell forward exchange contracts	USD to NTD	2015.01.08-2015.02.26	USD60,800/NTD1,907,401
December 31, 2013			
Sell forward exchange contracts	USD to NTD	2014.01.02-2014.03.28	USD77,800/NTD2,299,753

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	
	2014	2013
Listed stocks		
Walsin Lihwa Corporation	$ 996,000	$ 401,520
Hannstar Display Corporation	794,245	696,747
Walton Advanced Engineering Inc.	738,424	535,670
Walsin Technology Corporation	156,368	102,958
CTBC Financial Holding Co., Ltd.	63,931	-
Telit Communications PLC	49,560	53,218
Cathay Financial Holding Co., Ltd.	46,974	-
Yuanta Duo Fu Equity Fund	30,161	-
CIFM Money Market Fund Class B	26,056	-
Inside Secure	857	-
Private-placement shares of listed company		
Hannstar Display Corporation	-	281,070
	$ 2,902,576	$ 2,071,183
Current	$ 2,902,576	$ 1,790,113
Non-current	-	281,070
	$ 2,902,576	$ 2,071,183

In July 2014, the private-placement shares of Hannstar Display Corporation hold by the Company was authorized to public offering by Financial Supervisory Commission, accordingly, the Company reclassified the investment from available-for-sales financial assets non-current to current.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2014	2013
Notes receivable	$ 902	$ 814
Accounts receivable	5,559,386	5,028,740
Less: Allowance for doubtful accounts	(127,076)	(123,387)
	$ 5,433,212	$ 4,906,167

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	
	2014	2013
Not overdue	$ 4,986,469	$ 4,618,613
Overdue under 30 days	553,509	364,054
Overdue 31-60 days	9,082	31,878
Overdue 61 days and longer	10,326	14,195
	$ 5,559,386	$ 5,028,740

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

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 123,387	$ 112,603
Less: Amounts written off	(3,130)	-
Add: Impairment losses recognized on accounts receivable	6,187	11,468
Effect of exchange rate changes	632	(684)
Balance at December 31	$ 127,076	$ 123,387

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

10. FINANCE LEASE RECEIVABLES

	December 31	
	2014	2013
Gross investment in leases		
Not later than one year	$ 201,196	$ 148,734
Later than one year and not later than five years	660,639	672,610
	861,835	821,344
Less: Unearned finance income	(252,440)	(348,261)
Present value of minimum lease payments	$ 609,395	$ 473,083
Finance lease receivables		
Not later than one year (recorded as "other receivables")	$ 80,606	$ 32,647
Later than one year and not later than five years (recorded as "other non-current assets")	528,789	440,436
Financial lease receivables	$ 609,395	$ 473,083

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, 2014, the interest rate inherent in the finance lease was 1.7% per annum.

Financial lease receivables are secured by the leased machinery. The Company is not permitted to sell or pledge the collateral in the absence of default by the lessee.

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, 2014 and 2013 were neither past due nor impaired.

11. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 1,598,887	$ 1,528,832
Work-in-process	4,279,223	5,086,226
Raw materials and supplies	420,545	329,429
Inventories in transit	18,281	29,400
	$ 6,316,936	$ 6,973,887

a. Loss on decline in market value and obsolescence and abandonment of inventories was $230,527 thousand and gain on reversal of decline in market value was $177,945 thousand, which were recognized as cost of sales for the years ended December 31, 2014 and 2013, respectively. Gain on recovery of decline in market value amounted to $268,631 thousand for the year ended December 31, 2013 was due to net realizable value increasing.

b. Unallocated fixed manufacturing costs recognized as cost of sales in the years ended December 31, 2014 and 2013 amounted to $124,836 thousand and $553,302 thousand, respectively.

12. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2014	2013
CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013	$ 101,840	$ 97,770

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.

13. FINANCIAL ASSETS MEASURED AT COST, NON-CURRENT

	December 31	
	2014	2013
LTIP Trust Fund	$ 466,144	$ 466,144
United Industrial Gases Co., Ltd.	81,081	81,081
Nyquest Technology Co., Ltd. (Note 14)	68,071	-
Yu-Ji Venture Capital Co., Ltd.	40,000	40,000
Harbinger III Venture Capital Corp.	23,488	23,488
Others	40,594	45,963
	$ 719,378	$ 656,676

a. 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.

b. The Group recognized an impairment loss of $783 thousand for the year ended December 31, 2013.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31			
	2014		2013	
Name of Associate	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Unlisted companies				
Chin Xin Investment Co., Ltd.	$ 2,416,386	38	$ 2,323,058	38
Nyquest Technology Co., Ltd.	-	-	84,036	27
	$ 2,416,386		$ 2,407,094	

The summarized financial information in respect of the Group's associates is set out below:

	December 31	
	2014	2013
Total assets	$ 6,411,647	$ 6,675,580
Total liabilities	$ 576	$ 140,224

	For the Year Ended December 31	
	2014	2013
Revenue	$ 850,917	$ 727,387
Net income (loss)	$ 89,441	$ (894,912)
Other comprehensive income	$ 124,616	$ 1,476,726
Group's share of profits (loss) of associates for the year	$ 14,663	$ (92,057)

In the fourth quarter of 2013, the Company acquired 12,128 thousand shares of Chin Xin Investment Co., Ltd. from related-party Walsin Lihwa Corporation. As of December 31, 2014, the Company had 182,841 thousand shares of Chin Xin Investment Co., Ltd. with a 38% ownership interest.

NTC hold a 27% ownership interest of Nyquest Technology Co., Ltd. as of December 31, 2013, and accounted 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.

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, 2014 and 2013 were based on the associates' financial statements audited by independent auditors.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2014	2013
Land	$ 1,622,173	$ 872,339
Buildings	8,153,139	8,567,718
Machinery and equipment	23,635,484	14,029,546
Other equipment	375,036	341,995
Construction in progress and prepayments for purchase of equipment	200,919	992,427
	$ 33,986,751	$ 24,804,025

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
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

(Continued)

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Cost						
Balance at January 1, 2013	$ 870,460	$ 20,067,447	$ 78,216,631	$ 2,888,473	$ 97,347	$ 102,140,358
Additions	-	55,686	1,481,372	95,051	951,598	2,583,707
Disposals	-	(47,654)	(394,560)	(26,153)	-	(468,367)
Reclassified	-	51,475	(599,060)	4,103	(56,518)	(600,000)
Effect of foreign currency exchange differences	1,879	6,492	4,323	14,798	-	27,492
Balance at December 31, 2013	$ 872,339	$ 20,133,446	$ 78,708,706	$ 2,976,272	$ 992,427	$ 103,683,190
Accumulated depreciation and impairment						
Balance at January 1, 2013	$ -	$ 10,507,177	$ 60,110,009	$ 2,502,058	$ -	$ 73,119,244
Depreciation expenses	-	1,099,972	5,028,125	144,660	-	6,272,757
Disposals	-	(44,774)	(389,778)	(24,932)	-	(459,484)
Reclassified	-	-	(72,344)	-	-	(72,344)
Effect of foreign currency exchange differences	-	3,353	3,148	12,491	-	18,992
Balance at December 31, 2013	$ -	$ 11,565,728	$ 64,679,160	$ 2,634,277	$ -	$ 78,879,165

(Concluded)

a. As of December 31, 2014 and 2013, the carrying values of $24,648,354 thousand and $13,458,619 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	
	2014	2013
Capitalized interest amounts	$ 94,968	$ 39,120
Capitalized interest rate	2.16%-2.24%	2.40%-2.65%

16. INVESTMENT PROPERTIES

	December 31	
	2014	2013
Investment properties, net	$ 78,506	$ 80,401

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

	Investment Properties
Cost	
Balance at January 1, 2014	$ 111,862
Effect of foreign currency exchange differences	4,659
Balance at December 31, 2014	$ 116,521

(Continued)

	Investment Properties
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
Cost	
Balance at January 1, 2013	$ 105,724
Effect of foreign currency exchange differences	6,138
Balance at December 31, 2013	$ 111,862
Accumulated depreciation and impairment	
Balance at January 1, 2013	$ 24,977
Depreciation expenses	4,935
Effect of foreign currency exchange differences	1,549
Balance at December 31, 2013	$ 31,461

(Concluded)

17. INTANGIBLE ASSETS

	December 31	
	2014	2013
Deferred technical assets, net	$ 310,617	$ 192,588
Other intangible assets, net	999	1,359
	$ 311,616	$ 193,947

	Deferred Technical Assets	Other Intangible Assets	Total
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

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Total
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
Cost			
Balance at January 1, 2013	$ 18,271,946	$ 26,948	$ 18,298,894
Addition	155,279	384	155,663
Disposals	-	(2,740)	(2,740)
Effect of foreign currency exchange differences	6,401	(3,183)	3,218
Balance at December 31, 2013	$ 18,433,626	$ 21,409	$ 18,455,035
Accumulated amortization and impairment			
Balance at January 1, 2013	$ 18,092,574	$ 23,010	$ 18,115,584
Amortization expenses	142,942	3,001	145,943
Disposals	-	(2,740)	(2,740)
Effect of foreign currency exchange differences	5,522	(3,221)	2,301
Balance at December 31, 2013	$ 18,241,038	$ 20,050	$ 18,261,088

(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 and other intangible assets - 3-5 years.

18. BORROWINGS

	December 31	
	2014	2013
Short-term borrowings	$ 390,213	$ 2,072,708
Long-term borrowings	$ 15,693,790	$ 9,939,290

a. Short-term borrowings

	December 31			
	2014		2013	
	Interest Rate	Amount	Interest Rate	Amount
Materials procurement loans	1.11%-1.25%	$ 390,213	1.06%	$ 46,138
Bank lines of credit	-	-	1.08%-2.36%	2,026,570
		$ 390,213		$ 2,072,708

b. Long-term borrowings

	December 31			
	2014			2013
	Period	Interest Rate	Amount	Amount
Bank of Taiwan syndication agreement (II)	2010.06.18-2015.06.18	2.58%-3.11%	$ 550,000	$ 1,650,000
Bank of Taiwan syndication agreement (III)	2011.12.23-2016.12.23	2.16%-2.64%	5,192,860	3,289,290
CTBC Bank Co., Ltd. syndication agreement (III)	2012.12.27-2015.12.27	2.16%-2.65%	3,333,330	5,000,000
CTBC Bank Co., Ltd. syndication agreement (IV)	2014.11.27-2019.12.30	2.18%-2.23%	6,000,000	-
Bank of Taiwan medium-term loan guarantee	2014.12.29-2021.12.29	1.7%	617,600	-
			15,693,790	9,939,290
Less: Current portion			(5,879,760)	(3,863,097)
			$ 9,814,030	$ 6,076,193

1) Bank of Taiwan Syndication Agreement (II)

a) On May 31, 2010, the Company entered into a syndication agreement, 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 and Note 28 for the joint guarantor.

2) Bank of Taiwan Syndication Agreement (III)

a) On September 19, 2011, the Company entered into a syndication agreement, 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. Syndication Agreement (III)

a) On November 19, 2012, the Company entered into a syndication agreement, 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.

4) CTBC Bank Co., Ltd. Syndication Agreement (IV)

a) On July 7, 2014, the Company entered into a syndication agreement, 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 December 30, 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 medium-term loan guarantee 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.

