

IntelliEPI Inc. (Cayman)

2016 Annual Shareholders Meeting Minutes (Translation)

Time : 09:00 a.m. on Friday, June 24, 2016

Place : Lane 193, Sec. 3, Zhongxiao E. Rd., Daan Dist., Taipei (GIS Taipei Tech Convention Center Room 303)

Total outstanding shares : 34,414,267 shares

Total shares represented by shareholders present in person or by proxy : 20,765,437 shares

Percentage of shares held by shareholders present in person or by proxy : 60.34 %

Chairman : Andrew Kang, the Chairman of the Board of Directors

Recorder : Vicky Cheng

Ordinary directors present :

Andrew Kang, Yung-Chung Kao and Virginia Shu

Independent directors (also as Audit Committee member and Compensation Committee member) present :

Tom Chang, Jason Chen and Henry Chou

On leave director :

Kang-Lung Wang (ordinary director)

I. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman Remarks (omitted)

III. Discussion Item :

Proposed by the Board

#1 : Amendments of the Company's Memorandum and Articles of Association

Explanations:

In accordance with Taiwan Company Act Article 235-1 amendment on employee bonus and directors bonus distribution, the Company would amend its Articles of Association accordingly. Amendments please refer to Attachment 1.

Voting results : shares represented at the time of voting : 20,755,437 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	19,257,437	92.78%
Votes against	0	-
Votes invalid	0	-
Votes abstained	1,498,000	7.22%

RESOLVED, that Amendments of the Company's Memorandum and Articles of Association are hereby accepted as submitted as special resolution.

IV. Reporting Items :

Proposed by the Board

#1: Operation Report for Fiscal Year 2015

Explanations:

The Company's annual operation report for fiscal year 2015 is attached as Attachment 2.

Proposed by the Board

#2 : Audit Committee audit report for Fiscal Year 2015

Explanation :

Audit Report by Audit Committee for Fiscal Year 2015 is attached as Attachment 3.

Proposed by the Board

#3 : 2015 compensation distribution to employees and non-independent directors

Explanations :

1. The Company's 2015 compensation distribution to employees and non-independent directors are NTD6,795,810 (cash only) and NTD3,676,960 (cash only) respectively. The amounts are equivalent to 5.23% and 2.83% of annual profit. The percentage meet no less than 3% of its annual profit as employee bonuses, and no more than 3% of its annual profit as director bonuses from 2015/11/11 BOD amended Memorandum and Articles of Association. The "annual profit" in the preceding paragraph shall be a sum equal to the Company's pre-tax profit before deduction of the aforementioned employee bonuses and director bonuses.
2. Distribution amount has no difference from estimated expensed amount.

V. Ratification Items :

Proposed by the Board

#1 : Operation report and financial statements for 2015

Explanation:

1. The Company's Financial Statements were audited by independent auditors, Wendy Liang and Vincent Lien of PriceWaterhouse Coopers.
2. 2015 Operation report is attached as Attachment 2. Financial Statements are attached as Attachment 4.
3. The Company's operation report and financial statements for 2015 are submitted to the shareholders for ratification.

Voting results : shares represented at the time of voting : 20,755,437 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	19,257,437	92.78%
Votes against	0	-
Votes invalid	0	-
Votes abstained	1,498,000	7.22%

RESOLVED, that Operation report and financial statements for 2015 is hereby accepted as submitted.

Proposed by the Board

#2 : Profit distribution proposal for 2015

Explanation:

1. 2015 Profit Distribution Table as follows :

IntelliEPI Inc. (Cayman)	
2015 Profit Distribution Proposal	
	(NTD)
Net Profit After Tax of 2015	112,684,691
Deduct : Legal Reserve	(11,268,469)
Distributable Unappropriated Retained Earnings of 2015	101,416,222
Plus : Unappropriated Retained Earnings at the Beginning of 2015	260,378,614
Distributable Unappropriated Retained Earnings at the end of 2015	361,794,836

Distribution Items :

Deduct : Cash Dividends (NT\$2.0 per share)	(68,791,034)
Deduct : Stock Dividends (NT\$0.5 per share)	(17,197,760)

