

FORMOSA SUMCO TECHNOLOGY CORPORATION

2017 ANNUAL SHAREHOLDERS' MEETING

MEETING HANDBOOK

(This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there are any inconsistency between the Chinese original and this translation, the Chinese version shall prevail.)

JUNE 21, 2017

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FORMOSA SUMCO TECHNOLOGY CORPORATION

2017 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Ratification Items
5. Discussion Items
6. Extraordinary Motions
7. Meeting Adjourned

FORMOSA SUMCO TECHNOLOGY CORPORATION

2017 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 10:00 a.m., Wednesday, June 21, 2017

Venue: 2F, Meeting Room at Formosa Building

(No.201, Dun Hua North Road, Taipei, Taiwan)

1. Report Items

- (1) 2016 Business Report
- (2) Supervisors' Review Report for 2016
- (3) Distribution of 2016 Employees Compensation

2. Ratification Items

- (1) Please approve the 2016 Business Report and Financial Statements as required by the Company Act.
- (2) Please approve the Proposal for Distribution of 2016 Profits as required by the Company Act.

3. Discussion Items

- (1) Amendment of the Company's Articles of Incorporation.
- (2) Amendment of the Company's "Rules for Election of Directors and Supervisors"
- (3) Amendment of the Company's "Procedures for Acquisition and Disposal of Assets of the Company"

Report Items

1. About the Company's business operation condition of 2016, please refer to Business Report for further details (on page 5 of the Handbook.)
2. The Company's Supervisors reviewed the 2016 Business Report and Financial Statements and issued their Review Report according to the applicable laws. Please refer to Supervisors' Review Report (on page 10 of the Handbook.)
3. The company has issued the report on compensation distributed to its employees for 2016.

The pre-tax profit prior to deducting employees compensation distributable for 2016 is NT\$894,519,337. The company has no accumulated losses. Adopted by the Board Meeting on March 17, 2017, 0.285% of the profit is allocated as employees' compensation in accordance with Article 28 of the Articles of Incorporation. The total allocated amount is NT\$2,549,380, which shall be distributed in cash. The above is hereby reported for record.

FORMOSA SUMCO TECHNOLOGY CORPORATION

2016 Business Report

I. 2016 Annual Business Report

The consolidated operating revenue of our company in 2016 was NT\$10,794,340,000 (an increase of 3% from NT\$10,487,897,000 in 2015), achieving 104% of the target revenue NT\$10,396,175,000. The consolidated profit before tax of our company in 2016 was NT\$905,327,000 (a decrease of 41% (NT\$629,765,000) from NT\$1,535,092,000 in 2015), achieving 86% of the target profit NT\$1,052,686,000, with a shortfall of NT\$147,359,000.

Put in a boarder context, the global semiconductor industry faced a drastic economic downturn since the end of the third quarter in 2015, followed by stagnant end-product sales and customer inventory adjustments in 2016. In response to these new challenges, our company has adopted several countermeasures to ensure sufficient end-product sales. Despite our best efforts, annual 8-inch silicon wafer sales dropped 1% from 2015. Even though annual 12-inch silicon wafer sales rose 2% from 2015, sales price dropped sharply 9.4% from 2015 in condition of market supply and demand imbalance. In summary, despite the fact that the market is so sluggish, our company has implemented several cost-reducing strategies and reduced our raw material costs to lower overall costs significantly and make sure company has sustainable profitable performance.

Although our company continues to face an external environment full of threats and challenges, the company must be constantly vigilant and guard against external threats to ensure a sustainable business operation. By upholding the founding philosophy

of diligence and frugality, our company is dedicated to promoting equipment automation, technological advancements, process enhancement, and quality improvement in order to reduce operating costs. As we receive stricter demands from our customers, we will respond by providing them with the best products with a proactive attitude. We hope to become a supplier that our customers can trust and rely on.

With regard to environmental protection, our company has always put equal emphasis on industrial development and environmental protection. Since our establishment, we have made constant improvements to overall pollution control, such as adopting the best manufacturing process technologies, installing the most advanced pollution control systems, and enacting the most demanding pollution control policies. Despite the fact that all our pollutant treatments are well above the national control standards, environmental standards are quickly developing due to the rising environmental awareness these days. In response to higher environmental standards, our company will continue to further improve our manufacturing processes and environmental protection efforts in order to reach our ultimate goal of “zero pollution”.

The silicon wafer production and marketing status of our company in 2016 is summarized below:

1. Silicon Wafer Production and Marketing Status:

Product	Production Volume	Sales Volume
Silicon Wafer (thousand)	6,850	6,992

The total sales amount of our company in 2016 was

NT\$10,794,340,000, with domestic sales accounting for 92% (NT\$9,909,528,000) and foreign sales accounting for the remaining 8% (NT\$884,812,000) of the entire sales amount.