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 medium-term loan guarantee. 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 and SYI 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 Company, MMDC and NTC of the Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company, MMDC and NTC 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.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The actuarial valuations of plan assets and 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	
	2014	**2013**
Discount rate	2.15%-2.25%	2.25%
Expected return on plan assets	1.25%-1.50%	1.25%
Expected rate of salary increase	1%-3%	1%-3%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

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

	For the Year Ended December 31	
	2014	2013
Current service cost	$ 36,235	$ 37,032
Interest cost	42,279	33,086
Expected return on plan assets	(12,035)	(19,236)
	$ 66,479	$ 50,882
Analysis by function		
Manufacturing expense	$ 31,069	$ 22,332
Selling expenses	3,149	2,647
General and administrative expenses	5,625	4,418
Research and development expenses	26,636	21,485
	$ 66,479	$ 50,882

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013 were loss of $10,274 thousand and gain of $36,810 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2014 and 2013 were loss of $161,448 thousand and $151,174 thousand, respectively.

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	
	2014	2013
Present value of funded defined benefit obligation	$ 1,913,155	$ 1,895,781
Fair value of plan assets	(938,315)	(966,328)
Accrued pension liabilities	$ 974,840	$ 929,453

Movements in present value of funded defined benefit obligation were as follows:

	For the Year Ended December 31	
	2014	2013
Opening defined benefit obligation	$ 1,895,781	$ 1,915,135
Current service cost	36,235	37,032
Interest cost	42,279	33,086
Actuarial loss (gain)	20,753	(43,714)
Benefit paid of plan assets	(81,893)	(45,758)
Closing defined benefit obligation	$ 1,913,155	$ 1,895,781

Movements in fair value of plan assets were as follows:

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 966,328	$ 972,378
Actual return on plan assets	22,514	12,232
Contributions of plan assets	28,572	27,476
Benefit paid of plan assets	(79,099)	(45,758)
Closing fair value of plan assets	$ 938,315	$ 966,328

The Group expects to make a contribution of $29,331 thousand to the defined benefit plan in 2015.

20. EQUITY

a. Common stock

	December 31	
	2014	2013
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)	3,694,982	3,694,023
Share issued	$ 36,949,822	$ 36,940,232

Reconciliation of the Company outstanding share:

	Shares (In Thousands)	Capital
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
January 1, 2013	3,685,601	$ 36,856,012
Employee executed the stock options	8,422	84,220
December 31, 2013	3,694,023	$ 36,940,232

As of December 31, 2013, the balance of the Company's capital account amounted to $36,940,232 thousand, divided into 3,694,023 thousand shares at par $10.00 per share. Employees executed the stock options at $3.19 to $6.46 per share totaling 959 thousand shares during the year of 2014. 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 $10.00 per share.

b. Retained earnings and dividend policy

According to the 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".

The Company's results were loss for the years ended December 31, 2013 and 2012, so the stockholders' meetings on June 17, 2014 and June 19, 2013 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 and 2013; thus it did not estimate bonus to employees, directors and supervisors.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate a special reserve of an amount the same as that of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. At the transition date for the first-time adoption of IFRS, the Company had negative retained earnings; thus, the rule was not applicable to the Company.

c. Capital surplus

Movements in the capital surplus for the years ended December 31, 2014 and 2013 were as follows:

	Employee Stock Option	Treasury Stock	Change in Equity of Associates Accounted for Using Equity Method	Others	Total
January 1, 2013	$ 9,285	$ 1,971,862	$ 6,084	$ 190,111	$ 2,177,342
Issuance of ordinary shares under employee stock options	(7,588)	-	-	(50,742)	(58,330)
Change in equity of associates accounted for using equity method	-	-	29,347	-	29,347
December 31, 2013	1,697	1,971,862	35,431	139,369	2,148,359
Issuance of ordinary shares under employee stock options	(1,697)	-	-	(3,017)	(4,714)
Change in equity of associates accounted for using equity method	-	-	(252)	-	(252)
December 31, 2014	$ -	$ 1,971,862	$ 35,179	$ 136,352	$ 2,143,393

The capital surplus arising from treasury stock transactions, and the excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition may be distributed as cash dividends or transferred to share capital, provided the Company has no deficit, and transfer is limited to a certain percentage of the Company's capital surplus and made once a year.

The capital surplus from investments accounted for using equity method and employee stock options may not be used for any purpose.

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, 2014 and 2013, the Group recognized gain of $82,832 thousand and gain of $22,181 thousand in other comprehensive income, respectively.

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

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 79,055	$ (1,408,417)
Unrealized gains arising on revaluation of available-for-sale financial assets	120,551	876,993
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using equity method	93,229	610,479
Balance, end of year	$ 292,835	$ 79,055

e. Non-controlling interests

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 1,074,182	$ 1,109,483
Attributable to non-controlling interests		
Share of profit for the year	134,575	80,802
Exchange difference on translation of foreign financial statements	7,764	20,958
Actuarial gains and loss arising from defined benefit plans	(2,392)	395
Change in capital surplus from investments in associates accounted for using equity method	(161)	133
Others	(97,121)	(137,589)
Balance, end of year	$ 1,116,847	$ 1,074,182

f. Treasury stock

1) 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

2) Treasury stock transactions for the year of 2013 were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2013	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2013
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, 2014			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 81,574
December 31, 2013			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 60,147

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, 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

	For the Year Ended December 31, 2013			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 2,057,003	$ 2,800,153	$ -	$ 4,857,156
Post-employment benefits	$ 106,015	$ 134,375	$ -	$ 240,390
Other long-term employment benefits	$ -	$ 44,633	$ -	$ 44,633
Depreciation	$ 6,078,748	$ 191,396	$ 7,548	$ 6,277,692
Amortization	$ 47,290	$ 99,041	$ 22,811	$ 169,142

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	
	2014	2013
Current income tax	$ 701,605	$ 177,731
Adjustments for prior year's tax	4,743	40,688
Current income tax credit	(6,173)	-
Deferred tax	30,319	52,869
Income tax expense recognized in profit or loss	$ 730,494	$ 271,288

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

	For the Year Ended December 31	
	2014	2013
Profit before tax from continuing operations	$ 760,789	$ 157,662
Adjustments		
Permanent differences	(65,283)	(3,187)
Others	5,653	5,256
Additional income tax on unappropriated earnings	6,446	18,000
Tax-exempt income	(6,000)	-
Current income tax	701,605	177,731
Deferred income tax	30,319	52,869
Current income tax credit	(6,173)	-
Adjustment for prior years' tax	4,743	40,688
Income tax expense recognized in profit or loss	$ 730,494	$ 271,288

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.

b. Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Tax refund receivables (recorded as "other receivables")	$ 20,433	$ 29,340
Current tax liabilities		
Income tax payables (recorded as "other payables")	$ 97,853	$ 122,350

c. As of December 31, 2014 and 2013, deferred income tax assets of $3,490,222 thousand and $4,088,406 thousand, respectively, were mainly net operating loss carryforwards.

d. Information about the Group's investment tax credit, operating loss carryforwards as of December 31, 2014, and tax exemption was as follows:

As of December 31, 2014, WECA's operating loss carryforward was US$15,002 thousand, and will expire in 2025.

As of December 31, 2014, the Company's operating loss carryforwards comprised of:

Operating Loss Carryforwards	Expiry Year
$ 3,343,000	2015-2019
559,000	2022
$ 3,902,000	

As of December 31, 2014, 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	
	2014	2013
Balance of imputation credit account	$ 339,974	$ 297,186
Undistributed earnings for the years of 1997 and before	$ -	$ -
Undistributed deficits for the years of 1998 and thereafter	$ (1,119,684)	$ (4,187,772)

f. The Company's tax returns through 2011 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

	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

	For the Year Ended December 31, 2013				
	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	$ 558,654	$ 206,564	3,682,410	$ 0.15	$ 0.06
Effect of potentially dilutive ordinary shares					
Employee stock option	-	-	287		
Diluted earnings per share					
Net income attributed to common shareholders	$ 558,654	$ 206,564	3,682,697	$ 0.15	$ 0.06

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.

Employee stock options were summarized as follows:

	For the Year Ended December 31			
	2014		2013	
Employee Stock Options	Number of Options (In Thousands)	Weighted Average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT$)
Outstanding balance, beginning of year	959	$ 5.08	9,774	$ 3.28
Options exercised	(959)	5.08	(8,422)	3.07
Options expired	-	-	(393)	3.32
Outstanding balance, end of year	-	-	959	5.08
Options exercisable, end of year	-	-	959	5.08

As of December 31, 2014, there is no outstanding stock options. Information about outstanding options of December 31, 2013 was as follows:

December 31, 2013	
Range of Exercise Price (NT$)	Weighted Average Remaining Contractual Life (Years)
$3.19-$6.46	0.39

The Company used the fair value method to evaluate the option using Black-Scholes model, the assumptions and pro forma result were as follows:

Grant-date share price (NT$)	$3.02-$6.46
Exercise price (NT$)	$3.02-$6.46
Expected volatility	52.03%-74.48%
Expected duration (years)	3.75
Expected dividend yield	0%
Risk-free interest rate	0.94%-1.95%

25. NON-CASH TRANSACTIONS

	For the Year Ended December 31	
	2014	2013
Non-cash investing and financing activities		
Current portion of long-term borrowings	$ 5,879,760	$ 3,863,097
Exchange differences on translation of foreign financial statements	$ 82,832	$ 22,181
Unrealized gain on available-for-sale financial assets	$ 213,780	$ 1,487,472
Change in equity of associates accounted for using equity method	$ (252)	$ 29,347
Acquisitions of available-for-sale financial assets by offset with accounts receivable	$ 902	$ 6,330
Property, plants and equipment was reclassified to finance lease receivable	$ 169,429	$ 527,656

26. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

a. Lease arrangements

The Group leased land from Science Park Administration, and the lease term will expire between 2017 and 2023 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, and part in Taiwan, and the lease terms will expire between 2015 and 2022 which can be extended after the expiration of the lease periods.

As of December 31, 2014 and 2013, deposits paid under operating leases amounted to $53,589 thousand and $45,885 thousand, respectively (recorded as “other non-current assets”).

b. Prepayments for lease obligations

	For the Year Ended December 31	
Current (recorded as “other current assets”)	$ 3,393	$ -
Non-current (recorded as “other non-current assets”)	44,655	-
	$ 48,048	$ -

c. Lease expense

	2014	2013
Lease expenditure	$ 101,876	$ 89,451

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, 2014 and 2013, deposits received under operating leases amounted to $1,873 thousand and $1,799 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. ("Nyquest")	Related party in substance (Note)
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
Capella Microsystems Inc.	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance

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

b. Operating activities

	For the Year Ended December 31	
	2014	2013
1) Operating revenue		
Associate	$ 231,208	$ 245,740
Related party in substance	286,322	254,448
	$ 517,530	$ 500,188

	For the Year Ended December 31	
	2014	2013
2) Purchase		
Associate	$ 1,215	$ 2,349
Related party in substance	36	-
	$ 1,251	$ 2,349
3) Manufacturing expenses		
Related party in substance	$ 2,667,828	$ 2,329,857
4) General and administrative expenses		
Investor that exercises significant influence over the Group	$ 8,450	$ 8,651
Related party in substance	7,318	-
	$ 15,768	$ 8,651
5) Other income		
Associate	$ 659	$ 398
Related party in substance	99	-
	$ 758	$ 398

	December 31	
	2014	2013
6) Accounts receivable due from related parties		
Associate	$ -	$ 35,405
Related party in substance	85,234	54,349
	$ 85,234	$ 89,754
7) Accounts payable to related parties		
Related party in substance	$ 642,564	$ 518,745
Investor that exercises significant influence over the Group	-	2,609
Associate	-	264
	$ 642,564	$ 521,618
8) Other current assets		
Investor that exercises significant influence over the Group	$ 3	$ -

	December 31	
	2014	2013
9) Other payables		
Related party in substance	$ 13,146	$ 7,178
Investor that exercises significant influence over the Group	38	1,048
Associate	-	13
	$ 13,184	$ 8,239
10) Refundable deposits (recorded as "other non-current assets")		
Related party in substance	$ 1,722	$ -
Investor that exercises significant influence over the Group	203	203
	$ 1,925	$ 203

The related party transactions were conducted under normal terms.

c. Investment properties acquired

For the year ended December 31, 2013

Related Parties Types	Securities Name	Shares (Thousand)	Acquired Price
Investor that exercises significant influence over the Group	Chin Xin Investment Co., Ltd.	12,128	$ 151,236

d. Guarantee

As of December 31, 2014, the chairman of NTC and the Company is a joint guarantor of the land-leasing from Taiwan Sugar Corporation and the long-term borrowings from Bank of Taiwan Syndication Agreement (II). Please refer to Notes 18 and 26.

e. Compensation of key management personnel

	For the Year Ended December 31	
	2014	2013
Short-term employment benefits	$ 220,373	$ 201,489
Post-employment benefits	4,799	4,595
Share - based payments	2,431	7,815
Other long-term employment benefits	607	184
	$ 228,210	$ 214,083

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

29. PLEDGED AND COLLATERALIZED ASSETS

Please refer to Note 6, Note 10, Note 15 and Note 18.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Amounts available under unused letters of credit as of December 31, 2014 were approximately US$14,795 thousand, JPY998,850 thousand and EUR693 thousand.

