

# **MPI Corporation Minutes of 2015 General Meeting of Shareholders Regular Session**

Date & Time: June 12, 2015 (Friday), 10:00AM

Place: 2F, No. 26, Taiyuan Street, Zhubei City, Hsinchu County (Conference Hall, Tai Yuen Hi-Tech Industrial Park)

Attendee: A total of 48,250,224 shares were represented by present shareholders and shareholders' proxies, i.e., 60.612% of the Company's issued shares totaling 79,605,392 shares, which has exceeded the statutory quantity of shares.

Observer: CEO Steve Chen, Director Scott Kuo, Director Shinji Nomura, Independent Director Kao, Chin-Cheng, Independent Director Hsu, Mei-Fang, Supervisor Li, Tu-Cheng, Supervisor Tsai, Chang-Shou, Supervisor Liu, Fang-Sheng, Chen, Shih-Yuan, CPA of Nexia Sun Rise CPAs & Co.

Chairperson: Steve Chen, CEO

Record keeper: Rose Jao, Manager

I. Announcement of commencement of the meeting

II. Speech by Chairperson: omitted

III. Report (please see the handbook or view <http://mops.tse.com.tw>)

1. 2014 Business Report (Appendix I)

2. 2014 Supervisors Review Report (Appendix II)

3. Cause of domestic 3rd unsecured convertible corporate bonds offered by the Company, and the report related thereto

4. The Company's report on the acquisition or disposition of assets to related parties

IV. Recognition

1st Motion

Proposed by the Board of Directors

Cause of motion: Propose action in favor of the 2014 operation review and financial statements.

Note: (I) The Board of Directors has prepared and passed the operation review and financial statements of individual entities (including the consolidated financial statements) for fiscal year 2014. The financial statements for fiscal year 2014 have been audited by Chang, Yu-Ming and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co., with the issuance of unqualified opinions, subject to the final review of the supervisors. For details, please refer to Appendix III and Appendix IV on p. 10-25 of this handbook.

(II) This motion was passed by the Board of Directors in the 2nd session of the Board

in 2015.

Resolution: Passed by the present shareholders unanimously upon the chairperson's inquiry.

#### 2nd Motion

Proposed by the Board of Directors

Cause of motion: Propose action in favor of the allocation of earnings for fiscal year 2014.

Note: (I) MPI Corporation had corporate earnings after tax amounting to NT\$517,635,706 in fiscal year 2014. Enclosed therein is the motion for allocation of earnings. For further information, please refer to Appendix V on p. 26 of this handbook.

(II) In consideration of subsequent business development of the future, MPI Corporation plans to attribute NT\$318,421,568 from distributable earnings as cash dividends for FY 2014 and NT\$0 for stock dividend on the basis of the quantity of 79,605,392 shares outstanding on the day of the Board session. The earnings per share is tentatively set at NT\$4.

(III) We also propose the allocation of NT\$49,168,000 as employee bonuses and NT\$11,240,000 as remunerations to the Directors and Supervisors in cash.

(IV) If the number of outstanding shares, and shareholders' dividend-paying and placing rate and dividend payout ratio are affected due to the Company's conversion of corporate bonds into common shares or repurchase of the Company's shares, or transfer, conversion and cancellation of treasury stock, the Chairman of Board is authorized to deal with the situation with full power.

(V) This motion was passed by the Board of Directors in the 2nd session of the Board in 2015.

(VI) In the event of difference between the estimation for employee cash bonuses, stock dividends, remunerations to the Directors and the Supervisors, and recognized expenses of the year, we shall disclose the differences, the causes of the differences and solution. Please refer to Appendix VI on p. 50 of this handbook.

Resolution: Passed by the present shareholders unanimously upon the chairperson's inquiry.

#### V. Discussion

##### 1st Motion:

Proposed by the Board of Directors

Cause of motion: TAmendment to the "Articles of Incorporation" of MPI Corporation is presented for discussion.

Note: (I) In order to increase business lines and purchase liability insurance for the whole directors and supervisors, and to be in line with the amendments to laws, the Company plans to amend Article 2 and Article 12 of the Company's "Articles of Incorporation" to meet the competent authority's requirement.

(II) The mapping of the provisions of the "Articles of Incorporation" is attached for your information. Please refer to Appendix VI on p. 27 of this handbook.

(III) This motion was passed by the Board of Directors in the 2nd session of the Board in 2015.

Resolution: Passed by the present shareholders unanimously upon the chairperson's inquiry.

2nd Motion:

Proposed by the Board of Directors

Cause of motion: Discussion about the motion for the amendment to the "Parliamentary Procedure for General Shareholders' Meeting

- Notes: (I) Amendment to the "Parliamentary Procedure for General Shareholders' Meeting" was made pursuant to the requirement of Financial Supervisory Commission Letter Ching-Kuan-Cheng-Fa-Tze No. 1030051379 dated January 27, 2015.
- (II) The mapping of the provisions of the "Parliamentary Procedure for General Shareholders' Meeting" is attached for your information. Please refer to Appendix VII on p. 29 of this handbook.
- (III) This motion was passed by the Board of Directors in the 2nd session of the Board in 2015.

Resolution: Passed by the present shareholders unanimously upon the chairperson's inquiry.

#### VI. Cause of motion: The motion for reelection of directors & supervisors

Proposed by the Board of Directors

- Note: (I) The term of office of the Company's directors and supervisors will expire on July 31, 2015. Reelection of the directors and supervisors is scheduled to be held at this general shareholders' meeting. 5 directors (including 2 independent directors) and 3 supervisors shall be reelected at this meeting. The original term of office of directors (including independent directors) and supervisors commences from August 1, 2012 until July 31, 2015.
- (II) The term of office of new directors (including independent directors) and supervisors commences from June 12, 2015 until June 11, 2018
- (III) According to Article 18 of the Company's Articles of Incorporation, the Company's directors shall include two independent directors and the nomination system shall be adopted. The Company has called a directors' meeting on April 15, 2015 to review the candidacy for independent directors and passed the motion for candidacy of Hsu, Mei-Fang and Kao, Chin-Cheng. The related information is stated as following:

Name of candidate	Educational background	Work experience	Quantity of shareholding
Hsu, Mei-Fang	Ming-Chuan University, Accounting Department	GreatAsia Caps and Company Responsible person	244,441 shares
Kao, Ching-Cheng	National Chung Hsing University, Master of Law	Lian Cheng Law Office Attorney-at-Law	162,414 shares

Result of election: The name list of the elected directors, independent directors and supervisors is stated as following:

1. Name list of the elected directors and independent directors

Account No./ID No.	Account Name/Name	Number of votes (rights) won	Remarks
163	MPI Investment Co., Ltd. Representative - Steve Chen	52,060,463	Elected director
163	MPI Investment Co., Ltd. Representative: Scott Kuo	42,814,953	Elected director
76	MJC Representative - Shinji Nomura	31,012,735	Elected director
125	Kao, Ching-Cheng	30,535,091	Elected independent director
142	Hsu, Mei-Fang	30,502,205	Elected independent director

2. Name list of the elected supervisors

Account No./ID No.	Account Name/Name	Number of votes (rights) won	Remarks
1	Li, Tu-Cheng	34,480,327	Elected supervisor
1149	Tsai, Chang-Shou	33,054,333	Elected supervisor
161	Liu, Fang-Sheng	31,628,339	Elected supervisor

VII. Extemporaneous Motions: None.

VIII. Adjournment of meeting: June 12, 2015, at 10:23 am.

## **MPI Corporation Operation Review**

### **I. 2014 operation in review**

#### **(I) Business Plan and Result**

The Group's net operating revenue was NT\$4,156,132 thousand in 2014, i.e. an increase by 37% from NT\$3,035,778 thousand in 2013. The Group's earnings were NT\$517,636 thousand in 2014, i.e. an increase by 91% from NT\$271,033 thousand in 2013. The Group's EPS after tax was NT\$6.62.

