

【Translation】



Stock Code: 8299

PHISON ELECTRONICS CORP. Handbook for the 2015 Annual Meeting of Shareholders

Time: June 2, 2015

Location: 2F Meeting Room, No. 399, Yu-Yi Rd., Jhunan, Miaoli,
Taiwan

【Important Disclaimer】

(This HANDBOOK FOR THE 2015 ANNUAL MEETING OF SHAREHOLDERS has been translated into English from the original Chinese version prepared and used in the Republic of China, and this English version was only for reference.)

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Phison Electronics Corporation
Procedure for the 2015 Annual Meeting of
Shareholders

Call the Meeting to Order

Chairperson Remarks

Company Reports

Matters to be accepted

Motions to be discussed

Extemporaneous Motions

Adjournment

Phison Electronics Corporation

Year 2015

Agenda of Annual Meeting of Shareholders

Time: 9:00 AM on Tuesday, June 2, 2015

**Place: 2F Meeting Room, No. 399, Yu-Yi Rd., Jhunan, Miaoli,
Taiwan**

Call the Meeting to Order.

Chairperson Remarks

Company Reports

1. 2014 Business Report.
2. Supervisor' Review Report on the 2014 Financial Statements.
3. Implementation of Investments in the PRC.
4. To report the establishment of "Code of Conduct for Director, Supervisor and Manager".
5. To report the Status of private placement.

Matters to be accepted

1. Adoption of the 2014 Business Report and Financial Statements.
2. Adoption of the Proposal of Distribution of 2014 Profits.

Motions to be discussed

1. Amendment to the partial articles of the Articles of the Corporation.
2. Amendment to the "Procedures for Election of Directors and Supervisors".
3. Amendment to the "Procedures for Engaging in Derivatives Trading".

4. Amendment to the “Operational Procedures for Loaning Funds to Others”.
5. Proposal for a cash offering by private placement.

Extemporaneous motions

Adjournment

Company Reports

Report No. 1

2014 Business Reports.

Explanation:

The 2014 Business Report is attached as page.19~21, Attachment 1.

Report No. 2

Supervisor's Review Report on the 2014 Financial Statements.

Explanation:

The Financial Statements of 2014, Nonconsolidated Financial Statements (Including Nonconsolidated Balance Sheet, Nonconsolidated Statements Of Income, Nonconsolidated Statement Of Changes In Shareholders' Equity and Nonconsolidated Statements Of Cash Flows) and Consolidated Financial Statements (Including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statement Of Changes in Equity and Consolidated Statement of Cash Flow) were audited by CPA, incorporated with the annual business operation report and the earning distribution of 2014 were reviewed by the supervisors. Please refer to attachment 2 (page 22) of the Supervisors' review report which submit according to the Article 219 of Company Law.

Report No. 3

Implementation of Investments in the PRC.

Explanation:

Until 2014/12/31, the Company had through the subsidiary in Samoa "GLOBAL FLASH LIMITED" invested "群鴻科技(深圳)有限公司"(Phisontech (Shenzhen) Limited). The total amount of investment is U.S. \$790,000 the same as 2013. Please refer to attachment 3 (page 23).

Report No. 4

The establishment of "Code of Conduct for Director, Supervisor and Manager".

Explanation:

According to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the operation needs of the Company, the Company proposed to prescribe internal standards of conduct of "Code of Conduct for Director, Supervisor and Manager". "Code of Conduct for Director, Supervisor and Manager" is attached as page 24~26, Attachment 4.

Report No. 5

The establishment of "Code of Conduct for Director, Supervisor and Manager".

Explanation:

The motion of private placement quantities 50,000,000 shares and carried out in 1~3 times in installments within one year since the date of the resolution of the shareholders meeting was approved by shareholder's meeting on June 17, 2014.

Until April 22, 2015, the Company already completed the issuance of privately placed new common shares of 16,900,000 shares. According the private placement will be expiry on June 16, 2015 and remained 33,100,000 shares. The Company won't have any other issuance plan of privately placed new shares before June 16, 2015, so the Company proposed to cancel the remained 33,100,000 shares. Attachment 5 (page 27) for the Company issuance of privately placed new common shares by 2015 shareholder's meeting.

Matters to be accepted

1. **Proposed by the Board**

Proposal:

Adoption of the 2014 Business Report and Financial Statements, please be accepted.

Explanation:

- (1) Phison Electronics Company's Financial Statements of 2014, Nonconsolidated Financial Statements (Including Nonconsolidated Balance Sheet, Nonconsolidated Statements Of Income, Nonconsolidated Statement Of Changes In Shareholders' Equity and Nonconsolidated Statements Of Cash Flows) and Consolidated Financial Statements (Including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statement Of Changes in Equity and Consolidated Statement of Cash Flow), were audited by independent auditors, Mr. Dai Xin Wei(戴信維) and Mr. Fan Yu Wei(范有偉) of Deloitte & Touche. Also Business Report and Financial Statements have been approved by the Board and examined by the supervisors of the Company.
- (2) The 2014 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached in the Meeting Agenda, attachment 1 (page19~21) and attachment 6 (page28~42).

Resolution:

2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2014 Profits, please be accepted.

Explanation:

(1) The net profit after taxes of the Company for Year 2014 are NT\$ NT\$3,201,148,483. The Company prepared the proposal regarding the distribution of profits for Year 2014 according to the rules of the Articles of the Corporation. The table of earnings distribution of the Company for Year 2014 is proposed as below :

**Phison Electronics Corporation
PROFIT DISTRIBUTION TABLE
Year 2014**

(Unit: NTD \$)

Items	Total
Beginning retained earnings	5,337,165,911
Less: The actuarial gains and losses of defined benefit plans of 2014 is included in retained earnings	5,250,338
Retained earnings after adjusted	5,331,915,573
Add: net profit after tax of Year 2014	3,201,148,483
Less: 10% legal reserve	320,114,848
Add: Setting aside the special reserve under the law	6,184,662
Distributable net profit	8,219,133,870
Distributable items:	
Dividend to shareholders-Cash(Distributed NT\$11.2 per share)	2,210,588,722
Unappropriated retained earnings	6,008,545,148
Remark:	
1. Compensation of directors and supervisors : NT\$26,571,603 Employee bonus sharing : NT\$420,000,000	
2. Total Distributable Amount : NT\$2,657,160,325 A. Compensation of directors and supervisors : NT\$26,571,603 is 1% of total	

distribution amount.

B. Employee bonus sharing : NT\$420,000,000 is 15.81% of total distribution amount.

C. Dividend to shareholders : NT\$2,210,588,722 is 83.19% of total distribution amount.

Director :

Manager :

Financial Manager :

(2) The shareholder cash dividends of NT\$2,210,588,722 are allotted to the shareholders recorded on the shareholders' register roster on the Base Day for cash dividend distribution and are distributed in proportion to the amount of their shares hold. The cash dividend distribution is calculated by digits (NT\$1). The sum of decimals will transferred to the Employees Welfare Committee of the Company. The proportion is NT\$11.2 for every share. The above distributed amount per share for Shareholder Dividend was calculated based on the total actual outstanding common shares of the Company as of 03.17.2015 197,373,993 shares. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and other relevant issues. In addition, in case that the actual total outstanding shares of the Company on Base Day for cash dividend distribution(Ex-Dividend) changes, the Board of Directors be authorized to adjust the cash to be distributed to each share based on the number of actual shares outstanding on the record date for distribution. Regarding the actual list of distributing cash bonuses to employees will be decided by authorized management and will be carry out after approving by the Remuneration Committee of the Company.

Resolution:

Motions to be discussed

1.

Proposed by the Board

Proposal:

Amendment to the partial articles of the Articles of the Corporation, please be discussed.

Explanation:

In order to meet the requirements of business operation, the company will revisions the partial articles of the Articles of the Corporation. Regarding the revised articles of the Articles of the Corporation, please refer to Attachment 7 (page 43~45) amendment comparison table for the Articles of the Corporation.

Resolution:

2.

Proposed by the Board

Proposal:

Amendment to the partial articles of the “ Procedures for Election of Directors and Supervisors”, please be discussed.

Explanation:

In order to meet the requirements of business operation, the company will revisions the partial articles of the Procedures for Election of Directors and Supervisors. Regarding the revised articles of the “Procedures for Election of Directors and Supervisors”, please refer to Attachment 8 (page 46~47) amendment comparison table for the “Procedures for Election of Directors and Supervisors”.

Resolution:

3.

Proposed by the Board

Proposal:

Amendment to the “Procedure of Engaging in Derivatives Trading” please be discussed.

Explanation:

- (1) In order to meet the requirements of business operation, the Company proposed to revise partial articles of “Procedure of Engaging in Derivatives Trading”.
- (2) Please refer to Attachment 9 (page 48~49) amendment comparison table for the “Procedure of Engaging in Derivatives Trading”.

Resolution:

4.

Proposed by the Board

Proposal:

Amendment to the “Operational Procedures for Loaning of Company Funds”, please be discussed.

Explanation:

- (1) According to the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” and the operation needs of the Company, the Company proposed to revise partial articles of the company “Operational Procedures for Loaning of Company Funds”.
- (2) Please refer Attachment 10 (page 50~52) amendment comparison table for the “Operational Procedures for Loaning of Company Funds” .

Resolution:

5.

Proposed by the Board

Proposal:

Proposal for a cash offering by private placement, please be discussed.

Explanation:

1. In order to introduce of the strategic investors and to strengthen the long-term business relationship with the strategic partners, to contribute the Company's business development and meet the requirements of the Company's operation plan, after considering the timeliness and simplification of raising the capital and bringing in the strategic investors, we proposed to conduct the private placements of new common shares with specific subscribers according to the Article 43-6 of Securities and Exchange Act and related regulations. The Company proposed to issue not more than 20,000,000 new shares of privately placed shares, and the new issued capital of the Company will not be increased more than NT\$200,000,000. The face value per share is NT\$10, and all new shares are common shares.
2. According to the Article 43-6 of Securities and Exchange Act and Directions for Public Companies Conducting Private Placements of Securities, the explanations are as below:
 - (1) The basis and rationale for the setting of the price:
 - A. For setting the offering price of privately placed shares, the offering price shall be not lower than 80% of the higher price of the following two calculations:
 - (a) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - (b) The simple average closing price of the common shares of

the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

- B. The final date of price determination date and final price of privately placed shares was authorized the board directors to decide according to the condition of the actual specific subscribers and market situation.
 - C. The method of setting the offering price is based on the rules of Directions for Public Companies Conducting Private Placements of Securities, and because the privately placed shares can't be freely transferred within three years and considering the business benefit from cooperating with the strategic partners, so the method of setting the offering price is rational.
- (2) The means of selecting the specified persons:
- A. The Company will decide the actual specific subscribers according to the regulations of the Article 43-6 of Securities and Exchange Act and other related regulations, and will be limited to the strategic investors.
 - B. The subscriber will be limited to the strategic investors:
 - (a) The method and objectives of selecting the subscriber: The Company will choose the strategic investors who can provide assistance to the Company in terms of enlarged market, or increased product efficiency, or enhanced skills.
 - (b) The necessity for that selection: The Company can enhance long-term competitiveness and operational efficiency of the Company through the business cooperation of strategic investors, so it's necessary.
 - (c) The anticipated benefits: With the advantage of the strategic investors' experience, products technology, knowledge, brand reputation and market access, such as through

strategic cooperation and joint product development, integrated marketing, or business development and cooperation are expected to help the Company to reduce product costs, improve product technology, expand the sales market, to enhance the Company's future operating performance.

C. There are no confirmed subscribers now.

(3) The reasons necessitating the private placement.

- A. The reasons for the necessity for conducting the private placement, specify the reasons for not using a public offering : Considering the capital market conditions, the issue costs, timeliness and feasibility of financing by way of private placement, as well as the method of private placement have the characteristics of quick and simple procedure of offering new shares and the limitation of transferring shares for 3 years, that can more ensure the long-term relationship with the strategic partners. So, we decided to conduct the method of private placement instead of the public offering.
- B. The limit on the private placement: Issue not more than 20,000,000 new shares.
- C. The use of the funds raised by the private placement and the anticipated benefits : This private placement of new common shares may be carried out in 1~3 times in installments(not more than 3 times) within one year since the date of the resolution of the shareholders meeting. Each proceeds of the private placement will be fully operational in order to enrich the necessary working capital in response to develop long-term operations. Each of private placement is expected to have the anticipated benefits to lower business risks, strengthen the financial structure, improve the effectiveness of the Company's future operating performance.

Carried out times	The use of the funds raised	Anticipated benefits
carried out 1 times	With the industrial big plant for the strategy partner, simultaneously enriches transport business circulating capital and needs in accordance to the company long-term transport business development.	Reduces management risk the company, the strengthened finance structure, will promote this company future benefit of the transport business achievements.
carried out 1~2 times	2 times all "With the industrial big plant for the strategy partner, simultaneously enriches transport business circulating capital and needs in accordance to the company long-term transport business development."	2 times all "Reduces management risk the company, the strengthened finance structure, will promote this company future benefit of the transport business achievements."
carried out 1~3 times	3 times all "With the industrial big plant for the strategy partner, simultaneously enriches transport business circulating capital and needs in accordance to the company long-term transport business development."	3 times all "Reduces management risk the company, the strengthened finance structure, will promote this company future benefit of the transport business achievements."

(4) There is no significant change in managerial control within the 1 year period immediately preceding the day on which the board of directors resolves on this private placement plan. And the

Company proposed to issue not more than 20,000,000 new shares of privately placed shares that will be within 9.2% of the new total capital after conducting this private placement plan that will have a positive contribution to the Company's business development.

(5) Other items:

- A. In principle, the right and the obligation of the privately placed new shares are equivalent to the common shares which have been issued by the Company. However, according to the Article 43-8 of Securities and Exchange Act, the privately placed shares may not be sold within three full years since the delivery date of the shares. After three years since the delivery date of the shares, the Company will arrange with the chief authorities for a public offering and listing on the stock market for the privately placed shares, according to the regulations of Securities and Exchange Act and other related regulations.
- B. After the related items of private placement of new common shares being agreed by the shareholders meeting, the Board of Directors will be fully authorized to handle and execute the whole plan and the other matters concerned or any items need be changed.
- C. In addition to above authorization, the shareholders would authorize the Chairman to sign, negotiate changes to all relevant contracts and documents of the private placement of new shares, and handle all related items of issue the privately placed new shares.