2. Operating Status: The consolidated operating revenue of our company in 2016 was NT\$10,794,340,000, which is NT\$306,443,000 more than the consolidated operating revenue of our company in 2015, which was NT\$10,487,897,000. After deducting the consolidated operating cost of NT\$9,429,790,000 and the consolidated management cost of NT\$403,428,000 from the consolidated operating revenue, the consolidated operating profit becomes NT\$961,122,000. By adding the non-operating revenue of NT\$290,434,000 to and deducting the non-operating expenditure of NT\$346,229,000 from the consolidated operating profit, the consolidated pretax profit of our company in 2016 becomes NT\$905,327,000.

II.2017 Business Plan Overview, Future Corporate Development Strategies, and Impacts Generated from the External Competitive Environment, Legislative Environment, and Overall Business Environment

Because of semiconductor market recovery since the fourth quarter of 2016, the economic prospects for the semiconductor industry are promising for 2017. The growing markets in smartphones, Internet of Things, artificial intelligence, and automobile electronics have driven a significant increase in demand for products such as DRAM, MPU (micro processor unit), etc. As a result, demand for silicon wafers is bound to become stronger. On the other hand, semiconductor customers strengthen its cost competitiveness by committing to develop new products and

shrink semiconductor manufacturing process aggressively. Therefore, the entire silicon wafer industry is expected to meet stricter silicon wafer demands from its customers. In order to provide our customers with the best products, our company will continue to be devoted to putting the following activities into real practice. By implementing these strategies, we hope to secure our share of revenue and profit in the ever-changing semiconductor market. Above all, we look forward to improving our competitiveness, in order to achieve high business performance.

1. Continue to improve the semiconductor manufacturing process and implement TPM (total production maintenance) activities. By jointly carrying out stabilized production, quality control measures, and manufacturing equipment management, production site quality can be further improved so that we can provide our customers with the best products on the premise of “stabilized production” and “best quality”.
2. Faced with stricter customer demands, we must ensure that future technologies are developed while making constant improvements to our production site.
3. Continue to ensure and improve customer satisfaction, reach a larger demographic, increase the frequency of visits, assign technicians to provide additional technical services, and participate in the certification of new products of customers; by doing so, we can expand our sales to secure our leading market position in the domestic semiconductor market. In addition to expanding sales in such foreign countries as mainland China, we must seek new client bases to increase foreign sales.
4. In response to customer demands, we must make improvements with regard to quality, costs, delivery, and service. We must become the best company, one that our customers can trust and rely on.

5. Optimize domestic advantages of streamline production, sales, and technical services to improve corporate competitiveness in areas other than price.
6. Implement business continuity management (BCM) to prevent the occurrence of potential risks.
7. Combine excellent Japanese SUMCO / SUMCO TECHXIV production technologies with the excellent Formosa Plastics Group management system to optimize business performance.

In order to establish the most complete corporate system and raise corporate competitiveness, our 2017 business guidelines are listed below:

1. Make qualitative improvements to the 300mm manufacturing process to raise product competitiveness.
2. Perform thorough management of the 200mm and 300mm manufacturing process equipment to stabilize production with high availability.
3. Rationalize production thoroughly based on TPM (total production management).
4. Carry out sales, technical services, and production according to tightly-knit cooperation with our clients.
5. Follow established laws and regulations to secure “zero disasters” and “zero accidents”.
6. Continue to cultivate talents for every position.

FORMOSA SUMCO TECHNOLOGY CORPORATION

Supervisors' Review Report

The Board of Directors has prepared the Company's 2016 Business Report, Proposal for Profits Distribution, and Financial Statements audited by the Deloitte. We as the Supervisors of the Company have examined the aforementioned documents and found no unconformities. According to Article 219 of Company Act, we hereby submit this report. Please be advised accordingly.

Submitted to:

The Company's 2017 Annual Shareholders' Meeting

Supervisors: Sheng-Guan Lin
Fumio Inoue

March 24, 2017

Ratification Items Proposal 1

Proposal: For approval of the 2016 Business Report and Financial Statements as required by the Company Act.

Proposed by the Board of Directors

Explanation:

1. The preparation of the Company's 2016 Consolidated and Individual Financial Statements were completed and the same were approved by the Board Meeting on March 17, 2017, and audited by independent auditors, Ms. Ching Ting Yang and Mr. Jerry Gung, of Deloitte. The aforesaid Financial Statements together with the Business Report were reviewed by the supervisors, which the Supervisors' Review Report is presented.
2. For the aforementioned Business Report, please refer to page 5 through page 9 of the Meeting Handbook. As for the Financial Statements, please refer to page 29 through page 34 of the Handbook. Please approve the Business Report and the Financial Statements.