Following the U.S.A., Japan and European countries have successively turned to execute a QE policy in 2014. The global funding was plentiful and foreign exchange rate brought about a positive effect to consumption. The growth rate of the semiconductor industry transcended the average value, given the increase in discretionary spending and consistently low interest rate. In particular, the growth rate of OEM production of wafer foundries amounted to 14%, which is still unlikely to become sluggish under the circumstance that capital expenditure of the OEM production of wafer foundries competes more and more intensively. Meanwhile, purchase orders from Northeast Asia with Taiwan add to the momentum of further growth without doubt. As such, the growth in the demand for wafer prober cards could be anticipated. LED was the primary energy saving policy boosted by the countries in the world in 2014. Meanwhile, the declination of the entire bulb price by more than 40% resulted in the increase of penetration rate by 7% last year. It is expected that the penetration rate will be more than 60% in next five years. The Company will continue to invest R&D resources to keep innovating and maintaining the Company's competitiveness. For R&D of new technology, new products have successfully been extended to the fields of signal testing and temperature testing in 2014. We will also continue to develop different testing equipment and devices to deal with the needs of the customers and to enhance the function of product. Further to our upgrade in favor of the testing capacity of our customers, we also contribute to the competitiveness of the customers. This product line will be essential for our growth in the future.

## (II) Revenue and profitability analysis

Currency unit: in NTD 1,000

Item		Year	2013	2014	Change (%)	
Revenue	Net Sales		3,035,778	4,156,132	36.91%	
	Gross profit		1,401,426	1,934,993	38.07%	
	Post-tax income (loss)		271,033	517,636	90.99%	
Profitability	ROA (%)		5.70	9.37	64.39%	
	ROE (%)		8.96	15.19	69.53%	
	Operating Income to Paid-in capital ratio(%)		42.43	70.11	65.24%	
	EBT to Paid-in capital ratio (%)		41.56	75.36	81.33%	
	Profit margin (%)		8.93	12.45	39.42%	
	EPS (NTD)	Before retroactive adjustment		3.52	6.62	88.07%
		After retroactive adjustment		3.52	6.62	88.07%

## (III) Research and development

Research and development findings in 2014:

1. Precision automated equipment:
  - A. Fully automatic LED Flip Chip Package testing and sorting equipment
  - B. Invisible LED testing equipment
  - C. Fully automated LED encapsulation package equipment series
2. Probe Card:
  - A. Integrated probe card applicable to micro-distance high stress measurement
  - B. Micro-distance vertical type probe card responding to light, slim and small-sized mobile communication devices
3. Establish temperature control technology applicable to semiconductor component temperature testing equipment
4. Tester for semiconductor engineering

## II. Summary of 2015 Business Plan

### (I) Business Policy

Technology is the core foundation to maintain competitiveness. In light of the development of the microelectronics industry and the technology requirements in the future, MPI Corporation undertakes the following strategic planning and commits its effort to sustain its competitive advantage:

- A. The increasing demand of portable smart devices and wearable applications dictated the continuous development of wafer grade micro-distance testing

technology for meeting the technological needs of the future.

- B. Develop high-speed wafer probe cards to meet the technical requirement for rapid transmission.
- C. Continue the development and optimization of high-performance automatic testing and inspection equipment to meet the testing needs of LED customers in the future, and continue to provide customers viable solutions.
- D. Extension of core automatic technology to market:  
Development of engineering use inspection and testing product series for the semiconductor industry with the core technology of automation on hand.
- E. Develop the temperature control system for semiconductor component tester

(II) Vital production and sales policies

MPI Corporation will not only further develop its technology and upgrade investment in R&D but also strengthen its capacity in overseas service in order to further develop its business and fortify its competitiveness, as well as extend its business territories overseas. This will help to provide fast and complete technology services to the customers and hence to increase the market share the extent to which risk can be diversified. MPI Corporation will maintain its corporate philosophy of assisting its customers to upgrade their competitive power thereby positions the customers as its technology joint venture partners. MPI Corporation will provide customers with good quality products and timely technology service, which remains its vital production and sales policy, in hopes of providing customers with the optimal solutions.

### **III. The development strategy of the future**

- (I) In response to the gradual introduction of the 4"~8" process of the LED customers, MPI Corporation will continue its effort in further vitalizing the functions of the prober and sorting devices to satisfy the needs of customers for testing, sorting and packaging.
- (II) Development of the semiconductor market with its core technology in automation and develop different new products.
- (III) In responding to the needs of the end consumers for slim, light, and small size and more rapid and power-saving products, MPI Corporation develops micro-distance probe cards and high-frequency probe cards to upgrade the frequency in testing and efficiency for customer needs and competitiveness.

#### **IV. The effect of the external competitive, legal and macroeconomic environment**

The macroeconomy at the global level, though influenced by the QE policy of the USA, Japan and EU markets, appears to be optimistic for the time being. For business development, considering that various governments in the world started to value the development of industries for energy saving, Internet of things and big data analysis, MPI Corporation keeps sparing no effort in research and development, and never ceases to provide customers with more rapid, economic-effective and energy-saving solutions and continue to provide the entire industry with the best, fastest and most fine-quality solutions. Indeed, this is the unchanged policy line and principle of the Company. With continued improvement, MPI Corporation not only just seeks to withstand the competition in the external environment, but rather to satisfy to needs of its customers and create value of long-term investment in favor of the shareholders.

I wish

You all joy and the best of luck.

CEO: Steve Chen

Scott Kuo, President

Rose Jao, Chief Accounting Officer

MPI Corporation  
Supervisors' Audit Report

The Company's individual financial statement and consolidated financial statements 2014 submitted by the Board of Directors have been audited by Chang, Yu-Ming and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. and held presenting fairly, in all material respects, the financial status, operating result and cash flow of the Company for the same year. We also reviewed the business report and motion for earnings allocation submitted together with the financial statements. We hereby recognize said report and statements after conducting the audit on them pursuant to Article 219 of the Company Act and Article 36 of Securities and Exchange Act.

To:

General Shareholders' Meeting 2015 of MPI Corporation

MPI Corporation

Supervisor: Li, Tu-Cheng

Liu, Fang-Sheng

Tsai, Chang-Shou

March 24, 2015

## Appendix III

### Auditors' Report

#### To MPI Corporation:

We have audited the individual balance sheets of **MPI Corporation** as of December 31, 2014 and 2013, and the individual comprehensive income statements, individual statements of changes in shareholders' equity and individual cash flow statements for the period from January 1 to December 31, 2013 and 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on said individual financial statements based on our audits. As stated in Note 6(6) to the financial statements, the information about the **MPI Corporation** investment under the equity method 2014 and 2013, and the information about some investment disclosed in Note 13 were valued and disclosed based on the financial reports audited by other independent auditors appointed by the investees. We did not audit those financial reports. The incomes under the equity method recognized based on the financial reports audited by other external auditors from January 1 to December 31, 2014 and 2013 were NT\$506 thousand and NT\$150 thousand. Until December 31, 2014 and 2013, the balances of investment under the equity method were NT\$25,463 thousand, NT\$25,188 thousand respectively.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the individual financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **MPI Corporation** as of December 31, 2014 and 2013, and the individual financial performance and cash flows from January 1 to December 31, 2014 and 2013 in conformity with the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers".

Nexia Sun Rise CPAs & Co.