Unappropriated Retained Earnings at the end of 2015 275,806,042

- Profit distribution includes cash dividend of NTD 2.0 per common share and stock dividend of NTD0.5 per common share. Amount of cash dividend is NTD 68,791,034 and stock dividend is NTD17,197,760.
- If any matter affecting the amount of total outstanding shares occur thereafter (including the Company's purchase of treasury shares, new issuance pursuant to the exercise of employee stock options or new restricted employee shares, transfer of treasure shares to employees, or cancellation of shares, etc.), it is hereby proposed to authorize the chairman of the board of this Company to adjust the distribution ratio of the actual total outstanding shares at ex-dividend date pursuant to the total distribution amount for common share as adopted. The amount of cash dividend shall be calculated to the dollars; amount after decimal point is discarded and will be booked in other income. BOD or chairman is authorized to set the ex-dividend date and payment day after the shareholders' approval of this resolution.
- The Company's profit distribution proposal for Fiscal Year 2015 is submitted to the shareholders for ratification.

Voting results : shares represented at the time of voting : 20,755,437 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	19,257,437	92.78%
Votes against	0	-
Votes invalid	0	-
Votes abstained	1,498,000	7.22%

RESOLVED, that Profit distribution proposal for 2015 is hereby accepted as submitted.

VI. Discussion Items :

Proposed by the Board

#2: Capitalization of retained earnings

Explanations :

1. For future business development, the company proposes capitalization of retained earnings.
2. The Company plans to withdraw NTD17,197,760 from distributable earnings in previous years to issue 1,719,776 new shares with NTD 10 par.
3. Dividend is 50 shares per 1000 shares. Shareholders may register the combination of allocated fractional shares, if any, to whole shares within five days as of the record date of dividend allocation. The shares remaining fractional after the combination shall be paid in cash at the book value and rounded off until NT dollar. The Chairman of the Board is authorized to contact specific persons for the remaining fractional shares referred to the preceding paragraph at the book value. The shareholder rights and obligations of the new shares are the same as those of existing shares.
4. If any matter affecting the amount of total outstanding shares occur thereafter (including the Company's purchase of treasury shares and etc.), it is hereby proposed to authorize the chairman of the board of the Company to adjust the distribution ratio of the actual total outstanding shares at ex-dividend date pursuant to the total distribution amount for common share as adopted.
5. Upon approval of the competent authority, the Company will authorize the Board of Directors to set the record date of allocation of new shares.

Voting results : shares represented at the time of voting : 20,755,437 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	19,257,437	92.78%
Votes against	0	-
Votes invalid	0	-
Votes abstained	1,498,000	7.22%

RESOLVED, that Capitalization of retained earnings is hereby accepted as submitted.

#3 : Issue new restricted employee shares

Explanations :

1. In accordance with Corporate Law clause 267 and “Regulations of Governing the Offering and Issuance of Securities by Foreign Issuers” the Company plans to issue new restricted employee shares.
2. Details of the new restricted employee shares :
 - (1) Total shares of issuance : 400,000 common shares with NTD10 par.
 - (2) Issuance terms and conditions :
 - a. Issue price: Set to be NTD zero.
 - b. Vesting conditions :
 - (a)First anniversary of Grant day: 33% of the total number of the granted restricted employee shares.
 - (b) Second anniversary of Grant day: 33% of the total number of the granted restricted employee shares.
 - (c)Third anniversary of Grant day: 34% of the total number of the granted restricted employee shares.
 - c. Issue Shares: the Company’s common shares.
 - d. If fail to meet conditions : The Company shall redeem and cancel all new restricted employee shares from any employees whom received the new restricted employee shares but fail to meet the vesting conditions.
 - e. If there is any inheritance : Shall follow terms and conditions.
 - (3) Employee qualification requirements : Shall follow terms and conditions.
 - (4) The necessity to issue new restricted employee shares : To attract and retain professional personnel needed by the Company, to motivate employees and enhance their centripetal force so as to jointly create the Company’s and shareholders’ interests.
 - (5) Potential expense : Based on 30 consecutive average closed price prior to March 21, 2016 the annual expensed amount from 2017 to 2019 is estimated to be NT\$18,050 thousands, NT\$18,051 thousands and NT\$18,051 thousands respectively.
 - (6) Impact on earnings per share (EPS) dilution and other factors that may affect shareholder’s equity : Potential dilution of EPS from 2017 to 2019 is estimated to be NT\$0.52, NT\$0.52 and NT\$0.52 respectively, which shall not have significant negative impact.
3. The restricted rights prior to the achievement of vesting conditions : During vesting term, the new restricted employee shares may not be sold, pledged, transferred, donated or otherwise disposed of. Cash or stock dividends received from new restricted employee shares are safekeeping by custodian. Shareholders meeting attendance, submit the proposal, make a statement or voting rights are based on custodian or trust agreement.