Resolution:

Ratification Items Proposal 2

Proposal: For Approval of the Proposal for Distribution of 2016 Profits as required by the Company Act.

Proposed by the Board of Directors

Attachment:

Please refer to page 35 of the Handbook for the Statement of Profits Distribution, which has been approved by the Board of Directors.

Resolution:

Discussion Items Proposal 1

Proposal: To amend the Articles of Incorporation of the Company, the corresponding comparison table for the articles before and after the amendment is attached. Please discuss and resolve.

Proposed by the Board of Directors

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 7	Shareholders' meetings of the Corporation are of two kinds: (1) regular meetings, and (2) special meetings. Regular meetings shall be held once each fiscal year and shall be convened by the Board of -Directors within six months after the close of the Corporation's fiscal year. Special meetings shall be convened by the Board of Directors or <u>Supervisor</u> whenever they deem it necessary, or upon a request of a shareholder(s) who has held three percent (3%) or more of the total issued and outstanding capital shares continuously for at least one year.	Shareholders' meetings of the Corporation are of two kinds: (1) regular meetings, and (2) special meetings. Regular meetings shall be held once each fiscal year and shall be convened by the Board of -Directors within six months after the close of the Corporation's fiscal year. Special meetings shall be convened by the Board of Directors whenever they deem it necessary, or upon a request of a shareholder(s) who has held three percent (3%) or more of the total issued and outstanding capital shares continuously for at least one year.	To accommodate the requirement made by the competent securities authority with which the Company shall establish an Audit Committee. Therefore, the rules referring to the Supervisors shall be deleted.
Chapter IV	<u>Directors and Supervisors</u>	Directors	
Article 13	The company shall have <u>9</u> directors <u>and 2</u> <u>supervisors</u> , who shall hold the term of office for 3 years and are eligible for re-election. A candidate	The company shall have 10 directors who shall hold the term of office for 3 years and are eligible for re-election. A candidate nomination system is adopted to elect directors .The directors	To accommodate the requirement made by the competent securities authority

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	nomination system is adopted to elect directors <u>and supervisors</u>.The directors <u>and supervisors</u> shall be elected by shareholders from the nominees listed in the roster of director <u>and supervisor</u> candidates. The directors to be elected as stated in the preceding paragraph include <u>2 independent directors</u>.<u>The company adopts a candidate nomination system to elect independent directors</u>.<u>Independent directors shall be elected at the shareholders' meeting from the nominees listed in the roster of director candidates. Paragraph 2 of this Article shall be conducted in compliance with Article 183 of the Securities and Exchange Act.</u> <u>The single open-ballot,cumulative election method will be used for election of the directors at the Company.</u>	shall be elected by shareholders from the nominees listed in the roster of director candidates. The Corporation shall have three Independent Directors among the directors above. The matters regarding method of nomination and other matters shall be conducted in accordance with the Company Act and related regulations of competent securities authority. The Corporation shall have the Audit Committee organized by all independent directors in accordance with article 14-4 of the Securities Exchange Act. For matters regarding the competence and related events, the Coporation shall follow the Securities Exchange Act and other relevant laws and regulations.	with which the Company shall establish an Audit Committee. Therefore, the rules referring to the Supervisors shall be deleted.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<u>Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Such as is the election of the supervisors.</u>		
Article 18	The Board of Directors is authorized to determine the compensation of Directors and Supervisors according to their degree of participation and contribution against normal standard in the same industry. The Corporation may purchase the D&O liability insurance to for the Directors and Supervisors to the extent of their performance of duties within their tenure of office.	The Board of Directors is authorized to determine the compensation of Directors according to their degree of participation and contribution against normal standard in the same industry. The Corporation may purchase the D&O liability insurance to for the Directors to the extent of their performance of duties within their tenure of office.	To accommodate the requirement made by the competent securities authority with which the Company shall establish an Audit Committee. Therefore, the rules referring to the Supervisors shall be deleted.
Article 22	<u>The Supervisors may severally at any time examine the business and financial condition of the Corporation, audit accounts, books and documents and request the Board of Directors to make reports thereon. The</u>	(Deleted)	To accommodate the requirement made by the competent securities authority

Article	Article before Amendment	Article after Amendment	Reason for Amendment
	<u>Supervisors may, in performing the aforesaid function, appoint on behalf of the Corporation a lawyer or a certified public accountant to conduct an examination.</u>		with which the Company shall establish an Audit Committee. Therefore, the rules referring to the Supervisors shall be deleted.
Article 23	<u>The Supervisors may attend meetings of the Board of Directors but may not participate in voting.</u>	(Deleted)	To accommodate the requirement made by the competent securities authority with which the Company shall establish an Audit Committee. Therefore, the rules referring to the Supervisors shall be deleted.