CPA: \_\_\_\_\_  
Chang, Yu-Ming

\_\_\_\_\_  
Chen, Shih-Yuan

Securities and Futures Bureau Approval No.: (86)

Tai-Tsai-Cheng-6-Tze No. 088087

Securities and Futures Bureau Approval No.: (92)

Tai-Tsai-Cheng-6-Tze No. 101109

March 24, 2015

**MPI Corporation**  
Individual Balance Sheet (assets)  
December 31 2014 and 2013

Currency unit: in NTD 1,000

Code	Assets	Note	December 31, 2014		December 31, 2013	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	VI (I)	\$ 719,334	12	\$ 417,949	9
1150	Receivable notes, net	VI (II)	9,930	-	4,432	-
1160	Note receivables-related parties-net	VI (II) and VII	5,299	-	5,365	-
1170	Receivable accounts, net	VI(III)	459,377	7	429,643	9
1180	Account receivables-related parties-net	VI (III) and VII	370,671	6	61,278	1
1200	Other receivable accounts		20,440	-	5,570	-
1210	Other receivable accounts-related party	VII	4,008	-	4,007	-
130X	Inventory, net	VI (IV)	1,633,217	26	1,424,116	31
1410	Prepayment		60,623	1	63,648	1
1470	Other current assets	VIII	9,028	1	17,589	1
11XX	Total current assets		<u>3,291,927</u>	<u>53</u>	<u>2,433,597</u>	<u>52</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss-noncurrent	VI(XI)	608	-		
1543	Financial assets measured at cost-noncurrent	VI (V)	20,231	-	20,231	1
1550	Investment under the equity method	VI(VI)	624,026	10	449,137	10
1600	Property, plant and equipment	VI(VII), VII and VIII	1,930,339	31	1,545,879	34
1780	Intangible assets	VI(VIII)	23,490	-	17,971	-
1840	Deferred income tax assets		40,715	1	32,707	1
1900	Other non-current assets		306,207	5	106,166	2
15XX	Total non-current assets		<u>2,945,616</u>	<u>47</u>	<u>2,172,091</u>	<u>48</u>
1XXX	Total assets		<u>\$ 6,237,543</u>	<u>100</u>	<u>\$ 4,605,688</u>	<u>100</u>

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation**  
**Individual balance sheet (liabilities and equities)**  
December 31, 2014, and 2013

Currency unit: in NTD 1,000

Code	Liabilities and Shareholders' Equity	Note	December 31, 2014		December 31, 2013	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2170	Account payables		\$ 456,934	7	\$ 371,888	8
2180	Account payables-related parties	VII	7,805	-	2,648	-
2213	Payables for equipment		134,676	2	16,983	1
2219	Other payable accounts	VI (IX)	516,524	9	345,844	9
2220	Other payables-related parties	VII	40,536	1	36,963	1
2230	Income tax liabilities in the current period		56,524	1	43,588	1
2250	Provision for liabilities-current	VI (X)	4,856	-	9,645	-
2310	Cash on receipt	VII	608,144	10	606,969	13
2320	Current portion of long-term debts	VI (XII)	9,329	-	9,329	-
2399	Other current liabilities		12,046	-	12,956	-
21XX	Total current liabilities		<u>1,847,374</u>	<u>30</u>	<u>1,456,813</u>	<u>33</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	VI (XI)	574,962	9		
2540	Long-term loan	VI (XII)	58,295	1	67,624	1
2570	Deferred income tax liabilities		11,607	-	7,513	-
2640	Accrued pension liabilities	VI (XIII)	18,344	-	18,029	-
2670	Other non-current assets-others		1,257	-	98	-
25XX	Total non-current liabilities		<u>664,465</u>	<u>10</u>	<u>93,264</u>	<u>1</u>
2XXX	Total liabilities		<u>2,511,839</u>	<u>40</u>	<u>1,550,077</u>	<u>34</u>
<b>Equity</b>						
31XX	Total equity attributable to the parent company	VI (XIV)				
3110	Common shares		795,364	13	786,124	17
3200	Capital surplus		885,012	14	740,781	16
<b>Retained earnings</b>						
3310	Legal Reserve		410,942	6	383,839	8
3320	Special Reserve		-	-	17,571	-
3350	Undistributed Earnings		1,593,614	26	1,254,511	27
3300	Total retained earnings		<u>2,004,556</u>	<u>32</u>	<u>1,655,921</u>	<u>35</u>
<b>Other equities</b>						
3410	Exchange difference arising from translation of the financial statement of foreign operations		40,772	1	25,391	1
3400	Total other equities		<u>40,772</u>	<u>1</u>	<u>25,391</u>	<u>1</u>
3500	Treasury stock		-	-	(152,606)	(3)
31XX	Total equity attributable to the parent company		<u>3,725,704</u>	<u>60</u>	<u>3,055,611</u>	<u>66</u>
3XXX	Total equities		<u>3,725,704</u>	<u>60</u>	<u>3,055,611</u>	<u>66</u>
1XXX	Total liabilities and equities		<u>\$ 6,237,543</u>	<u>100</u>	<u>\$ 4,605,688</u>	<u>100</u>

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

## MPI Corporation

### Individual Consolidated Income Statement

January 1 to December 31, 2014 and 2013

Currency unit: in NTD 1,000

Code	Item	Note	2014		2013	
			Amount	%	Amount	%
	Net Sales	VII				
4110	Sale revenue		\$ 3,949,133	100	\$ 2,751,416	99
4170	Less: sales return		(15,858)	(1)	(480)	-
4190	Less: sales discount		(3,891)	-	(579)	-
4614	Revenue from commission		39,268	1	36,770	1
4000	Subtotal of net sales		3,968,652	100	2,787,127	100
5000	Operating cost	VI(IV) and VII	(2,167,101)	(55)	(1,494,459)	(54)
5900	Gross profit		1,801,551	45	1,292,668	46
5910	Unrealized income(loss) from sales		(29,076)	-	(864)	-
5920	Realized income (loss) from sales		4,116	-	2,937	-
5950	Net gross profit		1,776,591	45	1,294,741	46
	Operating expense	VII				
6100	Selling expenses		(317,698)	(9)	(286,963)	(10)
6200	Management expenses		(213,817)	(5)	(143,594)	(5)
6300	R&D expenses	VI (VIII)	(729,242)	(18)	(550,451)	(20)
6000	Subtotal operating expenses		(1,260,757)	(32)	(981,008)	(35)
6900	Operating profit		515,834	13	313,733	11
	Non-operating revenue and expense					
7020	Other gains and losses, net	VI(XVI)	29,255	1	8,445	1
7050	Financial cost	VI(XVI)	(3,007)	-	(546)	-
7070	Net portions of incomes/loss of subsidiaries, affiliated and joint ventures accounted for under the equity method	VI (VI)	26,738	1	(11,723)	-
7100	Interest revenue	VII	1,027	-	912	-
7110	Rent revenue	VII	13,160	-	7,568	-
7190	Other revenue-others	VII	8,953	-	2,857	-
7000	Subtotal non-operating income and expenses		76,126	2	7,513	1
7900	Net profit (loss) before tax		591,960	15	321,246	12
7950	Income tax expenses	VI(XVII)	(74,324)	(2)	(50,213)	(2)
8200	Net profit		517,636	13	271,033	10
	Other consolidated income/loss					
8310	Exchange difference arising from translation of the financial statement of foreign operations		3,270	-	1,925	-
8360	Actuarial gain/loss on defined benefits		(3,915)	-	(672)	-
8371	Share of other comprehensive income of affiliates and joint ventures under the equity method		12,111	-	11,759	-
8300	Other net consolidated incomes		11,466	-	13,012	-
8500	Comprehensive income in current period (total)		\$ 529,102	13	\$ 284,045	10
	Earnings per common share: (Unit: NTD)	VI(XVIII)	After taxation		After taxation	
9750	Basic EPS		\$ 6.62		\$ 3.54	
9850	Diluted EPS		\$ 6.11		\$ 3.52	