4. The new restricted employee shares shall be filed to the Competent Authority in multiple tranches over a period of 1 year from the resolution of Shareholders Meeting. After the approval of the Shareholders Meeting, the Board of Directors is authorized for issuance details. The issuance shall be granted in one tranche or multiple tranches depending on actual needs, over a period of 1 year from the date of Competent Authority approval.
5. Others: Shall follow terms and conditions.

Voting results : shares represented at the time of voting : 20,755,437 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	18,959,715	91.35%
Votes against	297,722	1.43%
Votes invalid	0	-
Votes abstained	1,498,000	7.22%

RESOLVED, that Issue new restricted employee shares is hereby accepted as submitted.

VII. Questions and Motions—no motion

VIII. Adjournment—at 09 : 41am

Attachment 1

Article	Amendment	Before Amendment	Remarks
10.6	The aggregate number of Treasury Shares to be transferred to employees pursuant to Article 10.4 <u>10.5</u> shall not exceed 5 percent of the Company's total issued and outstanding Shares as at the date of transfer of any Treasury Shares and the aggregate number of Treasury Shares transferred to any individual employee shall not exceed 0.5 percent of the Company's total issued and outstanding Shares as at the date of transfer of any Treasury Shares to such employee. The Company may impose restrictions on the transfer of such Shares by the employee for a period of no more than two years.	The aggregate number of Treasury Shares to be transferred to employees pursuant to Article 10.4 shall not exceed 5 percent of the Company's total issued and outstanding Shares as at the date of transfer of any Treasury Shares and the aggregate number of Treasury Shares transferred to any individual employee shall not exceed 0.5 percent of the Company's total issued and outstanding Shares as at the date of transfer of any Treasury Shares to such employee. The Company may impose restrictions on the transfer of such Shares by the employee for a period of no more than two years.	Clause correction
34.1	The Company may distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by an Ordinary Resolution at any general meeting. The Directors shall prepare such proposal as follows: the proposal shall begin with the Company's Annual Net Income and offset its losses in previous years that have not been previously offset, then set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equalled the total capital of the Company; then set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as	The Company may distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by an Ordinary Resolution at any general meeting. The Directors shall prepare such proposal as follows: the proposal shall begin with the Company's Annual Net Income and offset its losses in previous years that have not been previously offset, then set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equalled the total capital of the Company; then set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as	Comply with Corporate Law