Article	Article before Amendment	Article after Amendment	Reason for Amendment
Article 32	(Omitted)	Add '18th Amendmen on June 21, 2017. The articles in related with addition of Audit Committee and deletion of Supervisors will be applied upon the expiry of the term of office of Supervisors selected in the shareholders' meeting on June 18, 2015.' to the existing Article. °	Add the date of amendment in this Article.

Resolution:

Discussion Items **Proposal 2**

Proposal: Amendment to the Rules for Election of Directors and Supervisors of the company submitted for discussion.

Proposed by the Board of Directors

Explanation: To accommodate the requirement made by the Financial Supervisory Commission with which the Company shall establish an Audit Committee, certain articles of the Rules for Election of Directors and Supervisors provided have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Article before Amendment	Article after Amendment
	Rules for Election of Directors <u>and Supervisors</u>	Rules for Election of Directors
Article 1	The directors <u>and supervisors</u> shall be elected in accordance with the rules specified herein.	The directors shall be elected in accordance with the rules specified herein.
Article 2	The cumulative voting system shall be used for election of the directors <u>and supervisors</u> at the Company. Each share will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.	The cumulative voting system shall be used for election of the directors at the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
Article 4	The number of directors <u>and supervisors</u> will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.	The number of directors will be as specified in the Company's Articles of Incorporation. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.

Article	Article before Amendment	Article after Amendment
	<u>If a person is elected to be director and supervisor at the same time, he/she shall only decide to be a director or a supervisor. After the above-mentioned person decided, the vacant position shall be filled by the candidate receiving the second highest numbers of voting rights.</u> When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.	When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.
Article 5	The election of directors <u>and supervisors</u> shall be elected in accordance with the candidate nomination system set out in the Company's Articles of Incorporation and shareholders shall elect directors <u>and supervisors</u> from among the nominees listed in the slate of director <u>and supervisor</u> candidates. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers as stated as Article 4. <u>If the company has established an audit committee</u>, at least one of its independent directors is required to have accounting or financial expertise. The Company shall, prior to the book closure date before the convening of the shareholders' meeting, publish a notice	The election of directors shall be elected in accordance with the candidate nomination system set out in the Company's Articles of Incorporation and shareholders shall elect directors and supervisors from among the nominees listed in the slate of director candidates. Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers as stated as Article 4. If the company has established an audit committee, at least one of its independent directors is required to have accounting or financial expertise. The Company shall, prior to the book closure date before the convening of the shareholders' meeting, publish a notice specifying a period for receiving nominations of director

Article	Article before Amendment	Article after Amendment
	specifying a period for receiving nominations of director <u>and supervisor</u> candidates, the number of directors <u>and supervisors</u> to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall not be less than 10 days. The Board of Directors and a shareholder holding one percent or more of the total number of issued shares may present a slate of director <u>and supervisor</u> nominees to the Company, provided that the number of nominees shall not exceed the number of directors <u>and supervisors</u> to be elected. When providing a recommended slate of director <u>and supervisor</u> candidates, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as a director <u>or a supervisor</u> if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof. If the candidate is a juristic person shareholder or a juristic person's representative, a basic registration information of the above-mentioned juristic person shareholder and a document	candidates, the number of directors to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall not be less than 10 days. The Board of Directors and a shareholder holding one percent or more of the total number of issued shares may present a slate of director nominees to the Company, provided that the number of nominees shall not exceed the number of directors and supervisors to be elected. When providing a recommended slate of director candidates, a shareholder or the Board of Directors shall include in the documentation attached thereto each nominee's name, educational background, work experience, a written undertaking indicating the nominee's consent to serve as a director if elected as such, a written statement that none of the circumstances in Article 30 of the Company Act exists, and other relevant documentary proof. If the candidate is a juristic person shareholder or a juristic person's representative, a basic registration information of the above-mentioned juristic person shareholder and a document certifying the shareholding of the Company shall be attached. The Board of Directors, or other person having the authority to