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

## MPI Corporation

### Individual Statement of Changes in Shareholders' Equity January 1 to December 31, 2014 and 2013

Currency unit: in NTD 1,000

Item	Code	Capital stock		Retained earnings			Other Equities	Treasury stock	Total equities
		Common shares	Capital surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange difference arising from translation of the financial statement of foreign operations		
		3110	3,200	3310	3320	3350	3420	3500	31xx
Balance on January 1, 2013	A1	\$ 786,104	\$ 740,657	\$ 355,530	\$ -	\$ 1,221,556	\$ 11,707	\$ (152,606)	\$ 2,962,948
Allocation and distribution of earnings:									
Legal reserve	B1			28,309		(28,309)			-
Special reserve	B3				17,571	(17,571)			-
Cash dividend for common shares	B5					(191,526)			(191,526)
Changes in other capital surplus:									
From gift and derivatives	C3		1					(1)	
Net profit in Jan 1-Dec 31, 2013	D1					271,033			271,033
Other consolidated incomes in Jan 1-Dec 31, 2013	D3					(672)	13,684		13,012
Total comprehensive income	D5	-	-	-	-	270,361	13,684	-	284,045
Cancellation of treasury stock	L3	-	-					1	1
Payment transactions on the basis of shares	N1	20	123						143
Balance on December 31, 2013	Z1	<u>\$ 786,124</u>	<u>\$ 740,781</u>	<u>\$ 383,839</u>	<u>\$ 17,571</u>	<u>\$ 1,254,511</u>	<u>\$ 25,391</u>	<u>\$ (152,606)</u>	<u>\$ 3,055,611</u>
Balance on January 1, 2014	A1	\$ 786,124	\$ 740,781	\$ 383,839	\$ 17,571	\$ 1,254,511	\$ 25,391	\$ (152,606)	\$ 3,055,611
Allocation and distribution of earnings:									
Legal reserve	B1			27,103		(27,103)			-
Cash dividend for common shares	B5					(165,086)			(165,086)
Reversal of special reserve	B17				(17,571)	17,571			-
Changes in other capital surplus:									
Generated from recognition of convertible corporate bonds (preferred stock)	C5		28,585						28,585
Net profit in Jan 1-Dec 31, 2014	D1					517,636			517,636
Other comprehensive incomes from Jan 1-Dec 31, 2014	D3					(3,915)	15,381		11,466
Total comprehensive income	D5	-	-	-	-	513,721	15,381	-	529,102
Share-based payment	N1		33,296					152,606	185,902
Convertible corporate bond conversion	I1	9,240	82,350						91,590
Balance on December 31, 2014	Z1	<u>\$ 795,364</u>	<u>\$ 885,012</u>	<u>\$ 410,942</u>	<u>\$ -</u>	<u>\$ 1,593,614</u>	<u>\$ 40,772</u>	<u>\$ -</u>	<u>\$ 3,725,704</u>

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation**  
**Individual Statement of Cash Flows**  
January 1 to December 31, 2014 and 2013

Currency unit: in NTD 1,000

Code	Item	2014	2013
AAAA	Cash flows from operation – indirect approach		
A10000	Net profit before tax in current period	\$ 591,960	\$ 321,246
A20000	Adjustments		
A20010	Income/expenses unaffffecting cash flows		
A20100	Depreciation expenses	120,897	104,491
A20200	Amortization expenses	30,801	31,835
A20300	Provisions (reversal) of doubtful accounts	3,557	4,206
A20400	Net loss from financial assets & liabilities at fair value through profit or loss	(1,782)	-
A20900	Interest expenses	3,007	546
A21200	Interest revenue	(1,027)	(912)
A21900	Remuneration cost paid from share-based payment	30,862	-
A22400	Portions of gain/loss from subsidiaries, affiliates, and joint ventures accounted for under the equity method	(26,738)	11,723
A22500	Gains/loss from dispositions and scrap of real properties, plants and equipment	70	(120)
A22600	Real properties, plant, and equipment recognized as expenses	-	116
A23900	Unrealized gain/loss from sales	29,076	864
A24000	Realized gain/loss from sales	(4,116)	(2,937)
A29900	Others – exchange gain/loss from prepayment for purchase of equipment	(454)	737
A30000	Changes in assets/liabilities related to operations		
A31000	Net changes in assets related to operations		
A31130	Decrease (increase) of note receivables	(5,498)	392
A31140	Decrease (increase) of note receivables - related parties	65	(3,644)
A31150	Decrease (increase) of account receivables	(32,603)	140,771
A31160	Decrease (increase) of account receivables -related parties	(310,081)	20,574
A31180	Decrease (increase) of other receivables	(14,730)	(4,958)
A31190	Decrease (increase) of other receivables - related parties	(1)	(2,979)
A31200	Decrease (increase) of inventory	(209,101)	34,914
A31230	Decrease (increase) of prepayments	3,026	5,957
A31240	Decrease (increase) of other current assets	8,589	(909)
A32000	Net changes in liabilities related to operations		
A32130	Decrease (increase) of note payables	-	(1,110)
A32150	Decrease (increase) of account payables	85,047	(5,202)
A32160	Decrease (increase) of account payables -related parties	5,157	(3,722)
A32180	Decrease (increase) of other payables	170,691	37,236
A32190	Decrease (increase) of other payables - related parties	3,573	(1,510)
A32200	Increase (decrease) of provisions for debts	(4,788)	(7,734)
A32210	Increase (decrease) of cash on receipt	1,175	(215,805)
A32230	Increase (decrease) of other current liabilities	(910)	3,173
A32240	Increase (decrease) of accrued pensions	(2,853)	(2,945)
A33000	Cash inflows (outflows) from operation	472,871	464,294
A33100	Collected interest	887	967
A33300	Paid interest	(1,503)	(558)
A33400	Paid stock dividend	(165,086)	(191,526)
A33500	Paid income tax	(65,304)	(41,667)
AAAA	Net cash inflows (outflows) from operations	241,865	231,510
BBBB	Cash flows from investments		
B01800	Investment accounted for under the equity method	(170,500)	(14,942)
B02700	Acquisition of real properties, plants, and equipment	(387,973)	(206,418)
B02800	Disposition of real properties, plants, and equipment	195	16,054
B04500	Acquisition of intangible assets	(16,519)	(9,656)
B06500	Increase of other financial assets	(28)	(1,021)
B06700	Increase of other non-current assets	(219,344)	(21,507)
B07600	Collected stock dividend	15,000	-
BBBB	Net cash inflows (outflows) from investments	(779,169)	(237,490)

(To be continued)

**MPI Corporation**  
Individual Statement of Cash Flows (continued from previous page)  
January 1 to December 31, 2014 and 2013

Currency unit: in NTD 1,000

Code	Item	2014	2013
CCCC	Cash flow from financing		
C01200	Offering of corporate bonds	694,797	-
C01700	Retirement of long-term loans	(9,329)	(9,328)
C04400	Decrease of other non-current liabilities	1,159	(53)
C04800	Exercise of Employee Stock Options	-	143
C05800	Purchase of treasury stock by employees	152,062	-
CCCC	Net cash inflows (outflows) from financing	<u>838,689</u>	<u>(9,238)</u>
EEEE	Increase (decrease) of cash and cash equivalents in current period	301,385	(15,218)
E00100	Balance of cash and cash equivalents at beginning of period	<u>417,949</u>	<u>433,167</u>
E00200	Balance of cash and cash equivalents at ending of period	<u>\$ 719,334</u>	<u>\$ 417,949</u>

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

## Appendix IV

### Auditors' Report

#### To MPI Corporation :

We have audited the consolidated balance sheets of **MPI Corporation and its subsidiaries** prepared on December 31 2014 and 2013, and the consolidated income statements, consolidated statement of changes in shareholders' equity and consolidated statements of cash flows covering FY 2014 and January 1 to December 31, 2013. The financial statements are the responsibility of the management. Our responsibility is to express an opinion on the financial statements based on our audits. Information on the subsidiaries of MPI Corporation included in the aforementioned statements covering the period of 2014 and 2013, and the subsidiaries' total assets were NT\$54,580 thousand, NT\$52,125 thousand, accounting for 0.85% and 1.11% of the consolidated total assets, as of December 31, 2014 and 2013 respectively. As of January 1 to December 31, 2014 and 2013, MPI Corporation had net sales amounted to NT\$53,336 thousand and NT\$52,221 thousand, or accounted for 1.28% and 1.72% of the consolidated net sales, respectively.