<p>requested by the authorities in charge; and then may set aside no more than 3% of the balance as bonus to Directors and no more than 12% of the balance as bonus to employees of the Company, which may be distributed under an incentive programme approved pursuant to Article 11.1 above. The Directors shall specify the exact percentages or amounts to be distributed as bonuses to Directors and employees in preparing the proposal for distribution of profits, and the Members may amend such proposal prior to its approval. A Director who also serves as an executive officer of the Company may receive a bonus in his capacity as a Director and a bonus in his capacity as an employee. Any balance left over may be distributed as Dividends (including cash dividends or stock dividends) or bonuses in accordance with the Statute and the Applicable Public Company Rules and after taking into consideration financial, business and operational factors with the amount of profits distributed to Members not lower than 10% of profits (after tax) of the then current year and the amount of cash dividends distributed thereupon shall not be less than 10% of the profits proposed to be distributed of the then current year. The Company shall reserve no less than 3% of its annual profit as <u>employee bonuses, and no more than 3% of its annual profit as director</u></p>	<p>requested by the authorities in charge; and then may set aside no more than 3% of the balance as bonus to Directors and no more than 12% of the balance as bonus to employees of the Company, which may be distributed under an incentive programme approved pursuant to Article 11.1 above. The Directors shall specify the exact percentages or amounts to be distributed as bonuses to Directors and employees in preparing the proposal for distribution of profits, and the Members may amend such proposal prior to its approval. A Director who also serves as an executive officer of the Company may receive a bonus in his capacity as a Director and a bonus in his capacity as an employee. Any balance left over may be distributed as Dividends (including cash dividends or stock dividends) or bonuses in accordance with the Statute and the Applicable Public Company Rules and after taking into consideration financial, business and operational factors with the amount of profits distributed to Members not lower than 10% of profits (after tax) of the then current year and the amount of cash dividends distributed thereupon shall not be less than 10% of the profits proposed to be distributed of the then current year.</p>	
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<p><u>bonuses, provided that the annual profit be used to offset the Company's accumulative deficits first.</u></p> <p><u>The "annual profit" in the preceding paragraph shall be a sum equal to the Company's pre-tax profit before deduction of the aforementioned employee bonuses and director bonuses. The reservation of employee bonuses and director bonuses shall be approved by a majority of the board of Directors at a meeting attended by at least 2/3 of the Directors, and the decision of the Directors shall be reported to the Members at the general meeting. Employee bonuses may be distributed in shares (which may be distributed under an incentive programme approved pursuant to Article 11) or cash, and its distribution may include distribution to of certain qualified employees of the Company's Subsidiaries. Any Director who also serves as an executive officer of the Company may receive a bonus in his capacity as a Director and a bonus as an employee.</u></p> <p><u>If the Company records profit in any given year, it shall, in the following order, pay taxes for the relevant financial year, offset its losses in previous years that have not been previously offset, set aside a legal capital reserve at 10% of the profit left over, until accumulated legal capital reserve has equalled the total capital of the Company, and set aside</u></p>		
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<p><u>a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge. Any profit left over may be distributed, along with accumulative profits not yet distributed, pursuant to the distribution plan proposed by the board of Directors and approved by the Members by an Ordinary Resolution (“distributable profit”). Any such distributable profit may be distributed as Dividends (including cash dividends or stock dividends) in accordance with the Statute and the Applicable Public Company Rules and after the board of Directors taking into consideration financial, business and operational factors with the amount of Dividends distributed to Members not lower than 10% of distributable profit of the then current year, and the amount of cash dividends distributed thereupon shall not be less than 10% of the profits proposed to be distributed as Dividends of the then current year.</u></p>		
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IntelliEPI Inc. (Cayman)

2015 Operation Report

In fiscal year 2015, our revenue grew 30.8% to a historical record high. The main driving force of expanded business came from demand of gallium arsenide (GaAs) epi wafers for non-mobile devices such as those used in analog electronics, internet of things (IoT), and anti-collision radar systems for automobiles. Benefitted by this strategy to shift marketplace from mobile to non-mobile applications, GaAs epi wafer sales percentage increased to 51.8% from 47.6% in 2014.

Indium phosphide (InP) epi wafer sales for 2015 lowered to 24% from 31.0% a year ago. Nevertheless, the sales amounts were about the same these 2 years. In terms of InP product mix, sales on InP HBT products for high frequency measurement decreased due to customer's inventory adjustment and products upgrade to advanced version. On the other hand, InP PIN and APD wafers for cloud computing and fiber-to-the-home (FTTH) applications showed strong growth. Consequently, 2015 InP epi wafer sales remained on par with that in 2014.

The combined revenues from governmental contracts, gallium antimonide (GaSb) based infrared products, and MBE component sales accounted for 23.4% of 2015 total sales, slightly higher than 21.4% the previous year. In response to demand increase, Company had installed 2 MBE systems at Plant III during the year; meanwhile, design and construction of new plant in the city of Allen was underway. Looking toward to 2016, Company will implement more MBE systems and work with volume customers for new product qualification. We believe these expanded capacities can generate more business and lead to better operation results for years to come.