Article	Article before Amendment	Article after Amendment
	certifying the shareholding of the Company shall be attached. The Board of Directors, or other person having the authority to convene a Shareholders' Meeting, shall review the qualifications of each director <u>and supervisor</u> nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director <u>and supervisor</u> candidates: 1. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations. 2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act. 3. Where the number of nominees exceeds the number of directors <u>and supervisors</u> to be elected. 4. Where the relevant documentary proof required under the preceding paragraph is not attached.	convene a Shareholders' Meeting, shall review the qualifications of each director nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director candidates: 1. Where the nominating shareholder submits the nomination at a time not within the published period for receiving nominations. 2. Where the shareholding of the nominating shareholder is less than one percent at the time of book closure by the Company under Article 165, paragraph 2 or 3 of the Company Act. 3. Where the number of nominees exceeds the number of directors to be elected. 4. Where the relevant documentary proof required under the preceding paragraph is not attached.
Article 9	The voting rights shall be calculated on site immediately after the end of the poll and the Chair shall announce the voting results on site immediately, including the names of those elected as directors <u>and supervisors</u> and the numbers of	The voting rights shall be calculated on site immediately after the end of the poll and the Chair shall announce the voting results on site immediately, including the names of those elected as directors and the numbers of votes with which they

Article	Article before Amendment	Article after Amendment
	votes with which they were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.	were elected. The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Resolution:

Discussion Items Proposal 3

Proposal: Amendment to the Procedures for Acquisition and Disposal of Assets of the company submitted for discussion

Proposed by the Board of Directors

Explanation: To comply with the requirements provided in the order Jin-Guan-Zheng-Fa-Zi No. 1060001296 dated February 9, 2017 by the Financial Supervisory Commission, certain articles of the Procedures for Acquisition and Disposal of Assets provided by the company have been amended. The comparison table for articles before and after amendment is hereby attached. Please determine whether the amendments are reasonable.

Article	Article before Amendment	Article after Amendment
Article 7	In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>agency</u> , engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (Omitted)	In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>institution</u> , engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (Omitted)
Article 8-1	(Added)	In acquiring or disposing of membership cards or intangible assets where the transaction amount reaches 20 percent or more of the company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government institution, shall obtain a CPA's

Article	Article before Amendment	Article after Amendment
		opinion on the reasonableness of the transaction price prior to the date of occurrence of the event. The CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation.
Article 8- <u>2</u>	The calculation of the transaction amounts referred to in the preceding <u>two</u> articles shall be done in accordance with paragraph 2 of Article 26, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	The calculation of the transaction amounts referred to in the preceding <u>three</u> articles shall be done in accordance with paragraph 2 of Article 26, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
Article 12	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds, the Company may not proceed to enter into a	When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of money market funds <u>issued by domestic securities investment trust enterprises</u> , the Company may not

Article	Article before Amendment	Article after Amendment
	transaction contract or make a payment until the following matters have been approved by the Board of Directors: (Omitted)	proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors: (Omitted)
Article 18	The Company that conducts a merger, demerger, acquisition, or assignment of shares shall, prior to convening the Board of Directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and propose the opinion to the Board of Directors for deliberation and approval.	The Company that conducts a merger, demerger, acquisition, or assignment of shares shall, prior to convening the Board of Directors to resolve on the matter, engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and propose the opinion to the Board of Directors for deliberation and approval. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u>
Article 26	Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the securities competent	Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the securities competent authority's

Article	Article before Amendment	Article after Amendment
	authority's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds. 2. Merger, demerger, acquisition, or assignment of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. <u>4.</u> Where an asset transaction other than any of those referred to in the preceding <u>three</u> subparagraphs, a disposal of receivables by a financial institution, or an	designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of money market funds <u>issued by domestic securities investment trust enterprises.</u> 2. Merger, demerger, acquisition, or assignment of shares. 3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company. <u>4.</u> Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is <u>more than NT\$1 billion.</u> <u>5.</u> Where land is acquired under an

Article	Article before Amendment	Article after Amendment
	investment in the Mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: (1) Trading of government bonds. (2) Trading of bonds under repurchase/resale agreements, or subscription or <u>redemption</u> of domestic money market funds. (3) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party and the transaction amount is <u>less</u> than NT\$500 million. (4) Where land is acquired under an arrangement on engaging others to build on the company's own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is <u>less</u> than NT\$500 million. (Omitted)	arrangement on engaging others to build on the company's own land, <u>engaging others to build on rented land</u>, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is <u>more</u> than NT\$500 million. 6. An asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area where the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, provided this shall not apply to the following circumstances: (1) Trading of government bonds. (2) Trading of bonds under repurchase/resale agreements or the subscription or <u>repurchase</u> of money market funds <u>issued by domestic securities investment trust enterprises</u>. (Omitted)
Article 27	When the Company at the time of public announcement makes an error or omission in an item	When the Company at the time of public announcement makes an error or omission in an item required by