We conducted the audit in accordance with the "Standards on the Audit of Financial Statements" and the accounting principle generally accepted in the Republic of China. These principle and standards required the undersigned to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in financial statements of individual entities and in consolidation. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements as referred to, on the basis of our audits and the audit reports of other public accountants, as stated in the first paragraph, are present fairly, in all material aspects of the financial of **MPI Corporation and its subsidiaries** as of December 31 2014 and 2013, and the results of January 1 to December 31, 2014 and 2013 operation and cash flows of all entities in consolidation for the periods then ended in conformity with the "Criteria for the Compilation of Financial Statements by Issuers of Securities", and the IFRS, international accounting standards, interpretation and the statements of interpretation recognized by Financial Supervisory Commission.

We hereby express an unqualified opinion in favor of **MPI Corporation** on the financial statements of the parent company only so prepared for 2014 and 2013.

Nexia Sun Rise CPAs & Co.

CPA: \_\_\_\_\_  
Chang, Yu-Ming

\_\_\_\_\_  
Chen, Shih-Yuan

Securities and Futures Bureau Approval No.: (86)

Tai-Tsai-Cheng-6-Tze No. 088087

Securities and Futures Bureau Approval No.: (92)

Tai-Tsai-Cheng-6-Tze No. 101109

March 24, 2015

**MPI Corporation and its subsidiaries**  
Consolidated Balance Sheet (Assets)  
December 31 2014 and 2013

Currency unit: in NTD 1,000

Code	Assets	Note	December 31, 2014		December 31, 2013	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalent	VI (I)	\$ 975,612	15	\$ 623,796	13
1150	Receivable notes, net	VI (II)	44,848	1	17,555	1
1170	Receivable accounts, net	VI(III)	588,924	9	510,531	11
1180	Account receivables-related parties-net	VI (III) and VII	102,922	2	41,113	1
1200	Other receivable accounts		22,383	-	7,468	-
1220	Income tax assets in the current period		134	-	10	-
130X	Inventory, net	VI (IV)	1,711,592	27	1,498,928	32
1410	Prepayment		139,902	2	97,195	2
1470	Other current assets	VIII	11,732	-	12,027	-
11XX	Total current assets		<u>3,598,049</u>	<u>56</u>	<u>2,809,211</u>	<u>60</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss-noncurrent	VI(XII)	608	-	-	-
1543	Financial assets measured at cost-noncurrent	VI (V)	20,231	-	20,231	-
1550	Investment under the equity method	VI(VI)	123,852	2	126,332	3
1600	Property, plant and equipment	VI(VII), VII and VIII	2,167,777	34	1,590,963	34
1780	Intangible assets	VI(VIII)	69,274	1	17,977	-
1840	Deferred income tax assets		41,753	1	33,324	1
1900	Other non-current assets		365,873	6	117,537	2
15XX	Total non-current assets		<u>2,789,368</u>	<u>44</u>	<u>1,906,364</u>	<u>40</u>
1XXX	Total assets		<u>\$ 6,387</u>	<u>100</u>	<u>\$ 4,715,575</u>	<u>100</u>

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co., constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation and its subsidiaries**  
**Consolidated Balance Sheet (Liabilities and Shareholders' Equity)**  
December 31, 2014 and 2013

Currency unit: in NTD 1,000

Code	Liabilities and Shareholders' Equity	Note	December 31, 2014		December 31, 2013	
			Amount	%	Amount	%
<b>Current liabilities</b>						
2100	Short-term loan	VI (IX)	\$ 4,384	-	\$ 4,265	-
2150	Note payables		2,260	-	2,052	-
2170	Account payables		500,805	8	392,844	9
2180	Account payables-related parties	VII	8,024	-	2,107	-
2213	Payables for equipment		141,920	2	16,983	-
2219	Other payable accounts	VI (X)	539,627	9	356,945	8
2220	Other payables-related parties	VII	13,856	-	7,551	-
2230	Income tax liabilities in the current period		66,279	1	44,238	1
2250	Provision for liabilities-current	VI (XI)	4,856	-	9,645	-
2310	Cash on receipt	VII	663,286	10	673,907	14
2320	Current portion of long-term debts	VI (XIII)	9,329	-	9,329	-
2399	Other current liabilities		19,047	1	20,013	1
21XX	Total current liabilities		<u>1,973,673</u>	<u>31</u>	<u>1,539,879</u>	<u>33</u>
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	VI (XII)	574,962	9	-	-
2540	Long-term loan	VI (XIII)	58,295	1	67,624	1
2570	Deferred income tax liabilities	VI (XIV)	15,307	-	15,254	-
2640	Accrued pension liabilities		20,934	-	19,959	1
2670	Other non-current assets- others		1,383	-	220	-
25XX	Total non-current liabilities		<u>670,881</u>	<u>10</u>	<u>103,057</u>	<u>2</u>
2XXX	Total liabilities		<u>2,644,554</u>	<u>41</u>	<u>1,642,936</u>	<u>35</u>
<b>Equity</b>						
31XX	Equity attributable to the parent company	VI(XV)				
3110	Common shares		795,364	12	786,124	17
3200	Capital surplus		885,012	14	740,781	16
	Retained earnings					
3310	Legal Reserve		410,942	6	383,839	8
3320	Special Reserve		-	-	17,571	-
3350	Undistributed Earnings		1,593,614	25	1,254,511	27
3300	Total retained earnings		<u>2,004,556</u>	<u>31</u>	<u>1,655,921</u>	<u>35</u>
	Other equities					
3410	Exchange difference arising from translation of the financial statement of foreign operations		40,772	2	25,391	-
3400	Total other equities		<u>40,772</u>	<u>2</u>	<u>25,391</u>	<u>-</u>
3500	Treasury stock		-	-	(152,606)	(3)
31XX	Total equity attributable to the parent company		<u>3,725,704</u>	<u>59</u>	<u>3,055,611</u>	<u>65</u>
36XX	Non-controlling equity		17,159	-	17,028	-
3XXX	Total equities		<u>3,742,863</u>	<u>59</u>	<u>3,072,639</u>	<u>65</u>
1XXX	Total liabilities and equities		<u>\$ 6,387,417</u>	<u>100</u>	<u>\$ 4,715,575</u>	<u>100</u>

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation and its subsidiaries**