1. 2015 Operation Report

1.1 Operation Results:

The consolidated income for 2015 was up by 30.8% to NT\$857,284,000. The net income after tax for 2015 was NT\$112,711,000, or 13.1% profit margin. The overall after tax income was reduced by NT\$59,590,000 compared to 2014. After-tax earnings per share for 2015 was NT\$3.49.

1.2 Profitability:

2015 gross margin was 38%, same as the figure of 2014. Research & development (R&D), and operation expenses increased by mere NT\$787,000 compared to 2014. Operation profit then jumped 68% to NT\$184,832,000 from NT\$ 110,054,000 for last year. Despite high gross margin, the net income after tax for 2015 was impacted by non-operating incomes and losses totaled \$70,710,000 that consisted of the losses from evaluation of outstanding convertible bonds (CB), CB associated interest expenses, and other expenses, and the resulted net income became NT\$112,711,000. We believe the evaluation of CB losses and associated financial charges on 2015 book is for accounting accuracy and it did not affect Company's actual cash level at all. We expect, after completion of CB conversion in 2016, the Company's after-tax earnings in 2016 should be more appropriately represent our operation results and earning power.

1.3 Financial Position:

At the end of 2015 fiscal year, Company's current assets to total assets ratio increased 56% from 50% a year ago, mainly due to cash increased from operating activities. As for liability, since the majority of CB was converted during 2015, the debt to total assets ratio reduced to 5% from 25% the previous year. The company's net equity increased to NT\$1,482,626,000, a 47.8% increase from NT\$1,003,356,000 in 2014.

1.4 Research and Development :

2015 R&D expenses amounted to NT\$24,348,000, a small decrease of NT\$4,493,000 from 2014. The R&D project focused on optimizing epitaxy technology for GaAs, InP, and GaSb based wafer products. R&D activities also included manufacturing of larger, improved commercial quality GaSb substrates and developing Indium Antimonide (InSb) substrates for infrared detection application. R&D of II-VI substrates material received governmental contract grant. For MBE equipment technology, our engineering team continued to drive for system upgrade and of product quality consistency.

2. 2016 Plan and Strategy

In 2016, Company will continue implementation of quality management, maintain business relationship and alliances with customers, and explore sales to international markets with plans as follows :

- Continue on new plant construction, capacity expansion, and fulfill customer delivery schedule and surge demand deadline.
- Expand GaAs wafer markets with attention on high frequency pHEMT products for anti-collision radar, internet of things market. Develop GaAs optoelectronics products, such as vertical-cavity-surface-emitting-laser (VCSEL) wafers for gesture recognition Virtual Reality (VR) applications.
- Grow InP wafer products for 5G mobile application, high-speed (10G to 25G) PIN, and APD markets.
- Maintain market leader status on GaSb wafer products for both long and short wave infrared applications. Continue to increase the market shares of GaSb epi wafers.

3. Business Outlook

For 2016 operation, we expect demands of wafers for 5G applications, cloud computing, anti-collision radar, and internet of things should continue to grow. Business of current customers should grow along with market expansion. We are positive about our business future in 2016. IntelliEPI team will strive to deliver our best operation results.

Chairman : Andrew Kang

President/CEO : Yung-Chung Kao

CFO : George Wang

Date: 2016/03/30

Audit Committee's Report

The Board of Directors has prepared the Company's 2015 Operation Report, Financial Statements and proposal for profit distribution. Wendy Liang and Vincent Lien, the certified public accountants of PriceWaterhouseCoopers Taiwan, were retained by the Company to audit the financial statements and have issued an audit report relating to the financial statements. Operation report, financial statements and proposal for profit distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. In accordance with Article 14-4 of the ROC Securities and Exchange Act we hereby submit this report.