(6) According to the Securities Future Investors Protection Center Letter bearing reference number 2015.3.24 Zheng Ba Far 1041000620, the explanations as follows:

- 1. This private placement for replenish the Company operating cash's necessity and reasonableness :

Though, in the consolidated balance sheets of the Company in 2014 cash and cash equivalents is NT\$7,566,766 thousands on December 31, 2014. For cash and cash equivalents, NT\$2,657,160 thousands for dividends to shareholders, bonus to employees and remuneration to directors and supervisors, the balance of NT\$4,909,606 thousands is for normal operation using, which is only 1.78 times to monthly average net revenues (NT\$2,752,634). And, NT\$925,000 thousands input from last private placement in 2014 is completely used by the third quarter of 2014 which was posted in the MOPS.

Besides for the Company to well prepare for a more prosperous industry and to enhance competitiveness to keep the leadership in Flash industry, the Company plans to mass the investments of products research and development to speed the production of profitable new products. By introducing conductive strategic investors, the Company will expand its product lines and markets; hence the Company should raise funds to meet the future operation needs.

2. Assess this private placement's purposes 、 the impact of managerial control and shareholders' equity.

The aim of the private placement is the introducing strategic investors to strengthen the long-term relationship with strategic business partners. The Company will cooperate with the strategic investors to develop both products and markets, to enhance the position in technical and to raise the marketing shares. The strategic private placement is necessary for the Company's business and development in long-term.

There is no significant change in managerial control within the 1 year period immediately preceding the day on March 17, 2015 board of directors resolves on this private placement plan. And

the Company proposed to issue not more than 20,000,000 new shares of privately placed shares that will be within 9.2% of the new total capital after conducting this private placement plan, will be carried out in 1~3 times in installments and hope can raise the change of different strategic investors, and dispersed subscription object of this private placement, reduce the probability of a result of the private placement and the right to operate significant changes to ensure that existion shareholders' equity. The future of the company looking for a strategic investor will be raised prior consultation with the subscribers, with the right to operate without a significant change occurs in that will have a positive contribution to the Company's business development. The Company expected there will be not have significant change in managerial control after the introduction of strategic investor through private placement.

Resolution:

Extemporaneous Motions

Attachments

【Attachment 1】

Phison Electronics Corporation 2014 Business Report

一、經營方針及實施概況：

面對民國 103 年全球科技產業的劇烈變化及整併風潮，本公司面對快閃記憶體上下游產業的快速變化，兢兢業業，在全體同仁與策略合作夥伴的共同努力合作下，在 103 年度於營業獲利上終能有不錯的表現，本公司 103 年度合併營業收入為新台幣 330.7 億元，合併稅後淨利為新台幣 32 億元，合併每股稅後盈餘新台幣 17.48 元。

民國 103 年度，快閃記憶體應用產品的終端市場持續不斷改變與擴展，本公司除了在隨身碟及快閃記憶卡相關產品線，持續不斷投入開發作創新升級，以快速滿足市場規格升級及延伸功能應用的需求，更投入大量研發資源加強投入在創新產品線 SSD 產品及 eMMC 產品線等各式內建式快閃記憶體應用產品上的設計開發，並積極開發其新應用產品市場及擴張銷售市場版圖，使得出貨金額持續成長，103 年度在 SSD 相關控制晶片及成品的整體出貨金額較前一年度成長約 104%，在內建式快閃記憶體應用產品控制晶片模組的整體出貨金額較前一年度成長約 18%，在市場銷售版圖持續提高產品市佔率。

展望 104 年，面對快閃記憶體的終端應用產品持續推陳出新，NAND Flash 控制晶片應用的擴張發展，群聯將在各種內建式 NAND Flash 應用產品上繼續開發出創新的應用控制晶片並提供系統整合應用設計服務及產品，群聯因應科技產業變化及 Flash 產品應用趨勢，在產品面將持續投入新製程及創新技術規格研發的投資，以快速提供多元多樣化的應用產品，並持續開發新應用市場並擴大市場佔有率。尤其提升 SSD、eMMC 產品及創新產品在各類科技產品的應用與銷售版圖，將持續針對智慧型手機及平板電腦等各類手持裝置開發內嵌式新一代高速 eMMC 控制晶片，另針對 Ultrabook、工業電腦市場、企業級高速儲存需求及物聯網等網路資料儲存需求等等新應用市場持續開發創新 SSD 系統產品，以提供符合市場快速變化所需的 Total Solution 技術與服務，因應市場的快速變化，加深市場競爭力，持續拓展市場版圖。

配合快閃記憶體應用產品的市場發展，在營運策略方面，本公司將以穩健擴張的方式持續推動群聯集團的成長。103~104 年間本公司持續與上下游合作廠商進行策略合作，期以投資入股方式、產品合作及市場開發等等營運策略加強彼此間的策略合作關係，持續善用策略聯盟方式進行縱向的資源整合與橫向的擴張以強化市場競爭力，對內，本公司持續強化專業研發團隊的研發強度及技術質量，並繼續提升內部營運流程的效率與客戶服務品質，並觀察市場變化適時適當擴增國內外營運據點，以增強成長動能，縝密佈局國內外市場，拓展更廣闊的應用產品及銷售通路，朝多元化的市場版圖伸展，持續創造競爭優勢，以達公司永續穩定經營的目標。

二、一〇三年度營業成果：

(一)、營業成果說明：

(1)合併營業收入：

本公司 103 年度合併營業收入淨額為新台幣 33,074,698 仟元，較 102 年度 32,173,947 仟元增加 900,751 仟元，增加 2.8%。

(2)合併稅後淨利：

本公司 103 年度合併稅後淨利 3,201,149 仟元，較 102 年度 3,170,543 仟元增加 30,606 仟元，增加 0.97 %。

(二)、預算執行情形：本公司 103 年度未公開財務預測，故無須公開揭露預算執行情形。

(三)、營業收支及獲利能力分析

(1)合併營業收支狀況

單位：新台幣仟元

項目	一〇三年度	一〇二年度	增(減)金額	變動比例(%)
營業收入	33,074,698	32,173,947	900,751	2.80%
營業毛利	5,589,572	5,719,929	(130,357)	(2.28%)
營業淨利	3,181,194	3,413,687	(232,493)	(6.81%)
營業外收入及支出	550,750	343,963	206,787	60.12%
稅後淨利	3,201,149	3,170,543	30,606	0.97 %

(2)合併營業財務獲利能力

項 目		103 年度	102 年度
財務結構	負債佔資產比率(%)	27.58	29.47
	長期資金佔固定資產比率(%)	1,010.85	881.92
償債能力	流動比率(%)	319.33	304.45
	速動比率(%)	232.51	235.18
	利息保障倍數(次)	1,530.49	1,147.32
經營能力	應收款項週轉率(次)	8.19	8.17
	平均收現日數(日)	44.56	44.67
	存貨週轉率(次)	5.83	8.47
	平均銷貨日數(日)	62.60	43.09
	固定資產週轉率(次)	20.52	21.63
	總資產週轉率(次)	1.55	1.73
獲利能力	資產報酬率(%)	15.01	17.04
	股東權益報酬率(%)	20.96	24.10
	占實收資本比率(%)	營業利益	171.52

		稅前純益	201.21	208.21
	純益率(%)		9.68	9.85
	每股盈餘(元)		17.48	17.57
現金流量	現金流量比率(%)		21.33	21.26
	現金流量允當比率(%)		106.63	106.21
	現金再投資比率(%)		(3.36)	(1.44)

(四)、研究發展狀況

(1)最近二年度研究發展費用

民國 103 及 102 年度合併研發費用分別為 1,667,724 仟元及 1,627,333 仟元，佔各該年度合併營業收入比例為 5.04%和 5.06%。且截至 103 年底，本公司已取得各國專利權核准達 700 件。

(2)研發成果

103 年度已成功開發並推出下列產品，包括：

- A. 針對下一代更高速傳輸介面，開發 PCIE gen3 PHY。
- B. 針對手持式裝置，開發高效能，更省電的 UFS gear 3 PHY。
- C. 開發下一代 eMMC5.0 控制晶片。
- D. 開發多 CPU 核心快閃記憶體控制晶片，提昇資料傳存取速度。
- E. 針對更先進製程之快閃記憶體，開發給合 DSP 及 LDPC 之錯誤更正模組，提供更強大的錯誤更正能力。
- F. 開發高速 SDXC UHSII 控制晶片及記憶卡。
- G. 開發最高儲存容量達 1TB 之快閃記憶體控制晶片及 SSD。
- H. 開發資料傳輸速率可超過 400MB 之 USB3.0 控制晶片及筆碟。

(3)本公司根據市場需求走勢、產業競爭態勢及新產品計劃推出時程等考量，104 年度目前計畫新開發或持續升級之產品線如下：

- A. 整合 DSP+LDPC 模組於 SSD 控制晶片，提昇資料存取速度，及延長 SSD 產品生命週期。
- B. 開發 PCIe NVM1.2 電路模組，支援高速 SSD。
- C. 開發 UFS Unipro 快閃記憶體控制晶片。
- D. 開發高性能，低功耗之錯誤更正電路模組，以支援 3D 快閃記憶體。
- E. 開發下一世代資料加解密電路模組，採用更安全的演算法，並提昇運算速度。
- F. 開發快閃記憶體管理核心電路模組，簡化韌體作業流程，增加資料傳輸效率，減少功耗。
- G. 針對 SSD 產品線及內建式快閃記憶體模組，配合應用市場持續開發創新規格技術之產品。

群聯電子股份有限公司

董事長 潘健成

總經理 歐陽志光

會計主管 邱淑華

【Attachment 2】

Supervisors' Review Report

To:

The 2015 regular shareholders meeting of Phison Electronics Corp.

The Board of Directors has prepared the Company's 2014 Business Report, Consolidated and Nonconsolidated Financial Statements (Including Balance Sheets, Statements of Comprehensive Income, Statements of Changes In Equity, Statements of Cash Flows). The CPA firm of Deloitte & Touche was retained to audit Phison's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Consolidated and Nonconsolidated Financial Statements and profit distribution proposal have been reviewed and determined to be correct and accurate by accountants of Dai Xin Wei and Fan You Wei. According to Article of 219 of the Company Law, we hereby submit this report.

Phison Electronics Corp.

Supervisor: Jeo Wang

Supervisor: I.Y Yang

Supervisor: Churchill Chen

Date: March 20, 2015

【 Attachment 3 】

PHISON ELECTRONICS CORP. AND SUBSIDIARIES
INFORMATION OF INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Percentage of Ownership	Investment (Loss) Income (Note 2)	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow					
Phisontech (Shenzhen) Limited	Design, R&D, import and export storage devices and electronics	US\$ 790 (NT\$23,006)	2	US\$ 790 (NT\$23,006)	\$ -	\$ -	US\$ 790 (NT\$23,006)	100.00	(NT\$(7,715))	NT\$8,949	\$ -

Investee Company	Accumulated Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
Phisontech (Shenzhen) Limited	US\$ 790 (NT\$23,006)	US\$ 790 (NT\$23,006)	NT\$ 9,910,488

Note 1: Indirectly invested in China company through third region Company Global Flash Limited.

Note 2: Amount was recognized based on the audited financial statements.

Note 3: The limit of investment in Mainland China based on Regulations governing the Approval of Investments on Technical Corporation in Mainland China is 60% of net asset value, $\$16,517,480 \times 60\% = \$9,910,488$.

【Attachment 4】

PHISON ELECTRONICS CORP.

CODE OF CONDUCT FOR DIRECTOR, SUPERVISOR AND MANAGER

第一條 目的

為導引本公司董事、監察人及經理人為公司從事經營活動時，其行為及道德有所依循，並使本公司之利害關係人更加瞭解本公司道德標準與行為規範，特訂定本準則，以資遵循。

兼任本公司經理人之董事，於閱讀本準則時，應一併閱讀適用於本公司員工行為準則。

第二條 適用對象

本公司董事、監察人及經理人，包括總經理及相當等級者、副總經理及相當等級者、協理及相當等級者、財務部門主管、會計部門主管以及其他有為公司管理事務及簽名權利之人。(以下簡稱管理人員)

第三條 誠信經營之原則及遵循法令規章

本公司管理人員在企業經營行為上，應秉持維護公司權益、誠實無欺、注重誠信、遵守法令規章、公平公正及合乎倫理道德之原則處理公司事務，不得有欺瞞、造假、背信、詐欺等違反操守之行為。

本公司管理人員應遵守各項法令規章及本準則之規定，並追求高度之道德行為標準。

第四條 本準則包含個人責任、群體責任以及對本公司、公眾、其他利害關係人之責任規範，適用於本公司管理人員，促使其行為符合以下要求：

一、誠實及道德

本公司管理人員之行為應符合道德規範並誠實地履行其義務。

前項所稱誠實行為係指該行為無詐欺之意圖或欺騙之事實；

符合道德規範係指該行為符合專業標準，包括以公正之方式處理個人與其職務之利益衝突。

二、避免圖私利、防止利益衝突及利益迴避

利益衝突係指本公司管理人員面臨必須從其個人利益(財務上利益或其他之利益)和本公司之利益間做選擇者。

利益衝突往往使外界對本公司形象產生質疑。對於本公司之服務提供不得基於私人利益、本公司管理人員皆有義務以本公司最佳利益行事，以避免任何利益衝突。

(一) 本公司管理人員應以客觀、中立及有效率的方式處理公務，且不得以其在公司擔任之職務而使得其自身、配偶、父母、子女或二親等以內之親屬獲致不當利益。本公司與前述人員所屬之關係企業有資金貸與或為其提供保證、重大資產交易、進(銷)貨往來之情事時，相關之本公司人員應主動向本公司董事會說明其與公司有無潛在之利益衝突，除經本公司董事會(以下簡稱「董事會」)授權外，本公司管理人員不得與本公司有直接經濟上關係。

(二) 本公司管理人員應迴避與其職務有關之利益衝突，且不得從事任何可能影響本公司利益或與本公司利益衝突之業務、投資或活動，包括但不限於(1)使用公司財產、資訊或藉由職務之便而牟取私利(2)將公司利益或資源輸送予自己或親友(3)為本人或親友與公司洽談或進行交易而有害本公司利益之虞(4)投資其他與本公司業務有關之公司、工廠與公司競爭等。