31. FINANCIAL INSTRUMENT

a. Categories of financial instruments

1) Fair values of financial instruments were summarized as follows:

	December 31			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 6,975,514	$ 6,975,514	$ 7,670,379	$ 7,670,379
Notes and accounts receivable (included related parties)	5,518,446	5,518,446	4,995,921	4,995,921
Other receivables	310,447	310,447	300,116	300,116
Refundable deposits (recorded in other non-current assets)	161,059	161,059	153,570	153,570
Finance lease receivable (recorded in other non-current assets)	528,789	528,789	440,436	440,436
Available-for-sale financial assets (current and non-current)	2,902,576	2,902,576	2,071,183	2,071,183
Held-to-maturity financial assets	101,840	101,842	97,770	96,792
Financial assets measured at cost	719,378	719,228	656,676	656,487
	$ 17,218,049	$ 17,217,901	$ 16,386,051	$ 16,384,884
Financial liabilities				
Measured at amortized cost				
Short-term borrowings	$ 390,213	$ 390,213	$ 2,072,708	$ 2,072,708
Notes and accounts payable (included related parties)	4,465,646	4,465,646	3,784,595	3,784,595
Payable on equipment and other payables	3,578,029	3,578,029	2,685,516	2,685,516
Long-term borrowings (included current portion)	15,693,790	15,693,790	9,939,290	9,939,290
Long-term contract payable (recorded in other non-current liabilities)	44,885	42,540	-	-
Financial liabilities at FVTPL	16,894	16,894	16,545	16,545
	$ 24,189,457	$ 24,187,112	$ 18,498,654	$ 18,498,654

2) Fair value measurements recognized in the 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 2 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

	December 31	
	2014	**2013**
Available-for-sale financial assets	$ 2,902,576	$ 1,790,113
Held-to-maturity financial assets	101,842	96,792
	$ 3,004,418	$ 1,886,905

b) 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 or indirectly.

	December 31	
	2014	**2013**
Available-for-sale financial assets	$ -	$ 281,070
Financial assets measured at cost	$ 343	$ 304
Financial liabilities at FVTPL	$ 16,894	$ 16,545

The fair values of other financial instruments (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. 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 Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. 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 carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

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 $22,327 thousand and $19,298 thousand increase for the years ended December 31, 2014 and 2013, 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	
	2014	**2013**
Cash flow interest rate risk		
Financial assets	$ 7,956	$ 5,678
Financial liabilities	16,076,913	9,939,290

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, 2014 and 2013 would have increased by $160,690 thousand and $99,336 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, 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

	December 31, 2013			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 6,470,111	$ -	$ -	$ 6,470,111
Variable interest rate liabilities	3,863,097	4,979,763	1,096,430	9,939,290
Fixed interest rate liabilities	2,072,708	-	-	2,072,708
	$ 12,405,916	$ 4,979,763	$ 1,096,430	$ 18,482,109

32. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31					
	2014			2013		
	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)
Financial assets						
Monetary items						
USD	$ 237,408	31.65	$ 7,513,976	$ 236,900	29.805	$ 7,060,811
EUR	1,779	38.47	68,453	1,451	41.09	59,626
JPY	1,113,366	0.2646	294,597	892,614	0.2839	253,413
RMB	159,164	5.092	810,466	123,469	4.8885	603,579
ILS	35,740	8.1478	291,199	40,764	8.5851	349,967
AUD	-	-	-	1,600	26.6546	42,651
Non-monetary items						
USD	16,060	31.65	508,300	16,439	29.805	489,978
Financial liabilities						
Monetary items						
USD	108,184	31.65	3,424,012	122,410	29.805	3,648,423
EUR	2,534	38.47	97,487	24,551	41.09	1,008,797
JPY	2,640,990	0.2646	698,806	749,693	0.2839	212,838
RMB	7,704	5.092	39,230	5,336	4.8885	26,085
ILS	8,970	8.1478	73,082	3,975	8.5851	34,123

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		Segment Profit and Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
DRAM IC product	$ 20,098,806	$ 15,644,586	$ 4,204,285	$ 926,082
Flash Memory product	11,106,342	10,712,265	720,206	991,350
Logic IC product	6,780,631	6,776,926	1,048,381	1,092,023
Total of segment revenue	37,985,779	33,133,777	5,972,872	3,009,455
Other revenue	3,881	1,671	3,881	1,671
Operating revenue	$ 37,989,660	$ 33,135,448		
Unallocated expenditure				
Administrative and supporting expense			(1,112,579)	(980,725)
Sales and other common expenses			(1,205,751)	(1,265,203)
Total operating profit			$ 3,658,423	$ 765,198

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 For the Year Ended December 31		Non-current Assets December 31	
	2014	2013	2014	2013
Asia	$ 34,713,971	$ 31,265,988	$ 34,282,266	$ 24,924,544
United States	1,411,079	1,143,967	215,030	218,766
Europe	1,526,874	607,162	-	-
Others	337,736	118,331	-	-
	$ 37,989,660	$ 33,135,448	$ 34,497,296	$ 25,143,310

d. Major customer information

No individual customer exceeded 10% of the Group's net sales for the years ended December 31, 2014 and 2013.

WINBOND ELECTRONICS CORPS

STAND ALONE FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 & 2013
(Independent Auditors' Report Attached)

Winbond Electronics Corporation

Financial Statements for the
Years Ended December 31, 2014 and 2013 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, 2014 and 2013, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the 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, 2014 and 2013, and its financial performance and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

February 3, 2015

Notice to Readers

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

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

WINBOND ELECTRONICS CORPORATION

BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 4,146,238	7	$ 4,957,922	9
Available-for-sale financial assets, current (Note 8)	2,826,103	4	1,736,895	3
Notes and accounts receivable, net (Note 9)	3,535,090	6	3,152,950	6
Accounts receivable due from related parties, net (Note 27)	983,807	2	868,460	2
Other receivables (Note 10)	250,428	-	242,054	-
Inventories (Note 11)	5,534,586	9	6,111,134	12
Other current assets	852,710	1	605,843	1
Total current assets	18,128,962	29	17,675,258	33
NON-CURRENT ASSETS				
Available-for-sale financial assets, non-current (Note 8)	-	-	281,070	1
Held-to-maturity financial assets, non-current (Note 12)	101,840	-	97,770	-
Financial assets measured at cost, non-current (Note 13)	40,161	-	40,161	-
Investments accounted for using equity method (Note 14)	6,576,196	11	6,224,488	12
Property, plant and equipment (Note 15)	33,304,147	54	24,132,155	46
Intangible assets (Note 16)	52,000	-	52,000	-
Deferred income tax assets (Note 21)	3,146,000	5	3,742,000	7
Other non-current assets (Notes 6 and 10)	712,275	1	610,813	1
Total non-current assets	43,932,619	71	35,180,457	67
TOTAL	$ 62,061,581	100	$ 52,855,715	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 390,213	1	$ 1,893,878	4
Financial liabilities at fair value through profit or loss, current (Note 7)	11,253	-	15,841	-
Notes payable	534,789	1	517,550	1
Accounts payable	2,747,750	4	2,186,622	4
Accounts payable to related parties (Note 27)	642,308	1	521,832	1
Payable on equipment	1,249,178	2	427,371	1
Other payables	1,667,581	3	1,664,721	3
Current portion of long-term borrowings (Note 17)	5,879,760	9	3,863,097	7
Other current liabilities	71,663	-	34,514	-
Total current liabilities	13,194,495	21	11,125,426	21
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	9,814,030	16	6,076,193	11
Accrued pension liabilities (Note 18)	481,684	1	460,911	1
Other non-current liabilities	388,128	-	379,265	1
Total non-current liabilities	10,683,842	17	6,916,369	13
Total liabilities	23,878,337	38	18,041,795	34
EQUITY				
Common stock (Note 19)	36,949,822	60	36,940,232	70
Capital surplus	2,143,393	3	2,148,359	4
Accumulated deficits	(1,119,684)	(2)	(4,187,772)	(8)
Exchange differences on translation of foreign financial statements	23,265	-	(59,567)	-
Unrealized gains (losses) on available-for-sale financial assets	292,835	1	79,055	-
Treasury stock	(106,387)	-	(106,387)	-
Total equity	38,183,244	62	34,813,920	66
TOTAL	$ 62,061,581	100	$ 52,855,715	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, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUE	$ 30,929,689	100	$ 26,165,961	100
OPERATING COSTS (Note 11)	23,315,561	75	22,226,165	85
GROSS PROFIT	7,614,128	25	3,939,796	15
OPERATING EXPENSES				
Selling expenses	725,368	2	629,159	3
General and administrative expenses	634,278	2	531,366	2
Research and development expenses	3,029,747	10	2,434,587	9
Total operating expenses	4,389,393	14	3,595,112	14
PROFIT FROM OPERATIONS	3,224,735	11	344,684	1
NON-OPERATING INCOME AND LOSSES				
Interest income	144,173	-	33,656	-
Dividend income	29,776	-	816	-
Gains on doubtful debt recoveries	902	-	6,330	-
Other income	27,390	-	20,889	-
Gains (losses) on disposal of investments	9,824	-	(467)	-
Foreign exchange gains	204,547	1	122,733	1
Share of profit of subsidiaries and associates accounted for using equity method (Note 14)	345,085	1	44,211	-
Interest expense	(177,101)	(1)	(259,105)	(1)
Other expense	(23,195)	-	(26,171)	-
Losses on disposal of property, plant and equipment	(6,769)	-	(659)	-
Losses on financial instruments at fair value through profit or loss	(107,398)	-	(80,353)	-
Total non-operating income and losses	447,234	1	(138,120)	-
PROFIT BEFORE INCOME TAX	3,671,969	12	206,564	1
INCOME TAX EXPENSE (Note 21)	596,000	2	-	-
NET PROFIT	3,075,969	10	206,564	1

(Continued)

WINBOND ELECTRONICS CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translation of foreign financial statements	$ 82,832	-	$ 22,181	-
Unrealized gains on available-for-sale financial assets	213,780	1	1,487,472	6
Actuarial gains and losses on defined benefit plans	(7,881)	-	36,414	-
Other comprehensive income	288,731	1	1,546,067	6
TOTAL COMPREHENSIVE INCOME	$ 3,364,700	11	$ 1,752,631	7
EARNINGS PER SHARE (Note 22)				
Basic	$ 0.83		$ 0.06	
Diluted	$ 0.83		$ 0.06	