To

2016 annual shareholders meeting

IntelliEPI Inc. (Cayman)

Convener of Audit Committee :

Tom Chang

Date : March 30, 2016

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of IntelliEPI Inc. (Cayman) and Subsidiaries

We have audited the accompanying consolidated balance sheets of IntelliEPI Inc. (Cayman) and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. 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 "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of IntelliEPI Inc. (Cayman) and subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan
March 30, 2016

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

INTELLIEPI INC. (CAYMAN) AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31,

(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2015		2014	
			Amount	%	Amount	%
Current assets						
1100	Cash	6(1)	\$ 362,209	23	\$ 205,509	15
1170	Accounts receivable, net	6(2)	93,928	6	77,764	6
1200	Other receivables		1,355	-	917	-
130X	Inventories	6(3)	137,636	9	124,679	9
1410	Prepayments		13,055	1	9,469	1
1479	Other current assets	6(4)	<u>266,676</u>	<u>17</u>	<u>254,472</u>	<u>19</u>
11XX	Total current assets		<u>874,859</u>	<u>56</u>	<u>672,810</u>	<u>50</u>
Non-current assets						
1600	Property, plant and equipment	6(5)	583,812	37	323,283	24
1780	Intangible assets	6(6)	54,552	4	60,145	5
1840	Deferred income tax assets	6(18)	42,983	3	37,664	3
1900	Other non-current assets	6(7)	<u>7,087</u>	<u>-</u>	<u>245,566</u>	<u>18</u>
15XX	Total non-current assets		<u>688,434</u>	<u>44</u>	<u>666,658</u>	<u>50</u>
1XXX	Total assets		<u>\$ 1,563,293</u>	<u>100</u>	<u>\$ 1,339,468</u>	<u>100</u>
<u>Liabilities and Equity</u>						
Current liabilities						
2120	Financial liabilities at fair value through profit or loss	6(8)	\$ 1,246	-	\$ 51,450	4
2170	Accounts payable		52,945	3	36,918	3
2200	Other payables	6(9)	25,278	2	16,246	1
2230	Current income tax liabilities	6(18)	-	-	973	-
2310	Unearned revenue		<u>-</u>	<u>-</u>	<u>1,225</u>	<u>-</u>
21XX	Total current liabilities		<u>79,469</u>	<u>5</u>	<u>106,812</u>	<u>8</u>
2530	Bonds payable	6(8)	<u>1,198</u>	<u>-</u>	<u>229,300</u>	<u>17</u>
2XXX	Total liabilities		<u>80,667</u>	<u>5</u>	<u>336,112</u>	<u>25</u>
Equity attributable to owners of parent						
Share capital						
3110	Common share	6(11)	343,752	22	300,552	23
Capital surplus						
3200	Capital surplus	6(10)(12)	600,263	38	281,962	21
Retained earnings						
3310	Legal reserve	6(13)	44,477	3	27,245	2
3350	Unappropriated retained earnings		373,063	24	322,693	24
Other equity						
3400	Other equity		<u>120,640</u>	<u>8</u>	<u>70,499</u>	<u>5</u>
31XX	Equity attributable to owners of the parent		<u>1,482,195</u>	<u>95</u>	<u>1,002,951</u>	<u>75</u>
36XX	Non-controlling interest		<u>431</u>	<u>-</u>	<u>405</u>	<u>-</u>
3XXX	Total equity		<u>1,482,626</u>	<u>95</u>	<u>1,003,356</u>	<u>75</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
Total liabilities and equity						
			<u>\$ 1,563,293</u>	<u>100</u>	<u>\$ 1,339,468</u>	<u>100</u>

INTELLIEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31,

(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Notes	2015		2014	
		Amount	%	Amount	%
4000					
4000					
5000					
5950					
6100					
6200					
6300					
6000					
6900					
7010					
7020					
7050					
7000					
7900					
7950					
8200					
8310					
8500					
8610					
8620					
8710					
8720					
9750					
9850					

INTELLIEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Equity attributable to owners of the parent									
		Common share	Capital surplus		Retained earnings			Cumulative translation differences of foreign operations	Total	Non-controlling interest	Total equity
			Paid-in capital in excess of par value	Share-based payment	Legal reserve	Unappropriated retained earnings					
<u>2014</u>											
Balance at January 1, 2014		\$ 300,007	\$ 263,237	\$ 14,250	\$ 16,690	\$ 190,932	\$ 14,708	\$ 799,824	\$ 421	\$ 800,245	
Compensation cost of share-based payment	6(10)	-	-	4,500	-	-	-	4,500	-	4,500	
Appropriations of 2012 earnings											
Legal reserve		-	-	-	10,555	(10,555)	-	-	-	-	
Cash dividends		-	-	-	-	(30,001)	-	(30,001)	-	(30,001)	
Issuance of common stock for cash		545	1,700	(1,725)	-	-	-	520	-	520	
Net income (loss) for the year		-	-	-	-	172,317	-	172,317	(16)	172,301	
Other comprehensive income for the year		-	-	-	-	-	55,791	55,791	-	55,791	
Balance at December 31, 2014		<u>\$ 300,552</u>	<u>\$ 264,937</u>	<u>\$ 17,025</u>	<u>\$ 27,245</u>	<u>\$ 322,693</u>	<u>\$ 70,499</u>	<u>\$ 1,002,951</u>	<u>\$ 405</u>	<u>\$ 1,003,356</u>	
<u>2015</u>											
Balance at January 1, 2015		\$ 300,552	\$ 264,937	\$ 17,025	\$ 27,245	\$ 322,693	\$ 70,499	\$ 1,002,951	\$ 405	\$ 1,003,356	
Compensation cost of share-based payment	6(10)	-	-	2,392	-	-	-	2,392	-	2,392	
Appropriations of 2014 earnings	6(13)										
Legal reserve		-	-	-	17,232	(17,232)	-	-	-	-	
Cash dividends		-	-	-	-	(45,083)	-	(45,083)	-	(45,083)	
Issuance of common stock for convertible bonds	6(8)(11)	42,905	315,763	-	-	-	-	358,668	-	358,668	
Issuances of common stock for stock option		295	849	(703)	-	-	-	441	-	441	
Net income (loss) for the year		-	-	-	-	112,685	-	112,685	26	112,711	
Other comprehensive income for the year	4(4)	-	-	-	-	-	50,141	50,141	-	50,141	
Balance at December 31, 2015		<u>\$ 343,752</u>	<u>\$ 581,549</u>	<u>\$ 18,714</u>	<u>\$ 44,477</u>	<u>\$ 373,063</u>	<u>\$ 120,640</u>	<u>\$ 1,482,195</u>	<u>\$ 431</u>	<u>\$ 1,482,626</u>	

INTELLIEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before tax for the year		\$ 114,122	\$ 143,888
Adjustments to reconcile income before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation	6(5)	65,090	55,613
Amortization	6(6)	9,822	4,023
Compensation cost of share-based payment	6(10)	2,392	4,500
Loss on disposal of property, plant and equipment	6(5)	51	1,414
Interest income	6(17)	4,540	(3,647)
Interest expense	6(8)(17)	13,699	12,062
Gain on valuation of financial liabilities at fair value through profit or loss	6(8)	66,951	(27,540)
Exchange gain on convertible bonds	10(4)	(1,795)	(12,759)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Accounts receivable	6(2)	(13,277)	105
Inventories	6(3)	(8,328)	(33,446)
Prepayments		(3,235)	(5,852)
Other receivables		(404)	(133)
Other current assets	6(4)	(2,757)	(126,137)
Net changes in liabilities relating to operating activities			
Accounts payable		14,656	2,101
Other payables		8,429	(7,801)
Unearned revenue		(1,270)	1,225
Cash provided by operations		268,686	7,616
Income tax paid	6(18)	(7,204)	(2,302)
Interest received		(4,540)	3,647
Net cash provided by operating activities		256,942	8,961
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(5)	(21,799)	(53,909)
Increase in other non-current assets	6(7)	(45,662)	(236,513)
Acquisition of intangible assets	6(6)	(2,235)	(60,020)
Net cash used in investing activities		(69,696)	(350,442)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Proceeds from issuance of convertible bonds	6(8)	-	300,000
Dividends paid	6(13)	(45,083)	(30,001)
Exercise of employee stock warrants		441	520
Net cash provided by financing activities		(44,642)	270,519
Effect of exchange rate changes on cash		14,096	6,890
(Decrease) increase in cash		156,700	(64,072)
Cash at beginning of year		205,509	269,581
Cash at end of year		\$ 362,209	\$ 205,509