三、保密責任

本公司管理人員就其職務上所知悉之事項或機密資訊，應謹慎管理，非經本公司揭露或因執行職務之必要而為提供者外，不得洩漏予他人或為工作目的以外之使用；離職後亦同。

前項應保密之資訊，包括本公司員工及客戶資料、發明、業務機密、技術資料、產品設計、製造專業知識、財務會計資料、智慧財產權等資訊，及其他所有可能被利用或洩漏之後對本公司或客戶有損害之未公開揭露資訊。

四、公平交易

本公司管理人員應盡力公平對待本公司之客戶、供應商、競爭對手及員工。任何董事、監察人或經理人均不得透過操縱、隱匿、濫用基於職務所獲悉之資訊、對重要事項作不實陳述或藉由其他蓄意之不公平交易影響，而自任何人獲取不當利益。並不得與競爭廠商之代表從事下列不法行為：

- (一)、合訂價格
- (二)、分配、分割市場或客戶。
- (三)、聯合杯葛或拒絕與其他客戶、供應商或競爭廠商交易。
- (四)、從事其他不合法之限制競爭行為。

五、保護本公司資產及正當有效使用

本公司之資產應受保護，並僅得基於本公司之合法商業目的善加使用之。除經公司經營階層許可外，本公司之資產不論其係有形或無形，只能由經授權之員工或其指定之人使用。不得因個人、他人使用目的或因其他不適當之目的，使用、竊取或故意侵佔本公司資產(含營業秘密)或客戶資產。未經經營階層之許可，不得移置、毀損或處置任何本公司所有具有價值之物品。本公司管理人員並應善盡善良管理人之注意管理及制定相關管理辦法及規範以管理公司資產，並確保其能有效合法地使用於公務上，避免其被侵佔、偷竊或因疏忽或浪費進而影響公司之獲利能力。

六、遵循法令規章

本公司管理人員，均應遵守所有規範本公司商業活動之法律、規則及命令，包括內線交易相關法律，以及本公司制訂供董事、監察人及經理人遵守之相關政策、程序。就本公司有價證券所為之交易，並受本公司所制訂之證券交易相關政策之規範。

本公司之商業活動受中華民國之相關法令規章管制，並接受市場檢驗及其他法規監測。

七、鼓勵報告任何非法或違反道德行為準則之行為

本公司管理人員應推廣道德行為，並應採取下列措施，以確保本公司：

- (1) 鼓勵員工當其就於某一特定情形下所應為之最佳行為有疑問時，與董事、監察人、經理人及其他適當人員討論。

(2) 鼓勵員工向其他適當人員報告法律、規則命令、本公司內部準則或從業道德準則之違反情事。

(3) 告知員工本公司不允許對善意報告者報復。

八、呈報任何非法或違反道德行為準則之行為之遵循程序

一經發現任何可疑之違反本準則行為，應立即向監察人、經理人、內部稽核人員、審計委員會(在其成立後)或其他適當人員報告，該等可疑違規情事，將由董事會或董事會所指定之一人或數人調查之。本公司並提供違反道德行為準則者得於董事會議中陳述其理由之申訴管道，再由董事會決議其違反與否，涉違反道德行為準則者於董事會決議時應迴避。善意報告該等可疑違規情事將不致遭受報復，對於報告之人，公司將保密且給予適當之保護以避免遭受不公平的報復或對待。

九、懲戒措施

本公司管理人員如有違反本準則之情事時，本公司應依法令或公司相關規定處理。但情節重大者，應即時於公開資訊觀測站揭露違反者之違反日期、違反事由、違反準則及處理情形等資訊，並移請董事會議處。

前項情事當事人得利用本公司申訴管道，依相關規定，尋求救濟。

十、申訴制度

本公司管理人員如有違反本準則時，若能舉證即可立即提出申訴，並將相關佐證資料送適當人員、董事會或股東會會議(涉違反者應採迴避原則)討論作最後決議。

違反單位	受理申訴單位	決議懲戒單位
經理人(不含總經理)	總經理	總經理、董事會
總經理	董事會	董事會
董事	監察人	股東會
監察人	其他監察人	股東會

第五條 豁免適用之程序

於特殊情況下，本公司得對管理人員豁免本行為準則之適用，但須於事先核准。管理人員之豁免，應由董事會為之。本公司須將豁免之管理人員、豁免內容及理由，即時向股東揭露，並於即將提報之定期公開報告中陳述。

第六條 揭露方式

本公司應於公司網站、年報、公開說明書及公開資訊觀測站揭露其所訂定之道德行為準則，修正時亦同。

第七條 施行

本道德行為準則經董事會通過後施行，並送各監察人及提報股東會，修正時亦同。

第八條 本準則訂立於中華民國一〇三年十二月二十四日

第一次修正於中華民國一〇四年 三月 十七日

【Attachment 5】 Issuance of privately placed new common shares by 2014 Shareholders Meeting

項 目	一〇三年度第一次私募 發行日期：103年6月17日					一〇三年度第二次私募 發行日期：104年2月6日				
私募有價證券種類	普通股					普通股				
股東會通過日期與數額	股東會通過日期：103年6月17日 董事會通過日期：103年6月17日 數額：5,000,000股					股東會通過日期：103年6月17日 董事會通過日期：104年2月06日 數額：11,900,000股				
價格訂定之依據及合理性	本次私募價格係依據本公司103年6月17日股東會決議之定價原則訂定之，本次私募價格新台幣185元係定價日前五個營業日普通股收盤價簡單算數平均數230.40元之80.3%。					本次私募價格係依據本公司103年6月17日股東會決議之定價原則訂定之，本次私募價格新台幣180元係定價日前三個營業日普通股收盤價簡單算數平均數225元之80%。				
特定人選擇之方式	本次私募普通股之對象以符合證券交易法第43條之6及行政院金融監督管理委員會91年6月13日(91)台財證一字第0910003455號令之規定擇定特定人，並以策略性投資人為限。					本次私募普通股之對象以符合證券交易法第43條之6及行政院金融監督管理委員會91年6月13日(91)台財證一字第0910003455號令之規定擇定特定人，並以策略性投資人為限。				
辦理私募之必要理由	考量資本市場狀況、發行成本、私募方式之籌資時效性及可行性，以及私募股票有三年內不得自由轉讓之限制等因素，較可確保並強化與策略合作伙伴間更緊密的長期合作關係，故本次不採用公開募集而擬以私募方式辦理現金增資發行新股。					考量資本市場狀況、發行成本、私募方式之籌資時效性及可行性，以及私募股票有三年內不得自由轉讓之限制等因素，較可確保並強化與策略合作伙伴間更緊密的長期合作關係，故本次不採用公開募集而擬以私募方式辦理現金增資發行新股。				
價款繳納完成日期	民國103年06月20日					民國104年02月12日				
應募人資料	私募對象	資格條件	認購數量	與公司關係	參與公司經營情形	私募對象	資格條件	認購數量	與公司關係	參與公司經營情形
	Kingston Technology Corporation	符合證券交易法第43條之6第1項第2款之人	5,000,000股	無	無	Kingston Technology Corporation	符合證券交易法第43條之6第1項第2款之人	10,400,000股	無	無
						研華投資股份有限公司	符合證券交易法第43條之6第1項第2款之人	1,500,000股	無	無
實際認購價格	每股新台幣185元					每股新台幣180元				
實際認購價格與參考價格差異	本次私募價格係依據本公司103年6月17日股東會決議之定價原則訂定之，本次私募價格新台幣185元係定價日前五個營業日普通股收盤價簡單算數平均數230.40元之80.3%。					本次私募價格係依據本公司103年6月17日股東會決議之定價原則訂定之，本次私募價格新台幣180元係定價日前三個營業日普通股收盤價簡單算數平均數225元之80%。				
辦理私募對股東權益影響	強化公司競爭力、提升營運效能之效益，對股東權益將有正面助益。					強化公司競爭力、提升營運效能之效益，對股東權益將有正面助益。				
私募資金運用情形及計畫執行進度	本次私募現金增資之計畫項目為充實營運資金，已如期於103年第3季執行完畢。					本次私募現金增資之計畫項目為充實營運資金，已於104年4月底執行完畢。				
私募效益顯現情形	應募人提供本公司訂單來源。					應募人提供本公司訂單來源。				

【Attachment 6】

**【FINANCIAL STATEMENTS AND CONSOLIDATED
FINANCIAL STATEMENTS OF YEAR 2014】**

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF
AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 “Consolidated and Separate Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

PHISON ELECTRONICS CORP.

KHEIN SENG PUA
Chairman

March 17, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Phison Electronics Corp.

We have audited the accompanying consolidated balance sheets of Phison Electronics Corp. (the "Corporation") and its subsidiaries 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 Corporation'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 financial position of Phison Electronics Corp. and its subsidiaries 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 (FSC) of the Republic of China.

We have also audited the financial statements of the parent company, Phison Electronics Corp., as of and for the years ended December 31, 2014 and 2013, on which we have issued an unqualified report.

March 17, 2015

Notice to Readers

The accompanying consolidated financial statements are intended only to present the 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 accepted and 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 auditors' report and consolidated financial statements shall prevail.

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

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

ASSETS	2014		2013	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 7,770,225	34	\$ 7,759,683	39
Financial assets at fair value through profit or loss - current (Note 7 and 25)	2,082,695	9	1,759,347	9
Debt investments with no active market - current (Notes 8 and 28)	20,313	-	69,514	-
Notes and accounts receivable				
Third parties (Note 9)	4,032,142	18	3,462,606	18
Related parties (Notes 9 and 26)	247,488	1	339,343	2
Other receivables (Note 9)	294,530	1	245,356	1
Current tax assets (Note 20)	56,877	-	56,877	-
Inventories (Note 10)	5,408,625	24	4,022,821	20
Prepayments	7,464	-	10,356	-
Other current assets	181	-	193	-
Total current assets	<u>19,920,540</u>	<u>87</u>	<u>17,726,096</u>	<u>89</u>
NONCURRENT ASSETS				
Financial assets measured at cost - noncurrent (Note 11)	414,039	2	142,345	1
Investments accounted for by the equity method (Note 12)	642,864	3	191,675	1
Property, plant and equipment (Note 13)	1,634,020	7	1,589,946	8
Intangible assets (Note 14)	103,164	1	110,861	-
Deferred tax assets (Note 20)	93,281	-	119,058	1
Guarantee deposits paid	637	-	830	-
Total noncurrent assets	<u>2,888,005</u>	<u>13</u>	<u>2,154,715</u>	<u>11</u>
TOTAL	<u>\$ 22,808,545</u>	<u>100</u>	<u>\$ 19,880,811</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ -	-	\$ 89,415	-
Notes and accounts payable				
Third parties	1,790,085	8	1,813,806	9
Related parties (Note 26)	2,213,827	10	1,561,886	8
Other payables (Note 16)	1,480,274	7	1,532,205	8
Current tax payable (Note 20)	482,595	2	574,591	3
Current provisions (Note 17)	71,128	-	158,166	1
Other current liabilities	200,353	1	92,352	-
Total current liabilities	<u>6,238,262</u>	<u>28</u>	<u>5,822,421</u>	<u>29</u>
NONCURRENT LIABILITIES				
Deferred tax liabilities (Note 20)	7,891	-	56	-
Accrued pension costs (Note 18)	42,458	-	33,636	-
Guarantee deposits received	2,454	-	2,668	-
Total noncurrent liabilities	<u>52,803</u>	<u>-</u>	<u>36,360</u>	<u>-</u>
Total liabilities	<u>6,291,065</u>	<u>28</u>	<u>5,858,781</u>	<u>29</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 19)				
Capital stock				
Common shares	1,854,740	8	1,804,740	9
Capital surplus				
Additional paid-in capital	4,223,929	19	3,348,929	17
Arising from shares of changes in capital surplus of associates	263,344	1	-	-
Expired stock options	227	-	227	-
Total capital surplus	<u>4,487,500</u>	<u>20</u>	<u>3,349,156</u>	<u>17</u>
Retained earnings				
Legal reserve	1,635,991	7	1,318,937	7
Special reserve	11,241	-	9,001	-
Unappropriated earnings	8,533,064	37	7,551,437	38
Total retained earnings	<u>10,180,296</u>	<u>44</u>	<u>8,879,375</u>	<u>45</u>
Other equity				
Exchange differences on translating foreign operations	(5,056)	-	(11,241)	-
Total equity attributable to owners of the Parent	<u>16,517,480</u>	<u>72</u>	<u>14,022,030</u>	<u>71</u>
TOTAL	<u>\$ 22,808,545</u>	<u>100</u>	<u>\$ 19,880,811</u>	<u>100</u>

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

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2014 AND 2013

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

	2014		2013	
	Amount	%	Amount	%
OPERATING REVENUES (Note 26)				
Gross sales	\$ 33,219,030	101	\$ 32,494,414	101
Less: Sales returns and allowances	<u>289,474</u>	<u>1</u>	<u>339,510</u>	<u>1</u>
Net sales	32,929,556	100	32,154,904	100
Service revenue	<u>145,142</u>	<u>-</u>	<u>19,043</u>	<u>-</u>
Total operating revenues	33,074,698	100	32,173,947	100
OPERATING COSTS (Notes 10, 21 and 26)	<u>27,485,126</u>	<u>83</u>	<u>26,454,018</u>	<u>82</u>
GROSS PROFIT	<u>5,589,572</u>	<u>17</u>	<u>5,719,929</u>	<u>18</u>
OPERATING EXPENSES (Note 21)				
Marketing	374,560	2	317,408	1
General and administrative	366,094	1	361,501	1
Research and development	<u>1,667,724</u>	<u>5</u>	<u>1,627,333</u>	<u>5</u>
Total operating expenses	<u>2,408,378</u>	<u>8</u>	<u>2,306,242</u>	<u>7</u>
OPERATING INCOME	<u>3,181,194</u>	<u>9</u>	<u>3,413,687</u>	<u>11</u>
NONOPERATING INCOME AND EXPENSES				
Other gains and losses (Note 21)	277,321	1	146,674	1
Share of gains of associates (Notes 2 and 12)	194,473	1	121,854	-
Other income (Note 21)	81,396	-	78,713	-
Financial costs	<u>(2,440)</u>	<u>-</u>	<u>(3,278)</u>	<u>-</u>
Total nonoperating income	<u>550,750</u>	<u>2</u>	<u>343,963</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	3,731,944	11	3,757,650	12
INCOME TAX EXPENSE (Note 20)	<u>530,795</u>	<u>1</u>	<u>587,107</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>3,201,149</u>	<u>10</u>	<u>3,170,543</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF INCOME TAX				
Exchange differences on translating foreign operations	(1,307)	-	(2,699)	-
Actual (loss) gain on defined benefit plans	(6,326)	-	641	-
Share of other comprehensive gain of associates	8,759	-	-	-