Article	Article before Amendment	Article after Amendment
	required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.	regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within two days from the date when is the Company becomes aware of the error or omission.</u>

Resolution:

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS **DECEMBER 31, 2016 AND 2015** **(In Thousands of New Taiwan Dollars)**

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,400,895	20	\$ 2,787,512	13
Debt investments with no active market - current (Notes 4 and 7)	-	-	300,000	1
Trade receivable from unrelated parties (Notes 4 and 8)	1,465,586	7	1,302,423	6
Trade receivables from related parties, net (Notes 4, 8 and 22)	136,760	1	119,977	1
Other receivables (Notes 4, 8 and 22)	9,567	-	22,609	-
Inventories (Notes 4, 5 and 9)	2,065,542	10	2,286,752	10
Prepayments (Notes 4 and 13)	<u>87,097</u>	-	<u>174,338</u>	<u>1</u>
Total current assets	<u>8,165,447</u>	<u>38</u>	<u>6,993,611</u>	<u>32</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Note 4)	364	-	256	-
Property, plant and equipment (Notes 4, 5, 11, 22 and 23)	13,225,806	61	14,797,376	67
Intangible assets (Notes 4, 5, 12 and 22)	438	-	-	-
Deferred tax assets (Notes 4, 5 and 18)	215,746	1	251,515	1
Prepayment for equipment (Note 4)	101,423	-	57,354	-
Refundable deposits (Note 4)	205	-	217	-
Other non-current assets (Notes 4 and 13)	<u>16,265</u>	-	<u>57,703</u>	-
Total non-current assets	<u>13,560,247</u>	<u>62</u>	<u>15,164,421</u>	<u>68</u>
TOTAL	<u>\$ 21,725,694</u>	<u>100</u>	<u>\$ 22,158,032</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Trade payables to unrelated parties (Note 4)	\$ 364,783	2	\$ 367,918	2
Trade payables to related parties (Notes 4 and 22)	258,355	1	265,886	1
Other payables (Notes 4, 14 and 22)	608,040	3	865,142	4
Current tax liabilities (Notes 4 and 18)	135,505	-	189,693	1
Other current liabilities	<u>6,932</u>	-	<u>6,703</u>	-
Total current liabilities	<u>1,373,615</u>	<u>6</u>	<u>1,695,342</u>	<u>8</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	840	-	876	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 15)	315,835	2	306,237	1
Guarantee deposits (Note 4)	585	-	534	-
Other non-current liabilities	<u>33,578</u>	-	<u>25,634</u>	-
Total non-current liabilities	<u>350,838</u>	<u>2</u>	<u>333,281</u>	<u>1</u>
Total liabilities	<u>1,724,453</u>	<u>8</u>	<u>2,028,623</u>	<u>9</u>
EQUITY (Notes 4, 16, 18 and 20)				
Share capital				
Ordinary shares	<u>7,756,966</u>	<u>36</u>	<u>7,756,966</u>	<u>35</u>
Capital surplus	<u>5,739,080</u>	<u>26</u>	<u>5,739,080</u>	<u>26</u>
Retained earnings				
Legal reserve	1,225,298	6	1,097,493	5
Unappropriated earnings	<u>5,254,326</u>	<u>24</u>	<u>5,511,113</u>	<u>25</u>
Total retained earnings	<u>6,479,624</u>	<u>30</u>	<u>6,608,606</u>	<u>30</u>
Other equity	<u>25,571</u>	-	<u>24,757</u>	-
Total equity	<u>20,001,241</u>	<u>92</u>	<u>20,129,409</u>	<u>91</u>
TOTAL	<u>\$ 21,725,694</u>	<u>100</u>	<u>\$ 22,158,032</u>	<u>100</u>