Consolidated Income Statement

January 1 to December 31, 2014 and 2013

		Currency unit: in NTD 1,000				
Code	Item	Note	2014		2013	
			Amount	%	Amount	%
	Net Sales	VII				
4110	Sales revenue		\$ 4,063,300	98	\$ 2,987,419	98
4170	Less: sales return		(15,321)	-	(774)	-
4190	Less: sales discount		(3,907)	-	(579)	-
4614	Revenue from commissions		53,149	1	49,712	2
4660	Revenue from processing		58,911	1		
4000	Subtotal of net sales		4,156,132	100	3,035,778	100
5000	Operating costs	VI(IV) and VII	(2,221,139)	(53)	(1,634,352)	(54)
5900	Gross profit		1,934,993	47	1,401,426	46
5910	Unrealized income(loss) from sales		(1,248)	-	-	-
5920	Realized income (loss) from sales		2,774	-	2,895	-
5950	Net gross profit		1,936,519	47	1,404,321	46
	Operating expenses	VII				
6100	Selling expenses		(367,544)	(9)	(337,705)	(11)
6200	Management expenses		(282,312)	(7)	(182,865)	(6)
6300	R&D expenses	VI (VIII)	(728,996)	(18)	(550,203)	(18)
6000	Subtotal operating expenses		(1,378,852)	(34)	(1,070,773)	(35)
6900	Net Operating Income		557,667	13	333,548	11
	Non-operating revenue and expenses					
7020	Other gains and losses, net	VI(XVII)	31,232	1	11,160	-
7050	Financial cost	VI(XVII)	(3,238)	-	(750)	-
7060	Net portions of incomes/loss of subsidiaries, affiliated and joint ventures accounted for under the equity method		(7,433)	-	(27,099)	-
7100	Interest revenue	VII	2,532	-	2,462	-
7110	Rent revenue	VII	9,598	-	3,906	-
7190	Other revenue-others	VII	9,025	-	3,372	-
7000	Subtotal non-operating incomes and expenses		41,716	1	(6,949)	-
7900	Net profit (loss) before tax		599,383	14	326,599	11
7950	Income tax expenses	VI(XVIII)	(82,085)	(2)	(55,666)	(2)
8200	Net profit		517,298	12	270,933	9
	Other consolidated income/loss					
8310	Exchange difference arising from translation of the financial statement of foreign operations		15,850	1	14,593	-
8360	Actuarial gain/loss on defined benefits		(3,915)	-	(672)	-
8371	Share of other comprehensive income of affiliates and joint ventures under the equity method		-	-	(246)	-
8300	Other net consolidated incomes		11,935	1	13,675	-
8500	Comprehensive income in current period (total)		\$ 529,233	13	\$ 284,608	9
	Net gain/loss attributable to					
8610	Parent company shareholders		\$ 517,636	12	\$ 271,033	9
8620	Uncontrolled equity		(338)	-	(100)	-
	Corporate earnings in current period		\$ 517,298	12	\$ 270,933	9
	Consolidated income attributable to					
8710	Parent company shareholders		\$ 529,102	13	\$ 284,045	9
8720	Uncontrolled equity		131	-	563	-
	Total consolidated income in current period		\$ 529,233	13	\$ 284,608	9
	Earnings per common share: (Unit: NTD)	VI(XIX)	After taxation		After taxation	
9750	Basic EPS		\$ 6.62		\$ 3.54	
9850	Diluted EPS		\$ 6.11		\$ 3.52	

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co., constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation and its subsidiaries**  
 Consolidated Statement of Changes in Shareholders' Equity  
 January 1 to December 31, 2014 and 2013

Currency unit: in NTD 1,000

Item	Code	Capital stock		Retained earnings			Other Equities		Total equity attributable to owners of the parent	Non-controlling equity	Total equities
		Common shares	Capital surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange difference arising from translation of the financial statement of foreign operations	Treasury stock			
		3110	3200	3310	3320	3350	3410	3500			
Balance on January 1, 2013	A1	\$ 786,104	\$ 740,657	\$ 355,530	\$ -	\$ 1,221,556	\$ 11,707	\$ (152,606)	\$ 2,962,948	\$ 16,465	\$ 2,979,413
Allocation and distribution of earnings:											
Legal reserve	B1			28,309		(28,309)			-		-
Special reserve	B3				17,571	(17,571)			-		-
Cash dividend for common shares	B5					(191,526)			(191,526)		(191,526)
Changes in other capital surplus:											
From gift and derivatives	C3		1					(1)	-		-
Net profit in Jan 1 –Dec 31, 2013	D1					271,033			271,033	(100)	270,933
Other consolidated incomes in Jan 1 –Dec 31, 2013	D3					(672)	13,684		13,012	663	13,675
Total comprehensive income	D5	-	-	-	-	270,361	13,684	-	284,045	563	284,608
Cancellation of treasury stock	L3	-	-					1	1		1
Payment transactions on the basis of shares	N1	20	123						143		143
Balance on December 31 2013	Z1	\$ 786,124	\$ 740,781	\$ 383,839	\$ 17,571	\$ 1,254,511	\$ 25,391	\$ (152,606)	\$ 3,055,611	\$ 17,028	\$ 3,072,639
Balance on January 1, 2014	A1	\$ 786,124	\$ 740,781	\$ 383,839	\$ 17,571	\$ 1,254,511	\$ 25,391	\$ (152,606)	\$ 3,055,611	\$ 17,028	\$ 3,072,639
Allocation and distribution of earnings:											
Legal reserve	B1			27,103		(27,103)			-		-
Cash dividend for common shares	B5					(165,086)			(165,086)		(165,086)
Reversal of special reserve	B17				(17,571)	17,571			-		-
Changes in other capital surplus:											
Generated from recognition of convertible corporate bonds (preferred stock)	C5		28,585						28,585		28,585
Net profit in Jan 1 –Dec 31, 2014	D1					517,636			517,636	(338)	517,298
Other comprehensive incomes from Jan 1 –Dec 31, 2014	D3					(3,915)	15,381		11,466	469	11,935
Total comprehensive income	D5	-	-	-	-	513,721	15,381	-	529,102	131	529,233
Share-based payment	N1		33,296					152,606	185,902		185,902
Convertible corporate bond conversion		9,240	82,350						91,590		91,590
Balance on December 31, 2014	Z1	\$ 795,364	\$ 885,012	\$ 410,942	\$ -	\$ 1,593,614	\$ 40,772	\$ -	\$ 3,725,704	\$ 17,159	\$ 3,742,863

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co. constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

**MPI Corporation and its subsidiaries**  
**Consolidated Statement of Cash Flows**  
January 1 to December 31, 2014 and 2013

Currency unit: in NTD 1,000

Code	Item	2014	2013
AAAA	Cash flows from operation – indirect approach		
A10000	Net profit before tax in the current period	\$ 599,383	\$ 326,599
A20000	Adjustments		
A20010	Income/expenses unaffffecting cash flows		
A20100	Depreciation expenses	140,413	112,482
A20200	Amortization expenses	33,880	31,843
A20300	Provisions (reversal) of doubtful accounts	8,695	7,452
A20400	Net loss from financial assets & liabilities at fair value through profit or loss	(1,782)	-
A20900	Interest expenses	3,238	750
A21200	Interest revenue	(2,532)	(2,462)
A21900	Remuneration cost paid from share-based payment	33,840	-
A22300	Portions of gain/loss from subsidiaries, affiliates, and joint ventures accounted for under the equity method	7,433	27,099
A22500	Gains/loss from dispositions and scrap of property, plant and equipment	1,920	(92)
A22600	Property, plant, and equipment recognized as expenses	-	117
A23900	Unrealized gain/loss from sales	1,248	-
A24000	Realized gain/loss from sales	(2,774)	(2,895)
A29900	Others – exchange gain/loss from prepayment for purchase of equipment	(454)	737
A30000	Changes in assets/liabilities related to operations		
A31000	Net changes in assets related to operations		
A31130	Decrease (increase) of note receivables	(27,293)	(11,915)
A31150	Decrease (increase) of account receivables	(86,029)	118,500
A31160	Decrease (increase) of account receivables -related parties	(62,510)	35,632
A31180	Decrease (increase) of other receivables	(14,764)	(4,374)
A31200	Decrease (increase) of inventory	(211,400)	39,911
A31230	Decrease (increase) of prepayments	(42,707)	(27,020)
A31240	Decrease (increase) of other current assets	644	7,398
A32000	Net changes in liabilities related to operations		
A32130	Increase (decrease) of note payables	208	(1,604)
A32150	Increase (decrease) of account payables	107,659	(12,236)
A32160	Increase (decrease) of account payables - related parties	5,917	390
A32180	Increase (decrease) of other payables	179,605	33,451
A32190	Increase (decrease) of other payables - related parties	6,306	(3,934)
A32200	Increase (decrease) of provisions for debts	(4,788)	(7,734)
A32210	Increase (decrease) of advance receipt	(10,620)	(183,322)
A32230	Increase (decrease) of other current liabilities	(972)	4,022
A32240	Increase (decrease) of accrued pensions	(2,941)	(3,611)
A33000	Cash inflows (outflows) from operation	658,823	485,184
A33100	Collected interest	2,393	2,517
A33300	Paid interest	(1,735)	(695)
A33400	Paid stock dividend	(165,086)	(191,526)
A33500	Paid income tax	(68,544)	(46,559)
AAAA	Net cash inflows (outflows) from operations	<u>425,851</u>	<u>248,921</u>
BBBB	Cash flows from investments		
B01800	Investment accounted for under the equity method	-	(14,942)
B02200	Acquisition of subsidiaries (less earned cash)	(45,632)	-
B02700	Acquisition of property, plant, and equipment	(620,119)	(207,569)
B02800	Disposition of property, plant, and equipment	1,405	16,292
B04500	Acquisition of intangible assets	(16,773)	(9,656)
B06500	Increase of other financial assets	-	(1,093)
B06600	Decrease of other financial assets	239	-
B06700	Decrease of other non-current assets	(270,568)	(20,915)
B07600	Collected stock dividends	-	6,953
BBBB	Net cash inflows (outflows) from investments	<u>(951,448)</u>	<u>(230,930)</u>