(Continued)

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2014 AND 2013

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

	2014		2013	
	Amount	%	Amount	%
Income tax (expense) benefit relating to components of other comprehensive income (Note 20)	<u>(192)</u>	<u>-</u>	<u>350</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>934</u>	<u>-</u>	<u>(1,708)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 3,202,083</u>	<u>10</u>	<u>\$ 3,168,835</u>	<u>10</u>
NET PROFIT ATTRIBUTED TO:				
Owners of the parent	<u>\$ 3,201,149</u>	<u>10</u>	<u>\$ 3,170,543</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Owners of the parent	<u>\$ 3,202,083</u>	<u>10</u>	<u>\$ 3,168,835</u>	<u>10</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 17.48</u>		<u>\$ 17.57</u>	
Diluted	<u>\$ 17.23</u>		<u>\$ 17.26</u>	

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

(Concluded)

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of the Parent											
	Capital Stock Issued and Outstanding		Capital Surplus					Retained Earnings			Other Equities	Total Equity
	Ordinary Shares	Advance Receipts for Ordinary Shares	Additional Paid in Capital	Employee Stock Options	Expired Stock Options	Arising from Shares of Changes In Capital Surplus of Associate	Legal Reserve	Special Reserve	Unappropriated	Exchange Differences on Translating Foreign Operations		
BALANCE AT JANUARY 1, 2013	\$ 1,801,622	\$ 9,051	\$ 3,326,030	\$ 10,010	\$ 178	\$ -	\$ 1,049,399	\$ 6,743	\$ 6,095,950	\$ (9,001)	\$ 12,289,982	
Appropriation of 2012 earnings												
Legal reserve	-	-	-	-	-	-	269,538	-	(269,538)	-	-	
Cash dividends - NT\$8 per share	-	-	-	-	-	-	-	-	(1,443,792)	-	(1,443,792)	
Special reserve	-	-	-	-	-	-	-	2,258	(2,258)	-	-	
Balance after appropriation	1,801,622	9,051	3,326,030	10,010	178	-	1,318,937	9,001	4,380,362	(9,001)	10,846,190	
Changes in other capital surplus												
Transfer of employee stock options to capital stock on February 4, 2013 - NT\$51.5 per share	1,757	(9,051)	12,906	(5,612)	-	-	-	-	-	-	-	
Transfer of executed employee stock options to capital stock on February 5, 2013 - NT\$51.5 per share	1,361	-	9,993	(4,349)	-	-	-	-	-	-	7,005	
Expired stock options	-	-	-	(49)	49	-	-	-	-	-	-	
Net profit for the year ended December 31, 2013	-	-	-	-	-	-	-	-	3,170,543	-	3,170,543	
Other comprehensive income (loss) for the year ended December 31, 2013, net of income tax	-	-	-	-	-	-	-	-	532	(2,240)	(1,708)	
BALANCE AT DECEMBER 31, 2013	1,804,740	-	3,348,929	-	227	-	1,318,937	9,001	7,551,437	(11,241)	14,022,030	
Appropriation of 2013 earnings												
Legal reserve	-	-	-	-	-	-	317,054	-	(317,054)	-	-	
Cash dividends - NT\$10.216941 per share	-	-	-	-	-	-	-	-	(1,894,977)	-	(1,894,977)	
Special reserve	-	-	-	-	-	-	-	2,240	(2,240)	-	-	
Balance after appropriation	1,804,740	-	3,348,929	-	227	-	1,635,991	11,241	5,337,166	(11,241)	12,127,053	
Arising from shares of changes in capital surplus of associates	-	-	-	-	-	263,344	-	-	-	-	263,344	
Issue of common shares for cash as of June 20, 2014 - NT\$185 per share	50,000	-	875,000	-	-	-	-	-	-	-	925,000	
Net profit for the year ended December 31, 2014	-	-	-	-	-	-	-	-	3,201,149	-	3,201,149	
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	-	-	(5,251)	6,185	934	
BALANCE AT DECEMBER 31, 2014	\$ 1,854,740	\$ -	\$ 4,223,929	\$ -	\$ 227	\$ 263,344	\$ 1,635,991	\$ 11,241	\$ 8,533,064	\$ (5,056)	\$ 16,517,480	

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

PHISON ELECTRONICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,731,944	\$ 3,757,650
Adjustments for:		
Share of gains of associates	(194,473)	(121,854)
Unrealized foreign currency exchange (gain) loss	(171,227)	17,012
Recognition of provisions	143,811	223,065
Depreciation	88,905	77,221
Amortization	85,425	72,834
Impairment loss recognized on financial assets measured at cost	38,260	24,304
Interest income	(33,731)	(28,079)
Allowance for bad debts	14,336	377
Loss (gain) on disposal of investments	8,759	(121)
Dividend income	(6,438)	(2,016)
Loss on disposal of financial assets measured at cost	6,309	-
Interest expense	2,440	3,278
Write-down of inventories	133	24
Transfer of prepayments for equipment to expenses	-	4,620
Other	(485)	-
Net changes related to operating assets and liabilities		
Financial assets at fair value through profit or loss	(323,348)	(1,244,870)
Notes and accounts receivable	(342,908)	217,505
Other receivable	(49,191)	(71,198)
Inventories	(1,358,781)	(1,796,511)
Prepayments	(54,514)	245
Other current assets	38	36,675
Notes and accounts payable	540,289	439,379
Other payables	(77,270)	211,179
Provisions	(230,849)	(132,049)
Other current liabilities	100,568	9,783
Accrued pension costs	8,822	1,649
Cash provided by operation	1,926,824	1,700,102
Interest paid	(2,336)	(3,359)
Income tax paid	(594,116)	(458,879)
Net cash provided by operating activities	<u>1,330,372</u>	<u>1,237,864</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets carried at cost	(317,006)	(17,995)
Payments for intangible assets	(77,728)	(124,292)
Payments for property, plant and equipment	(68,990)	(253,612)
Decrease (increase) in debt investments with no active market	49,201	(40,184)
Interest received	33,761	27,214
Dividends received	6,438	2,016

(Continued)

PHISON ELECTRONICS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds of the disposal of investment accounted for by the equity method	6,003	20,925
Cash flow from acquisition of subsidiary (Note 23)	5,090	-
Proceed of the capital reduction of investments accounted for by the equity method	2,625	-
Purchase of investment accounted for by the equity method	(2,000)	-
Proceeds of the disposal of financial assets measured at cost	742	-
Decrease in refundable deposits	406	-
Proceeds of the capital reduction of financial assets measured at cost	<u>-</u>	<u>250</u>
Net cash used in investing activities	<u>(361,458)</u>	<u>(385,678)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	(1,894,977)	(1,443,792)
Proceeds of the issue of common shares	925,000	-
Decrease in short-term borrowings	(89,415)	(171,945)
(Decrease) increase in guarantee deposits	(214)	2,196
Transfer of exercised employee stock options to capital stock	<u>-</u>	<u>7,005</u>
Net cash used in financing activities	<u>(1,059,606)</u>	<u>(1,606,536)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>101,234</u>	<u>(19,034)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,542	(773,384)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>7,759,683</u>	<u>8,533,067</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,770,225</u>	<u>\$ 7,759,683</u>

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

(Concluded)

民國一〇三年度財務報表

會計師查核報告

群聯電子股份有限公司 公鑒：

群聯電子股份有限公司民國 103 年及 102 年 12 月 31 日之個體資產負債表，暨民國 103 年及 102 年 1 月 1 日至 12 月 31 日之個體綜合損益表、個體權益變動表與個體現金流量表，業經本會計師查核竣事。上開個體財務報表之編製係管理階層之責任，本會計師之責任則為根據查核結果對上開個體財務報表表示意見。

本會計師係依照會計師查核簽證財務報表規則及一般公認審計準則規劃並執行查核工作，以合理確信個體財務報表有無重大不實表達。此項查核工作包括以抽查方式獲取個體財務報表所列金額及所揭露事項之查核證據、評估管理階層編製個體財務報表所採用之會計原則及所作之重大會計估計，暨評估個體財務報表整體之表達。本會計師相信此項查核工作可對所表示之意見提供合理之依據。

依本會計師之意見，第一段所述個體財務報表在所有重大方面係依照證券發行人財務報告編製準則編製，足以允當表達群聯電子股份有限公司民國 103 年及 102 年 12 月 31 日之個體財務狀況，暨民國 103 年及 102 年 1 月 1 日至 12 月 31 日之個體財務績效及個體現金流量。

群聯電子股份有限公司民國 103 年度個體財務報告重要會計項目明細表，主要係供補充分析之用，亦經本會計師採用第二段所述之查核程序予以查核。據本會計師之意見，該等明細表在所有重大方面與第一段所述個體財務報表相關資訊一致。

勤業眾信聯合會計師事務所
會計師 戴 信 維

會計師 范 有 偉

財政部證券暨期貨管理委員會核准文號
台財證六字第 0930128050 號

財政部證券暨期貨管理委員會核准文號
台財證六字第 0920123784 號

中 華 民 國 104 年 3 月 17 日

群聯電子股份有限公司

個體資產負債表

民國 103 年及 102 年 12 月 31 日

單位：新台幣仟元

代 碼	資 產	103年12月31日		102年12月31日	
		金 額	%	金 額	%
	流動資產				
1100	現金及約當現金(附註六)	\$ 7,566,766	33	\$ 7,533,236	38
1110	透過損益按公允價值衡量之金融資產—流動(附註七及二四)	2,034,466	9	1,731,919	9
1147	無活絡市場之債券投資—流動(附註八及二七)	20,313	-	69,514	1
1170	應收票據及帳款—非關係人淨額(附註九)	3,989,810	18	3,438,634	17
1180	應收票據及帳款—關係人淨額(附註九及二五)	254,929	1	351,281	2
1200	其他應收款(附註九)	294,166	1	238,426	1
1220	當期所得稅資產(附註二十)	56,877	-	56,877	-
1310	存貨(附註十)	5,380,642	24	4,021,433	20
1410	預付款項	6,718	-	10,045	-
1479	其他流動資產	173	-	136	-
11XX	流動資產總計	<u>19,604,860</u>	<u>86</u>	<u>17,451,501</u>	<u>88</u>
	非流動資產				
1543	以成本衡量之金融資產—非流動(附註十一)	250,007	1	96,642	-
1550	採用權益法之投資(附註十二)	1,063,938	5	512,792	3
1600	不動產、廠房及設備(附註十三)	1,628,996	7	1,586,275	8
1780	無形資產(附註十四)	103,164	1	110,861	-
1840	遞延所得稅資產(附註二十)	93,257	-	119,058	1
1920	存出保證金	377	-	579	-
15XX	非流動資產總計	<u>3,139,739</u>	<u>14</u>	<u>2,426,207</u>	<u>12</u>
1XXX	資 產 總 計	<u>\$ 22,744,599</u>	<u>100</u>	<u>\$ 19,877,708</u>	<u>100</u>
	負債及權益				
	流動負債				
2100	短期借款(附註十五)	\$ -	-	\$ 89,415	-
2170	應付票據及帳款—非關係人	1,730,605	8	1,339,250	7
2180	應付票據及帳款—關係人(附註二五)	2,247,966	10	2,035,604	10
2200	其他應付款(附註十六)	1,466,517	6	1,529,417	8
2230	當期所得稅負債(附註二十)	476,176	2	573,770	3
2250	負債準備—流動(附註十七)	71,128	-	158,166	1
2300	其他流動負債	182,259	1	93,712	-
21XX	流動負債總計	<u>6,174,651</u>	<u>27</u>	<u>5,819,334</u>	<u>29</u>
	非流動負債				
2570	遞延所得稅負債(附註二十)	7,306	-	-	-
2640	應計退休金負債(附註十八)	42,458	-	33,636	-
2645	存入保證金	2,704	-	2,708	-
25XX	非流動負債總計	<u>52,468</u>	<u>-</u>	<u>36,344</u>	<u>-</u>
2XXX	負債總計	<u>6,227,119</u>	<u>27</u>	<u>5,855,678</u>	<u>29</u>
	權益(附註十九)				
3110	普通股股本	<u>1,854,740</u>	<u>8</u>	<u>1,804,740</u>	<u>9</u>
	資本公積				
3210	發行溢價	4,223,929	19	3,348,929	17
3260	採用權益法認列關聯企業股權淨值之變動數	263,344	1	-	-
3272	已失效認股權	227	-	227	-
3200	資本公積總計	<u>4,487,500</u>	<u>20</u>	<u>3,349,156</u>	<u>17</u>
	保留盈餘				
3310	法定盈餘公積	1,635,991	7	1,318,937	7
3320	特別盈餘公積	11,241	-	9,001	-
3350	未分配盈餘	<u>8,533,064</u>	<u>38</u>	<u>7,551,437</u>	<u>38</u>
3300	保留盈餘總計	<u>10,180,296</u>	<u>45</u>	<u>8,879,375</u>	<u>45</u>
3410	國外營運機構財務報表換算之兌換差額	(5,056)	-	(11,241)	-
3XXX	權益總計	<u>16,517,480</u>	<u>73</u>	<u>14,022,030</u>	<u>71</u>
	負 債 與 權 益 總 計	<u>\$ 22,744,599</u>	<u>100</u>	<u>\$ 19,877,708</u>	<u>100</u>

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

群聯電子股份有限公司

個體綜合損益表

民國 103 年及 102 年 1 月 1 日至 12 月 31 日

單位：除每股盈餘為新台幣
元外，係新台幣仟元

代 碼		103年度		102年度	
		金 額	%	金 額	%
	營業收入（附註二五）				
4110	銷貨收入	\$ 33,208,643	101	\$ 32,472,347	101
4190	減：銷貨退回與折讓	<u>289,426</u>	<u>1</u>	<u>339,766</u>	<u>1</u>
4100	銷貨收入淨額	32,919,217	100	32,132,581	100
4610	勞務收入	<u>112,396</u>	<u>-</u>	<u>33,049</u>	<u>-</u>
4000	合 計	33,031,613	100	32,165,630	100
5000	營業成本（附註十、二一及 二五）	<u>27,486,027</u>	<u>84</u>	<u>26,438,694</u>	<u>82</u>
5900	營業毛利	<u>5,545,586</u>	<u>16</u>	<u>5,726,936</u>	<u>18</u>
	營業費用（附註二一）				
6100	推銷費用	379,607	1	321,508	1
6200	管理費用	348,127	1	342,037	1
6300	研究發展費用	<u>1,643,617</u>	<u>5</u>	<u>1,616,703</u>	<u>5</u>
6000	合 計	<u>2,371,351</u>	<u>7</u>	<u>2,280,248</u>	<u>7</u>
6900	營業淨利	<u>3,174,235</u>	<u>9</u>	<u>3,446,688</u>	<u>11</u>
	營業外收入及支出				
7020	其他利益及損失（附註 二一）	279,997	1	143,840	1
7070	採用權益法之子公司及 關聯企業收益份額 （附註二及十二）	197,737	1	103,762	-
7010	其他收入（附註二一）	78,078	-	65,599	-
7050	財務成本	<u>(2,440)</u>	<u>-</u>	<u>(3,278)</u>	<u>-</u>
7000	合 計	<u>553,372</u>	<u>2</u>	<u>309,923</u>	<u>1</u>