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
NET REVENUE (Notes 4, 22 and 26)	\$ 10,794,340	100	\$ 10,487,897	100
COST OF REVENUE (Notes 9, 12, 15, 17 and 22)	<u>(9,429,790)</u>	<u>(87)</u>	<u>(8,612,895)</u>	<u>(82)</u>
GROSS PROFIT	<u>1,364,550</u>	<u>13</u>	<u>1,875,002</u>	<u>18</u>
OPERATING EXPENSES (Notes 15, 17 and 22)				
Marketing	(199,245)	(2)	(201,166)	(2)
Administrative	<u>(204,183)</u>	<u>(2)</u>	<u>(184,396)</u>	<u>(2)</u>
Total operating expenses	<u>(403,428)</u>	<u>(4)</u>	<u>(385,562)</u>	<u>(4)</u>
INCOME FROM OPERATIONS	<u>961,122</u>	<u>9</u>	<u>1,489,440</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 17 and 22)				
Other income	25,414	-	29,460	1
Other gains and losses	(79,664)	-	21,968	-
Finance costs	<u>(1,545)</u>	<u>-</u>	<u>(5,776)</u>	<u>-</u>
Total non-operating income and expenses	<u>(55,795)</u>	<u>-</u>	<u>45,652</u>	<u>1</u>
INCOME BEFORE INCOME TAX	905,327	9	1,535,092	15
INCOME TAX EXPENSE (Notes 4, 5 and 18)	<u>(174,937)</u>	<u>(2)</u>	<u>(257,041)</u>	<u>(3)</u>
NET INCOME	<u>730,390</u>	<u>7</u>	<u>1,278,051</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 15, 16 and 18)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(7,357)	-	(40,744)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,251	-	6,927	-
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translating foreign operations	706	-	24,539	-
Unrealized gain on available-for-sale financial assets	<u>108</u>	<u>-</u>	<u>33</u>	<u>-</u>

(Continued)

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
Other comprehensive income for the year, net of income tax	<u>(5,292)</u>	<u>-</u>	<u>(9,245)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 725,098</u>	<u>7</u>	<u>\$ 1,268,806</u>	<u>12</u>
EARNINGS PER SHARE (Note 19)				
Basic earnings per share	<u>\$ 0.94</u>		<u>\$ 1.65</u>	
Diluted earnings per share	<u>\$ 0.94</u>		<u>\$ 1.65</u>	

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Retained Earnings					Others			
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated		Exchange Difference on Translating	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Total Equity
				Earnings	Total				
BALANCE AT JANUARY 1, 2015	\$ 7,756,966	\$ 5,739,080	\$ 988,813	\$ 5,151,256	\$ 6,140,069	\$ -	\$ 185	\$ 185	\$ 19,636,300
Appropriations of 2014 earnings	-	-	108,680	(108,680)	-	-	-	-	-
Legal reserve	-	-	-	(775,697)	(775,697)	-	-	-	(775,697)
Cash dividends to shareholders	-	-	108,680	(884,377)	(775,697)	-	-	-	(775,697)
Net income in 2015	-	-	-	1,278,051	1,278,051	-	-	-	1,278,051
Other comprehensive income in 2015, net of income tax	-	-	-	(33,817)	(33,817)	24,539	33	24,572	(9,245)
Total comprehensive income in 2015	-	-	-	1,244,234	1,244,234	24,539	33	24,572	1,268,806
BALANCE AT DECEMBER 31, 2015	<u>7,756,966</u>	<u>5,739,080</u>	<u>1,097,493</u>	<u>5,511,113</u>	<u>6,608,606</u>	<u>24,539</u>	<u>218</u>	<u>24,757</u>	<u>20,129,409</u>
Appropriations of 2015 earnings	-	-	127,805	(127,805)	-	-	-	-	-
Legal reserve	-	-	-	(853,266)	(853,266)	-	-	-	(853,266)
Cash dividends to shareholders	-	-	127,805	(981,071)	(853,266)	-	-	-	(853,266)
Net income in 2016	-	-	-	730,390	730,390	-	-	-	730,390
Other comprehensive income in 2016, net of income tax	-	-	-	(6,106)	(6,106)	706	108	814	(5,292)
Total comprehensive income in 2016	-	-	-	724,284	724,284	706	108	814	725,098
BALANCE AT DECEMBER 31, 2016	<u>\$ 7,756,966</u>	<u>\$ 5,739,080</u>	<u>\$ 1,225,298</u>	<u>\$ 5,254,326</u>	<u>\$ 6,479,624</u>	<u>\$ 25,245</u>	<u>\$ 326</u>	<u>\$ 25,571</u>	<u>\$ 20,001,241</u>