(To be continued)

**MPI Corporation and its subsidiaries**  
**Consolidated Statement of Cash Flows (continued from previous page)**  
January 1 to December 31, 2014 and 2013

Currency unit: in NTD 1,000

Code	Item	2014	2013
CCCC	Cash flow from financing		
C01200	Offering of corporate bonds	694,797	-
C00100	Increase of short-term loans	119	4,265
C01700	Repayment of long-term loans	(9,329)	(9,328)
C04400	Decrease of other non-current liabilities	1,163	70
C04800	Exercise of Employee Stock Options	-	143
C05100	Purchase of treasury stock by employees	152,062	-
C05800	Uncontrolled equity	469	663
CCCC	Net cash inflows (outflows) from financing	<u>839,281</u>	<u>(4,187)</u>
DDDD	Effect of exchange rate fluctuation on cash and cash equivalents	<u>38,132</u>	<u>7,088</u>
EEEE	Increase (decrease) of cash and cash equivalents in current period	351,816	20,892
E00100	Balance of cash and cash equivalents at beginning of period	<u>623,796</u>	<u>602,904</u>
E00200	Balance of cash and cash equivalents at ending of period	<u>\$ 975,612</u>	<u>\$</u>

(The notes to this statement and the Auditors' Report by Chang, Yu-Ming, and Chen, Shih-Yuan, CPAs of Nexia Sun Rise CPAs & Co., constitute an integral part of this report)

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

Appendix V

**MPI Corporation**  
**Disposition of Net Earnings**  
 2014

Unit: NTD

Item	Amount	
	Subtotal	Total
Unallocated earnings at the ending		\$ 1,079,893,469
Less: Other comprehensive income (actuarial income under defined benefit plan 2014)		( 3,915,560)
Add: Net profit after tax this year		517,635,706
Subtotal:		1,593,613,615
Provision:		
Less: Provision of 10% legal reserve	( 51,763,571)	
Add: Reversal (provision) of special reserve	0	( 51,763,571)
Subtotal of allocable earnings:		1,541,850,044
Item of distribution:		
Shareholder bonus - cash	( 318,421,568)	
Shareholder bonus - stock	( 0)	( 318,421,568)
Unallocated earnings at the ending		\$ 1,223,428,476
Notes:		
Distribution of remuneration to directors/supervisors	( 11,240,000)	
Distribution of employee bonus - cash	( 49,168,000)	
Distribution of employee bonus - stock	( 0)	

CEO: Steve Chen

President: Scott Kuo

Chief Accounting Officer: Rose Jao

## Appendix VI

### MPI Corporation

#### Mapping of the clauses of the Articles of Incorporation before and after amendment

Clause	Before amendment	After amendment	Cause of amendment
Article 2	<p>The Company is engaged in the principal business specified below:</p> <p>I. CB01010 Machinery and Equipment Manufacturing.</p> <p>II. CC01080 Electronic Parts and Components Manufacturing.</p> <p>III. F119010 Wholesale of Electronic Materials.</p> <p>IV. F113050 Wholesale of Computing and Business Machinery Equipment.</p> <p>V. E605010 Computing Equipments Installation Construction.</p> <p>VI. F113010 Wholesal of Machinery.</p> <p>VII. F213080 Retail Sale of Machinery and Equipment.</p> <p>VIII.F401010 International Trade.</p> <p>IX. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>The Company is engaged in the principal business specified below:</p> <p>I. CB01010 Machinery and Equipment Manufacturing.</p> <p>II. CC01080 Electronic Parts and Components Manufacturing.</p> <p>III. F119010 Wholesale of Electronic Materials.</p> <p>IV. F113050 Wholesale of Computing and Business Machinery Equipment.</p> <p>V. E605010 Computing Equipments Installation Construction.</p> <p>VI. F113010 Wholesal of Machinery.</p> <p>VII. F213080 Retail Sale of Machinery and Equipment.</p> <p>VIII.F401010 International Trade.</p> <p>IX. <u>JE01010 Lease</u></p> <p>X. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	Additional business lines
Article 12	<p>The Company shall establish 5 seats of directors and 3 seats of supervisors, who shall be persons of legal competent and elected by the General Meeting of Shareholders. Directors and supervisors shall have tenure of 3 years and may be assume a second term of office if reelected. Of all the seats of directors as mentioned, there shall be at least 2 seats of independent directors who shall be elected from a nomination of candidates system and the number of seats for independent directors shall constitute at least 1/5 of the total seats of directors. The professional qualification, quantity of shareholding, limitation of job position, methods of nomination and election and other issues for compliance shall be handled in</p>	<p>The Company shall establish 5 seats of directors and 3 seats of supervisors, who shall be persons of legal competent and elected by the General Meeting of Shareholders. Directors and supervisors shall have tenure of 3 years and may be assume a second term of office if reelected. Of all the seats of directors as mentioned, there shall be at least 2 seats of independent directors who shall be elected from a nomination of candidates system and the number of seats for independent directors shall constitute at least 1/5 of the total seats of directors. The professional qualification, quantity of shareholding, limitation of job position, methods of nomination and election and other issues for compliance shall be handled in</p>	Keep abreast with the changes in applicable legal rules

Clause	Before amendment	After amendment	Cause of amendment
	accordance with the requirements of the competent authority of securities.	accordance with the requirements of the competent authority of securities. <u>The Company may purchase liability insurance for the whole directors and supervisors to cover the claims to be borne by them for performance of their duties pursuant to laws during their terms of office. The enrollment into insurance shall be handled by the Board of Directors with full power.</u>	
Article 22	The Articles of Incorporation were instituted on July 20 1995. Amendment was made for the 1st instance on September 20, 1996. (skipped)	The Articles of Incorporation were instituted on July 20 1995. Amendment was made for the 1st instance on September 20, 1996. (skipped) <u>Amendment for the 18th instance was made on June 12, 2015.</u>	Addition of the date of the last amendment

## Appendix VII

### MPI Corporation

Mapping of the provisions of the “Parliamentary Procedure for General Shareholders' Meeting”