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代 碼		103年度		102年度	
		金 額	%	金 額	%
7900	稅前淨利	\$ 3,727,607	11	\$ 3,756,611	12
7950	所得稅費用 (附註二十)	<u>526,458</u>	<u>1</u>	<u>586,068</u>	<u>2</u>
8200	本期淨利	<u>3,201,149</u>	<u>10</u>	<u>3,170,543</u>	<u>10</u>
	其他綜合損益 (淨額)				
8360	確定福利計畫精算利益 (損失)	(6,326)	-	641	-
8380	採用權益法之子公司及 關聯企業之其他綜合 利益 (損失) 之份額	7,452	-	(2,699)	-
8399	與其他綜合損益組成部 分相關之所得稅 (費 用) 利益 (附註二十)	(<u>192</u>)	<u>-</u>	<u>350</u>	<u>-</u>
8300	合 計	<u>934</u>	<u>-</u>	<u>(1,708)</u>	<u>-</u>
8500	本期綜合損益總額	<u>3,202,083</u>	<u>10</u>	<u>\$ 3,168,835</u>	<u>10</u>
	每股盈餘 (附註二二)				
9710	基本每股盈餘	<u>\$ 17.48</u>		<u>\$ 17.57</u>	
9810	稀釋每股盈餘	<u>\$ 17.23</u>		<u>\$ 17.26</u>	

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

群聯電子股份有限公司

個體權益變動表

民國 103 年及 102 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		資 本 公 積					權 益 法 認 列 關 聯 企 業 之 權 益 變 動 數	保 留 盈 餘			其 他 權 益 項 目 國 外 營 運 機 構 財 務 報 表 換 算 之 兌 換 差 額	權 益 總 額
		股 本	預 收 股 本	股 票 發 行 溢 價	員 工 認 股 權	已 失 效 認 股 權		法 定 盈 餘 公 積	特 別 盈 餘 公 積	未 分 配 盈 餘		
A1	102 年 1 月 1 日 餘 額	\$ 1,801,622	\$ 9,051	\$ 3,326,030	\$ 10,010	\$ 178	\$ -	\$ 1,049,399	\$ 6,743	\$ 6,095,950	(\$ 9,001)	\$12,289,982
	101 年度 盈 餘 分 配：											
B1	提 列 法 定 盈 餘 公 積	-	-	-	-	-	-	269,538	-	(269,538)	-	-
B5	現 金 股 利—每 股 8 元	-	-	-	-	-	-	-	-	(1,443,792)	-	(1,443,792)
B3	提 列 特 別 盈 餘 公 積	-	-	-	-	-	-	-	2,258	(2,258)	-	-
	分 配 後 餘 額	1,801,622	9,051	3,326,030	10,010	178	-	1,318,937	9,001	4,380,362	(9,001)	10,846,190
	其 他 資 本 公 積 變 動：											
N1	員 工 認 股 權 預 收 股 款 轉 列 股 本—每 股 51.5 元，增 資 基 準 日 為 102 年 2 月 4 日	1,757	(9,051)	12,906	(5,612)	-	-	-	-	-	-	-
N1	員 工 行 使 認 股 權 發 行 新 股—每 股 51.5 元，增 資 基 準 日 為 102 年 2 月 5 日	1,361	-	9,993	(4,349)	-	-	-	-	-	-	7,005
N1	已 失 效 認 股 權	-	-	-	(49)	49	-	-	-	-	-	-
D1	102 年 度 淨 利	-	-	-	-	-	-	-	-	3,170,543	-	3,170,543
D3	102 年 度 稅 後 其 他 綜 合 損 益	-	-	-	-	-	-	-	-	532	(2,240)	(1,708)
Z1	102 年 12 月 31 日 餘 額	1,804,740	-	3,348,929	-	227	-	1,318,937	9,001	7,551,437	(11,241)	14,022,030
	102 年 度 盈 餘 分 配：											
B1	提 列 法 定 盈 餘 公 積	-	-	-	-	-	-	317,054	-	(317,054)	-	-
B5	現 金 股 利—每 股 10.216941 元	-	-	-	-	-	-	-	-	(1,894,977)	-	(1,894,977)
B3	提 列 特 別 盈 餘 公 積	-	-	-	-	-	-	-	2,240	(2,240)	-	-
	分 配 後 餘 額	1,804,740	-	3,348,929	-	227	-	1,635,991	11,241	5,337,166	(11,241)	12,127,053
	其 他 資 本 公 積 變 動：											
C7	採 用 權 益 法 認 列 之 關 聯 企 業 及 合 資 之 變 動 數	-	-	-	-	-	263,344	-	-	-	-	263,344
E1	現 金 增 資—每 股 185 元 溢 價 發 行，增 資 基 準 日 為 103 年 6 月 20 日	50,000	-	875,000	-	-	-	-	-	-	-	925,000
D1	103 年 度 淨 利	-	-	-	-	-	-	-	-	3,201,149	-	3,201,149
D3	103 年 度 稅 後 其 他 綜 合 損 益	-	-	-	-	-	-	-	-	(5,251)	6,185	934
Z1	103 年 12 月 31 日 餘 額	\$ 1,854,740	\$ -	\$ 4,223,929	\$ -	\$ 227	\$ 263,344	\$ 1,635,991	\$ 11,241	\$ 8,533,064	(\$ 5,056)	\$16,517,480

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

群聯電子股份有限公司

個體現金流量表

民國 103 年及 102 年 1 月 1 日至 12 月 31 日

單位：新台幣仟元

代 碼		103 年度	102 年度
	營業活動之現金流量		
A00010	本期稅前淨利	\$ 3,727,607	\$ 3,756,611
A20010	不影響現金流量之收益費損項目		
A22400	採用權益法之子公司及關聯企 業收益份額	(197,737)	(103,762)
A29900	提列負債準備	143,811	223,065
A24100	未實現外幣兌換(利益)損失	(166,991)	19,447
A20100	折舊費用	87,785	76,346
A20200	攤銷費用	85,425	72,834
A21200	利息收入	(31,384)	(26,239)
A23500	金融資產減損損失	29,110	24,304
A20300	呆帳費用	14,300	358
A23200	處分採用權益法之投資損失 (利益)	8,759	(121)
A21300	股利收入	(6,438)	(2,016)
A23100	處分以成本衡量之金融資產淨 損失	6,309	-
A20900	利息費用	2,440	3,278
A22600	預付設備款轉列費用數	-	4,620
A30000	營業資產及負債之淨變動數		
A31110	持有供交易之金融資產	(302,547)	(1,245,167)
A31130	應收帳款與票據	(368,526)	230,245
A31180	其他應收款	(52,964)	(62,970)
A31200	存貨	(1,359,209)	(1,795,595)
A31230	預付款項	(54,600)	368
A31240	其他流動資產	(37)	36,696
A32130	應付帳款與票據	565,678	439,290
A32180	其他應付款	(64,346)	210,823
A32200	負債準備	(230,849)	(132,049)
A32230	其他流動負債	84,958	12,092
A32240	應計退休金負債	8,822	1,649
A33000	營運產生之現金流入	1,929,376	1,744,107
A33300	支付之利息	(2,336)	(3,358)
A33500	支付之所得稅	(592,212)	(458,275)
AAAA	營業活動之淨現金流入	<u>1,334,828</u>	<u>1,282,474</u>

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代 碼		103 年度	102 年度
	投資活動之現金流量		
B01200	取得以成本衡量之金融資產	(\$ 189,526)	(\$ 17,995)
B01800	取得採用權益法之投資	(100,000)	(116,532)
B04500	取得無形資產	(77,728)	(124,292)
B02700	取得不動產、廠房及設備	(68,990)	(250,677)
B00700	無活絡市場之債券投資減少(增加)	49,201	(49,285)
B07500	收取之利息	30,818	25,673
B07600	收取之股利	6,438	2,016
B01900	處分採用權益法之長期股權投資價 款	6,003	20,925
B02400	採用權益法之投資減資退回股款	2,625	-
B01300	處分以成本衡量之金融資產價款	742	-
B03700	存出保證金減少	202	119
B01400	以成本衡量之金融資產減資退回股 款	-	250
BBBB	投資活動之淨現金流出	(<u>340,215</u>)	(<u>509,798</u>)
	籌資活動之現金流量		
C04500	發放現金股利	(1,894,977)	(1,443,792)
C04600	現金增資發行新股	925,000	-
C00200	短期借款減少	(89,415)	(171,945)
C03000	存入保證金(減少)增加	(4)	2,226
C04800	員工執行認股權	-	7,005
CCCC	籌資活動之淨現金流出	(<u>1,059,396</u>)	(<u>1,606,506</u>)
DDDD	匯率變動對現金及約當現金之影響	<u>98,313</u>	(<u>18,915</u>)
EEEE	本期現金及約當現金增加(減少)數	33,530	(852,745)
E00100	期初現金及約當現金餘額	<u>7,533,236</u>	<u>8,385,981</u>
E00200	期末現金及約當現金餘額	<u>\$ 7,566,766</u>	<u>\$ 7,533,236</u>

請參閱財務報表之附註。

董事長：潘健成

經理人：歐陽志光

會計主管：邱淑華

【Attachment 7】

【The amendment comparison table for the Articles of the Corporation】

Original	Amendment	Reason
<p>Article 13 The Company shall have seven Directors and three Supervisors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The tenure of them shall be three (3) years. But he /she may be eligible for re-election.</p> <p>The total shares of the nominal shares of all directors and supervisors must not be less than the shareholding percentage regulation which was set by the rules and audit procedures for directors and supervisors share ownership ratio at public companies.</p>	<p>Article 13 The Company shall have seven to eleven Directors and three Supervisors who shall be elected by <u>the system of nominating candidates and by the shareholders' meeting from the list of candidates of Directors and Supervisors</u>. The tenure of them shall be three (3) years. But he /she may be eligible for re-election.</p> <p>The total shares of the nominal shares of all directors and supervisors must not be less than the shareholding percentage regulation which was set by the rules and audit procedures for directors and supervisors share ownership ratio at public companies.</p>	<p>For the Company's Requirements of Business operation.</p>
<p>Article 13-1 Company shall have two independent Directors among the above-mentioned number of Directors. The independent Directors shall be elected by the system of nominating candidates and by the shareholders' meeting from the list of candidates of independent Directors.</p>	<p>Article 13-1 Company shall have <u>at least two and not less than one-fifth</u> independent Directors among the above-mentioned number of Directors. The independent Directors shall be elected by the system of nominating candidates and by the shareholders' meeting from the list of candidates of independent Directors.</p>	<p>For the Company's Requirements of Business operation.</p>
<p>Add Article 13-2</p>	<p>Article 13-2 The company's Audit Committee whether set by board of directors' resolution. When the board of directors resolution set the</p>	<p>For the Company's Requirements of Business operation.</p>

	<p>Audit Committee, the articles of the Corporation will be Specified supervisors will be not applicable for the term of supervisors.</p> <p>The composition of the Audit Committee, the competence matters, rules of procedure and other matters to be complied, according to the relevant provisions of the Financial Supervisory Commission.</p>	
<p>Article 21 These Articles of Incorporation are agreed to and signed on October 24, 2000.</p> <p>The first Amendment was approved by the shareholders' meeting on November 24, 2000, the second Amendment on September 5, 2001, the third Amendment on February 15, 2002, the fourth Amendment on April 9, 2002, the fifth Amendment on June 25, 2002, the sixth Amendment on March 26, 2003, the seventh Amendment on November 12, 2003, the eighth Amendment on June 15, 2004, the ninth Amendment on March 17, 2005, the tenth Amendment on June 16, 2005. the eleventh Amendment on June 14, 2006. the twelveth Amendment on November 1, 2006, the thirteenth Amendment on June 13, 2007. the fourteenth Amendment on June 13, 2008. the fifteenth</p>	<p>Article 21 These Articles of Incorporation are agreed to and signed on October 24, 2000.</p> <p>The first Amendment was approved by the shareholders' meeting on November 24, 2000, the second Amendment on September 5, 2001, the third Amendment on February 15, 2002, the fourth Amendment on April 9, 2002, the fifth Amendment on June 25, 2002, the sixth Amendment on March 26, 2003, the seventh Amendment on November 12, 2003, the eighth Amendment on June 15, 2004, the ninth Amendment on March 17, 2005, the tenth Amendment on June 16, 2005. the eleventh Amendment on June 14, 2006. the twelveth Amendment on November 1, 2006, the thirteenth Amendment on June 13, 2007. the fourteenth Amendment on June 13, 2008. the fifteenth Amendment on May 8,</p>	<p>Add the date of the twentieth Amendment.</p>

<p>Amendment on May 8, 2009. the sixteenth Amendment on June 15, 2010. the seventeenth Amendment on June 15, 2011. the eighteenth Amendment on June 11, 2013. the nineteenth Amendment on June 17, 2014.</p>	<p>2009. the sixteenth Amendment on June 15, 2010. the seventeenth Amendment on June 15, 2011. the eighteenth Amendment on June 11, 2013. the nineteenth Amendment on June 17, 2014. <u>the twentieth Amendment on June 2, 2015.</u></p>	
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【 Attachment 8 】

【 The amendment comparison table for the Rules For Election Of Directors And Supervisors 】

Original	Amendment	Reason
Add Article 3-1	<p><u>Article 3-1</u> <u>Elections of both directors and supervisors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 and 216-1 of the Company Act.</u> <u>The company's Board of Directors have rights to decide whether to set up Audit Committee. If it organizes the company's Audit Committee, articles of the Corporation about Supervisor's chapters will not applicable the tenure of Audit Committee.</u></p>	Accordinging the article of corporation about directors and supervisors who shall be elected by the system of nominating candidate and for the Company's Requirements of Business operation to add Article 3-1.
<p>Article 4 The Election of directors and supervisors of the Company shall be held at the Shareholders' Meeting and appoint to people who shall be have capacity, accordance with the article of the corporation's rule of the director and supervisor number of persons designated. Candidates who acquire more votes should win the seats of independent directors 、 directors or supervisors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes</p>	<p>Article 4 The Election of directors and supervisors of the Company shall be held director and supervisor number of persons designated. Candidates who acquire more votes should win the seats of independent directors 、 directors or supervisors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not</p>	Reference 「○○ Co., Ltd. Procedures for Election of Directors and Supervisors」 modify wording.