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 905,327	\$ 1,535,092
Adjustments for:		
Depreciation expenses	2,092,538	2,039,012
Amortization expenses	42,130	71,513
Interest expense	1,545	5,776
Interest income	(11,871)	(16,467)
Dividend income	(13)	(3)
Write-down of inventories	-	4,216
Reversal of write-down of inventories	(12,801)	-
Impairment loss recognized on property, plant and equipment	14	7,657
Gain on foreign exchange, net	(14,877)	(16,989)
Other items	(2)	(53)
Changes in operating assets and liabilities		
(Increase) decrease in trade receivables	(176,611)	220,380
Decrease (increase) in other receivables	13,042	(12,753)
Decrease (increase) in inventories	230,999	(547,134)
Decrease (increase) in prepayments	87,241	(3,656)
Decrease in trade payables	(5,377)	(61,794)
Increase in other payables	11,210	119,453
Increase in other current liabilities	229	264
Increase in net defined benefit liabilities	2,241	2,440
Cash generated from operations	3,164,964	3,346,954
Interest received	11,871	16,467
Dividend received	13	3
Interest paid	(1,166)	(6,807)
Income tax paid	(192,141)	(157,256)
Net cash generated from operating activities	<u>2,983,541</u>	<u>3,199,361</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investment with no active market	-	(300,000)
Proceed from sale of debt investments with no active market	300,000	-
Payments for property, plant and equipment	(772,566)	(851,591)
Increase in prepayments for equipment	(99,653)	(55,658)
Decrease in refundable deposits	12	48
Payments for intangible assets	(584)	-
Decrease (increase) in other investing activities items	2	(11,104)
Net cash used in investing activities	<u>(572,789)</u>	<u>(1,218,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	-	(690,916)
Proceed from (refund of) guarantee deposits received	51	(1,078)
Increase in other non-current liabilities	7,944	6,878

(Continued)

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
Dividend paid to owners of the Company	<u>(853,279)</u>	<u>(775,652)</u>
Net cash used in financing activities	<u>(845,284)</u>	<u>(1,460,768)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>47,915</u>	<u>22,157</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,613,383	542,445
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,787,512</u>	<u>2,245,067</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,400,895</u>	<u>\$ 2,787,512</u>

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

Formosa SUMCO Technology Corporation
Statement of Profits Distribution
For the year of 2016

Unit : NT\$

Items	Amount	Items	Amount	Explanation
Available for Distribution:		Distribution Items:		1.Capital :NT\$7,756,965,990 Number of shares:775,696,599
(1)Unappropriated retained earnings of previous years	4,530,041,449	(1) Appropriation of legal reserve (10% of the after-tax profit)	73,039,070	2. The Company plans to distribute dividends of \$0.67 per share for current year (among which, \$0.303 will be distributed as dividends and \$0.367 will be distributed as bonus); all of which are cash dividends.
(2) Remeasurement of defined benefit plans is recognized immediately in retained earnings	(6,106,310)	(2)Distribution of dividends and bonus in cash (\$0.67 per share)	519,716,721	3. The Company distributes dividends and bonus for a total of \$519,716,721; all of which are from net profit after tax of 2016.
(3) Net profit after tax of current year	730,390,695	(3) Unappropriated retained earnings carried forward to next year	4,661,570,043	4. While the distribution of cash dividends to each individual shareholder is less than 1 dollar, the distribution will be rounded to the nearest dollar.
Total	5,254,325,834	Total	5,254,325,834	

Formosa SUMCO Technology Corporation
Current Shareholdings of Directors/Supervisors

Title	Name	Shareholding (share)
Chairman	Jian-Nan Lin Representative of Formosa Plastics Corporation	225,414,929
Vice chairman	Michiharu Takii	0
Director	William Wang	0
Director	Susan Wang	0
Director	Kazuo Hiramoto	0
Director	Takashi Fukushima	0
Director	Mitsuru Ikenoue	0
Independent Director	Zhi-Gang Wang	0
Independent Director	Norikazu Hatanaka	0
Supervisor	Sheng-Guan Lin Representative of Asia- Pacific Investment Corporation	108,887,292
Supervisor	Fumio Inoue Representative of SUMCO TECHXIV Corporation	378,900,698

Note: According to Article 26 of Securities and Exchange Act, the minimum shareholdings of the Company's Directors/Supervisors are 248,22,292/2,482,230 shares. As of April 23, 2017, the actual shareholdings of the Company's Directors/Supervisors are 225,414,929/487,787,990 shares.

Information regarding the Proposed Employees and Directors/ Supervisors' Compensation to Adopted by the Board of Directors of the Company:

1. Amounts of employees' cash compensation, stock compensation, and Directors' compensation:	
Employees Cash Compensation	NT\$ 2,549,380
Employees Stock Compensation	NT\$ 0
Directors/ Supervisors Cash Compensation	NT\$ 0
2. Share amount of the employees' stock compensation and the percentage of the share amount to that of all stock dividend:	
Share amount of employees' stock compensation	0 share
Percentage of the share amount to that of all stock dividend	0%

The above-listed amount of employees' cash compensation is consistent with the proposed amount adopted by the Board of Directors of the Company.

Effect upon Business Performance and Earnings Per Share of the Company by the Stock Dividend Distribution Proposed at the 2017 Annual Shareholders' Meeting:

Not applicable since the Company does not propose the stock dividend distribution at the 2017 Annual Shareholders' Meeting and does not required to prepare financial forecast information.