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, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

				Other Equity			
	Common Stock	Capital Surplus	Accumulated Deficits	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Treasury Stock	Total
BALANCE, JANUARY 1, 2013	$ 36,856,012	$ 2,177,342	$ (4,430,750)	$ (81,748)	$ (1,408,417)	$ (106,387)	$ 33,006,052
Change in equity of subsidiaries and associates accounted for using equity method	-	29,347	-	-	-	-	29,347
Net income for 2013	-	-	206,564	-	-	-	206,564
Other comprehensive income for 2013	-	-	36,414	22,181	1,487,472	-	1,546,067
Total comprehensive income for 2013	-	-	242,978	22,181	1,487,472	-	1,752,631
Issue of ordinary shares under employee stock options	84,220	(58,330)	-	-	-	-	25,890
BALANCE, DECEMBER 31, 2013	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

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

WINBOND ELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 3,671,969	$ 206,564
Adjustments for:		
Depreciation expenses	4,600,207	6,124,453
Amortization expenses	20,731	61,241
Provision for (reversal of) allowance for doubtful accounts	5,740	(2,330)
Provision for (reversal of) decline in market value and obsolescence and abandonment of inventories	250,629	(193,725)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(4,588)	39,392
Interest expense	177,101	259,105
Interest income	(144,173)	(33,656)
Dividend income	(29,776)	(816)
Share of profit of subsidiaries and associates accounted for using equity method	(345,085)	(44,211)
Loss on disposal of property, plant and equipment	6,769	659
(Gain) loss on disposal of investments	(9,824)	467
Gain on foreign currency exchange of held-to-maturity financial assets	(4,070)	(3,186)
Unrealized profit on the transactions with subsidiaries	13,215	34
Changes in operating assets and liabilities		
Increase in notes and accounts receivable	(388,782)	(152,088)
Increase in accounts receivable due from related parties	(106,978)	(295,683)
Decrease (increase) in other receivables	37,297	(38,714)
Decrease in inventories	325,919	1,190,278
Increase in other current assets	(246,867)	(235,169)
Increase in other non-current assets	(35,409)	(23)
Increase (decrease) in notes payable	17,239	(294,703)
Increase (decrease) in accounts payable	561,128	(78,368)
Increase (decrease) in accounts payable to related parties	120,476	(12,100)
Increase in other payables	3,348	16,363
Increase in other current liabilities	37,183	11,518
Increase in other non-current liabilities	20,256	11,524
Cash inflow generated from operations	8,553,655	6,536,826
Interest received	27,167	20,184
Dividend received	181,720	216,071
Interest paid	(272,557)	(298,402)
Income tax refund (paid)	1,251	(427)
Net cash flows generated from operating activities	8,491,236	6,474,252

(Continued)

WINBOND ELECTRONICS CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (801,410)	$ (402,085)
Proceeds from disposal of available-for-sale financial assets	122,879	5,863
Acquisition of held-to-maturity financial assets	-	(94,584)
Proceeds from capital reduction of financial assets measured at cost	-	16,320
Acquisition of investments accounted for using equity method	(1,206)	(400,425)
Proceeds from capital reduction of investments accounted for using equity method	-	24,951
Acquisitions of property, plant and equipment	(13,032,502)	(2,050,634)
Proceeds from disposal of property, plant and equipment	880	3,360
Decrease in finance lease receivables	152,728	64,246
Net cash used in investing activities	(13,558,631)	(2,832,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(1,503,665)	(822,596)
Decrease in short-term bills payable	-	(500,000)
Increase in long-term borrowings	9,617,600	3,510,000
Repayments of long-term borrowings	(3,863,100)	(4,604,040)
Proceeds from exercise of employee stock options	4,876	25,890
Net cash generated from (used in) financing activities	4,255,711	(2,390,746)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(811,684)	1,250,518
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,957,922	3,707,404
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,146,238	$ 4,957,922

The accompanying notes are an integral part of the 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, 2014 and 2013.

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 February 3, 2015.

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

a. The Regulations, which has not come into force, Guidelines Governing the Preparation of Financial Reports by Securities Issuers amended on August 13, 2014 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) not yet effective

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, 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.

New, Amended and Revised Standards and Interpretations (the "IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010

(Continued)

New, Amended and Revised Standards and Interpretations (the "IFRSs")	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Financial statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

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 currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

   The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

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 will retrospectively apply 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 will not result in any impact on the net profit, other comprehensive income, and total comprehensive income for the year.

4) IAS 19 (Revised 2011) "Employee Benefits"

The interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit plan, and also includes more extensive disclosures.

For the adoption of the revised IAS 19 in 2015, there is not any changes in equity but changes in cumulative employee benefit costs as of December 31, 2013, which resulting from the retrospective adoption. The adoption of the revised IAS 19 will result in $4,995 thousand increase in net profit and $4,995 thousand decrease in other comprehensive income for the year ended December 31, 2014. However, there is no effect on total comprehensive income for the year ended December 31, 2014.

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"	January 1, 2016 (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, 2017

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
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
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: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

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) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

7) 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).

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.

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.

Cash equivalents include time deposits, 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.

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.

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.

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.

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.

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.

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

Furthermore, on April 29, 2013, the board of directors determined to change the accounting-basis of estimated useful life of assets and reported the change in the stockholders' meeting on June 19, 2013. Since July 1, 2013, the useful life of facilities (recorded as "buildings") is from 11 years to 15 years, and useful life of machinery and equipment is from 6 years to 8 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.

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.

Retirement Benefit Costs

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

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

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.

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

As described in Note 4, the Company reviews the estimated useful lives and recoverable amount of property, plant and equipment at the end of each reporting period. During 2013, the Company reassessed the useful lives of plant, property, and equipment in view of expected economic benefits. Since July 1, 2013, the useful life of facilities is from 11 years to 15 years, and useful life of machinery and equipment is from 6 years to 8 years.

d. Recognition and measurement of defined benefit retirement plans

Accrued pension liabilities and the resulting pension expense under defined benefit retirement plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. 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	
	2014	**2013**
Cash on hand	$ 230	$ 230
Checking accounts and demand deposits	3,219,668	4,148,092
Repurchase agreements collateralized by bonds	926,340	809,600
	$ 4,146,238	$ 4,957,922

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	
	2014	**2013**
Time deposits	$ 71,323	$ 70,781

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	**2013**
Financial liabilities at FVTPL - current		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ 11,253	$ 15,841

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, 2014			
Sell forward exchange contracts	USD to NTD	2015.01.09-2015.02.06	USD45,500/NTD1,428,797
December 31, 2013			
Sell forward exchange contracts	USD to NTD	2014.01.02-2014.03.28	USD65,300/NTD1,929,443

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	
	2014	2013
Listed stocks		
Walsin Lihwa Corporation	$ 996,000	$ 401,520
Hannstar Display Corporation	794,245	696,747
Walton Advanced Engineering Inc.	738,424	535,670
Walsin Technology Corporation	156,368	102,958
CTBC Financial Holding Co., Ltd.	63,931	-
Cathay Financial Holding Co., Ltd.	46,974	-
Yuanta Duo Fu Equity Fund	30,161	-
Private-placement shares of listed company		
Hannstar Display Corporation	-	281,070
	$ 2,826,103	$ 2,017,965
Current	$ 2,826,103	$ 1,736,895
Non-current	-	281,070
	$ 2,826,103	$ 2,017,965

In July 2014, the private-placement shares of Hannstar Display Corporation hold by the Company was authorized to public offering by Financial Supervisory Commission, accordingly, the Company reclassified the investment from available-for-sale financial assets non-current to current.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2014	2013
Notes receivable	$ 834	$ 365
Accounts receivable	3,620,256	3,235,073
Less: Allowance for doubtful accounts	(86,000)	(82,488)
	$ 3,535,090	$ 3,152,950

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	
	2014	2013
Not overdue	$ 3,230,839	$ 2,969,298
Overdue under 30 days	374,077	249,901
Overdue 31-60 days	7,769	4,379
Overdue 61 days and longer	7,571	11,495
	$ 3,620,256	$ 3,235,073

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

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 82,488	$ 78,488
Less: Amounts written off	(3,130)	-
Add: Impairment losses recognized on accounts receivable	6,642	4,000
Balance at December 31	$ 86,000	$ 82,488

The Company's receivables were aged on a collective basis and not on individual account basis.

10. FINANCE LEASE RECEIVABLES

	December 31	
	2014	2013
Gross investment in leases		
Not later than one year	$ 201,196	$ 148,734
Later than one year and not later than five years	660,639	672,610
	861,835	821,344
Less: Unearned finance income	(252,440)	(348,261)
Present value of minimum lease payments	$ 609,395	$ 473,083
Finance lease receivables		
Not later than one year (recorded as "other receivables")	$ 80,606	$ 32,647
Later than one year and not later than five years (recorded as "other non-current assets")	528,789	440,436
Financial lease receivables	$ 609,395	$ 473,083

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, 2014, the interest rate inherent in the finance lease was 1.7% per annum.

Finance lease receivables are secured by the leased machinery. The Company is not permitted to sell or pledge the collateral in the absence of default by the lessee.

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, 2014 were neither past due nor impaired.

11. INVENTORIES

	December 31	
	2014	2013
Finished goods	$ 1,438,719	$ 1,359,542
Work-in-process	3,737,851	4,487,058
Raw materials and supplies	339,735	247,412
Inventories in transit	18,281	17,122
	$ 5,534,586	$ 6,111,134

a. Loss on decline in market value and obsolescence and abandonment of inventories was $250,629 thousand and gain on reversal of decline in market value was $193,725 thousand, which were recognized as cost of sales for the years ended December 31, 2014 and 2013, respectively. Gain on recovery of decline in market value amounted to $260,374 thousand for the year ended December 31, 2013 was due to net realizable value increasing.

b. Unallocated fixed manufacturing costs recognized as cost of sales in the years ended December 31, 2014 and 2013 amounted to $124,836 thousand and $553,302 thousand, respectively.

12. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2014	2013
CTBC Bank Co., Ltd. 1st Unsecured Financial Debentures in 2013	$ 101,840	$ 97,770

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.

13. FINANCIAL ASSETS MEASURED AT COST, NON-CURRENT

	December 31	
	2014	2013
Harbinger III Venture Capital Corp.	$ 26,908	$ 26,908
Others	13,253	13,253
	$ 40,161	$ 40,161

a. 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.

b. The board of directors of Harbinger III Venture Capital Corp. resolved capital reduction and the Company received the amount of $16,320 thousand in June 2013.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2014	2013
Investments in subsidiaries	$ 4,159,810	$ 3,901,430
Investments in associates	2,416,386	2,323,058
	$ 6,576,196	$ 6,224,488

a. Investments in subsidiaries

	December 31			
	2014		2013	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Listed companies				
Nuvoton Technology Corporation	$ 1,763,509	61	$ 1,712,259	61
Unlisted companies				
Winbond Int'l Corporation	1,797,883	100	1,688,192	100
Landmark Group Holding Ltd.	286,613	100	212,026	100
Pine Capital Investment Limited	285,822	100	266,236	100
Winbond Technology LTD	25,983	100	22,717	100
Newfound Asian Corp.	-	100	-	100
Mobile Magic Design Corporation	-	100	-	100
Winbond Electronics (H.K.) Limited	-	100	-	100
	$ 4,159,810		$ 3,901,430	

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	2014	2013
Nuvoton Technology Corporation	$ 3,608,672	$ 3,266,798

2) In May 2014, the Company subscribed shares of Winbond Int'l Corporation for cash of $1,206 thousand.