<p>shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.</p> <p>The candidate who had been elected as Director and Supervisor at the same time shall choose to sit on one of the two positions by himself. The vacancy of the position shall be sited by the candidate who won the second majority votes.</p>	<p>present.</p> <p>The candidate who had been elected as Director and Supervisor at the same time shall choose to sit on one of the two positions by himself.</p> <p>The vacancy of the position shall be sited by the candidate who won the second majority votes.</p>	
<p>Article 10</p> <p>The ballots should be calculated during the Meeting right after the vote casting and the results of the directors and supervisors elect roster should be announced by the Chairman at the Meeting.</p>	<p>Article 10</p> <p>The ballots should be calculated during the Meeting right after the vote casting and include the results of the directors and supervisors elect roster and the numbers of votes should be announced by the Chairman at the Meeting.</p> <p><u>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 one 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.</u></p>	<p>Reference 「○○○ Co., Ltd. Procedures for Election of Directors and Supervisors」 modify wording, and add the Item 2: rule of ballot's save.</p>

【Attachment 9】

【The amendment comparison table for the Procedure of Procedure of Engaging in Derivatives Trading】

Original	Amendment	Reason
<p>Article 6 : Regular evaluation methods and the handling of irregular circumstances Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles: 1) Designate President or Chairman of the Board of Directors personnel to pay continuous attention to monitoring and controlling derivatives trading risk. 2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. President or Chairman of the Board of Directors personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles: 1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p>	<p>Article 6 : Regular evaluation methods and the handling of irregular circumstances Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles: 1) Designate Chairman of the Board of Directors personnel to pay continuous attention to monitoring and controlling derivatives trading risk. 2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance. President or Chairman of the Board of Directors personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles: 1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.</p>	<p>For the Company's Requirements of Business operation.</p>

Original	Amendment	Reason
<p>2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	<p>2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.</p> <p>The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.</p>	

【Attachment 10】

【The amendment comparison table for the Operational Procedures for Loaning of Company Funds】

Original	Amendment	Reason
<p>第二條 得貸與資金之對象</p> <p>依公司法第十五條規定，本公司之資金除有下列各款情形外，不得貸與股東或任何他人：</p> <p>一、與本公司有業務往來的公司或行號。</p> <p>二、有短期融通資金之必要的公司或行號。融資金額不得超過本公司淨值之百分之二十。</p> <p>前項所稱短期，係指一年或一營業週期（以較長者為準）之期間。</p> <p>第一項第二款所稱融資金額，係指本公司短期融通資金之累計餘額。</p> <p>本公司直接及間接持有表決權股份百分之百之國外公司間，從事資金貸與，不受第一項第二款之限制。但仍應依第四條及第五條規定訂定資金貸與之限額及期限。</p>	<p>第二條 得貸與資金之對象</p> <p>依公司法第十五條規定，本公司之資金除有下列各款情形外，不得貸與股東或任何他人：</p> <p>一、與本公司有業務往來的公司或行號。</p> <p>二、有短期融通資金之必要的公司或行號。融資金額不得超過本公司淨值之百分之二十。</p> <p>前項所稱短期，係指一年或一營業週期（以較長者為準）之期間。</p> <p>第一項第二款所稱融資金額，係指本公司短期融通資金之累計餘額。</p> <p>本公司直接及間接持有表決權股份百分之百之國外公司間，<u>因業務往來從事資金貸與，其貸與總額以貸與公司淨值百分之二十為限，貸與個別對象金額不得超過貸與公司淨值百分之十，且每筆貸與期限不得逾一年；</u>因有短期融通資金之必要從事資金貸與，<u>其貸與總額以貸與公司淨值百分之二十為限，貸與個別對象金額不得超過貸與公司淨值百分之十，且每筆貸與期限不得逾一年。資金貸與利率不得低於貸與公司向金融機構短期借款之最高利率，貸款利</u></p>	<p>For the Company's Requirements of Business operation.</p>

	<p>息得每月結算一次或到期一次結算計收。</p>	
<p>第四條 資金貸與總額及個別對象之限額</p> <p>一、本公司資金貸與總額以不超過本公司淨值的百分之四十為限，惟因公司間或與行號間有短期融通資金之必要而將資金貸與他人之總額，以不超過本公司淨值的百分之二十為限；與本公司有業務往來之公司，資金貸與總金額以不超過雙方間業務往來總金額為限（所稱業務往來金額係指雙方間進貨或銷貨金額孰高者）。</p> <p>二、與本公司有業務往來之公司或行號，個別貸與金額以不超過雙方於資金貸與前十二個月期間內之業務往來總金額為限（所稱業務往來金額係指雙方間進貨或銷貨金額孰高者），且不得超過本公司淨值百分之十。</p> <p>三、有短期融通資金必要之公司或行號，個別貸與金額以不超過本公司淨值百分之十為限。</p>	<p>第四條 資金貸與總額及個別對象之限額</p> <p>一、本公司資金貸與總額以不超過本公司淨值的百分之四十為限。<u>其中</u>，公司間或與行號間有短期融通資金之必要而將資金貸與他人之總額，以不超過本公司淨值的百分之二十為限；與本公司有業務往來之公司<u>或行號</u>，資金貸與總金額不得超過本公司淨值的<u>百分之二十為限</u>。</p> <p>二、與本公司有業務往來之公司或行號，個別貸與金額以不超過雙方於資金貸與前十二個月期間內之業務往來總金額為限（所稱業務往來金額係指雙方間進貨或銷貨金額孰高者），且不得超過本公司淨值百分之十。</p> <p>三、有短期融通資金必要之公司或行號，個別貸與金額以不超過本公司淨值百分之十為限。</p>	<p>For the Company's Requirements of Business operation.</p>
<p>第八條 已貸與金額之後續控管措施、逾期債權處理程序</p> <p>一、貸款撥放後，應經常注意借款人及保證人之財務、業務以及相關信用狀況等，如有提供擔保品者，並應注意其擔保價值有無變動情形，遇有重大變化時，應立刻通報總經理，並依指示為適當之處理。在放款到期二個月前，應通知借款人屆期清償本息或辦理展期手續。</p> <p>二、借款人於貸款到期或到期前償還借款時，應先計算應付之利息，連同本金一併清償後，方可將本票借款等註銷歸還借款人或辦理抵押權塗銷。</p>	<p>第八條 已貸與金額之後續控管措施、逾期債權處理程序</p> <p>一、貸款撥放後，應經常注意借款人及保證人之財務、業務以及相關信用狀況等，如有提供擔保品者，並應注意其擔保價值有無變動情形，遇有重大變化時，應立刻通報總經理，並依指示為適當之處理。在放款到期二個月前，應通知借款人屆期清償本息或辦理展期手續。</p> <p>二、借款人於貸款到期或到期前償還借款時，應先計算應付之利息，連同本金一併清償後，方可將本票借款等</p>	<p>For the Company's Requirements of Business operation.</p>

三、借款人於貸款到期時，應即還清本息。如到期未能償還而需延期者，需事先提出請求，報經董事會核准後為之，每筆延期償還以不超過三個月，並以一次為限，違者本公司得就其所提供之擔保品或保證人，依法逕行處分及追償。

註銷歸還借款人或辦理抵押權塗銷。

三、借款人於貸款到期時，應即還清本息。如到期未能償還而需延期者，需事先提出請求，報經董事會核准後為之，每筆借款延期償還不得超過三個月，並以延期一次為限，且該筆借款之總資金貸與期限(含延期期間)不得逾一年，違者本公司得就其所提供之擔保品或保證人，依法逕行處分及追償。

【APPENDIX 1】

PHISON ELECTRONICS CORP. RULES AND PROCEDURES OF SHAREHOLDER MEETINGS

1. Shareholders' Meeting of the Company (the "Meeting") shall be conducted in accordance with these Rules and Procedures. Any matter not provided in these Rules and Procedures shall be handled in accordance with the Company Law and the Articles of Incorporation of the Company.
2. Shareholders or their representatives attending the Meeting shall wear on Certificate of Attendance. They shall also sign on the attendance book or submit the attendance card for the purpose of calculating the number of shares represented by shareholders attending the Meeting.
3. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
4. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.
5. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
6. Chairman shall call the Meeting to order at the time the number of shares represented by the shareholders present at the Meeting constituted the quorum. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, Chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Article 175 of the Company Law. If during the process of the Meeting the number of outstanding shares represented by the shareholders

present becomes sufficient to constitute the quorum, Chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law.

7. The Agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

- 7-1 The shareholders who held more than one percent (including one percent) of total outstanding shares of the Company can propose the motion of the regular shareholder meeting in written form.

The Company should announce the period and place of accepting shareholders to propose the motions before the suspension period of stock transfer before the regular shareholder meeting. And the period of accepting shareholders to propose the motions can not less than ten days.

The motions proposed by the shareholders need to be discussed by the board directors meeting, if there are no any concerns happened as below , the motions should be added into the meeting notice of the regular shareholders meeting:

- (1) The motion should not be discussed by the shareholders meeting.
- (2) The shareholder who proposed the motion, his/her shareholding rate of total outstanding shares of the Company did not reach one percent during the suspension period of stock transfer before the regular shareholder meeting..

(3) The motion was proposed over the accepting period announced by the Company.

(4) The shareholder proposed more than one motion, or the wordings (including the punctuation marks) in the motion more than 300 words, or the motion was not proposed in written form.

The Company should inform the shareholder the result of the motion proposed by this shareholder before the date of the notice of regular shareholder meeting. For the motions not added into the regular shareholder meeting, the board directors should explain the reason in the meeting agenda handbook of regular shareholder meeting, and don't need to be included in the meeting agenda and minutes.

8. Chairman of the Board of Directors shall be the Chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. In case the Chairman of the Board of Directors is on leave of absence or cannot exercise his powers and authority for any cause, the Vice Chairman shall act on his behalf. In case there is no Vice Chairman or Vice Chairman is also on leave of absence or cannot exercise his power and authority for any cause, Chairman of the Board of Directors may designate one of the managing directors or, where there are no managing directors, one of the directors, to act on his behalf. In the absence of such a designation, the managing directors or directors shall elect one from among themselves. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the Chairman to preside at the Meeting.
9. During the Meeting, the Chairman may, at his discretion, set time for intermission.
10. Items which were not listed on the Meeting Agenda shall not be discussed or be resolved. Chairman may announce to end or stop the discussion if Chairman deems it appropriate.
11. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card), the name of the shareholder and the amount his shareholding. The sequence of speeches by shareholders should be decided by

Chairman.

12. Unless otherwise permitted by the Chairman, each shareholder shall not speak more than two times (each time not exceeding 5 minutes). If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the Chairman may respond himself/herself or appoint an appropriate person to respond.
14. In case the speech of any shareholder exceeds the limitation of time or the scope of the discussion item, Chairman may stop the speech of such shareholder. If the shareholder who do not obey Chairman's order and disturb the order of the Meeting, Chairman may stop his attendance.
15. The Chairman shall announce to go into voting if the issues had been announced to end or stop the discussion.
16. Except otherwise specified in the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by Chairman.
17. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.
18. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

If the motions in written form proposed by the shareholders according to the Article 172-1 of the Company Law and were approved to add into the regular shareholders meeting were the same kind of motion proposed by the board directors, the motions will be combined and be discussed by the rule of above-mentioned item.

The chairman shall decide the sequence of discussing and voting of the motions

proposed by shareholders at the extemporaneous motions period.

19. The Chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
20. In case of air attack alarmed during the proceeding of the Meeting, the Meeting shall be suspended and the attendants shall split immediately. Chairman may resume the Meeting one hour after the alarm dismissed.
21. This "Rules and Procedures" shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.
22. This "Rules and Procedures" was established on 26th March 2003.
The first Amendment was on June 14, 2006.

【APPENDIX 2】

PHISON ELECTRONICS CORP. ARTICLES OF THE CORPORATION

Section I - General Provisions

1. The Corporation shall be incorporated, as a company limited by shares, under the Company Law of the Republic of China, and its name shall be Phison Electronics Corp.
2. The scope of business of the Corporation shall be as follows :
 - 1). CC01080 Electronic Parts and Components Manufacturing
 - 2). I301010 Software Design Services
 - 3). F218010 Retail Sale of Computer Software
 - 4). F119010 Wholesale of Electronic Materials
 - 5). F219010 Retail Sale of Electronic Materials
 - 6). CE01030 Photographic and Optical Equipment Manufacturing
 - 7). CC01120 Data Storage Media Manufacturing and Duplicating
 - 8). I501010 Product Designing
 - 9). F401010 International Trade
 - 10). ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
- 2-1. The Corporation may provide the procedure of Endorsements and Guarantees and act as a guarantor.
- 2-2. The total amount of the Corporation 's reinvestment shall not be subject to the restriction of not more than forty percent of the Corporation 's paid-up capital as provided in Article 13 of the Company Law.
3. The Corporation shall have its head office in Hsin Chu, Taiwan, Republic of China, and shall be free to set up branch offices at various locations within and without the territory of the Republic of China upon the resolution of the Board of Directors.
4. (deleted)

Section II - Capital Stock

5. The total capital stock of the Corporation shall be in the amount of 2,600,000,000 New Taiwan Dollars, divided into 260,000,000 shares, at ten New Taiwan Dollars each, and authorize the Board of Directors to be paid-up in installments.
The Corporation may reserve 160,000,000 New Taiwan Dollars of the total capital stock of the Corporation, divided into 16,000,000 shares, at ten New Taiwan Dollars each, to issue employee stock options in installments under resolution of the Board of Directors.
6. (deleted)
7. The share certificates of the Corporation shall all be name-bearing share certificates with signatures or stamps not less than three Directors.
The Corporation may print a consolidated share certificate in issuing new shares after going public. It may also be exempted from printing any share certificate for the shares issued. It may also be exempted from printing any share certificate for the shares issued and login at TDCC.
(Taiwan Depository & Clearing Corp.)
8. Registration for transfer of shares shall be suspended sixty (60) days immediately before the date of regular shareholder's meeting, and thirty (30) days immediately before the date of any special shareholder's meeting, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.
Time of previous item, starts from the date the meeting was hold or from standard date.
- 8-1. The stock affairs of the Corporation shall follow the 'Criteria Governing Handling of Stock Affairs by Public Companies'.