Clause	Before amendment	After amendment	Cause of amendment
Article 1-1	<p>The Board of Directors shall call for the sessions of the General Meeting of Shareholders unless the law otherwise specified.</p> <p>The Company shall prepare the electronic version of the notice of meeting, appointment of agent form, information on motions for ratification, discussion, the election or discharge of Directors and Supervisors, and the motions and causes of motions and upload the aforementioned information to MOPS at least 30 days before a regular session or at least 15 days before a special session of the General Meeting. In addition, the Company shall also prepare the parliamentary procedure handbook and supplementary materials for the meeting in electronic version and upload the information to MOPS at least 21 days before a regular session or 15 days before a special session is scheduled, 15 days before a special session is scheduled, and prepare the hard copies of parliamentary procedure handbook and supplementary materials for the meeting and make these materials available at the offices of the Company and share registration agents for the shareholders, or release the materials on the site of the meeting.</p> <p>The aforementioned notice and announcement shall</p>	<p>The Board of Directors shall call for the sessions of the General Meeting of Shareholders unless the law otherwise specified.</p> <p>The Company shall prepare the electronic version of the notice of meeting, appointment of agent form, information on motions for ratification, discussion, the election or discharge of Directors and Supervisors, and the motions and causes of motions and upload the aforementioned information to MOPS at least 30 days before a regular session or at least 15 days before a special session of the General Meeting. In addition, the Company shall also prepare the parliamentary procedure handbook and supplementary materials for the meeting in electronic version and upload the information to MOPS at least 21 days before a regular session or 15 days before a special session is scheduled, 15 days before a special session is scheduled, and prepare the hard copies of parliamentary procedure handbook and supplementary materials for the meeting and make these materials available at the offices of the Company and share registration agents <u>appointed by the Company for the shareholders</u>, or release the materials on the site of the meeting.</p> <p>The aforementioned notice</p>	<p>In compliance with the requirement of Financial Supervisory Commission Letter Ching-Kuan-Cheng-Fa-Tze. No. 1030051379.</p>

Clause	Before amendment	After amendment	Cause of amendment
	<p>contain information on the cause of the session, and may be made in electronic form at the consent of the respondents.</p> <p>Motions of election or discharge of Directors, Supervisors, alteration of the Articles of Incorporation, dissolution, merger, split up of the Company, or anything as stated in Article 185-1, Article 26-1, Article 43-6 of the Securities and Exchange Act, shall be explicitly stated in the cause of calling for the session and cannot be proposed as Extemporaneous Motions.</p> <p>Shareholders holding 1% or more of the total outstanding shares of the Company propose motions in a regular session in writing, but each shareholder is permitted to propose one motion only.</p> <p>Any more motions will not be included into the agenda of the meeting.</p> <p>For proposal of motions pertinent to any conditions as specified in Article 172-1-(4) of the Company Act may be declined by the Board for including into the agenda.</p> <p>The Company shall announce the motions proposed by the shareholders, the place and time for handling the motions before the date on which shares are stopped for transactions before a regular session is scheduled. At least 10 days shall be allowed for handling the motions.</p> <p>Each motion is limited to 300 words or it will not be included into the agenda.</p> <p>Shareholders shall attend the regular session in period or</p>	<p>and announcement shall contain information on the cause of the session, and may be made in electronic form at the consent of the respondents.</p> <p>Motions of election or discharge of Directors or Supervisors, alteration of the Articles of Incorporation, dissolution, merger, or split up of the Company, or anything as stated in Article 185-1, Article 26-1, Article 43-6 of the Securities and Exchange Act, <u>and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers</u> shall be explicitly stated in the cause of calling for the session and cannot be proposed as Extemporaneous Motions.</p> <p>Shareholders holding 1% or more of the total outstanding shares of the Company propose motions in a regular session in writing, but each shareholder is permitted to propose one motion only.</p> <p>Any more motions will not be included into the agenda of the meeting.</p> <p>For proposal of motions pertinent to any conditions as specified in Article 172-1-(4) of the Company Act may be declined by the Board for including into the agenda.</p> <p>The Company shall announce the motions proposed by the shareholders, the place and time for handling the motions before the date on which shares are stopped for transactions before a regular session is scheduled. At least 10 days shall be allowed for</p>	

Clause	Before amendment	After amendment	Cause of amendment
	<p>appointing a proxy to attend and engaged in the discussion of the motion being proposed. The Company shall inform the shareholders of the motions being proposed and handled before the date of notice of the General Meeting and list the motions meeting the requirements of this clause into the meeting notice. For motions proposed by shareholders not being listed into the agenda, the Board shall explain the reasons for noting including such motions as a part of the agenda.</p>	<p>handling the motions. Each motion is limited to 300 words or it will not be included into the agenda. Shareholders shall attend the regular session in period or appointing a proxy to attend and engaged in the discussion of the motion being proposed. The Company shall inform the shareholders of the motions being proposed and handled before the date of notice of the General Meeting and list the motions meeting the requirements of this clause into the meeting notice. For motions proposed by shareholders not being listed into the agenda, the Board shall explain the reasons for noting including such motions as a part of the agenda.</p>	
Article 2	<p>A sign-in book shall be prepared at the General Meeting of Shareholders for tracking the attendance of the shareholders, or, the shareholders who attend the meeting shall surrender the sign-in card in lieu of signing in the book for record. The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in books and the sign-in cards being surrendered. The Company shall present the parliamentary handbook, annual report, attendance card, speech memo, ballots, and other materials for the meeting to shareholders attending the meeting. If there is an election of Directors and Supervisors to be held, attach</p>	<p>A sign-in book shall be prepared at the General Meeting of Shareholders for tracking the attendance of the shareholders, or, the shareholders who attend the meeting shall surrender the sign-in card in lieu of signing in the book for record. The quantity of shares represented by the shareholders attending the meeting shall be based on the information of the sign-in books and the sign-in cards being surrendered. The Company shall present the parliamentary handbook, annual report, attendance card, speech memo, ballots, and other materials for the meeting to shareholders attending the meeting. If there is an election of Directors and Supervisors to</p>	<p>In compliance with the requirement of Financial Supervisory Commission Letter Ching-Kuan-Cheng-Fa-Tze. No. 1030051379.</p>

Clause	Before amendment	After amendment	Cause of amendment
	<p>a ballot for such purpose. The shareholders shall bring with them the attendance card, sign-in card, or other documents for attending the meeting. Persons requesting for authorization of agent instrument shall bring their ID documents for confirmation. Where the shareholders may be the government or institutions, more than one representative may be assigned to attend the meeting.</p>	<p>be held, attach a ballot for such purpose. The shareholders shall bring with them the attendance card, sign-in card, or other documents for attending the meeting. <u>The Company shall not add the requirement for additional identification documents for a shareholder's attendance to the meeting.</u> Persons requesting for authorization of agent instrument shall bring their ID documents for confirmation. Where the shareholders may be the government or institutions, more than one representative may be assigned to attend the meeting.</p>	
Article 20	<p>This Procedure was instituted on March 5, 2001 under the resolution of the Board of Directors and ratification of the General Meeting of Shareholders for coming into full force. The same procedure shall be applicable to any amendment thereto. Amendment for the 2nd instance was made on March 20, 2006 under the resolution of the Board of Directors and presented to the General Meeting for ratification on June 20, 2006. Amendment for the 3rd instance was made on March 28, 2011 under the resolution of the Board of Directors and presented to the General Meeting for ratification on June 17, 2011. Amendment for the 4th instance was made on March 13, 2012 under the resolution of the Board of Directors and</p>	<p>This Procedure was instituted on March 5, 2001 under the resolution of the Board of Directors and ratification of the General Meeting of Shareholders for coming into full force. The same procedure shall be applicable to any amendment thereto. Amendment for the 2nd instance was made on March 20, 2006 under the resolution of the Board of Directors and presented to the General Meeting for ratification on June 20, 2006. Amendment for the 3rd instance was made on March 28, 2011 under the resolution of the Board of Directors and presented to the General Meeting for ratification on June 17, 2011. Amendment for the 4th instance was made on March 13, 2012 under the resolution of the Board of Directors and</p>	Addition of the date of the last amendment

Clause	Before amendment	After amendment	Cause of amendment
	presented to the General Meeting for ratification on June 15, 2012.	presented to the General Meeting for ratification on June 15, 2012. <u>Amendment for the 5th instance was made on March 24, 2015 under the resolution of the Board of Directors and presented to the General Meeting for ratification on June 12, 2015.</u>	