3) In December 2013, the Company subscribed shares of Pine Capital Investment Limited for cash of $227,052 thousand.

4) In May 2013, the board of directors of Landmark Group Holding Ltd. resolved capital reduction in the amounts of $24,951 thousand.

5) Winbond Technology LTD ("WECI") was incorporated in September 2013. WECI's principal activity is in the design, development and marketing of VLSI ICs used in a variety of microelectronic applications. As of December 31, 2014, the balance of WECI's capital account amounted to ILS2,500 thousand and the Company held a 100% ownership interest directly.

6) In 2014 and 2013, the Company recognized share of profit of subsidiaries under equity method in the amounts of $344,986 thousand and $152,362 thousand, respectively.

b. Investments in associates

Name of Associate	December 31 2014 Carrying Value	2014 Ownership Percentage	2013 Carrying Value	2013 Ownership Percentage
Unlisted companies:				
Chin Xin Investment Co., Ltd.	$ 2,416,386	38	$ 2,323,058	38

The summarized financial information in respect of the Company's associates is set out below:

	December 31 2014	2013
Total assets	$ 6,411,647	$ 6,270,285
Total liabilities	$ 576	$ 16,090

	For the Year Ended December 31 2014	2013
Revenue	$ 164,679	$ 46,890
Net income (loss)	$ 32,311	$ (955,413)
Other comprehensive income	$ 124,564	$ 1,476,715
Company's share of profit or loss of associates for the year	$ 99	$ (108,151)

In the fourth quarter of 2013, the Company acquired 12,128 thousand shares of Chin Xin Investment Co., Ltd. from related-party Walsin Lihwa Corporation. As of December 31, 2014, 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, 2014 and 2013 were based on the subsidiaries' and associates' financial statements audited by independent auditors.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31 2014	2013
Land	$ 1,544,450	$ 799,147
Building	7,951,679	8,361,611
Machinery and equipment	23,343,451	13,728,569
Other equipment	265,114	250,582
Construction in progress and prepayments on purchase of equipment	199,453	992,246
	$ 33,304,147	$ 24,132,155

	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

	Land	Building	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments on Purchase of Equipment	Total
Cost						
Balance at January 1, 2013	$ 799,147	$ 16,357,176	$ 66,351,722	$ 2,560,421	$ 92,945	$ 86,161,411
Additions	-	27,873	1,366,325	46,395	951,416	2,392,009
Disposals	-	-	(177,848)	(7,155)	-	(185,003)
Reclassified	-	51,475	(599,360)	-	(52,115)	(600,000)
Balance at December 31, 2013	$ 799,147	$ 16,436,524	$ 66,940,839	$ 2,599,661	$ 992,246	$ 87,768,417
Accumulated depreciation and impairment						
Balance at January 1, 2013	$ -	$ 6,998,943	$ 48,531,960	$ 2,234,234	$ -	$ 57,765,137
Depreciation expense	-	1,075,970	4,926,507	121,976	-	6,124,453
Disposals	-	-	(173,853)	(7,131)	-	(180,984)
Reclassified	-	-	(72,344)	-	-	(72,344)
Balance at December 31, 2013	$ -	$ 8,074,913	$ 53,212,270	$ 2,349,079	$ -	$ 63,636,262

a. As of December 31, 2014 and 2013, the carrying values of $24,648,354 thousand and $13,458,619 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	
	2014	2013
Capitalized interest amounts	$ 94,968	$ 39,120
Capitalized interest rate	2.16%-2.24%	2.40%-2.65%

16. INTANGIBLE ASSET

	December 31	
	2014	2013
Deferred technical assets, net	$ 52,000	$ 52,000

	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
Cost	
Balance at January 1, 2013	$ 17,711,553
Addition	52,000
Balance at December 31, 2013	$ 17,763,553
Accumulated amortization and impairment	
Balance at January 1, 2013	$ 17,673,123
Amortization expense	38,430
Balance at December 31, 2013	$ 17,711,553

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	
	2014	2013
Short-term borrowings	$ 390,213	$ 1,893,878
Long-term borrowings	$ 15,693,790	$ 9,939,290

a. Short-term borrowings

	December 31			
	2014		2013	
	Interest Rate	Amount	Interest Rate	Amount
Materials procurement loans	1.11%-1.25%	$ 390,213	1.06%	$ 46,138
Bank lines of credit	-	-	1.08%-2.36%	1,847,740
		$ 390,213		$ 1,893,878

b. Long-term borrowings

	December 31			
	2014			2013
	Period	Interest Rate	Amount	Amount
Bank of Taiwan syndication agreement (II)	2010.06.18-2015.06.18	2.58%-3.11%	$ 550,000	$ 1,650,000
Bank of Taiwan syndication agreement (III)	2011.12.23-2016.12.23	2.16%-2.64%	5,192,860	3,289,290
CTBC Bank Co., Ltd. syndication agreement (III)	2012.12.27-2015.12.27	2.16%-2.65%	3,333,330	5,000,000
CTBC Bank Co., Ltd. syndication agreement (IV)	2014.11.27-2019.12.30	2.18%-2.23%	6,000,000	-
Bank of Taiwan medium-term loan guarantee	2014.12.29-2021.12.29	1.7%	617,600	-
			15,693,790	9,939,290
Less: Current portion			(5,879,760)	(3,863,097)
			$ 9,814,030	$ 6,076,193

1) Bank of Taiwan Syndication Agreement (II)

a) On May 31, 2010, the Company entered into a syndication agreement, 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 and Note 27 for the joint guarantor.

2) Bank of Taiwan Syndication Agreement (III)

a) On September 19, 2011, the Company entered into a syndication agreement, 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. Syndication Agreement (III)

a) On November 19, 2012, the Company entered into a syndication agreement, 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.

4) CTBC Bank Co., Ltd. Syndication Agreement (IV)

a) On July 7, 2014, the Company entered into a syndication agreement, 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 December 30, 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 medium-term loan guarantee 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.

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 medium - term loan guarantee. 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 Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company 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.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The actuarial valuations of plan assets and 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	
	2014	**2013**
Discount rate	2.15%	2.25%
Expected return on plan assets	1.50%	1.25%
Expected rate of salary increase	3.00%	3.00%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

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

	For the Year Ended December 31	
	2014	2013
Current service cost	$ 16,208	$ 16,777
Interest cost	21,451	16,827
Expected return on plan assets	(6,244)	(9,580)
	$ 31,415	$ 24,024
An analysis by function		
Manufacturing expense	$ 17,827	$ 13,685
Selling expenses	2,611	2,211
General and administrative expenses	3,406	2,634
Research and development expenses	7,571	5,494
	$ 31,415	$ 24,024

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2014 and 2013 was loss of $3,284 thousand and gain of $38,828 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2014 and 2013 was loss of $53,890 thousand and $50,606 thousand, respectively.

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

	December 31	
	2014	2013
Present value of funded defined benefit obligation	$ 984,184	$ 955,348
Fair value of plan assets	(502,500)	(494,437)
Accrued pension liabilities	$ 481,684	$ 460,911

Movements in present value of funded defined benefit obligation were as follows:

	For the Year Ended December 31	
	2014	2013
Opening defined benefit obligation	$ 955,348	$ 980,045
Current service cost	16,208	16,777
Interest cost	21,451	16,827
Actuarial loss (gain)	8,577	(42,212)
Benefit paid of plan assets	(17,400)	(16,089)
Closing defined benefit obligation	$ 984,184	$ 955,348

Movements in fair value of plan assets were as follows:

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 494,437	$ 490,682
Actual return on plan assets	11,537	6,196
Contribution of plan assets	13,926	13,648
Benefit paid of plan assets	(17,400)	(16,089)
Closing fair value of plan assets	$ 502,500	$ 494,437

The Company expects to make a contribution of $14,520 thousand to the defined benefit plan in 2015.

19. EQUITY

a. Common stock

	December 31	
	2014	2013
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)	3,694,982	3,694,023
Share issued	$ 36,949,822	$ 36,940,232

Reconciliation of outstanding share:

	Shares (In Thousands)	Capital
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
January 1, 2013	3,685,601	$ 36,856,012
Employee executed the stock options	8,422	84,220
December 31, 2013	3,694,023	$ 36,940,232

As of December 31, 2013, the balance of the Company's capital account amount to $36,940,232 thousand, divided into 3,694,023 thousand shares at par NT$10.00 per share. Employees executed the stock options at NT$3.19 to NT$6.46 per share totaling 959 thousand shares during the year of 2014. 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.

b. Retained earnings and dividend policy

According to the 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".

The Company's results were loss for the years ended December 31, 2013 and 2012, so the stockholders' meetings on June 17, 2014 and June 19, 2013 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 and 2013; thus it did not estimate bonus to employees, directors and supervisors.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate a special reserve of an amount the same as that of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. At the transition date for the first-time adoption of IFRS, the Company had negative retained earnings; thus, the rule was not applicable to the Company.

c. Capital surplus

Movements in the capital surplus for the years ended December 31, 2014 and 2013 were as follows:

	Employee Stock Options	Treasury Stock	Change in Equity of Subsidiaries and Associates Accounted for Using Equity Method	Others	Total
January 1, 2013	$ 9,285	$ 1,971,862	$ 6,084	$ 190,111	$ 2,177,342
Issuance of ordinary shares under employee stock options	(7,588)	-	-	(50,742)	(58,330)
Change in equity of subsidiaries and associates accounted for using equity method	-	-	29,347	-	29,347
December 31, 2013	1,697	1,971,862	35,431	139,369	2,148,359
Issuance of ordinary shares under employee stock options	(1,697)	-	-	(3,017)	(4,714)
Change in equity of subsidiaries and associates accounted for using equity method	-	-	(252)	-	(252)
December 31, 2014	$ -	$ 1,971,862	$ 35,179	$ 136,352	$ 2,143,393

The capital surplus arising from treasury stock transactions, and the excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition may be distributed as cash dividends or transferred to share capital, provided, the Company has no deficit, and transfer is limited to a certain percentage of the Company's capital surplus and made once a year.

The capital surplus from investments accounted for using equity method and employee stock options may not be used for any purpose.

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, 2014 and 2013, the Company recognized gain of $82,832 thousand and gain of $22,181 thousand in other comprehensive income, respectively.

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

	For the Year Ended December 31	
	2014	2013
Balance, beginning of year	$ 79,055	$ (1,408,417)
Unrealized gain arising on revaluation of available-for-sale financial assets	117,728	847,259
Share of unrealized gain on revaluation of available-for-sale financial assets of subsidiaries and associates accounted for using equity method	96,052	640,213
Balance, end of year	$ 292,835	$ 79,055

e. Treasury stock

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

Treasury stock transactions for the year of 2013 were summarized as follows:

Purpose of Buyback	Treasury Stock Held as of January 1, 2013	Increase During the Year	Decrease During the Year	Treasury Stock Held as of December 31, 2013
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, 2014			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 81,574
December 31, 2013			
Baystar Holdings Ltd.	7,518,364	$ 106,387	$ 60,147

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, 2014			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 1,642,062	$ 1,168,375	$ -	$ 2,810,437
Post-employment benefits	$ 82,975	$ 50,254	$ -	$ 133,229
Depreciation	$ 4,455,407	$ 144,800	$ -	$ 4,600,207
Amortization	$ -	$ -	$ 20,731	$ 20,731

	For the Year Ended December 31, 2013			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Short-term employee benefits	$ 1,376,854	$ 920,782	$ -	$ 2,297,636
Post-employment benefits	$ 74,435	$ 44,116	$ -	$ 118,551
Depreciation	$ 5,979,165	$ 145,288	$ -	$ 6,124,453
Amortization	$ -	$ 38,430	$ 22,811	$ 61,241

There were 2,172 and 2,048 employees in the Company as of December 31, 2014 and 2013, respectively.