Section III - Shareholder's Meeting

9. Shareholders' meetings of the Corporation are of two types, namely: (1) regular meetings and (2) special meetings. Regular meetings shall be convened, by the Board of Directors, within six (6) months after the close of each fiscal year. Special meetings shall be convened if necessary in accordance with the relevant laws.
10. If a shareholder is unable to attend a meeting, he/she may appoint a representative to attend it, and to exercise, on his/her behalf, all rights at the

meeting by executing a power of attorney printed by the Corporation therein the scope of power authorized to the proxy. Excepted provided by Article 177 of the Company Law, the use of proxy shall follow 'Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies'.

11. Each share of stock shall be entitled to one vote, except the conditions regulated by the Term 3 of Article 157 and Article 179 of Company Law.
- 11-1. The shareholders' meeting shall be convened by the Board of Directors and be presided over by the Chairman of the Board of Directors of the Company. In case the Chairman of the Board of Directors is on leave of absence, the Chairman may designate one of the directors, to act on his behalf. In the absence of such a designation, the directors shall elect one from among themselves. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting. If there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.
12. Except as provided in the Company Law, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than one half of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.
- 12-1. The reasons for calling a board of directors meeting shall be notified to each director and supervisor at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. The calling a board of directors meeting notice also could be by Email or fax letters.

Section IV - Directors and Supervisors

13. The Company shall have seven Directors and three Supervisors who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The tenure of them shall be three (3) years. But he /she may be eligible for re-election.

The total shares of the nominal shares of all directors and supervisors must not be less than the shareholding percentage regulation which was set by the rules and audit procedures for directors and supervisors share ownership ratio at public

companies.

- 13-1. The Company shall have two independent Directors among the above-mentioned number of Directors. The independent Directors shall be elected by the system of nominating candidates and by the shareholders' meeting from the list of candidates of independent Directors.
14. The Board of Directors is constituted by the Directors. The Directors shall elect from among themselves a Chairman of the Board of Directors by a majority in a meeting attended by over two-thirds of the Directors. The Chairman of the Board of Directors shall have the authority to represent the Corporation.
15. In case the Chairman of the Board of Directors is on leave of absence, the affairs of chairing the board of directors' meeting shall be dealt by Article 208 of the Company Law. The board of directors' meeting shall be convened by the Chairman of the Board of Directors. The chairing of the board of directors' meeting shall in accordance with the 'Regulations Governing Procedure for Board of Directors Meetings.

Each director shall attend the meeting of the board of directors in person. In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person. In case a director appoints another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. Consigned proxy is limited to one director per person only.

16. The compensation of the chairman, directors and supervisors shall be resolved by the authorized Board of directors according to their individual participated degree of business operating and the contribution value and the normal standard of the same business companies.

The Corporation may take out liability insurance for Directors and Supervisors for the legal liability in their scope of business performance within the term of office.

Section V - Managers

17. The Corporation may appoint the managements. Appointment, discharge and remuneration of the managements shall be dealt in accordance with the Article 29 of Company Law.

Section VI - Accounts

18. After the close of each fiscal year, thirty (30) days before the date of regular shareholder's meeting, the Corporation shall submit the following reports which shall be prepared by the Board of Directors, and, after being audited by the Supervisors of the Corporation, to the regular shareholders' meeting for acceptance: 1. Business Report; 2. Financial Statements; 3. Proposal Concerning Appropriation of Net Profits or Covering of Losses.

19. When allocating the profits for each fiscal year, the Corporation shall first paid its tax, offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, and shall set aside or reverse the special surplus capital reserve according to the law and regulation of related authorities. The rest of the profits accumulated with the not yet distributed profits in previous years shall be wholly or partly to set aside as the distributable profits. The Board of Directors shall submit a proposal regarding the distribution of profits in accordance the actual operation situation of the Corporation to the Shareholders' Meeting for their approval. The profits shall be distributed by the following sequence: (1)1% for the compensation of the Directors and Supervisors, (2)12% to 25% for employees' bonus, and (3) the others for shareholders' dividends. If the employees' bonus are distributed by the share stocks, the employees who can be distributed the stock bonus may include the employees of subsidiaries who need conform to specific conditions.

Regarding dividend distribution policy of the company shall be adjusted in accordance with the factors such as investment circumstance, cash demanding, competition inside and outside the country, and budget of the capital. The interest of shareholders, equivalent of dividends and long-term financial plan shall also be considered in making the policy. The Board of Directors shall submit the Report of Dividends Distribution to the Shareholders' Meeting annually for their approval. In paying of the shareholders' dividends, the Corporation shall

distribute dividends by cash or stocks, and the cash-dividends shall take the ratio of the total amount of the shareholders' dividends not less than 10%.

Section VII - Supplementary Provisions

20. In regard to all matters not provided for in these Articles of the Corporation, the Company Law shall govern.

21. These Articles of Incorporation are agreed to and signed on October 24, 2000.

The first Amendment was approved by the shareholders' meeting on November 24, 2000, the second Amendment on September 5, 2001, the third Amendment on February 15, 2002, the fourth Amendment on April 9, 2002, the fifth Amendment on June 25, 2002, the sixth Amendment on March 26, 2003, the seventh Amendment on November 12, 2003, the eighth Amendment on June 15, 2004, the ninth Amendment on March 17, 2005, the tenth Amendment on June 16, 2005. the eleventh Amendment on June 14, 2006, the twelfth Amendment on November 1, 2006, the thirteenth Amendment on June 13, 2007, the fourteenth Amendment on June 13, 2008, the fifteenth Amendment on May 8, 2009, the sixteenth Amendment on June 15, 2010, the seventeenth Amendment on June 15, 2011, the eighteenth Amendment on June 11, 2013, the nineteenth Amendment on June 17, 2014.

【APPENDIX 3】

**PHISON ELECTRONICS CORP.
RULES FOR ELECTION OF DIRECTORS AND SUPERVISORS
(ORIGINAL)**

1. The directors and supervisors of the Company shall be elected in accordance with the rules specified herein.
2. Election of directors and supervisors of the Company shall prepare separate ballots for Directors and Supervisors and note the number of voting rights by the board of directors for distribute to the shareholders of attend the shareholders meeting. The elector shall be record the name by the ballots of shareholder account number or certificate of attendance.
3. In the election of directors and supervisors of the Company, the cumulative voting system applies to the election, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons.
4. Election of directors and supervisors of the Company shall be held at the Shareholders' Meeting and appoint to people who shall be have capacity, accordance with the article of the corporation's rule of the director and supervisor number of persons designated. Candidates who acquire more votes should win the seats of independent directors · directors or supervisors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.

The candidate who had been elected as Director and Supervisor at the same time shall choose to sit on one of the two positions by himself.

The vacancy of the position shall be sited by the candidate who won the second majority votes.
5. At the beginning of the election, the Chairman shall appoint several persons to check and record the ballots, but the scrutineer must be shareholders.

6. The ballot box used for voting shall be prepared by board of directors and checked in public by the person to check the ballots before voting.
7. If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number, and the number of votes cast for such candidate. If the candidate is not a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number. If the candidate is a legal entity, the full name of the legal entity, the name of the legal entity, or the name(s) of their representative(s) should be filled in the column.
8. Ballots shall be deemed void under the following conditions:
 - (1) Ballots used not prepared by this Company;
 - (2) Blank ballots not completed by the voter;
 - (3) Illegible handwriting unable to understand or any of the candidate's name, shareholder's number (ID number) or the number of votes cast for such candidate being erased or changed;
 - (4) If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
 - (5) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
 - (6) Voters not fill in the "candidate" column the candidate's name and shareholder's number (ID number).
9. Independent and non-independent directors shall be elected at the same time, but the ballots and will be tallied separately.
10. The ballots should be calculated during the Meeting right after the vote casting and the results of the directors and supervisors elect roster should be announced by the Chairman at the Meeting.
11. If elect process is not according to the Securities and Exchange Law 26-3-3 and 26-3-4, the election loses its potency.
12. The directors and supervisors who to win an election of the company, we shall be

leave each other issued an advice notice by board of directors.

13. Election of Directors and Supervisors shall be conducted in accordance with these Rules. Any matter not provided in these Rules shall be handled in accordance with the Company Law and the Articles of the corporation and other interrelated law.
14. This "Rules" shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

【APPENDIX 4】

PHISON ELECTRONICS CORP. PROCEDURE OF ENGAGING IN DERIVATIVES TRADING (ORIGINAL)

Article 1 : Purpose

In order to strengthen the company's risk management and for transparency investment information, the company hereby proposes to set the Procedure of Engaging in Derivatives Trading (hereafter "Procedure") according to the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" (hereafter "Regulation") posted by Financial Supervisory Commission (hereafter "FSC").

Article 2 : Trading principles and strategies

1. The types of derivatives that may be traded

- 1) Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests.
- 2) The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
- 3) Bond trading shall be regulated by the Procedure.

2. Operating or hedging strategies

The aims of engaging in the trade of the derivative should be avoiding the risks might happen to the operations or business in the company. To avoid credit risks, the institutions to trade the derivative should be mainly those works in long-term relationship with the company.

3. Segregation of duties

Finance Department: Responsible for foreign exchange management, such as market information collection, trends and risk determining, and should familiar with financial instruments and the operating. The personnel of manage foreign exchange is authorized by the instructions of the in charge of the finance department, to control the positions of foreign exchange according to the company's policy to avoid risks.

Accounting Department : Responsible for confirm the Derivatives Trading, delivery and log-in detail of the account.

4. Essentials of performance evaluation

In order to grasp the Derivatives Trading profit and loss situation, all operate of the derivative will record on the trade detailed statement by day. In Addition, the company must calculating the foreign exchange gain or loss on every monthly ` quarter ` yearly.

5. Total amount of derivatives contracts that my be traded, and the maximum loss limit on total trading and for individual contracts

- 1) In order to evade the trade risk, the financial department should grasp the whole Derivatives Trading position of the company. The total amount of long-term foreign currency can't exceed the total amount of real foreign currency demand of the company.
- 2) The maximum loss limit of the derivative contracts: the maximum loss limit for individual contract is 15% of the contract amount; the maximum loss limit on total trading is 10% of the sum of the contract amounts. While foreign exchange has Material adverse effects the company should immediately react or disposal.

Article 3 : Operation procedure

1. The authority limits

When the company is engaged in the trade of the derivative goods, it shall operate in accordance with the following amount of money of mandate:

1) Long-term foreign exchange transaction:

The authority limits (The accumulated amount per month)

Total contract amount	Capacity and Level of Authorization
USD 0~100,000,000 (Including 100,000,000)	Chairman Of the Board of Directors
Above USD 10,000,00 (Excluding 100,000,000)	Board of directors e

2) Foreign currency option contracts traded :To avoid foreign exchange risks, the Chairman of the board is authorized to sign derivatives trading contract with banks or financial institutions with the limitation should not exceed future six-month net foreign exchange demands or expenditures; and the cumulative effective contract amounts should not exceed US\$10 millions.

3) Others Derivatives Trading : Should be resolution by Board of Directors before start this trade.

4) If the Procedure has regulations of must to resolution by Board of directors, the Board of directors meeting more than two-thirds of the directors should attend, and to attend a majority of the members agree.

2. Operations department and trading procedure

- 1) Operations department : By financial department trade personnel, in accordance with authorizing amount to standardize the financial institution of introversion and do a deal, if while exceeding the amount of money of mandate of first of article 3 of this method, need to obtain and check and approve in writing in advance under the provision of the aforesaid. After every transaction finish, make a deal, reciprocate, fill and present the intersection of trade and form immediately according to financial institution, mark out the content, sign cores by the executive of power and responsibility and will count the position and trade the single duplicate to deliver to the accounting department.
- 2) Trading procedure : The delivery should do a deal and confirm with the accounting department of log-in according to the trade form duplicate of unit making of the trade, and then carry on delivery and log-in detail in accordance with the figure that the trade confirms, the financial department makes and acts as and gathers together the whole report form to deliver to the accounting department as the basis which the accountant comments on per month.

Article 4 : Scope of Risk management measures :

1. Risk management :

- 1) Credit Risk : The target of the trade stipulates that has banks of business contact with the company. The intersection of log-in and personnel answer and log-in amount control and manage table behind the trade, and check account with the correspondent bank regularly.
- 2) Market Risk : Log-in personnel should check whether the total value of trade accords with the regulation limit of this procedure at any time. The accounting department should carry on the assessment of market price at any time, and pay attention to the impact on increase and decrease with possible position held of fluctuating of the market price in the future.
- 3) Liquidity Risk : In order to guarantee the flow ability of market, the financial institution of the trade must have sufficient apparatus, information and trade ability, and can do a deal on any market.
- 4) Cash flow Risk : The trade of the derivative goods is based on essence trade, so as to ensure the voluntary ability to perform of the delivery. Trade personnel should also pay attention to the cash flow of the company at any time, there is enough cash to pay while so as to ensure to complete a business transitioning.
- 5) Operational Risk : Must really observe and authorize amount and operational procedure.

- 6) Legal Risks : The documents signed with trading counterparts shall be confined to mainly the contracts in popular use in the market. Any unique contracts shall not be put into use until viewed and recommended by the Legal Department or the Attorney-at-Law.
2. Personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement.
3. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making.
4. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
5. Other important risk management measures.

Article 5 : Internal audit system

The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.

Article 6 : Regular evaluation methods and the handling of irregular circumstances

Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

- 1) Designate President or Chairman of the Board of Directors personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
- 2) Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

President or Chairman of the Board of Directors personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

- 1) Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
- 2) When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a

report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

The company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

Article 7 : Public Disclosure of Information

1. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company, the company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event.
2. The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

Article 8 : Establish a log book

The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 4 of Article 4 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of Article 6 shall be recorded in detail in the log book.