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	
	2014	**2013**
Current tax		
In respect of the current year	$ 567,000	$ 35,000
Deferred tax		
In respect of the current year	29,000	(35,000)
Income tax expense recognized in profit or loss	$ 596,000	$ -

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

	For the Year Ended December 31	
	2014	**2013**
Profit before tax from continuing operations	$ 624,000	$ 35,000
Permanent difference	(57,000)	-
Current income tax expenses	567,000	35,000
Temporary difference	29,000	(35,000)
Income tax expense recognized in profit or loss	$ 596,000	$ -

b. Current tax assets and liabilities

	December 31	
	2014	**2013**
Current income tax assets		
Tax refund receivable	$ 6,311	$ 5,994

c. As of December 31, 2014 and 2013, deferred tax assets of $3,146,000 thousand and $3,742,000 thousand, respectively, were mainly net operating loss carryforwards.

d. Information about the Company's operating loss carryforwards as of December 31, 2014 was as follows:

Operating loss carryforwards as of December 31, 2014 comprised of:

Operating Loss Carryforwards	**Expiry Year**
$ 3,343,000	2015-2019
559,000	2022
$ 3,902,000	

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

	December 31	
	2014	2013
Balance of imputation credit account	$ 339,974	$ 297,186
Undistributed earnings for the years of 1997 and before	$ -	$ -
Undistributed deficits for the years of 1998 and thereafter	$ (1,119,684)	$ (4,187,772)

f. The tax returns through 2011 have been assessed by the tax authorities.

22. EARNINGS PER SHARE

	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

	For the Year Ended December 31, 2013				
	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	$ 206,564	$ 206,564	3,682,410	$ 0.06	$ 0.06
Effect of potentially dilutive ordinary shares					
Employee stock option	-	-	287		
Diluted earnings per share					
Net income attributed to common shareholders	$ 206,564	$ 206,564	3,682,697	$ 0.06	$ 0.06

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.

Employee stock options were summarized as follows:

Employee Stock Options	For the Year Ended December 31 2014 Number of Options (In Thousands)	2014 Weighted Average Exercise Price (NT$)	2013 Number of Options (In Thousands)	2013 Weighted Average Exercise Price (NT$)
Outstanding balance, beginning of year	959	$ 5.08	9,774	$ 3.28
Options exercised	(959)	5.08	(8,422)	3.07
Options expired	-	-	(393)	3.32
Outstanding balance, end of year	-	-	959	5.08
Options exercisable, end of year	-	-	959	5.08

As of December 31, 2014, there is no outstanding stock options. Information about outstanding options of December 31, 2013 was as follows:

December 31, 2013	
Range of Exercise Price (NT$)	Weighted Average Remaining Contractual Life (Years)
$3.19-$6.46	0.39

The Company used the fair value method to evaluate the option using Black-Scholes model, the assumptions and pro forma result were as follows:

Grant-date share price (NT$)	$3.02-$6.46
Exercise price (NT$)	$3.02-$6.46
Expected volatility	52.03%-74.48%
Expected duration (years)	3.75
Expected dividend yield	0%
Risk-free interest rate	0.94%-1.95%

24. NON-CASH TRANSACTIONS

	For the Year Ended December 31 2014	2013
Non-cash investing and financing activities		
Current portion of long-term borrowings	$ 5,879,760	$ 3,863,097
Exchange differences on translation of foreign financial statements	$ 82,832	$ 22,181
Unrealized gain on available-for-sale financial assets	$ 213,780	$ 1,487,472
Change in equity of subsidiaries and associates accounted for using equity method	$ (252)	$ 29,347
Acquisitions of available-for-sale financial assets by offset with accounts receivable	$ 902	$ 6,330
Property, plant and equipment was reclassified to finance lease receivable	$ 169,429	$ 527,656

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 2015 and 2022 which can be extended after the expiration of the lease periods.

As of December 31, 2014 and 2013, deposits paid under operating leases amounted to $7,851 thousand and $6,421 thousand, respectively (recorded as "other non-current assets").

b. Lease expense

	For the Year Ended December 31	
	2014	2013
Lease expenditure	$ 12,281	$ 10,352

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
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

b. Operating activities

	For the Year Ended December 31	
	2014	2013
1) Operating revenue		
Subsidiaries	$ 8,931,063	$ 7,493,745
Related party in substance	8,055	108,814
	$ 8,939,118	$ 7,602,559
2) Manufacturing expenses		
Related party in substance	$ 2,667,828	$ 2,329,857
3) Selling expenses		
Subsidiaries	$ 136,207	$ 125,548
4) General and administrative expenses		
Investor that exercises significant influence over the Company	$ 8,450	$ 8,651
5) Research and development expenses		
Subsidiaries	$ 770,082	$ 512,392
6) Other income		
Subsidiaries	$ 1,954	$ 2,567
Related party in substance	99	-
	$ 2,053	$ 2,567

	December 31	
	2014	2013
7) Accounts receivable due from related parties		
Subsidiaries	$ 983,807	$ 849,717
Related party in substance	-	18,743
	$ 983,807	$ 868,460
8) Accounts payable to related parties		
Related party in substance	$ 642,308	$ 518,745
Investor that exercises significant influence over the Company	-	2,609
Subsidiaries	-	478
	$ 642,308	$ 521,832

	December 31	
	2014	2013
9) Other receivables and other current assets		
Subsidiaries	$ 99	$ 99
Investor that exercises significant influence over the Company	3	-
	$ 102	$ 99
10) Other payables		
Subsidiaries	$ 240,950	$ 292,692
Related party in substance	13,133	7,178
Investor that exercises significant influence over the Company	38	1,048
	$ 254,121	$ 300,918
11) Refundable deposits (recorded as "other non-current assets")		
Subsidiaries	$ 545	$ 440
Investor that exercises significant influence over the Company	203	203
	$ 748	$ 643

The related party transactions were conducted under normal terms.

c. Property, plant and machinery acquired

		Price	
		For the Year Ended December 31	
Related Parties Types	Items	2014	2013
Subsidiaries	Machinery and equipment	$ -	$ 485

d. Other assets acquired

		Price	
		For the Year Ended December 31	
Related Parties Types	Items	2014	2013
Subsidiaries	Professional technical	$ -	$ 52,000

e. Investment properties acquired

For the year ended December 31, 2013

Related Parties Types	Securities Name	Shares (Thousand)	Acquired Price
Investor that exercises significant influence over the Company	Chin Xin Investment Co., Ltd.	12,128	$ 151,236

f. Guarantee

As of December 31, 2014, the chairman of the Company is a joint guarantor of the long-term borrowings - Bank of Taiwan Syndication Agreement (II). Please refer to Note 17.

g. Compensation of key management personnel

	For the Year Ended December 31	
	2014	2013
Short-term employment benefits	$ 74,916	$ 62,851
Post-employment benefits	338	307
Share - based payments	1,980	6,708
	$ 77,234	$ 69,866

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

28. PLEDGED AND COLLATERALIZED ASSETS

Please refer to Note 6, Note 10, Note 15 and Note 17.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Amounts available under unused letters of credit as of December 31, 2014 were approximately US$14,795 thousand, JPY995,850 thousand and EUR693 thousand.

30. FINANCIAL INSTRUMENT

a. Categories of financial instruments

1) Fair values of financial instruments were summarized as follows:

	December 31			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 4,146,238	$ 4,146,238	$ 4,957,922	$ 4,957,922
Notes and accounts receivable (included related parties)	4,518,897	4,518,897	4,021,410	4,021,410
Other receivables	250,428	250,428	242,054	242,054
Refundable deposits (recorded in other non-current assets)	77,453	77,453	73,544	73,544
Finance lease receivable (recorded in other non-current assets)	528,789	528,789	440,436	440,436
Available-for-sale financial assets (current and non-current)	2,826,103	2,826,103	2,017,965	2,017,965
Held-to-maturity financial assets	101,840	101,842	97,770	96,792
Financial assets measured at cost	40,161	40,161	40,161	40,161
	$ 12,489,909	$ 12,489,911	$ 11,891,262	$ 11,890,284
Financial liabilities				
Measured at amortized cost				
Short-term borrowings	$ 390,213	$ 390,213	$ 1,893,878	$ 1,893,878
Notes and accounts payable (included related parties)	3,924,847	3,924,847	3,226,004	3,226,004
Payable on equipment and other payables	2,916,759	2,916,759	2,092,092	2,092,092
Long-term borrowings (included current portion)	15,693,790	15,693,790	9,939,290	9,939,290
Financial liabilities at FVTPL	11,253	11,253	15,841	15,841
	$ 22,936,862	$ 22,936,862	$ 17,167,105	$ 17,167,105

2) Fair value measurements recognized in the 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 2 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.

	December 31	
	2014	**2013**
Available-for-sale financial assets	$ 2,826,103	$ 1,736,895
Held-to-maturity financial assets	101,842	96,792
	$ 2,927,945	$ 1,833,687

b) 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 or indirectly.

	December 31	
	2014	**2013**
Available-for-sale financial assets	$ -	$ 281,070
Financial liabilities at FVTPL	$ 11,253	$ 15,841

The fair values of other financial instruments (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

b. 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 Company sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. 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 carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

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 $19,400 thousand and $17,229 thousand increase for the years ended December 31, 2014 and 2013.

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	
	2014	**2013**
Cash flow interest rate risk		
Financial assets	$ 493	$ -
Financial liabilities	16,076,913	9,939,290

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, 2014 and 2013 would increase by $160,764 thousand and $99,393 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, 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

	December 31, 2013			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 5,318,096	$ -	$ -	$ 5,318,096
Variable interest rate liabilities	3,863,097	4,979,763	1,096,430	9,939,290
Fixed interest rate liabilities	1,893,878	-	-	1,893,878
	$ 11,075,071	$ 4,979,763	$ 1,096,430	$ 17,151,264

31. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	December 31					
	2014			2013		
	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)	Foreign Currencies (Thousand)	Exchange Rate	New Taiwan Dollars (Thousand)
Financial assets						
Monetary items						
USD	$ 158,037	31.65	$ 5,001,876	$ 166,036	29.805	$ 4,948,691
EUR	1,779	38.47	68,432	1,451	41.09	59,626
JPY	2,463,986	0.2646	651,971	832,166	0.2839	236,252
RMB	62,863	5.092	320,096	70,005	4.8885	342,218
Financial liabilities						
Monetary items						
USD	96,740	31.65	3,061,835	108,229	29.805	3,225,768
EUR	2,289	38.47	88,067	24,479	41.09	1,005,861
JPY	2,659,832	0.2646	703,792	642,330	0.2839	182,357

Financial Position, Financial Performance and Risk Analysis

1. Financial position

Unit: NT$1,000

Item\Year	2014 Consolidated Financial Statements	2013 Consolidated Financial Statements	Amount	Change (%)
Current assets	22,976,738	22,408,255	568,483	3
Property, plant and equipment	33,986,751	24,804,025	9,182,726	37
Intangible assets	311,616	193,947	117,669	61
Other assets	7,616,603	8,272,451	(655,848)	(8)
Total Assets	64,891,708	55,678,678	9,213,030	17
Current liabilities	14,451,378	12,501,610	1,949,768	16
Non-current liabilities	11,140,239	7,288,966	3,851,273	53
Total liabilities	25,591,617	19,790,576	5,801,041	29
Equity attributable to owners of parent	38,183,244	34,813,920	3,369,324	10
Paid-in capital	36,949,822	36,940,232	9,590	-
Capital surplus	2,143,393	2,148,359	(4,966)	-
Accumulated loss	(1,119,684)	(4,187,772)	3,068,088	(73)
Other interests	316,100	19,488	296,612	1,522
Treasury stock	(106,387)	(106,387)	-	-
Non-controlling interests	1,116,847	1,074,182	42,665	4
Total equity	39,300,091	35,888,102	3,411,989	10

Reasons for changes exceeding 20%:
1. Increase in property, plant and equipment was mainly due to capacity expansion that increased related capital expenditure.
2. Increase in intangible assets was mainly due to increase in technology assets.
3. Increase in non-current liabilities was mainly due to increase in long-term borrowing.
4. Decrease in accumulated loss was due to increase in net income in 2014.
5. Increase in other interests was mainly due to reversal of unrealized valuation loss on available-for-sale financial assets.

2. Financial performance

Unit: NT$1,000

Item\Year	2014 Consolidated Financial Statements	2013 Consolidated Financial Statements	Amount	Change (%)
Net revenue	37,989,660	33,135,448	4,854,212	15
Operating cost	27,199,199	26,226,516	972,683	4
Gross profit	10,790,461	6,908,932	3,881,529	56
Operating expenses	7,132,038	6,143,734	988,304	16
Operating income	3,658,423	765,198	2,893,225	378
Non-operating income and expense	282,615	(206,544)	489,159	237
Net income (loss) before tax	3,941,038	558,654	3,382,384	605
Income tax expense	730,494	271,288	459,206	169
Net income (loss)	3,210,544	287,366	2,923,178	1,017
Other comprehensive income	294,103	1,567,420	(1,273,317)	(81)
Total comprehensive income	3,504,647	1,854,786	1,649,861	89

Reasons for changes exceeding 20%:
1. Rise in gross profit and increase in operating income were mainly due to increase in sales and cost improvement.
2. Increase in income tax expense was mainly due to increase in profit that resulted in increase in estimated income tax payment.
3. Increase in net non-operating income was mainly due to recognition of investment gain and increase in interest income.
4. Decrease in other comprehensive income was mainly due to less reversal of unrealized valuation loss on available-for-sale financial assets in comparison with 2013.

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 490,000 units in 2015.

3. Cash flow analysis

3.1 Cash flow analysis of 2014 consolidated financial statements

Unit: NT$1m

Cash balance, beginning (December 31, 2013)	Cash flow from operating activities (2014)	Cash outflow due to investing and financing activities (2014)	Cash surplus (December 31, 2014)	Remedial measures for cash deficit	
				Investment plan	Financial plan
7,670	9,135	(9,829)	6,976	-	-

1. Analysis on the cash flow changes in 2014 consolidated financial statements:
   (1) Operating activities: Operating activities: Operating activities produced a net cash inflow of NT$9.1 billion.
   (2) Investing activities: Purchase of production equipment produced a cash outflow of NT$13.2 billion. In addition, equity investment and others produced a cash outflow of NT$700 million.
   (3) Financing activities: Net cash inflow of NT$4 billion primarily resulted from repayment of long-term borrowing and net increase in long-term borrowing.
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$9.55 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$8.27 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 capacity and process upgrade	Bank loan, capitalization of retained earnings or operating profit	2016	17,417	11,402	3,800	2,215

4.2 Anticipated benefit

Expanded capacity, accelerated upgrade of process technology, and sustained market share.

5. Industry-specific key performance indicator

Performance indicator	2014
Output of 12-inch wafer	410,345
Average in-line yield	99.46%

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$345 million of gain on equity method investments in 2014 (NT$15 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 2014 amounted to NT$11,050,000, accounting for 0.03% of the year's consolidated revenue and 0.28% 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 currently has 5 long-term loans from banks, which all carry preferred interest rates based on then market conditions. The Company evaluates its cash flow status, and if feasible, repays loans early to reduce the interest expense.

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 2014 amounted to NT$121,494,000, representing 0.32% of the year' consolidated revenue and 3.08% 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 2014, the Company held USD 60,800,000 of financial derivatives assets which are subject to exchange rate risk. The unrealized loss on those assets valued by fair value amounted to NT$16,894,000, which is within controllable range. The Company will continue to adopt the following response actions for exchange rate risk:

A. 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.

B. 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.

C. 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 Finance Center evaluates the Company's position on financial derivatives every month and produces a report therefor, which is submitted to the head of Finance Center 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$5.57 billion on R&D in the following directions in 2015:

For DRAM products, we will focus on the development of specialty DRAM for 3C, automotive, industrial electronic, medical electronic, Big Data and IoT applications, as well as mobile DRAM for applications in handsets, tablets, wearable devices, automotive and industrial electronics and IoT products.

For flash memory products, we employ advanced process technologies to produce high-performance and low power consumption products, providing a complete spectrum of Code Storage Flash products to applications in IoT, wearable devices, mobile devices and peripheral modules, computer and peripheral modules, consumer electronics, automotive electronics and industrial control 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. 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 2014.

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 offers the advantage of price negotiation power, but it also 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 at least two key suppliers for all of its main materials and hence does not have the concern of over-concentration in purchasing.

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 Yu-Cheng 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, including Pacific Electric. 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. According to the latest claim filed by SFIPC, the amount requested is NT$7,836,447,750.So far, SFIPC has reached settlement with 248 defendants involving total settlement amount of NT$196,100,000. The court has scheduled the last session for the preliminary proceedings on April 30, 2015 and will set the dates for oral argument 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 between 1999 and 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, including Pacific Electric. 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. According to the latest claim filed by SFIPC, the amount requested is NT$7,836,447,750.So far, SFIPC has reached settlement with 248 defendants involving total settlement amount of NT$196,100,000. The court has scheduled the last session for the preliminary proceedings on April 30, 2015 and will set the dates for oral argument 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.

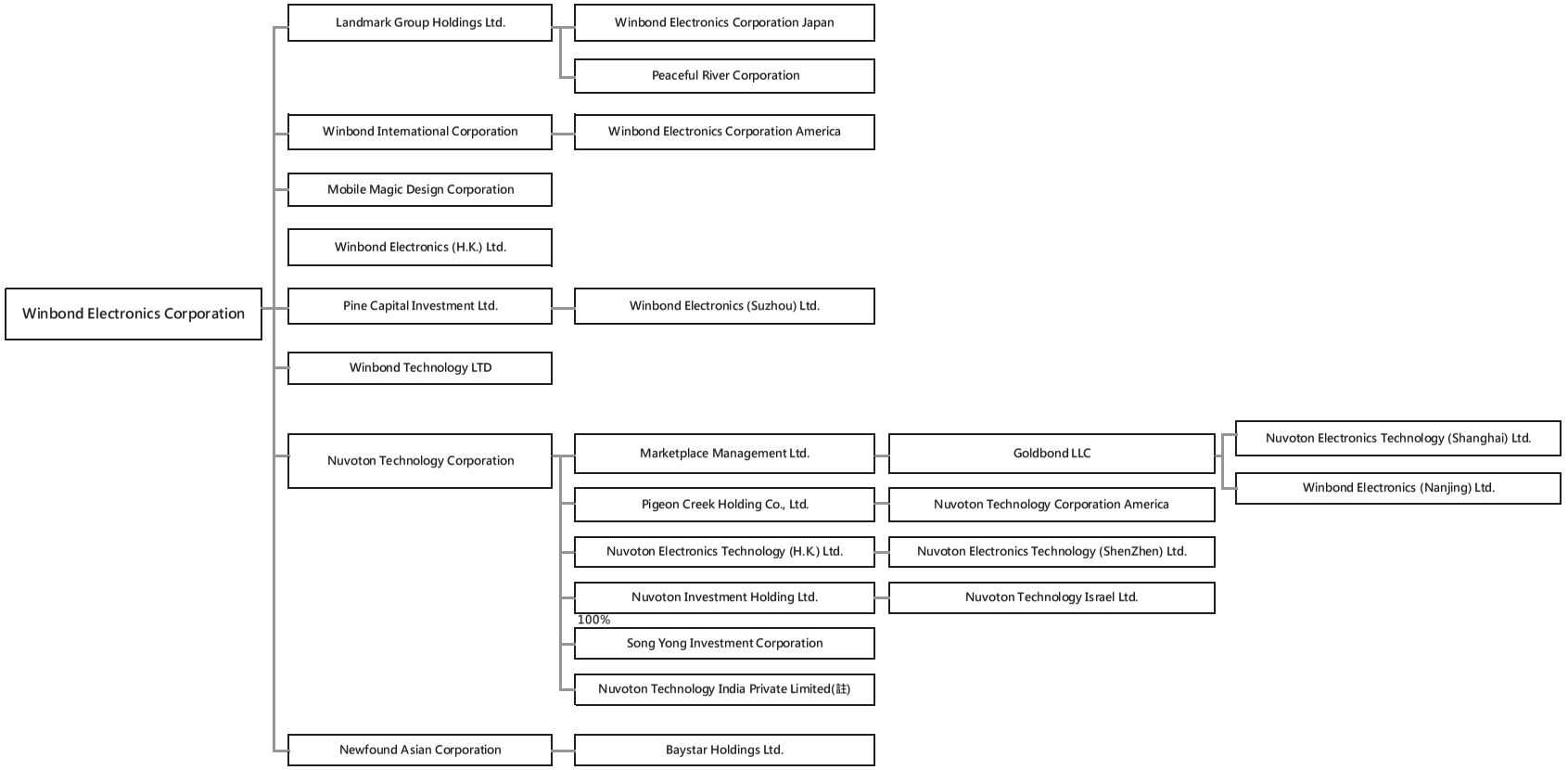
Important Notice

1. Profiles on affiliates and subsidiaries

1.1 Consolidated business report

1.1.1 Corporate affiliation chart

December 31, 2014



1.1.2 Profile of individual subsidiary

Dec. 31, 2014; 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$36,949,822	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$9,523	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$9,930	Investments
Winbond International Corporation	1995.08.28	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$104,310	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 70,590	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	8 Hasadnaot Street, Herzlia B. 4672835, 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$8,614	Investments
Goldbond LLC	2000.09.22	1912 Capitol Ave, Cheyenne, WY 82001	US$44,616	Investments
Nuvoton Electronics Technology (Shanghai) Ltd	2001.03.30	27F, No. 2299, Yen An W. Road, Shanghai	US$2,000	Revision, 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	US$500	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	US$6,000	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$21,000	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 Ltd.	2014.09.26	Suite#2, Tech Park Business Centre, Ground Floor, Innovator Building, International Tech Park, Whitefield, Bangalore 560066.	(Note)	Design, sales and service of semiconductor parts and components
Newfound Asian Corporation	1997.03.12	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$6,555	Investments
Baystar Holdings Ltd.	1998.08.18	Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola, British Virgin Islands	US$22,600	Investments

Note：Board Committee of Nuvoton Technology Corp approved to establish.Nuvoton Technology India Private Ltd. It is still in the application process.