Article 9 : Penalties for personnel violating these Regulations or the procedures for the acquisition or disposal of assets

Directors, supervisors and managers of the company violate the FSC adopted guidelines or provisions of this Procedure, leading the company from significant damage and should be ouster.

The company executives when violations of guidelines or provisions of this Procedure, according to the staff of our company management punish.

Article 10 : Revised procedures

The company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations and other related rules.

After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

When the company revised these procedures, the company shall be handled in accordance with relevant regulations announcement and reporting matters.

Article 11 : Other important matters

When the Procedure has not completely matters or concerned, according to the relevant regulations to resolved it or discussions by the Board of Directors of the company.

【APPENDIX 5】

PHISON ELECTRONICS CORP. Operational Procedures for Loaning of Company Funds (ORIGINAL)

第一條 制定目的

為使本公司資金貸與他人作業程序有所依循，特依證券交易法第三十六條之一及金融監督管理委員會（以下簡稱金管會）「公開發行公司資金貸與及背書保證處理準則」，訂定本程序。

第二條 得貸與資金之對象

依公司法第十五條規定，本公司之資金除有下列各款情形外，不得貸與股東或任何他人：

- 一、與本公司有業務往來的公司或行號。
- 二、有短期融通資金之必要的公司或行號。融資金額不得超過本公司淨值之百分之二十。

前項所稱短期，係指一年或一營業週期（以較長者為準）之期間。

第一項第二款所稱融資金額，係指本公司短期融通資金之累計餘額。

本公司直接及間接持有表決權股份百分之百之國外公司間，從事資金貸與，不受第一項第二款之限制。但仍應依第四條及第五條規定訂定資金貸與之限額及期限。

第三條 資金貸與他人之評估標準

本公司資金貸與他人，除應依第四條第二項之規定辦理外，應依下列標準進行評估：

- 一、因業務往來關係從事資金貸與，應以貸與金額與業務往來金額是否相當為評估標準。
- 二、有短期融通資金之必要者，應以因購料或營運週轉需要等原因及情形為限。

第四條 資金貸與總額及個別對象之限額

- 一、本公司資金貸與總額以不超過本公司淨值的百分之四十為限，惟因公司間或與行號間有短期融通資金之必要而將資金貸與他人之總額，以不超過本公司淨值的百分之二十為限。與本公司有業務往來之公司，資金貸與總金額以不超過雙方間業務往來總金額為限（所稱業務往來金額係指雙方間進貨或銷貨金額孰高者）。
- 二、與本公司有業務往來之公司或行號，個別貸與金額以不超過雙方於資金貸與前十二個月期間內之業務往來總金額為限（所稱業務往來金額係指雙方間進貨或銷貨金額孰高者），且不得超過本公司淨值百分之十。
- 三、有短期融通資金必要之公司或行號，個別貸與金額以不超過本公司淨值百分之十為限。

第五條 資金貸與期限及計息方式

- 一、每筆資金貸與期限以一年以下為限。
- 二、資金貸與利率不得低於本公司向金融機構短期借款之最高利率。本公司貸款利息之計收，以每月繳息一次為原則，如遇特殊情形，得經董事會同意後，依實際狀況需要予以調整。

第六條 資金貸與辦理程序

一、申請及審核流程

借款人向本公司申請借款，財務部門應初步接洽，先行瞭解其資金用途及最近營業及財務狀況，並應審慎評估是否符合金管會訂定之「公開發行公司資金貸與及背書保證處理準則」及本程序之規定，併同第七條之評估結果，作成徵信及審查報告後，呈總經理及董事長審核，並提請董事會決議通過後辦理，不得授權其他人決定。

本公司與子公司間，或子公司間之資金貸與，應依前項規定提董事會決議，並得授權董事長對同一貸與對象於董事會決議之一定額度及不超過一年之期間內分次撥貸或循環動用。

前項所稱一定額度，除符合第二條第四項規定者外，本公司或子公司對單一企業之資金貸與之授權額度不得超過該公司最近期財務報表淨值百分之十。

本公司之資金貸與他人，應充分考量各獨立董事之意見，並將其同意或反對之明確意見及反對理由列入董事會記錄。

二、貸與通知

資金貸與案件簽奉核定後，財務部門應儘速函告或電告借款人，詳述本公司資金貸與條件，包括額度、期限、利率、擔保品及保證人等，請借款人於期限內簽約，辦妥擔保品質（抵）押權設定及保證人對保手續後，以憑撥款。

三、簽約對保

貸放案件應由財務部門擬定合約條款，經權責主管審核，並送請法務人員或法律顧問核閱後，再辦理簽約手續。

合約內容應與核定之借款條件相符，借款人與連帶保證人於合約上簽章後，應由財務部門辦妥對保手續。

四、擔保品取得與保全

（一）貸放條件如有擔保品者，借款人應提供擔保品，並辦理質權或抵押權設定手續，以確保本公司債權。

（二）擔保品中除土地及有價證券外，均應投保火險，船舶車輛應投保全險，保險金額以不低於擔保品抵押價值為原則，保險單應加註以本公司原核貸條件相符；建物若於設定時尚未編定門牌號碼、其他址應與座落之地段、地號標示。

（三）財務部門應注意在投保期間屆滿前，通知借款人繼續投保。

五、撥款

貸放款經核准並經借款人簽妥契約及送存執（或分期還款）本票，辦妥擔保品抵（質）押設定登記，全部手續經核對無誤後，即可撥款。

六、文件之整理與保管

本公司辦理資金貸與事項，應建立備查簿，就資金貸與之對象、金額、董事會通過日期、資金貸放日期及依本條第一項第一款規定應審慎評估之事項詳予登載備查。

第七條 詳細審查程序

本公司辦理資金貸與時，應進行下列審查程序：

一、資金貸與他人之必要性及合理性評估

借款人向本公司申請借款，財務部門應先行瞭解其資金用途，並評估資金貸與之必要性及合理性。

二、貸與對象之徵信及風險評估

（一）初次借款者，借款人應出具經濟部變更登記核准函及變更登記表、營利事業登記證、負責人身份證影本等公司資料及必要之財務資料，向本公司以書面申請融資額度。

本公司受理申請後，應由財務部門就貸與對象之所營事業、財務狀況、償債能力與信用、獲利能力及借款用途予以調查、評估，並擬具報告。

（二）若屬繼續借款者，原則上每年辦理徵信一次。如為重大案件，則視實際須要，每半年徵信調查一次。

（三）若借款人財務狀況良好，且年度財務報表已委請會計師辦妥融資簽證，則得沿用超過一年尚不及二年之調查報告，並參閱會計師查核簽證報告貸放款。

三、擔保品取得及擔保品之評估價值

本公司辦理資金貸與事項時，除子公司外，應取得同額之擔保本票，必要時並辦理動產或不動產之抵押設定，並應事先進行擬設定抵押之動產或不動產價值評估。

前項債權擔保，債務人如提供相當資力及信用之個人或公司為保證，以代替提供擔保品者，董事會得參酌財務部門之徵信報告辦理；以公司為保證者，應注意其章程是否有訂定得為保證之條款。

四、對公司之營運風險、財務狀況及股東權益之影響評估

（一）經徵信調查及評估後，如借款人信用評估欠佳，不擬貸放者，財務部門應將婉拒之理由，簽奉核定後，儘速簽覆借款人。

（二）對於徵信調查結果為信用評估良好，借款用途正當之案件，財務部門應填具徵信及審查報告，評估其原因、用途、目的、案件金額、效益、提供擔保品之價值、信用及營運情形，並評估對公司之營運風險、財務狀況及股東權益之影響，擬定計息利率及期限後，呈請總經理及董事長審核後，提請董事會決議後辦理。

第八條 已貸與金額之後續控管措施、逾期債權處理程序

- 一、貸款撥放後，應經常注意借款人及保證人之財務、業務以及相關信用狀況等，如有提供擔保品者，並應注意其擔保價值有無變動情形，遇有重大變化時，應立刻通報總經理，並依指示為適當之處理。在放款到期二個月前，應通知借款人屆期清償本息或辦理展期手續。
- 二、借款人於貸款到期或到期前償還借款時，應先計算應付之利息，連同本金一併清償後，方可將本票借款等註銷歸還借款人或辦理抵押權塗銷。
- 三、借款人於貸款到期時，應即還清本息。如到期未能償還而需延期者，需事先提出請求，報經董事會核准後為之，每筆延期償還以不超過三個月，並以一次為限，違者本公司得就其所提供之擔保品或保證人，依法逕行處分及追償。

第九條 對子公司資金貸與他人之控管程序

- 一、本公司之子公司擬將資金貸與他人者，應命該子公司依金管會訂定之「公開發行公司資金貸與及背書保證處理準則」規定訂定資金貸與他人作業程序，並應依所定作業程序辦理。
- 二、子公司於資金貸與他人時，應提供相關資料予本公司，並參酌本公司相關人員意見後進行資金貸與作業。
- 三、子公司於貸款撥放後，應定期將已貸與金額之後續追蹤情形定期呈報本公司。

第十條 資訊公開

- 一、本公司應於每月十日前公告申報本公司及子公司上月份資金貸與餘額。
- 二、本公司資金貸與達下列標準之一者，應於事實發生日之即日起算二日內公告申報：
 - (一)本公司及子公司資金貸與他人之餘額達本公司最近期財務報表淨值百分之二十以上。
 - (二)本公司及子公司對單一企業資金貸與餘額達本公司最近期財務報表淨值百分之十以上。
 - (三)本公司或子公司新增資金貸與金額達新臺幣一千萬元以上且達本公司最近期財務報表淨值百分之二以上。本公司之子公司非屬國內公開發行公司者，該子公司有前款第三目應公告申報之事項，應由本公司為之。
- 三、本公司應評估資金貸與情形並提列適足之備抵壞帳，且於財務報告中適當揭露有關資訊，並提供相關資料予簽證會計師執行必要之查核程序。

第十一條 罰則

本公司經理人及主辦人員違反金管會訂定之「公開發行公司資金貸與及背書保證處理準則」或本程序時，稽核人員或其權責主管應將其違反情事立即呈報至總經理或董事會，總經理或董事會並應視情節重大與否給與相關人員適當之懲處。

第十二條 稽核

本公司內部稽核人員應至少每季稽核資金貸與他人作業程序及其執行情形，並作成書面紀錄，如發現重大違規情事，應即以書面通知各監察人。

第十三條 其他

- 一、本程序所稱之子公司及母公司，應依證券發行人財務報告編製準則認定之。
- 二、本程序所稱之淨值，係指證券發行人財務報告編製準則規定之資產負債表歸屬於母公司業主之權益。
- 三、本程序所稱之公告申報，係指輸入金管會指定之資訊申報網站。
- 四、本程序所稱事實發生日，係指交易簽約日、付款日、董事會決議日或其他足資確定交易對象及交易金額之日等日期孰前者。
- 五、本公司因情事變更，致貸與對象不符金管會訂定之「公開發行公司資金貸與及背書保證處理準則」規定或餘額超限時，應訂定改善計畫，將相關改善計畫送各監察人，並依計畫時程完成改善。

第十四條 實施與修訂

本程序經董事會通過後，應送各監察人並提報股東會同意，如有董事表示異議且有紀錄或書面聲明者，公司應將其異議併送各監察人及提報股東會討論，修正時亦同。

本程序提報董事會討論時，應充分考量各獨立董事之意見，並將其同意或反對之明確意見及反對之理由列入董事會紀錄。

第十五條 其他重要事項

本程序之規定，若有未盡事宜或適用上發生疑義時，悉依有關法令規定辦理，法令未有規定者，依本公司有關規定辦理或由董事會討論裁決之。

【APPENDIX 6】**THE EXPLAIN TABLE OF EMPLOYEES BONUS AND THE
COMPENSATION OF DIRECTORS AND SUPERVISORS**

ITEMS	BOD Meeting proposed amount(A)	Estimation Amount (B)	Difference amount (A-B)	Different Reason and processing affairs
EMPLOYEES CASH DIVIDENDS	420,000,000	420,000,000	0	Consider to Phison Articles of the Corporation, the different will be list on 2015 profit or loss.
COMPENSATION OF DIRECTORS AND SUPERVISORS	26,571,603	26,724,120	(152,517)	

【APPENDIX 7】**PHISON ELECTRONICS CORP.
SHAREHOLDING OF DIRECTORS AND SUPERVISORS**

1. The mandatory ratio of shareholding for Directors and Supervisors and their shareholdings are as follows :
 - 1). The outstanding shares : 197,373,993 common shares
 - 2). The minimum required combined shareholding of all directors by law : 11,842,439 shares
 - 3). The minimum required combined shareholding of all supervisors by law : 1,184,243 shares
2. The shareholding of all Directors and Supervisors as of 4 April, 2015, the book closure date of this Regular Shareholders' Meeting, are as follows:

Book closure date : 4 April, 2015

Position	Name	Current Shareholding	Representative
Chairman	Pua Khein Seng	4,557,972	
Director	TOSHIBA CORP.	21,621,112	Hiroto Nakai
Director	Aw Yong Cheek Kong	3,688,745	
Director	Kuang T.H.	1,428,736	
Director	Chen An-Chung	38,145	
Independent Director	Wang Shu-Fen	0	
Independent Director	Wang Michael	0	
Total Amount of Shares Held by Directors		31,334,710	
Ratio of total Outstanding Shares		15.88%	
Supervisor	Yang Jiunn Yeong	4,679,114	
Supervisor	Wang Huei Ming	171,750	
Supervisor	Churchill Chen	0	
Total Amount of Shares Held by Supervisors		4,850,864	
Ratio of total Outstanding Shares		2.46%	

【APPENDIX 8】

The effect for the Company's operating performance, EPS and ROE changed in 2015 by the stock dividend distribution of 2014 which proposed to be discussed at the shareholders meeting

The Company didn't disclose the financial forecast of 2014, so we don't need to disclose the information of operating performance, EPS and ROE in 2015.

【APPENDIX 9】 OTHER EXPLANATION ITEMS

For the status of the motions proposed by the shareholders at the regular shareholders meeting:

Explanation:

1. According to the article 172-1 of Company Law, the shareholders who held more than one percent (including one percent) of total outstanding shares of the Company can propose the motion of the regular shareholder meeting in written form. And the shareholder can only propose one motion, and the wordings (including the punctuation marks) in the motion cannot be more than 300 words.
2. The period of accepting the shareholder to propose the motion for this regular shareholders meeting was March 27~April 7, 2015, and the period was also announced on the website of MOPS.
3. The Company did not receive any motions proposed by the shareholders.