1.1.3 Profiles on shareholders deemed to have dominant-subordinate relations： None

1.1.4 Profiles of directors, supervisors and presidents of affiliates and subsidiaries

Dec. 31, 2014; Unit: shares

Name of enterprise	Title	Name or Representative	Shares held	
			Shares	%
Winbond Electronics Corp.	Chairman	Arthur Yu-Cheng Chiao	58,264,955	2%
	Director	Ching-Chu Chang	10,067,591	-
	Director	Matthew Feng-Chiang Miau	100,000	-
	Director	Yung Chin	10,720,537	-
	Director	Hui-Ming Cheng (Representative of Chih Xin Investment Co..)	848,091,531 (Note1)	23%
	Director	Tung-Yi Chan	500,000	-
	Director	Francis Tsai	0	-
	Director	Allen Hsu	0	-
	Director	Jerry Hsu	0	-
	Supervisor	Wang-Tsai Lin (Representative of Chih Xin Investment Co..)	145,047,000	4%
	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	9,523,000	100%
	Director	Winbond Electronics Corp. Representative - Robert I.S. Hsu	(Note1)	
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 - James Wen	2,970	100%
	Director	Landmark Group Holdings Ltd. Representative – Jessica Huang	(Note1)	
	Supervisor	Landmark Group Holdings Ltd. Representative - Yung Chin		
	President	Tatsuo Okamoto		
Peaceful River Corporation				
	Director	Landmark Group Holdings Ltd. Representative - Arthur Yu-Cheng Chiao	9,930,000	100%
	Director	Landmark Group Holdings Ltd. Representative - Tung-Yi Chan		
	Director	Landmark Group Holdings Ltd. Representative - Yung Chin	(Note1)	
Winbond International Corporation	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan	104,310,000	100%
	Director	Winbond Electronics Corp. Representative - Robert I.S. Hsu	(Note1)	
Winbond Electronics Corporation America	Chairman	Winbond International Corporation Representative – Yuan-Mow Su		
	Director	Winbond International Corporation Representative - Arthur Yu-Cheng Chiao		
		Winbond International Corporation Representative - Tung-Yi Chan		
	Director	Winbond International Corporation Representative - Kuang-Yi Chiu	3,067	100%
	Director	Winbond International Corporation Representative - Yung Chi	(Note1)	
	Director	Winbond International Corporation Representative - Pei-Ming Chen		
	Director	Winbond International Corporation Representative - James Wen		
	Director			
	President	Eungjoon 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 - James Wen	5,000,000	100%
	Supervisor	Winbond Electronics Corp. Representative - Jessica Huang	(Note1)	
	President	Yuan-Mow Su		
Winbond Electronics (H.K.) Ltd.	Chairman	Winbond Electronics Corp. Representative - Yung Chin		
	Director	Winbond Electronics Corp. Representative - Pei-Ming Chen		
	Director	Winbond Electronics Corp. Representative - James Wen	500,000	100%
	Director	Winbond Electronics Corp. Representative – Jessica Huang	(Note1)	
	President	Pei-Ming Chen		
Pine Capital Investment Ltd.	Chairman	Winbond Electronics Corp. Representative - Yung Chin		
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan	70,590,000	100%
	Director	Winbond Electronics Corp. Representative – Cheng-Kung Lin	(Note1)	
	President	James Wen		
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 –Eddie Hong	(Note2)	100%
	Supervisor	Pine Capital Investment Ltd. Representative – Jessica Huang		
		Pine Capital Investment Ltd. Representative - Yung Chin		
	President	Cheng-Kung Lin		
Winbond Technology LTD	Chairman	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electroncs Corp. Representative - Por-Yuan Huang	100,000	100%
	Director	Winbond Electronics Corp. Representative - Jessica Huang	(Note1)	
	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		
	Director	Winbond Electronics Corp. Representative - Yung Chin	126,620,087	61%
	Director	Winbond Electronics Corp. Representative - Keh-Shew Lu	(Note1)	
	Director	Robert I.S. Hsu	191,328	-
	Director	Chi-Lin Wea	-	-
	Director	Gary Y.Cheng	-	-
	Director	Shan-Ke,Xu	-	-
	Director	David Shu-Chyuan Tu	-	-
	Director	Yu-Chun Hong	-	-
	Supervisor	Chin Xin Investment Co., Ltd Representative - Yang-Kun Lai	1,853,185	1%
	Supervisor	Chao-Ming Meng	-	-
	Supervisor	Lu Pao Hsu	-	-
	President	Sean Tai	-	-
Marketplace Management Limited	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao		
	Director	Nuvoton Technology Corp. Representative - Robert I.S. Hsu	8,614,024	100%
	Director	Nuvoton Technology Corp. Representative - Tung-Yi Chan	(Note1)	
Goldbond LLC	Manager (Note 3)	Marketplace Management Limited Representative – Arthur Yu-Cheng Chiao	(Note 2)	100%
	Manager (Note 3)	Marketplace Management Limited Representative – Hsiang-Yun Fan		
	Manager (Note 3)	Marketplace Management Limited Representative – Jessica C. Huang		
Nuvoton Electronics Technology (Shanghai) Ltd	Chairman	Goldbond LLC Representative –Sean Tai		
	Director	Goldbond LLC Representative –Jen-Lieh Lin		
	Director	Goldbond LLC Representative - Hsiang-Yun Fan	(Note 2)	100%
	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 (Note1)	100%
	Director	Nuvoton Technology Corp. Representative - Tung-Yi Chan		
	Director	Nuvoton Technology Corp. Representative - Robert I.S. Hsu		
Nuvoton Technology Corporation America	Chairman	Pigeon Creek Holding Co., Ltd. Representative – His-Jung Tsai	60,500 (Note1)	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		
Nuvoton Electronics Technology (H.K.) Ltd.	Chairman	Nuvoton Technology Corp. Representative - Robert I.S. Hsu	107,400,000 (Note1)	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	(Note2)	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	Hsin-Lung Yang		
Nuvoton Investment Holding Ltd.	Director	Nuvoton Technology Corp. Representative - Arthur Yu-Cheng Chiao	21,000,000 (Note1)	100%
	Director	Nuvoton Technology Corp. Representative - Robert I.S. Hsu		
	Director	Nuvoton Technology Corp. Representative – James Wen		
Nuvoton Technology Israel Ltd.	Chairman	Nuvoton Investment Holding Ltd. representative – His-Jung Tsai	1,000 (Note1)	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 - Bor-Yuan,Huang		
	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 (Note1)	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	(Note4)	(Note4)
	Director	Nuvoton Technology Corp. Representative - Bosco Chi-Sing Law		
	Director	Nuvoton Technology Corp. Representative - His-Yung Lin		
Newfound Asian Corporation	Director	Winbond Electronics Corp. Representative - Arthur Yu-Cheng Chiao	6,555,000 (Note1)	100%
	Director	Winbond Electronics Corp. Representative - Tung-Yi Chan		
	Director	Winbond Electronics Corp. Representative - Yung Chin		
Baystar Holdings Ltd.	Director	Newfound Asian Corporation Representative - Arthur Yu-Cheng Chiao	22,600,000 (Note1)	100%
	Director	Newfound Asian Corporation Representative - Tung-Yi Chan		
	Director	Newfound Asian Corporation Representative - Robert I.S. Hsu		

Note1：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 share issuing limited liability companies.

Note 3：Goldbond LLC adopts the manager system. ◦

Note 4：Board Committee of Nuvoton Technology Corp approved to establish.Nuvoton Technology India Private Ltd. It is still in the application process.

1.1.5 Business overview of affiliates and subsidiaries

Dec. 31, 2014 Unit: NT$1,000

Name of enterprise	Capital	Total Assets	Total liabilities	Book Value	Revenue	Operating Profit (loss)	Net Profit (loss)	Net earnings (loss) per share (NTD)
Winbond Electronics Corporation	36,949,822	62,061,581	23,878,337	38,183,244	30,929,689	3,224,735	3,075,969	0.83
Landmark Group Holdings Ltd.	301,403	286,803	190	286,613	89,993	89,632	89,632	9.41
Winbond Electronics Corporation Japan	39,293	516,064	298,000	218,064	3,581,166	47,626	42,235	14,220.62
Peaceful River Corporation	314,285	84,060	12,209	71,851	47,908	47,727	47,727	4.81
Winbond International Corporation	3,301,412	1,829,594	31,711	1,797,883	29,994	29,074	29,074	0.28
Winbond Electronics Corporation America	1,864,729	1,412,709	50,180	1,362,529	983,876	31,468	29,994	9,779.59
Mobile Magic Design Corporation	50,000	83,334	100,141	(16,807)	196,240	(2,585)	(3,839)	(0.77)
Winbond Electronics (H.K.) Ltd.	2,040	516,904	533,254	(16,350)	4,338,205	8,692	9,685	19.37
Pine Capital Investmenr Ltd.	288,007	285,896	261	285,635	8,014	7,577	7,577	0.11
Winbond Electronics (Suzhou) Ltd.	284,850	510,562	224,910	285,652	942,014	4,307	7,995	(Note1)
Winbond Technology LTD	8	51,497	25,514	25,983	150,093	5,773	4,592	45.92
Nuvoton Technology Corp.	2,075,544	4,859,322	1,945,253	2,914,069	6,502,909	302,227	343,090	1.65
Marketplace Management Limited	272,634	84,313	251	84,062	14	(3,267)	(3,267)	(0.38)
Goldbond LLC	1,412,091	86,246	2,219	84,027	85	(2,957)	(2,957)	(Note1)
Nuvoton Electronics Technology (Shanghai) Ltd.	84,297	97,352	11,196	86,156	67,488	(4,058)	78	(Note1)
Winbond Technologies (Nanjing) Ltd.	20,600	1,542	3,564	(2,022)	0	0	2	(Note1)
Pigeon Creek Holding Co., Ltd.	438,920	180,849	13,465	167,384	5,733	5,472	5,472	0.39
Nuvoton Technology Corporation America	191,483	240,239	59,678	180,561	716,591	14,642	5,712	94.41
Nuvoton Electronics Technology (H.K.) Ltd.	438,192	484,203	28,656	455,547	2,269,324	6,229	6,899	0.06
Nuvoton Electronics Technology (Shenzhen) Ltd.	236,442	251,182	28,269	222,913	105,129	7,816	649	(Note1)
Nuvoton Investment Holding Ltd.	664,650	315,869	66	315,803	20,213	20,067	20,067	0.96
Nuvoton Technology Israel Ltd.	8	381,423	66,650	314,773	649,267	18,821	20,146	20,146.37
Song Yong Investment Corporation	38,500	26,544	150	26,394	2,908	(12,106)	(12,106)	(3.14)
Newfound Asian Corporation	207,466	60,404	40	60,364	24	(250)	(250)	(0.04)
Baystar Holdings Ltd.	715,290	81,801	40	81,761	12	(149)	(149)	(0.01)

Note 1: Goldbond LLC, Nuvoton Electronics Technology (Shanghai) Ltd. Winbond Technology (Nanjing) Ltd., and Nuvoton Electronics Technology (Shenzhen) Ltd., Winbond Electronics (Suzhou) Ltd. are not share issuing limited liability companies

Note 2: Exchange rates of items of "total assets and total liabilities": 1 USD= 31.65 NTD；1JPY= 0.2646 NTD；1RMB= 5.0920 NTD; 1 ILS= 8.1478 NTD

Note 3: Exchange rates of items of "profit and loss"：1 USD=30.31 NTD；1 JPY= 0.2782 NTD；1 RMB =4.9316 NTD; 1 ILS= 8.4842

2. **Private placement activities: None**
3. **Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report**

Mar. 31, 2015

Subsidiany	Paid in Capital	Capital Source	Holding Percentage	Date of Acquisition or Disposal	Shares and Amount of Acquisition
Baystar Holdings Ltd.	US$ 22,600,000	Capital	100%	87.12 ~ 98.5	-
Shares and Amount of Disposal	**Gain or loss**	**Holding shares as of publication date**	**Pledge**	**Endorsement /Guarautee of Subsidiany**	**Fund lending to Subsidiany**
-	-	US$ 3,061,000 7,518,364 shares	None	None	None

4. **Other supplemental information: None**
5. **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**

winbond

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